



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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War Is a Complex System

As a libertarian, I am generally opposed to war, especially "nation building" wars that do not involve our vital national interests and have no clear objectives, yet drag on for a decade or two at an immense cost of blood and treasure. However, the current war with Iran is a special case. The radical Islamic Iranian regime has been waging war against the U.S. for the last 47 years (in a variety of ways and places), and it is high time that someone punched that bully in the face and put an end to all of this bullshit once and for all. Iran and its proxies have been the only thing standing in the way of a long-lasting and broad-based peace in the Middle East.

It became apparent that the Iranian regime was hellbent on developing nuclear weapons, amassing an arsenal of thousands of ballistic missiles (with ever-increasing ranges) and drones, and sponsoring militant proxy groups and terrorism around the world. Consequently, even though regime change may not be one of the coalition's explicit objectives, if it fails to remove this regime, all this war will have accomplished is to have bought some time (less than a decade) for the West and maximize the determination of a future radical Islamist regime.

The astonishing intelligence provided by Mossad allowed the U.S. and Israel to launch not one but two decapitation strikes that instantly killed dozens of the regime's top leaders,

which contributed to the most decisive start of a war in modern history. (Iran's remaining officials have since decided to hold future meetings via Zoom. Ha-ha!) The majority-Sunni Muslim countries in the region were already leery of Shiite Iran (as now evidenced by their formidable air defense systems), but Iran's decision to attack all of them (including their civilians), even in countries such as Turkey, Cyprus and Azerbaijan, was a huge mistake that pushed them into the “Crusader-Zionist” coalition, which is historically remarkable.

Supposedly Iran's air defenses were top of the line weapons provided by China and Russia, but were obviously no match for the U.S. and Israel. The war is serving as a proving ground for new U.S. weapons systems such as the Precision Strike Missile and LUCAS drones and providing invaluable combat experience and lessons learned. In contrast, I don't believe China has seen combat since 1979 (though to be fair, it generally seeks to avoid it).

Currently at least, the U.S. is clearly the most dominant country in the world, and as such, most countries will be more likely to want to partner with it commercially, militarily and financially. And Trump is clearly the most respected (or feared) leader in the world, which explains why the Dems reflexively resist his policies, even if it means supporting an infamous brutal and tyrannical regime. (In the years ahead, watch for these two strange bedfellows to become a lot more intimate with each other in the West.)

Now the hard part begins. Remember that war is a [complex system](#), so no one knows how long it will last or what the results will be. I'm sure Trump hoped that it would be a quick and painless win like Venezuela, but as of this morning, estimates of weeks have stretched as long as into September. In [The Black Swan](#), Nassim Taleb wrote that when the civil war broke out in Lebanon (which BTW involved Christians, secular Leftists, both Sunni and Shiite Muslims, etc.), everyone thought it would be over within a few weeks; instead it dragged on for 15 years!

The U.S. and Israel have destroyed thousands of targets (including incoming missiles and drones) with their expensive precision weapons, which are dwindling. Meanwhile, Iran possibly still has hundreds if not thousands of relatively inexpensive drones, perhaps out of sight in underground shelters. The Allies' kill shots make for great footage on Fox News, but the vast difference in the cost of a drone and the cost of a precision weapon required to destroy that drone (or missile) once it's airborne is financially unsustainable for the U.S. and Israel over the long term.

As Iran's missiles and drones are destroyed or depleted, it appears they are increasingly resorting to attacking soft targets, engaging in asymmetrical warfare and employing scorched earth tactics across a larger geographical area. They've already attacked embassies, airports and hotels. Some flights have been departing airports in the region full of American civilians trying to get out. If an Iranian drone hit one of them and killed several hundred Americans, how might that change domestic support for the war? Dems are already complaining loudly about six American servicemembers KIA.

This morning I read that a small boat (presumably Iranian) had attacked an oil tanker in

the Persian Gulf, resulting in an oil spill. Apparently the Iranian regime plans to target energy infrastructure in the region with the last missiles and drones in its inventory. Close to 3,000 ships traverse the Persian Gulf each month, close to half of them full of oil or LNG. I could easily see how Iran could attack them (either with drones or small boats), resulting in massive oil spills and fires, similar to how the retreating Iraqi army set fire to oil wells during the Gulf War. Think about how that would affect all of those resorts and high end real estate on the allied side of the Gulf. An environmental disaster would further torque [Greenies](#); I can see Greta Thunberg parachuting in for a photo op.

The Iranian regime has some of the best computer hackers in the world. Is it still possible that they could disrupt or shut down some or all of the Internet, communications, electrical grid, water/sewer system, banks and financial markets, supply chains, etc. in the U.S. or other allied countries? Absolutely! This could quickly bring a country to its knees.

Apparently [both China and Russia have hypersonic anti-ship missiles](#) with speeds of Mach 5-10 (the U.S. canceled its development program). Could one of them find its way into the side of a U.S. aircraft carrier if one of those countries decided that its key ally in the region had suffered enough? Although China and Russia have no natural affinity for Iran (other than “the enemy of my enemy is my friend”), Iran will be the second source of cheap oil that energy-starved China has lost in the last two months (after Venezuela), and Iran has sold thousands of drones to Russia for use in its war with Ukraine.

Let's not forget about a potential Fifth Column inside the U.S. Since 2021, several thousand Iranians entered the U.S. through various means, including 1,504 that Border Patrol apprehended at the Mexican border. What were/are their intentions and capabilities? Do we know where they are now and what they're doing (or planning)?

Other than the [nutjob who recently killed three and wounded 16 in Austin](#), I haven't heard about any other attacks in the U.S. Are domestic supporters of the Iranian regime awaiting orders, or biding their time until they're better prepared or their numbers are larger? Time will tell. Meanwhile, in the Middle East, Israel is now at war with Hezbollah in Lebanon, and it appears that the Houthis in Yemen are preparing to attack commercial shipping and/or Israel.

Iran is a vast, mountainous country about twice the size of Texas with a population of about 90 million people. Even if only about 20% of the population supports the regime as we've been told, that still leaves about 18 million supporters, probably most of whom are fanatical (similar to the North Vietnamese).

I read this morning that the Pentagon is suddenly desperate for more intelligence officers. Why? The map below helps explain why. There are at least a dozen different ethnic groups in Iran, who speak at least half a dozen different languages and practice at least half a dozen different religions. Note also from the map how the ethnicities and religions aren't necessarily in separate areas—some are in isolated pockets. The map doesn't show this, but another consideration are the political views of the locals, especially the degree to which they support the current regime.



In short, Iran is a lot larger and more complicated than people realize. Trying to establish a democratic government that isn't hostile to the West would require an amount of blood, treasure, political will and patience that I don't think the U.S. has. Unless the regime suddenly collapses (which is a distinct possibility), I don't know how this Gordian knot could be untangled, as otherwise regime change would require a massive amount of boots on the ground, which could well lead to yet another disastrous forever war.

One immediate potential source of boots on the ground are the Kurds, at least some of whom the U.S. has worked with for decades. There are reports that Trump spoke with a Kurdish group in Iraq, that they agreed to make an incursion into Iran, that they did so, and that the regime attacked them. I don't know much about the Kurds (30-45 million people), who are scattered across Iraq, Iran (8-12 million), Turkey and Syria, with a

diaspora in about two dozen other countries.

Their fighters (some of whom are women) have a lot of combat experience and are well-respected, though their incursion into Iran would probably be limited to their ancestral lands. Tactically, this seems designed to draw out the Iranian Revolutionary Guard so it can be more easily attacked from the air. Strategically, the goal may be to Balkanize Iran, which may be a good thing long term. There are [many different Kurdish groups](#), but the ones I've read about (the [PKK](#) and the [MEK](#)) are Marxist, so the U.S. should be careful what it wishes for.

Finally, I've read that Iran could attack shipping in the Persian Gulf (through which 20% of the world's oil flows) for months to come. And its proxy the Houthis could once again attack commercial shipping in the Red Sea. Since energy is used to provide every good and service, attacks in the Gulf or its closure to traffic would increase the price of everything at a time that the GOP needs to be focused on affordability before the midterm elections. The vagaries of war will also increase volatility (and thus also potential opportunities) in the financial markets. So have plenty of cash on hand and update your shopping list.

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