



Black Swan financial manager is preparing for “mega-tinderbox timebomb” event that will crash economy

Description

Top hedge fund manager Mark Spitznagel has believed for some time that the U.S. economy, if not the global economy broadly, is in for a huge correction, and frankly, with the drums of World War III beating louder every day, it makes sense to assume he knows what he’s talking about.

A piece published by *The Wall Street Journal* describes Spitznagel's investment style as, essentially, unorthodox but highly successful. The article notes that his firm, Universa Investments, has routinely produced amazing annualized returns on sometimes minuscule investments, producing anywhere from three to five times the initial value in a relatively short period of time.

“For example, when Covid sent global markets into a tailspin, returns were an estimated 4,000% in the first quarter of 2020. The fund also made \$1 billion in a single day in 2015 during the ‘Flash Crash,’” the WSJ reported, as if to emphasize the fact that Spitznagel is as unconventional as he is successful. In short, he knows of what he speaks, which is what makes his prediction about a coming catastrophic collapse all the more believable.

The WSJ noted:

The only prediction he makes is one that investors who follow him have heard many times over more than a decade—that the financial system is due for a serious reckoning. In this latest letter, he calls it “objectively the greatest tinderbox-timebomb in financial history—greater than in the late 1920s, and likely with similar market consequences.”

A Great Depression style wipeout is quite the call, yet Mr. Spitznagel offers no timeline and suggests that the conscious postponement of a crash has contributed to its eventual severity. The analogy—one he has employed in the past—is that monetary and fiscal firefighters have been overzealous at stamping out financial conflagrations, setting the stage for an uncontrollable blaze.

“These apocalyptic predictions are where one suspects the consistent, coldly mathematical hedge-fund manager might be allowing his political views to color his commentary. He is closely associated with

former presidential candidate Ron Paul, who has sought to abolish the Federal Reserve and restore the gold standard and who has been making similar calls for decades,” the paper continued.

The article goes on to note that there are options for investors so they can ride out the coming storm, which range from putting more money into gold and silver as well as buying additional stock while it's low, holding it, and emerge on the other side of the disaster with shares that have monster value. But these strategies assume that ‘the other side’ means a return to normalcy, and here’s where the situation gets sticky.

Because we’re human, we tend to believe that no matter how bad things get, once the worst is over, then things will be like they were before. Imagine you’re a Ukrainian trying to survive Russia’s invasion; most citizens probably think that on the other side of the war and destruction is a rebuilding period and life returning to what it was before Russian troops stormed into the country. But what if Ukraine loses? Life will *never* return to the “normal” that it was prior to the invasion.

And the same could be true for the kind of economic apocalypse that Spitznagel is predicting. If the U.S. economic collapse is systemic and catastrophic, there might not be a United States left to rebuild. Nothing will be “the same” ever again. That’s because whomever seizes power on the other end of the collapse will no doubt implement a much different form of government and build a far different society than what we are used to — one that isn’t forgiving, isn’t free, and does not value liberty and individualism.

Probably the best advice that anyone could give at this point is this: Get your affairs in order, save what you can, and pull your friends close. You’ll need them.

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1. Economy-Business-Fin/Invest
2. Survival-Prepping-Security

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