



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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Sold Out, Part 2

Last week I wrote about [the role of money in the coming global economic depression](#). This week I wrote about how the collapsing global supply chain will contribute to that result. This is a review of Part 1 of [Sold Out: How Broken Supply Chains, Surging Inflation and Political Instability Will Sink the Global Economy](#) by James Rickards.

As Rickards observes, most of the problems we find ourselves saddled with were self-inflicted (or to be more accurate, inflicted on a hapless population by clueless or devious statist politicians): "...wars, demographics, energy shortages, natural disasters, and self-inflicted fiascos...."

Rickards notes that the global supply chain is totally dependent on the global semiconductor supply. But "Over 60% of global semiconductor manufacturing revenue in 2020 was attributable to one country—Taiwan." Hmm, what do you think would happen to the supply chain if China interfered with Taiwan in some way?

Rickards traces the beginning of the end of Supply Chain 1.0 to the trade war with China that President Trump started in 2018. But those trade wars "are far from over. They are getting worse. The Biden administration has not reduced the tariffs on China that Trump imposed despite frequent criticism of Trump's trade policies. In fact, Biden has imposed

new tariffs, including a May 2021 tariff of 221% on chassis imported from China. The chassis shortage in the U.S. is one contributor to supply chain bottlenecks at U.S. ports. The tariff has raised the price of chassis from about \$12,000 to almost \$40,000, making their purchase noneconomic for most U.S. shippers. The wait time for truckers at Southern California ports has increased from 40 minutes to seven hours.”

Rickards describes the bottleneck at the largest port in the U.S. (Los Angeles): “In November 2021...there were 540,000 shipping containers waiting to unload....The daily unloading capacity is 18,000 containers....But containers were arriving at a tempo of 29,000 per day [so] the backlog was increasing by 11,000 containers per day....leaving containers on vessels anchored offshore is extremely costly....up to \$90 billion in trade could be delayed each month,” but after factoring in all other costs, Rickards thinks that the delays in major ports alone could result in \$1 trillion or more of losses annually.

But as Rickards notes, the situation is even worse than that because “even if new containers stopped arriving, the port could not unload the backlogged containers because there's no place to put them.” Containers are stacked (up to six high) near the cranes that unload them, waiting for trucks to pick them up. But trucks “often have to wait outside the port...for days, and truckers give up and go home.” Sometimes the container that a truck needs “is at the bottom of a six-stack, and it takes hours to remove the top five layers....”

Remember the movement to defund the police in leftist-run cities like L.A.? Now criminals are targeting the supply chain: “Cargo thefts in California rose 42% in the third quarter of 2021 compared to the prior year...and continued to grow in early 2022.... Thousands of Amazon and UPS packages...were found rifled through and abandoned on the side of the train tracks in L.A....No effort is being made to clear the looting debris.... The rail lines are covered in trash.” Doesn't this look like the scene from a dystopian prepper novel? Not only is Rome being sacked, but [we are electing politicians who defend the looters!](#)



AFP photo

Fortunately, the Biden administration, with its vast knowledge of business operations and logistics, solved the problem at the port of L.A. First it ordered (force is the only tool government has) the port to work three shifts per day. But as Rickards notes, “...working longer was never the problem. The port can't unload the vessels because there's no place to put the containers....The next administration move was even more misguided. They imposed a penalty [again, force] on containers that remain on the docks for more than six days. But...no one wants the containers moved faster than the shippers....The fee is on the ocean carrier, but the control over when the cargo is to be picked up sits with the cargo recipient. Having the ocean carrier pay more does nothing to encourage the cargo interest to pick up the cargo. The penalty does not speed up the transportation process, but it does increase the cost of goods, which makes inflation worse and can drive some retailers out of business.”

Another major problem with the supply chain is that there is a serious shortage of truckers. One longer term reason is the dim career prospects given the advent of self-driving trucks. But Rickards reveals a more immediate reason: “Pointless vaccine mandates have driven not only truckers but many other participants in the supply chain out of the workforce. The omicron variant...proved the vaccines do not stop infection or spread of the virus (although there was ample proof of this before omicron; the medical evidence was simply squashed by the government and social media and ignored by legacy media).” One of the primary reasons why our economy (and thus society) is deteriorating (before the final collapse) is because few people want to work anymore. There are several

reasons for this, but the one that really took this to the next level was the idiotic “vaccine” mandates by the federal government and its lackey corporations.

Rickards piles on to the government's COVID response: “There is emerging evidence that third and fourth shots, so-called boosters, effectively train the virus to avoid the genetic manipulation of the mRNA vaccines and make the vaccinated more vulnerable to infection than the unvaccinated. Masks don't stop the spread of the virus [which] is about 1/5,000 the size of the weave in a typical mask....Forcing children to wear masks is a kind of child abuse....Lockdowns don't stop the spread of respiratory viruses....[They] create incubators in closed quarters....The actual public policy response was the opposite [to the ideal response] in every respect....It will be looked back upon as one of the greatest public policy blunders in history. The impact on supply chain operation was catastrophic.”

Next Rickards reminds us of [how bad the COVID hysteria became](#) and how close we came to having medical tyranny enforced by a Pharma-fascist State by quoting the village idiot/raving lunatic/Pharma stock shill/ringmaster of Clown World that is piped into your house on your [telescreen](#): “Vaccine mandate mania reached its height on November 29, 2021, when popular business news host Jim Cramer said on CNBC, 'How do we save lives and get business back and put dinner on the table? Simple: the federal government needs to require vaccines. It's time to admit we have to go to war against COVID. Require vaccinations universally. And have the military run it.'” If you just did the opposite of what this fool recommends, you would do fine. [Now you actually can.](#)

Rickards provides a chilling example of how medical tyranny leads to financial tyranny and despotism in general: “The Canadian protest endgame emerged as a real-time exercise in neo-fascist control of money. Prime Minister Trudeau” held peaceful protesters in jail “without bail. His deputy prime minister, Chrystia Freeland, obtained hacked donor lists from a crowdfunding website supporting the truckers and moved quickly to freeze bank accounts and seize crypto wallets of truckers and their donors. Freeland's actions, a preview of events to come, are in keeping with the tenets of the Great Reset initiative advocated by the World Economic Forum, where she serves as trustee.”

Rickards describes how the Chicoms have taken the war against COVID to an absurd, Great Leap Forward level: “A special kind of COVID mindlessness has emerged in Communist China. Chairman Xi is pursuing a Zero COVID policy. This is impossible to do....Still, ideologues don't flinch at impossible policies since there's no accountability for the damage they cause....When the so-called factory of the world shuts down willy-nilly, the impact on global supply chains is clear.”

Speaking of zero, Rickards reports that “One of the most potentially damaging developments is the creation of the [Glasgow Financial Alliance for Net Zero](#), an elite group using climate alarm as a Trojan horse to pursue global financial control.” Ever notice how often the word “zero” appears in some [insane, mindless, radical, urgent and all-encompassing movement](#) that just so happens to result in the enslavement of the proles and the enrichment of the elite? Rickards continues: “The head of GFANZ is Mark Carney, previously the head of three central banks [including the Bank for International Settlements]...and de facto leader of the global financial elite. His cochair is

[multibillionaire and prominent climate alarmist] Michael Bloomberg. The principals list includes the usual suspects: Larry Fink, CEO of BlackRock,” the CEOs of Bank of America and Citi, and a board member of the David Rockefeller Fund. “The complete membership controls over \$130 trillion in assets. [BTW, where do you think this money comes from? *From your own investments*, at least those managed by [Blackrock, State Street and the like.](#)] GFANZ's convening power was the United Nations.”

“GFANZ plans to pressure central banks and bank regulators to issue rules that will steer asset allocations and bank lending away from oil and natural gas providers and ancillary businesses...and toward unreliable energy sources” such as wind, solar and batteries “built from poisonous chemicals. The real purpose of these efforts is centralized control of global finance by an elite group. Climate alarm is a convenient platform. What better way to impose global control than to rely on a global catastrophe, even an invented one? GFANZ is just the beginning of a series of steps to employ unified financial control to squash dissenting voices and push unpopular agendas such as gun control, population control, world money, and world taxation....Predictable results include higher energy prices, energy shortages [note the effect on complex systems below], disruptions in transportation logistics, and tax burdens imposed on reliable sources of oil and natural gas. Again, efficient supply chains will be the primary victim.”

After reading this, I permanently moved the stocks of GFANZ members to the Do Not Buy list on my stock tracking spreadsheet, because when their customers eventually discover that these asset managers have violated their legal fiduciary duty to them, it will not end well. It will probably result in the mother of all class-action lawsuits.

Rickards writes that “A Chinese invasion of Taiwan would be the most disruptive geo-economic event possible,” and could include Chinese “attacks on critical infrastructure in the U.S., such as power grids and wireless communications networks.” As a result, “global commerce would grind to a near halt.”

Rickards says that “The impact on global supply chains from the war in Ukraine was not a disruption; it was closer to a catastrophe....farmers all over the world were unable to plant crops in 2022, due either to fertilizer shortages or to exorbitant prices for fertilizer if it was available.” One year ago, “over 24,190 Ukrainian [rail] wagons were waiting to cross the border” with Poland (due to different track gauges), “a logistical nightmare....It seemed likely that deaths from starvation due to a lack of grain exports would greatly exceed deaths from the war itself.”

One of the reasons I read all of Jim Rickards' books is because he understands and writes about complex systems better than any author I know, including Nassim Taleb. This book does not disappoint: “Complex dynamic systems such as the supply chain run on energy. The problem is that the energy inputs rise in a superlinear fashion relative to the scale of the system....this means if you double the systemic scale, you may increase the needed energy (electricity, money, or labor) by a factor of five....when profits start to shrink...and energy prices start to rise (because of government regulation [including a war on fossil fuels] and inflation), the impact of energy input costs on a highly leveraged supply chain network becomes a constraint on the operation of the system....”

“When complex systems collapse, there is no single cause....the cause is the scale of the system itself; complex systems collapse of their own weight and an inability to receive needed energy inputs. Observers blame truckers, port congestion, labor shortages, the pandemic, weather, power outages and more. [But] these are all symptoms of...discrete breakdowns in parallel complex systems....the supply chain is too big, too frail, too stretched, and utterly dependent on inputs in the form of cooperation, information, and human capital. When the inputs fail (as they inevitably do), the system fails.”

Rickards notes that although decades of improvements in supply chain management have reduced costs and increased profits, “efficiency actually weakens supply chains and leads to breakdowns....[because] cost reductions have hidden costs. When you increase the length of supply chains to reach lower labor costs in Asia, you also increase the number of things that can go wrong....the hidden cost of efficiency is vulnerability.”

“Supply chains break down the same way: gradually at first, climaxed by a sudden catastrophic collapse....When complex systems break down, they cannot be put back together. The collapse needs time to play out; the larger the scale of the system, the longer this process takes.” As a result, Rickards thinks the supply chain will be unreliable for at least five years.

“There is no easy solution to the supply chain breakdown. Complex systems collapse in cascading fashion. Each problem leads to a larger problem downstream. The ripple effects fan out and cannot be reversed....The global supply chain is a system of systems. Each separate supply chain system is complex, and the system of systems is immeasurably more complex.”

Rickards considers the conclusion of anthropologist and historian Joseph Tainter, who studied the collapse of 27 different civilizations over 4,500 years and wrote [The Collapse of Complex Societies](#). “Tainter concluded that the collapse of a complex system is not explained by a specific cause such as a barbarian attack but by the response function of the civilization under attack. Societies that succumbed to invasion, plague, or drought had overcome those threats many times before. In the end, society fell because it was no longer motivated to recover. Whether it was taxation, corruption, decadence, or weak leadership [America has all four], the members of society did not rally or rebuild. They just let it happen and migrated or lived in simplified conditions....key political participants no longer care or at least they no longer share the goals of supply chain advocates....It's difficult to tell if the supply chain is being intentionally sabotaged or whether it's just collapsing under its own weight. Possibly both.”

Boom! That's the sound of a truth bomb detonating. This is why the U.S. will collapse, because our economy and wealth are being sacked by the government, nihilist ideologues, and the 1% elite; the few who care to respond are being censored, vilified and harassed; and even if we wanted to recover, we lack the knowledge, physical ability and character. To paraphrase T.S. Eliot, “This is the way America ends, not with a bang but a whimper.”

News Items

[Federal Employees Don't Like Paying Taxes Either](#)

[If We Go Ahead on This \[AI\], Everyone Will Die](#) Is it just a coincidence that one of the biggest proponents of AI (Bill Gates) would also like to see the global population reduced by a number of billions? But hey, at least we'll get to see some [cool selfies](#) first.

[Americans Are Fed Up With Bad Customer Service](#)

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