

Dear friends and friends of friends,

For a book manuscript I'm finishing I've been studying ways in which we might fruitfully adjust our expectations and our lives to what lies ahead. I am happy to share these thoughts, so read on if this subject interests you. Some is written at a generalist level and some more specialized but it doesn't hurt at least to know the vocabulary and the concepts the specialists use to peer deeply into the past and the future. You will hear more of them in due course elsewhere.

Coming years are going to be a bumpy ride for more reasons than appear in the chatter in the newspapers and on talkshows -- and bumpier than the chatters and "experts" imagine.

The financial situation is stark. Basically the world has been living on capital (energy, water, land) and credit for many many decades and that has *stopped*. Economists blithely call it The Great Moderation and congratulate themselves. Their belief is of those highly skilled in their discipline but innocent of history or of other bodies of knowledge essential to comprehending our situation. With their narrow understanding they just told our leaders to max the national credit card, possible once President Nixon had cut the dollar's link to gold, theretofore the sole restraint keeping American politicians and public modestly responsible. (This has fed through to the financing policies of other nations.) The United States has since gone from Earth's greatest creditor nation to its greatest debtor in two generations.

In short we've been running down the stores of capital/credit built up over two centuries (in America) and of energy/water/land built up up over aeons (fossil fuels, deep aquifers, great forests). It's all downhill from here. Not helped if one's country is dominated by undisciplined people scornful of science and indifferent to education, focussed only on a life of endless sensory gratifications. If you want to understand the different mindset which developed America's character and its stupendous economy, and how that changed, glance at "Why is it so hard to be a city on a hill?" at

<http://www.jeffreyrace.com/pearl/hardtobe.pdf>.

Living standards are going to decline worldwide as we are all forced to live on what we can produce (or steal--think of Russia invading Ukraine), what some disparagingly call "austerity."

The bitter political struggle now coming, and going to worsen greatly most everywhere, is over who shall suffer most.

Inflation is one of several policies by which purchasing power is intentionally transferred from those at the bottom to those above in the scale of political influence, as Jerome Powell (Fed chairman) recently stated. Read the linked article* for elaboration. (He omitted to mention his intentionality.)

To get to the other side of what's coming in the short and medium terms (5-10 years from now, when there will be great investment opportunities) you want your resources now to be in producing real property, productive assets like companies which add value to the economy (not Facebook nor crypto obviously), precious metals, possibly some commodities but that requires a high level of knowledge as demand for raw materials will fall when the crash comes.

Most 'investment' chatter focuses instead on epiphenomena like stock prices and trends, which are many steps removed from real value-added processes (if any--often no relation at all). The analyses that fill newspaper articles and 'investment advice' from so-called experts characteristically refer to 'asset values' as though representing real wealth. The 'value' will be known only in the future, as real income is transferred from value-added productive processes to the owners. All we 'know' today are the prices, presently but loosely linked to value-added productive processes. Muddled thinking leads to bad outcomes.

In the collapse of the Silicon Valley Bank sounds the celestial trumpet.

But in the long term our grandchildren are all going to be (literally) cooked, because Earth's carrying capacity has been greatly exceeded and fatal climate processes have passed irrecoverable tipping points. Billions must die early in a mass extinction.

My youngest daughter, a physician, regularly must decide for herself "How do I ease the death of the person prone before me who must shortly pass away from known physical processes?" No one in the commentariat and no political leader is asking "How do we ease in place the inevitable early deaths of billions?" This unrealism of present public policy creates the gap into which the thoughtful and the foresighted will position themselves ahead of those who are not.

Kind regards to all,

Jeffrey Race

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* <<http://www.jeffreyrace.com/document/inflate9.pdf>>

Archived as <<http://www.jeffreyrace.com/document/adjust.pdf>>