



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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The Biggest Risks for 2024

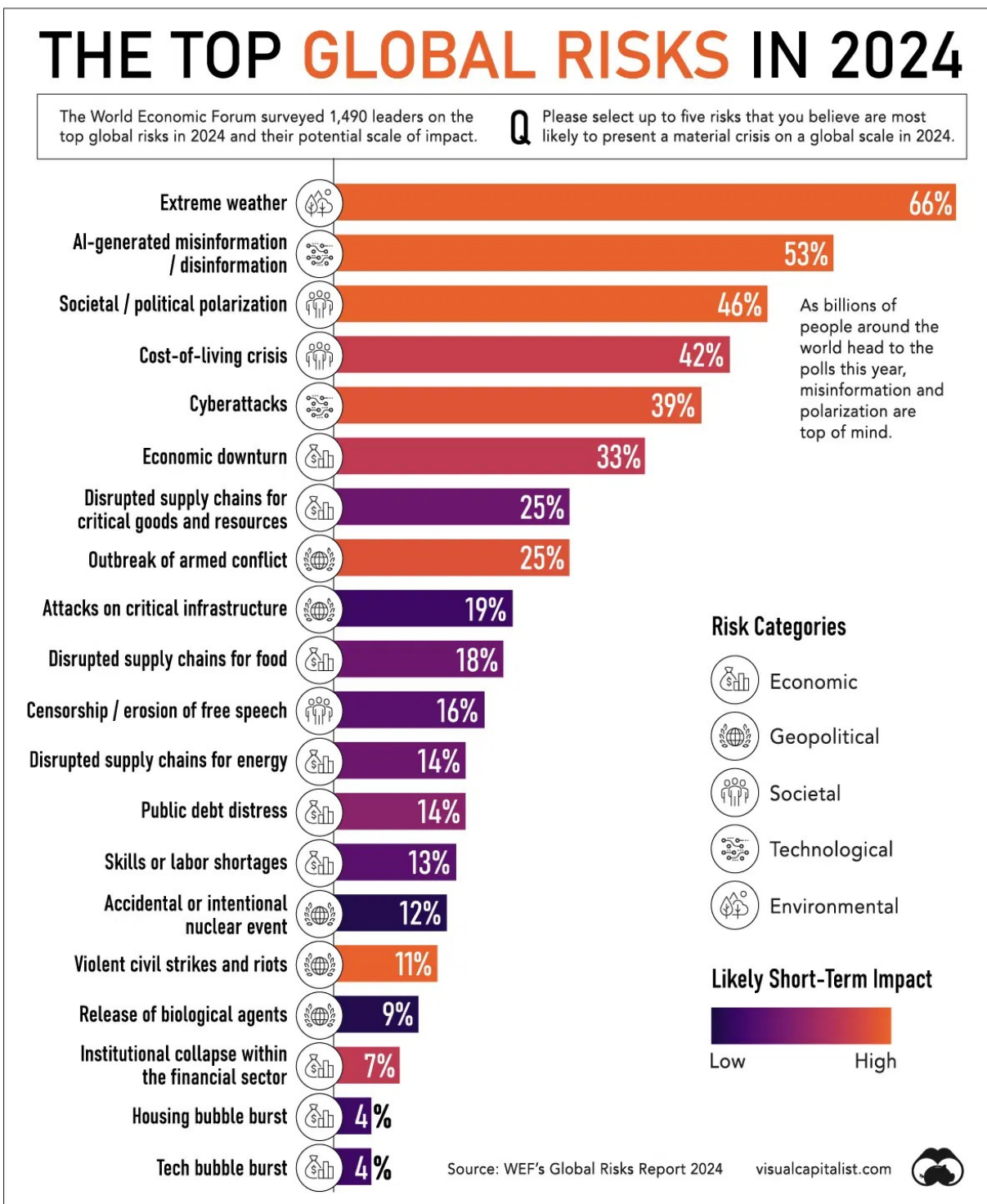
I'm a risk manager, so I often think about the worst things that could happen as well as the most likely dangers. Of course, it's the punch you never saw coming that knocks you out. So I'm less interested in the "risks" that are at the top of everyone's mind, and much more wary of risks that are deemed "low probability" by the media, but likely by anyone with a lick of common sense.

The equations that describe most events in life are linear: X leads to Y which leads to Z. So instead of swallowing the stories that Wall Street, Washington D.C. and their lapdog media are spoon-feeding to the masses, I simply follow the facts, logic/reason and common sense and see where it takes me. As Herb Stein observed, "If something cannot go on forever, it will stop." It helps if you know something about history (which repeats) and human nature (which is immutable).

But I also try to think expansively, especially since every day the [complex systems](#) of finance, politics and war could have a profound impact on me and my clients. For example, after years of the farmer showing up every day to feed him, does it ever occur to the turkey that one day the farmer might show up with an axe to cut off his head? The human brain has a hard time processing very small (and very large) numbers, including low probabilities. So it just ignores the possibility of "[tail events](#)" that don't fall within say

two standard deviations of the mean. Not only that, but they assume that the bell curve of domains such as finance, politics and war has a normal (Gaussian) shape, instead of one with “fat tails.” They think they're in Normalstan when they're really in Extremistan.

Some weeks ago I saw the chart below, which are the top global risks for 2024 according to the 1,490 leaders surveyed by the World Economic Forum (of course there wasn't any [selection bias](#) here). So what keeps Davos Man up at night (besides [prostitutes](#))?



By far the largest (66%) worry is extreme weather, presumably the result of anthropomorphic activity. I think most of them are just talking their book, as the magic words “climate change” have the potential to transfer massive amounts of wealth and power to them. But I think many of them have actually drunk their own Kool-Aid and really believe that nonsense. I don't know which is worse.

The second largest (53%) concern is AI-generated misinformation/disinformation. This is ironic because these are the same people whose [AI software generates images of black Nazis and Asian Revolutionary soldiers](#). They're the same people who told us that Trump colluded with Russia, that COVID-19 was a dangerous pandemic, that the vaccines were safe and effective, that Hunter Biden's laptop had “all the classic earmarks of a Russian disinformation operation,” that January 6 was an insurrection, etc. What they're really afraid of is dissent, which is why they've been working hard behind the scenes in recent years so they will have the ability to stamp it out during the next staged event.

Next up is societal/political polarization (46%), which is closely related to the next largest (42%) risk, the cost-of-living crisis. Yes, society and politics are more polarized than at any time since at least 1861. But that's what happens when government has more power than ever before. Politics becomes a winner-take-all fight (sometimes to the death--e.g., Ukraine, Gaza) in which [any tactic is justified](#). And when the ruling elite press their advantage and keep trying to extract more and more wealth from the tapped out proles, yes, eventually you will see a populist backlash and popular revolts like we see now with [the farmers in Europe](#). The elites don't care whether the average person can afford to put food on the table. What they really fear is finding themselves in the dock at the Hague for crimes against humanity.

An economic downturn is the next largest (33%) peril, though I would estimate the probability as a near certainty. And it won't be a mere “downturn,” it will be a depression at best and a collapse at worst. With unprecedented [debt \(and unfunded liabilities\)](#) at every level of society, moral hazard, extremely high valuations and investor sentiment, the transformation of profit-seeking companies into *de facto* social justice nonprofits, and the demoralization and controlled demolition of society via [massive illegal immigration](#), [rigged elections](#), [propaganda](#), [profligate government spending](#), central bank currency printing, Critical Theory, censorship, crime, drugs, social media, the federal disability program, promiscuous sex and the war on the nuclear family, small businesses, the Protestant work ethic and white males, there is no way the risk of an economic depression is only 33%.

Three of the potential hazards involve disruptions to the supply chain for critical goods and resources (25%), food (18%) and energy (14%). I wrote about this risk in [my review of Jim Rickards' book Sold Out](#). Supply chains are complex systems that are often thousands of miles long and heavily dependent on technology and numerous inputs. They are easily disrupted, especially during a time of war, terrorism and computer hacking (Fifth Generation Warfare). I think the probabilities of these risks are at least twice as high, especially since the ruling elite is actually doing everything they can to reduce the supply and increase the cost of energy and food.

Outbreak of an armed conflict is a concern of only a quarter of the WEF *nomenklatura*. Similarly, only 12% of them view an accidental or intentional nuclear event as a risk. We already have two active wars based on ancient feuds that could easily spread (I initially wrote that they could become a regional war, but then I realized that they already are). [The breakaway Moldovan republic of Transnistria just asked Russia for protection](#), and [NATO is discussing the possibility of deploying forces to Ukraine](#). War is a complex system that often spawns extreme, unexpected results. No one can predict how this will end.

Attacks on critical infrastructure is given only a 19% possibility, but that is a continually occurring event. Apparently [Biden destroyed the Nordstream pipelines between Russia and Germany](#). [The Houthis have been attacking commercial ships in the Red Sea](#). This is to be expected in asymmetric warfare since destruction is cheaper and easier than creation.

Censorship and erosion of free speech is seen as a peril by only 16% of the 0.001% elite, but that's only because *their* free speech isn't threatened. These same people have been [quietly putting in place the steps to censor the speech of everyone else](#), which won't become apparent until the next public health crisis.

OK, this is where it starts to get very interesting; if you have any contrarian antennae, they should start to perk up here. Only 14% of Davosians say that public debt distress is a risk. Do they really believe that, or do they hope the elephant in the room will go away if they ignore it? Once bond investors lose confidence in the government or its currency, watch out, because the collapse will be sudden and massive.

Just 13% of the global elite think a shortage of skills or labor will be a risk. Perhaps that's because they have so much money that they can always obtain the services they need. They probably have little idea how difficult it has become to find competent, dependable and hard-working employees.

Only 13% think violent civil strikes and riots will be a risk. This year the Democrats will have their convention in Chicago. I predict it will be a repeat of 1968, only this time the police won't crack heads. Instead, the leftist mayor will tell them to stand down, and Antifa and BLM will run amok. Then we need to consider what will happen if somehow Trump is re-elected. You thought 2020 was bad? All hell will break loose for months. Yet another possibility (which I think is the most likely scenario) is another blatantly rigged election and all of the consequences that entails.

Nine percent think the release of biological agents will be a risk. When you finish this issue, read [this story about the secret Chinese bioweapons lab in California](#). Read about all of the diseases they were screwing around with in a run-down building. Watch the interviews with local officials. Read about the specially engineered mice, and how the CDC refused to investigate or get involved. Note how these terrorists felt confident enough—even after getting caught—to submit claims of \$80 million to the local governments for “unlawful seizure and destruction” of the lab's contents. And this is just one lab that we happened to discover thanks to an observant and curious inspector.

Finally, just 7% of WEFers are concerned about a possible institutional collapse within the financial sector, and a mere 4% consider the bursting of the housing and tech bubble as a possible risk. Now we've hit pay dirt. These are the events that should concern you the most this year. Almost no one saw this coming in 2008 (with the exception of Peter Schiff and a few others), and given the current euphoria of investors, it seems few people are concerned about a repeat this year. If a financial crisis does occur, it will be far worse than 2008 due to unprecedented moral hazard and debt at all levels of society.

[This article](#) makes a compelling case for a number of more realistic risks.

Recommended

[So You've Been Sent to Diversity Training: Smiling Through the DEI Apocalypse](#) by Chadwick Moore (5 stars and a great writer).

News You Can Use

[The Year of Cascading Crises](#)

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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.