



# 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 Burning Platform

There's a (great) website called [The Burning Platform](#) that has a header image that I think perfectly captures the situation in which we've been since at least 1963. It shows the Deepwater Horizon drilling rig on fire in 2010, which coincidentally was around the same time as the explosion of the Great Financial Crisis in 2008.



We find ourselves on this relatively small platform called the United States that is surrounded by ocean and an increasingly hostile, violent and inhospitable world, with

virtually no true allies. Our platform has been smoldering with thick smoke for the last 15 years, but now large flames are erupting into fireballs. If you've felt like the pace of change has increased exponentially in recent years, you are correct. That's like a wind that has steadily increased, fanning the flames.

But unlike in the photos, there are no fire boats spraying water on the fire. Instead, as our platform starts to list and sink, many of us are desperately trying to put out the fire. But many of our countrymen are in those boats, catapulting around 25 million illegal aliens onto an increasingly crowded and precarious deck. As the realization that no one is coming to save us and there is nowhere else to go starts to sink in even as our situation rapidly deteriorates, we start to panic and a grim feeling of terror takes hold. Let's survey our current situation.

We're in a hot war with nuclear-armed ([5,889 warheads](#)) Russia over a few provinces in eastern Ukraine that are primarily populated by ethnic Russians who apparently would prefer to be part of Russia. The Ukrainian military has made an incursion into Russia, and recently destroyed a large Russian ammunition dump, resulting in probably [the largest mushroom cloud](#) ever over that country. Meanwhile, [Britain, Canada, Sweden, Denmark](#) and the outgoing NATO chief all support [the West allowing Ukraine to use long-range missiles to strike targets deep inside Russia](#). Interestingly, while [European countries bay for war with Russia](#), the British government [just warned that "military recruitment is dangerously low and the country's combat readiness is at risk."](#) Be careful what you wish for.

Israel is in a four-front war with Hamas (in Gaza), Hezbollah (in Lebanon), Iran and the Iranian-backed Houthi rebels (in Yemen). Iran recently attacked Israel with close to 200 ballistic missiles, apparently [some of which were not intercepted by the Iron Dome](#). An Israeli counterattack against Iran seems imminent. In recent weeks Israel has been preparing the battle space in Lebanon and just launched an incursion there. [The Houthis have been attacking Israel with hypersonic ballistic missiles](#) as well as [cargo ships in the Red Sea](#), disrupting global supply chains and [creating ecological disasters](#).

The two wars above have the potential to become part of a broader, global war, as [the adversaries tend to be similar in both wars](#).

The U.S. election on November 5 will (eventually, probably after months of wrangling) produce a binomial result with extremely different outcomes. There's a 50-50 chance that [closet Marxists](#) will be declared the winner, resulting in higher taxes and regulations, price controls on food and rent, [mass immigration](#) and [censorship](#), a war on "corporate greed" (including [ESG-focused corporate governance](#)) and a permanent, one-party state.

It seems that few voters care about government budget deficits, the national debt or unfunded liabilities. Certainly not the media, which [didn't ask any questions about those subjects](#) during the presidential and vice presidential debates. This at a time when debt at all levels of society is at a record high around the world. Remember, debt creates *fragility*.

Which number is larger: the number of votes by citizens for Harris in the last five years or

the number of attempts on Trump's life in the last 80 days? Correct, that would be 0-2. [Jim Rickards wonders if Trump will even make it to the election](#). An assassination would have mighty consequences that no one can fully foresee. One would be permanent ill will by half the country towards the other half. Bipartisanship and civility would suffer a fatal blow.

Longshoremen in East coast ports and the Gulf of Mexico have been on strike since October 1, the first such strike in 50 years. This could drag on for weeks or months, [resulting in shortages, very high prices and a series of cascading failures](#). [Panic buying has already begun](#). No one can foresee how this could turn out, and it could take many months to get supply chains working smoothly again. This is a little understood and very underappreciated risk.

This week [it was revealed that ICE is currently tracking](#) (in a database, not physically) 425,431 illegal aliens who have been convicted of a crime, including 13,099 convicted of homicide and 15,811 convicted of sexual assault. There are an additional 222,141 illegal aliens who have pending criminal charges, including 1,845 for homicide and 4,250 for sexual assault. These people are roaming around the United States, and these are just the people and the criminal convictions and charges that ICE knows about. Compare this to say the crimes that Trump has been charged with.

Hurricane Helene resulted in devastating flooding and mudslides in the Southeast, stranding many without basic necessities. Yet FEMA has been slow to act, and I have read a number of eyewitness reports on X (which is why they want to ban it) that the federal government has been confiscating private donations, turning away volunteers, and even [threatening to arrest helicopter pilots who have been rescuing people](#), even as the government's own helicopters sit on the ground. A more conspiracy-minded person might start to wonder if the government wants these people to die.

Now Homeland Security says that FEMA doesn't have any money that it can use to help the victims of Helene. Why? Because [they already spent it on importing tens of millions of illegal aliens](#) into the U.S. This is a shocking scandal, much bigger than Katrina, which was simply due to negligence and incompetence. Even more amazing, most of this is happening in a swing state that both presidential candidates need to win. Trump quickly organized a fundraiser and visited the state. I heard that Harris had to fly to San Francisco to attend a fundraiser before she belatedly showed up to dispense \$750 each. Would the media have reacted differently if this had happened in say Chicago, on Trump's watch?

The more I learn about the radical sea change in corporate governance in recent years, the more I realize how advanced and complete it already is, and how screwed investors and therefore the general public are. It's been like discovering that the global economy and financial markets has Stage 4 cancer, which is heartbreaking for a free market investment advisor such as myself. This week I just happened to come across [this video](#), which describes in layman's terms how the EU and UN plan to force ESG on every company in the world. I plan to write about this in an upcoming issue.

Finally, let's take a look at one of the simplest measures of stock market valuation, the

Schiller Cyclically Adjusted Price/Earnings Ratio. The higher the number, the more richly valued stocks are, and thus the higher the risk and the lower expected return. Note where this was just before the stock market crash of 1929. Feeling bullish after reading this issue? Apparently many investors are.

## Shiller PE Ratio



All of the domains above (war, politics, supply chains, weather, financial markets) are examples of [complex systems](#), which spawn Black Swans—extreme events that no one can predict that cause history to leap. Now here's a little quiz. All of the vignettes above pretty much go together except one. Can you spot the outlier?



## News You Can Use

[Tucker's Interview With the Means Siblings](#) This is a Must See!

[The First Amendment Is a Threat to Democracy](#)

[The Economy Has Never Been More Polarized](#)

[Housing Starts Are Tumbling](#)

[Social Security Faces \\$63 Trillion in Unfunded Liabilities](#)

[Bill Introduced to Ban ESG Investing](#)

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