



# FINANCIAL PREPAREDNESS

*"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen*

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## Civilization Is a Fragile Miracle

In the last two weeks, I've had some major dental work done. It was virtually painless, performed by extremely knowledgeable and experienced professionals using the latest (amazing) technology and techniques in a clean and pleasant office. Without this work, I probably would have eventually experienced tooth decay and the loss of several teeth. It cost a ton of money, but I was happy to pay. Thank God services like that are available. In today's world, we take them for granted and assume that they will always be there.

But have you ever thought about all of the things that have to be in place before a service like that is even possible? Let's make a list:

- peace (imagine trying to do something like this in, say, Ukraine)
- lack of violence, coercion and crime
- private property rights, the rule of law and enforcement of contracts
- trust (lack of fraud, deceit and corruption)
- years of formal, advanced education
- capital (including money borrowed from willing lenders)
- labor (enough qualified and dependable people who have an incentive to work)
- electricity

- water and sewer service
- Internet service
- phone service
- a functioning supply chain
- no shortages of supplies
- maintenance and spare parts
- a functioning transportation system
- affordable gasoline
- the availability of affordable groceries
- consumers with money to spend (who have earned income and haven't been wiped out by inflation)
- money (that vendors will accept) and payment systems
- a functioning banking system

What would happen if just one of those systems went down, either for say a few weeks or permanently? Could that lead to the failure of other critical systems, perhaps resulting in a cascade of sudden failures? How many different ways could each system go down, including in ways you've never heard of or thought about? Could some systems go down at the same time from the same cause? Could a system go down slowly instead of suddenly, perhaps with most people not realizing it? Are any systems slowly failing right now, and if so, which ones?



*Paradoxically, the collapse of civilization will be live-streamed.*

How would people around you react to one or more of these failures? How prepared (mentally, physically, logistically, etc.) do you think they are? Could their reaction cause other systems to fail, thus exacerbating the crisis? How might their reaction change if they (and their children) became more desperate over time for food, water, shelter, safety and medical supplies? Could their reaction pose a much greater threat to you and your family than the original event that precipitated their reaction? Might new threats emerge from armed gangs and furloughed prisoners in a world without rule of law, or people who are off their meds?

What happens when a hospital's backup generators run out of gas? Police officers don't show up for work because they're sick during a pandemic? Truckers refuse to drive because their rigs keep getting hijacked? Railcars full of coal fail to be delivered to an electric power plant due to a lack of spare parts? Investors can't access their accounts because the computers that run the financial markets crash due to a computer virus? No one can communicate because an EMP (such as [the Carrington Event in 1859](#)) takes out all electronics? No one can buy anything because sellers stop accepting the dollar? Do you see how things could quickly spiral out of control, in unforeseen ways?

How robust, resilient and redundant are the complex systems we have today? Have they stood the test of time? Are all of their weaknesses and interrelationships known and fully understood? Are there any backup systems in place?

Could the generations that are alive today make it through another great depression or storm the beaches of Normandy?



*This doesn't look like a safe space.*

As Jonah Goldberg writes in [Suicide of the West](#), Western civilization is a miracle that could easily be lost at any time (including via the wrecking ball of politicians). It took



humans many thousands of years to rise up and extract ourselves from filth, hunger, deprivation, disease, and barbarism. Our current world of safe spaces, adult coloring books and emotional support animals is so radically different from how humans lived during the 99.999% rest of our history that we can't fathom it or relate to it. So if we ever suddenly find ourselves back in the equivalent of the 18<sup>th</sup> Century (or worse), it will come as a very rude awakening. Henry David Thoreau provided a preview of what that might be like when he wrote, "The savage in man is never quite eradicated."

## What You Should Be Doing Now

1. If you're an investor, you should have a list of what you want to buy, why, and at what price (as well as at what price you would sell the things you own). Your list should include prepping items as well, such as food, supplies, tools and equipment, and training. Most of the time, securities aren't very cheap and investor sentiment isn't very low. But when they are, you need to be prepared, because those days are fast and furious. I remember during the early days of the COVID-19 panic being completely exhausted at the end of the day, as I was buying all day long during the fastest crash in stock market history. Spend the quiet days doing in-depth research so you can pull the trigger when there's blood in the street (figurative or literal).
2. Recommended documentaries: "[Citizen K](#)" on Amazon Prime Video and "[Misha and the Wolves](#)" on Netflix.

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Generally, I don't have time to answer questions about your specific situation, but if you have a general question that I think other readers also have, [let me know](#) and I will provide an answer in a future issue.

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