



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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Your Second Vote

Democracy is a pathetic belief in the collective wisdom of individual ignorance. ~ H.L. Mencken

Democracy is the road to socialism. ~ Karl Marx

Remember, democracy never lasts long. It soon wastes, exhausts, and murders itself. There never was a democracy yet that did not commit suicide. ~ John Adams

As we watch America and Western civilization collapse all around us, many people are exasperated and almost at a loss about what to do about it. If you consume a lot of news (especially TV news), it's easy to get sucked into the charade of politics and elections. The vast majority of "responsible citizens" limit their activism to voting every two years.

The fate of the country...does not depend on what kind of paper you drop into the ballot-box once a year, but on what kind of man you drop from your chamber into the street every morning.
~ Henry David Thoreau

I would argue that political voting is [unethical](#), [counterproductive](#), feeble, and these days, [a complete farce](#). The State needs two things from you in order to function: your money and your consent. You provide the latter by voting, and bind yourself to the (rigged)

result.

Democracy is two wolves and a lamb voting on what to have for lunch. Liberty is a well-armed lamb contesting the vote! ~ Benjamin Franklin

Political voting legitimizes democracy, which in turn legitimizes coercion and plunder. I don't know about you, but I don't want to live in a political world where many or most decisions are made by voting (either by voters or politicians). Every democracy is doomed to tyranny and financial collapse.

A democracy cannot exist as a permanent form of government. It can only exist until the majority discovers it can vote itself largess out of the public treasury. ~ Alexander Fraser Tytler

If you want to change your community or society, you should seek not political power, but social power. Unlike political power, which is based on coercion and results in violence, social power is based on persuasion and doesn't hurt anyone. And social power can be exercised continually, at any time, in a variety of ways and degrees, instead of merely choosing between R and D every two years. Besides, generally, if someone *wants* political power by becoming an elected official, that pretty much disqualifies them from the office.

One of the most potent forms of social power is voting with your wallet (which, if you vote in elections, is called your “second vote”). What's great about a market-based economy is that every consumer gets to choose not only which businesses they will patronize, but how much. If you don't like something about a business, you can withhold your patronage. If you tried to do that with the government, men with guns would show up at your house and put you in a cage.

Another cool thing about your second vote is that (at least in a free society) its power is generally determined by the quality of your habits and decisions and how well you've served your fellow man. So instead of “one man, one vote” (where many of those men are irresponsible and uninformed idiots who are simply voting for legalized plunder) or “one vote per responsible citizen, hundreds of votes per election fraudster” ([as is the case today](#)), it's “one dollar, one vote.”

The website 2ndvote.com rates thousands of corporations on their positions on six key issues: [life](#), [basic freedoms](#), [the 2nd Amendment](#), [civil-safe society](#), [education](#) and the [environment](#). Their website is extremely thorough, systematic and well-researched. If a company is politically neutral—meaning it doesn't get involved in political controversies (as it should be)—it gets a rating of 3 out of 5, which in the midst of [America's cultural revolution](#) is about the best one could hope for.

Nothing good ever lasts, however, and 2ndVote recently announced that they will be closing on August 31, but their website and data will remain available until the end of 2023. In recent months and years, I have used their scores as the foundational input into my “social credit score” for the 1,000+ U.S. stocks I track. Although I will miss their scores, my composite score is also based on four dozen (and counting) controversies that only came to my attention when a large group of corporations decided to publicly signal

their “virtue” by issuing a statement about some irrelevant (for them) matter. The pace of corporate virtue signaling is so intense that I hear about some new controversy at least once every few weeks (especially if it involves Trump). Frankly, I struggle to keep up with all of this.

I felt compelled to create a corporate social credit score because “this isn't your father's stock market” anymore. Until about a decade ago, companies simply provided a good or service and generally (at least in theory) sought to maximize shareholder value; not anymore. Much of corporate America has been hijacked by woke True Believers who plan to “mobilize” (i.e., squander) your hard-earned capital on hare-brained, wealth-destroying social and environmental projects. It's like the Khmer Rouge and Goldman Sachs got together and took over corporate C-suites. By the time they get done wasting and looting your capital, it will be too late for you to do anything about it.

ESG-focused investment managers often talk about the “risk” of not running a corporation in line with ESG objectives. Well, as an investment advisor (who gets paid to think about and manage risks), I would say that one of the greatest risks that investors (especially those in the U.S.) face today is the risk that your capital will be destroyed by Davos Man, World Improvers and corporate Do Gooders. Not only has this risk never existed before, it has rapidly come out of nowhere in recent years. It's the punch you don't see coming that knocks you out.

Statists are never deterred by failure. For them, failure is just a signal that they need to scale up their project to a massive scale and apply a lot more coercion. The 1% ruling class was so pleased by the federal government's “investment” in companies like [Solyndra](#) that they now want to make a Great Leap Forward, but this time using your money. It will provide them with unprecedented opportunities for plunder and control. Forget about the dividends you used to receive, just be happy with your daily ration of [bugs](#).

Why is it so harmful for shareholders when companies get involved in political controversies? First, the company risks permanently alienating about half of their potential customers. For example, sales of Bud Light beer plummeted after Anheuser-Busch hired a trans influencer to promote it. In this age of rigged elections and extreme political polarization, many millions of Americans have sworn to never do business again with a long list of companies. When they make [a documentary about a company's political ideology](#), you know things have gone off the rails. If you own stock in that company (which the vast majority of index funds do), does that make you see dollar signs?

Second, corporate managers have a limited amount of time, money and energy. It seems that just running a corporation would be mentally and physically exhausting. When a company publicly weighs in on some irrelevant, often picayune controversy that polarizes people, it seems like something that happens at the top of the market when shareholders are happy with recent high returns and the company is flush with cash, much of which came from large loans at artificially low interest rates.

Such navel gazing virtue signaling does not happen at the bottom of the market when sales, revenue, free cash flow, payrolls and stock prices are crashing and management is

stressed out working long hours just trying to keep the company afloat. We are long overdue for a healthy stock and bond market crash, financial crisis and economic depression. We can lay the blame for at least some of this nonsense at the feet of the Federal Reserve and their policy of interest rate suppression.

As a shareholder, I'm the owner of the company, and I want management to focus on making widgets and increasing free cash flow and dividends. I don't care what you think about how [some baker declined to make a cake for someone](#), or how Hobby Lobby doesn't include coverage for abortions in its employee health plan, or how [some snowflake at a college felt "endangered" when they saw the name of a presidential candidate in chalk](#).

STFU and make widgets! Nobody cares what you think. It's the (narcissistic) corporate equivalent of telling people what your pronouns, sexual orientation, gender identity or gender expression are. Nobody cares! If you really want to serve humanity, make better widgets for a lower price.

I use my corporate social credit score as a reality check after I've done all of my research on a company. Generally, my research tells me what should happen if management stays the course. The social credit score tells me how likely it is that those results will be repeated over the intermediate future. If a company is alienating half of its potential customers and spending its resources on responding to every (irrelevant) little controversy that comes along (and thanks to Critical Theory, the grievances—whether real or [fake](#)—are never-ending), then it has taken its eye off the ball and is not long for this world.

What the vast majority of mom and pop investors haven't figured out yet is that due to America's cultural revolution, the inmates are now running the asylum. Investment strategies and vehicles that may have served investors pretty well in the past (e.g., a 60/40 asset allocation, low-cost index funds, etc.) almost certainly will not provide the same risk/return profile over the next decade or more because [most investment companies are no longer evaluating corporate managers by traditional metrics \(such as return on invested capital\), but by ESG metrics](#), which destroy shareholder value.

Even if your portfolio isn't managed by an ESG-focused management company, the largest three investment companies (Blackrock, Vanguard and State Street) are committed to ESG and "stakeholder capitalism," and they have enough proxy votes to control corporate management and policies. Of course, many corporations (generally larger ones) have voluntarily adopted this approach at the expense of shareholders, so they don't need to be strong-armed by the ESG-focused investment companies.

This radical, deranged and absurd change in corporate governance could not have come at a worse possible time:

- Debt (as well as unfunded liabilities) is at record levels at every level of society (government, corporate, consumer).
- Moral hazard has never been greater (due to the bailouts after the Great Financial Crisis of 2008).
- We have never been surrounded by so many [complex systems](#) (such as war), which

- could spawn a Black Swan event at any time.
- The war in Ukraine seems to be going badly. Russia is in a strong position because it controls a vast amount of land and resources, especially energy (and if it conquers Ukraine, food).
 - Russia and China are salivating over eastern Europe and the western Pacific. Meanwhile, our commander-in-chief says the greatest threat facing America is “white supremacy.”
 - Most of the rest of the world is moving away from the U.S., its debt, and the U.S. dollar. An ocean of dollars is about to wash back up on America's shores, making everything much more expensive.
 - Crime and corruption are out of control.
 - [Inflation](#) and interest rates are high.
 - [The real unemployment rate is 25%](#). Tens of millions of Americans—mostly younger, able-bodied men—have checked out of society, addicted to drugs, porn, video games, etc.
 - Homeless people, drug addicts and [shoplifters](#) are turning the downtown part of major cities into ghost towns.
 - Real wages have been stagnant for decades and the consumer is tapped out.
 - Political polarization is near pre-Civil War levels and is about to become far worse.
 - It is now obvious that the U.S. is governed like a Third World country, where political opponents are [imprisoned](#) or [assassinated](#).
 - The U.S. stock market is the third most richly valued in the world (as of the end of June).

Mark my words: This will not end well. Get prepared now.

Recommended

[Opportunity: How to Win in Business and Create a Life You Love](#) by Eben Pagan

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(I receive a commission if you buy a book via this link.)

I would love to hear from you! If you have any comments, suggestions, insight/wisdom, or you'd like to share a great article, please leave a comment.

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Before starting a new diet or exercise regimen, you should consult with a doctor, nutritionist, dietician, or personal trainer.