

STORM WARNINGS

Vol. I, Issue 5: June 2012
Expectations and behaviors



R. Michael Conley
Founder

The *Storm Warnings* newsletter is part of a larger initiative by its founder, R. Michael Conley, to carry the message to others.

"The message is frightfully simple: We are heading into a perfect storm that will forever change our lives, and we need to act on it while there is still time," said Conley.

Under the overall umbrella of his company, Weathering the Storm, LLC, its mission to *awaken, engage and help mankind weather the storm* is carried out in a number of ways.

"The *Storm Warnings* newsletter, which provides

We are caught in the twilight zone of a paradigm shift we don't understand. The disconnect between the American Dream we've known and the *perfect storm* we are about to enter is widening. We are uneasy about the future and floundering in old paradigm solutions not befitting our new paradigm challenges. In this issue, R. Michael Conley explores the fourth rung of the perfect storm: Our expectations and behaviors.

Weathering the Storm

WTS: The American Dream? Perfect storm? Paradigm shifts? How do they relate to our expectations and behaviors?

Conley: They provide a context for how our behaviors and expectations are shaping – and are being shaped by – a changing world. The American Dream represents our baseline thinking of the world. The *perfect storm* describes the dramatic upheaval that will trigger and define the world to come, and the *paradigm shift* represents the transitional journey between these two worlds. I refer to it as a "perilous journey through a perfect storm" because that's what it will be.

WTS: Let's start with the *perfect storm*. How would you describe it?

Conley: The phrase aptly describes what we will experience; a chain reaction of colliding forces with a potential for unleashing a fury that exceeds the sum of all parts. It will be a game-changer and a threat to mankind.

For clarity, I've constructed what I've dubbed my "4-E Model" to describe the forces at play. Each 'E' represents a specific storm force and includes: 1) Energy, 2) Environment and ecology, 3) Economics and geo-politics, and 4) Expectations and behaviors. Taken separately, the forces might be manageable; acting in concert, they'll be overwhelming.

Imagine a scenario where the global economy is imploding under the weight of its own debt; where oil shortages are causing oil prices to exceed \$250 per barrel, and where climate-induced

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an in-depth look each month at a specific topic, is one way we hope to awaken and engage people, but we encourage folks to log in to our web-site for a full menu of offerings and services," Conley said.

(www.weatheringthestorm.net)

The website will provide further details on other initiatives. Among them:

1. Lethal Trajectories – Conley's futurist novel on what it will be like to live through a perfect storm crisis
2. *Weathering the Storm Guide* – A guide on how to prepare for the storm
3. Weathering the Storm Seminars – In-depth seminars that are now available
4. Blog, links, other resources, and the Storm Warnings newsletter.

About the Founder: Mike Conley is the Founder of Weathering the Storm LLC, and currently serves as Chairman and CEO of the Conley Family Foundation. As a former Fortune 500 business executive, author, lecturer, and public policy activist, Conley has written and spoken frequently on topics related to the perfect

droughts and famines are destabilizing the world order – all at the same time. Imagine how each force, feeding off the other, will compound the fury. This is an example of the perfect storm and the storm clouds are brewing.

We're entering into this frightening new paradigm unprepared, with expectations and behaviors entrenched in what we've always known – the American Dream.

WTS: Let's talk about the American Dream. How would you describe it?

Conley: I suppose the American Dream means different things to different people, but we can probably all agree that it stands for opportunity, upward mobility and an expectation that the living standards of each new generation will exceed that of their parents.

The American Dream was made possible by cheap and abundant energy and resources. It enabled Americans to own land and a home in suburbia or exurbia – often far from their worksite; to produce prodigious amounts of agricultural and manufactured products through automation; to travel freely, spend lavishly and enjoy a throw-away culture that placed little value on conservation or sustainability.

We thought our jobs would always be secure, our economy dominant, and our cheap energy and resources forever plentiful. Protected and insulated from the rest of the world, many felt "entitled" to the good life by virtue of their American citizenship – a feeling perhaps shared by the Romans and Brits in the gravy days of their respective empires.

Indeed, the American Dream has now been exported. China and India – with over seven times America's population – are now experiencing the dream with rapid growth, rising expectations, a hunger for cars, a desire for energy intensive diets, and upward mobility at all levels; all requiring, of course, a resource-intensive infrastructure to support their new lifestyles.

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storm. He graduated from the University of Minnesota, after serving in the United States Navy, and later completed a post-graduate program at Stanford University. He is also active on several boards and advisory groups.

WTS: This sounds good. What's the rub?

Conley: Those dreams were built on cheap energy – particularly oil – and abundant resources. What happens when those dream enablers are no longer available? As more nations and a growing population compete for a dwindling base of finite resources, the immutable laws of supply and demand will change everything. There's no free lunch.

The insidious creep of change camouflages the threatening trend lines. We have an uneasy sense that something isn't right; we flounder in a paradigm shift we don't understand. Perplexed, we cling to the status quo while forces beyond us transform our world. Is it any wonder we're confused?

WTS: This gets us to the *paradigm shift*, or *perilous journey* you referenced. What is it?

Conley: It represents our journey of transition from the American Dream through the perfect storm and beyond. For definitional purposes, a paradigm shift occurs whenever we move from one set of circumstances to another. Often easier to identify through a rearview mirror than by looking ahead, it's usually a destabilizing process.

Still basking in the American Dream, we've yet to acknowledge that the dream enablers are disappearing. For the first time in centuries, new generations are not expected to live as well as the previous one. In vain, we seek solutions unbefitting the new paradigms they are designed to address. The *totality* of this paradigm shift differentiates it from anything we've ever before experienced, and we struggle with the disconnection.

I sometimes think the longest journey in the world is the one from the brain to the heart; the one that transitions an intellectual thought into a heart-felt belief. It often involves a long process of denial, anger, bargaining, depression and acceptance. At present, denial seems to be the predominant force.

WTS: Is there any evidence to suggest we're moving toward a perfect storm?

Conley: Oh my, yes. Look around, the storm clouds are everywhere. We see them in the Arab Spring uprisings throughout the Middle East. We fear them as gasoline prices soar and our addiction to oil threatens our security. We nervously watch the European Union unravel and wonder if it could happen to us. We feel the erosion in our purchasing power as the dollar devalues and crushing debt loads and unfunded entitlement liabilities threaten our economy – and debt rating. We are befuddled by terrorism, nuclear proliferation and religious uprisings; we are fearful of rising

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food prices, fresh water shortages and climate-induced weather patterns causing frequent and destructive storms. I could go on, but I think you get the picture.

WTS: Frightening. How might the perfect storm evolve?

Conley: The storm clouds are already in place, and the tipping point could be triggered by a big bang event such as the collapse of the European Union, a significant and prolonged oil disruption, a nuclear fire-fight in the Middle East; you name it. Or, it could creep up on us as the economic engines of the world sputter with staggering debt loads, rising oil prices and a slow-down in international trade. Famines and droughts will add fuel to the fire with under-developed countries the first to feel the destabilizing tsunami that could ultimately engulf the world. It's a house of cards ready to topple.

WTS: As we get deeper into our perilous journey, how might our expectations and behaviors change?

Conley: Ideally, we would proactively recognize and respond to the threats. Realistically, we're more likely to deny or rationalize our predicament until change is forced upon us. When this happens, I see several significant shifts occurring in our behaviors and expectations. Let me mention a few:

1. Lifestyles will change as we are forced to live with less. Our insatiable quest for growth, speed, power, and size – the bigger-is-better fixation – will, by necessity, default to a back-to-basic recalibration of our lifestyles.
2. Suburban and exurban populations will decline with a migration back to cities with their public transportation hubs, water sources, worksites and areas of commerce. Global trade will grind to a trickle as rising fuel prices act as a defacto tariff. The unbridled mobility once enjoyed will fade under the crushing cost of gasoline.
3. The credit bubble will burst under the strain of staggering deficits, unfettered money printing, and the accumulative effects of living beyond our means for too many decades. The devalued dollar will hammer those living on a fixed income, and hard assets - such as gold and silver – will be prized. Consumer spending will be re-directed toward fuel, food, and bare necessities, and consumer credit will all but dry up as credit markets crater. Our spending behaviors and choices will change dramatically in this new environment.
4. The capacity of government to care for the growing needs of its citizenry will deteriorate; entitlement promises will be difficult to keep; and safety nets for needy citizens less available. Desperate people do desperate things and the likelihood of domestic unrest will grow.

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5. As the crisis deepens, de-globalization intensifies, traditional institutions falter and living standards decline, lifestyles will change from complex to simple. Solutions will be increasingly sought at a local level, with emphasis on our self-reliant ability to grow food, repair, recycle and reuse. We will have no other choice. The speed at which this happens is, of course, yet to be determined.

WTS: What will it take to shake us out of our lethargy and respond accordingly?

Conley: Our expectations and behaviors are so engrained in the American Dream that it will take a crisis of Pearl Harbor proportions to penetrate our national psyche. Barring that, we'll continue on a pathway of denial or quick fixes that merely perpetuate an unsustainable system. How much longer, for example, can we borrow or print money to finance our deficits?

Our nation is capable of remarkable things if galvanized by a cause that transcends our individual differences. Shared sacrifice – such as was experienced in World War II – is possible if there's a sense we are in it together with no free rides. The perfect storm is a compelling imperative, but useless if not perceived by all as a threat. It's a tough message to convey – particularly when our political parties are grid-locked and incivility reigns.

Our entitlement culture is another daunting barrier to change, and it prevails across all levels of society. We see it on Main Street with social welfare programs. It happens on Wall Street with bail-outs for institutions "too big to fail;" or in large industrial sectors accustomed to subsidies, tax credits and price supports. Much better, it seems, to privatize profit and socialize risk. Large public pension and welfare liabilities are also draining government treasuries, but there's little appetite to change the formulae. Well-to-do senior citizens resist means-tested benefit plans, while a shrinking workforce is stiffed with the bill. One man's entitlement "pudding" is another man's "poison," and powerful lobbies are there to protect the interests of their respective constituencies. Perplexed, our political leaders find it easier to kick the can down the road than face an angry electorate.

WTS: Aren't you being a little too cynical or pessimistic?

Conley: Perhaps, but I prefer to think of myself as a realist reporting on observable trend lines. My hope is that we can interdict the threatening trajectories before they fully develop in the manner I have described. I'm actually optimistic about the resilient spirit of mankind, and I believe there is much we can do if awakened to the threats we face.

WTS: That's a slight ray of hope, but what can one person really do to change things?

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Conley: We can start by getting real about our expectations and behaviors and face reality as it is, not as we want it to be. We can stop thinking of ourselves as helpless victims with little recourse but to wait for the government to respond. We can learn from our forefathers – living in a world without safety nets – and accept personal responsibility and accountability for ourselves, our families and community. For most of us, that will involve a significant shift in our behaviors and expectations. This is all new ground.

Look, I'm not suggesting we head for the hills or barricade ourselves in a compound. There is middle ground and there are a number of practical, common-sense things we can do at an individual, family and community level to prepare for the perfect storm. That presupposes we shake free of the lethargic neutral gear we're in, recognize the ball game is rapidly changing, and recalibrate our expectations and behaviors accordingly. That's my message. Why wait until it's too late?

WTS: That's easier said than done. How do we get started?

Conley: I have prepared a guide titled "Weathering the Storm" that can be downloaded on my website at no cost. It provides a step-by-step process for developing a plan of action that individuals, families and communities can use to prepare for the storm. I invite and urge my readers to download the guide and get started. Don't procrastinate; start today.