

# STORM WARNINGS

Vol. I, Issue 8: October 2012

*The Strategy of Denial*



**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.

**Introduction:** The forces of the perfect storm are reaching a tipping point, but we are not responding. Paralyzed with political gridlock and myopic thinking, a "strategy of denial" might best describe the response of our leaders to the quick-fix, pain-free culture they so aptly reflect. The clock is ticking, and our feeble attempts to sustain the unsustainable are actually fueling the forces of the storm. In this no-holds barred interview, publisher R. Michael Conley shares his thoughts on a cascading flow of troublesome current events.

**WTS:** What is the "strategy of denial" and how does it apply to the perfect storm?

**Conley:** I use this phrase in a generic sense to describe our misguided reads and responses to the perfect storm. Through a lack of understanding or outright denial, we are falling hopelessly behind the "effective response" curve. Kicking the can down the road, wishful thinking, quick-fix solutions – with snappy sound-bites but little substance – or just outright denial are not strategic responses. Pick your poison; there's an element of insanity in what we are doing, and I can only imagine future generations asking, "What could they have been thinking?"

**WTS:** Sounds harsh. What do you mean, for instance, by "element of insanity?"

**Conley:** A classic definition of insanity is to do the same thing over and over again that ends the same and still expect a different result. It's interesting that while we have front row seats to the progressive build up and intensifying effects of the storm's forces – energy, economic, environmental, geopolitical and behavioral – there is little sense of urgency; we seem content to merely hope there will be a good result. Worse, our misguided efforts are turbo-charging the storm's ultimate fury.

We've failed to grasp the *totality* and timing of the storm, and we're missing the *exponential* multiplier effect of its forces in collision. We dabble with haphazard, piecemeal solutions – as though they could be decoupled from the juggernaut of the perfect storm – and the hole only gets deeper. Our myopic thinking will cost us dearly.

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"The *Storm Warnings* newsletter, which provides an in-depth bi-monthly look 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](http://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

**WTS:** Could you comment on what you mean by the exponential impact of the storm?

**Conley:** It's really the essence of the perfect storm. As multiple forces act in concert, they exponentially intensify the fury of the storm. Let me give you an example of how exponential forces work using Medicare: As our aging population grows in size, uses more expensive medical care, and lives longer, the multiplier effect will accelerate costs well beyond what was envisioned by planners years ago. This same kind of exponential impact applies to the forces of the perfect storm, and piecemeal solutions are about as effective as rearranging the deck chairs on the Titanic.

**WTS:** What specific events and responses are most troubling to you?

**Conley:** Take your pick; we are fumbling the ball everywhere. I suppose an economic meltdown is our most immediate threat, but the energy and environmental time bombs can not be far behind. Let's start with the economy.

A collision of the Euro Zone and America's "fiscal-cliff" crises could trigger an economic meltdown as early as January 2013. With over 40% of the world's GDP tied up in Europe and the U.S., there's simply not enough capacity left in the global economy to cushion the blow.

What are we doing about it? Nothing constructive, I can assure you. Our major political parties are locked in a presidential election where ideology and gridlock trumps compromise and collaborative solutions. In the meantime, our fiscal and monetary policy goes unattended – with one exception: The Federal Reserve has instituted QE-3 to pump \$40 billion dollars a month into segments of the economy in perpetuity. Never mind there is little show for the trillions of dollars "printed" up by the Fed thus far; this time it's supposed to be different. What was it I said earlier about insanity?

Wall Street, in turn, has become codependent on Fed monetary policies to gin up market values with market fundamentals becoming almost a secondary by-product. It's a house of cards,

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activist, Conley has written and spoken frequently on topics related to the perfect 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.

and we may soon discover that what's intoxicating on the way up can be devastating on the way down.

The exponential factor comes into play as these economic forces collide. The chain reaction unleashed by our massive debt and deficits; unfunded entitlement payments now coming due; escalating debt servicing charges, and a devalued dollar that erodes our purchasing power and threatens our *fiat* currency reserve status are but a few examples. Throw in rising oil prices and other threats, and I think you can see the problem.

**WTS:** What have you concluded from all this?

**Conley:** I've concluded the strategy of denial is working beautifully. Why else would we not address a threat that is so patently obvious? We've had it so good for so long that we've become accustomed to settling for nothing less than pain-free, quick-fix solutions with snappy sound-bites and little substance. We've conned ourselves into wishful thinking that somehow – magically – we can grow our way back into prosperity without paying the piper. That's not going to happen.

In many respects, the *American Dream* is working against us. It has so shaped us with expectations that can't be met, that the realization of this truth and the behavioral changes required are almost too hard to imagine. We've become addicted to spending money we don't have for "stuff" we can't afford using devalued dollars that purchase less and a line of credit that's about to be tapped out. While the residual momentum of the *dream* propels us, and denial keeps it going, we will soon discover how challenging and disruptive the perfect storm can be.

**WTS:** Economically, how might this play out and what is the timetable?

**Conley:** Well obviously, I don't have a crystal ball, but I really believe 2013 will be a pivotal year. It will start with the "fiscal cliff." If nothing is done, the reinstatement of previous tax cuts and mandated spending cuts will take enough out of the economy to produce a recession, according to the CBO. My guess is that some kind of short term postponement will be worked out, regardless of who controls Congress and the White House, but it can't last for very long. At a minimum, our national debt rating will take a hit and Wall Street will react unfavorably – not good for our 401-K plans. Further, our stagnant economy is unlikely to grow at a pace required to sustain projected debt levels. The whole thing could unravel in a hurry, and the impact could be devastating.

That's the good news. Throw in a little kicker like a war with Iran, a sudden drop in oil production in the Middle East as Arab Spring II gains traction, or a continuation of the climate-induced droughts and famines now destabilizing the globe, and you have a whole new ball game. That, my friend, is the perfect storm and it's coming our way.

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**WTS:** Ugh. Let's switch gears: How does our denial strategy relate to energy?

**Conley:** Cheap energy helped make the American Dream a reality. Our love affair with the automobile – and the freedom it evoked – seemed an inalienable right. We may not lose that “right,” but we’ll pay dearly for it in the future. Get used to it; that’s our new reality.

Instead, we cling to the misguided notion that the Bakken oil field, off-shore drilling, new horizontal drilling and fracking techniques, and even the ability to tap into our Strategic Petroleum Reserve will save the day. We ignore the global nature of oil and the growing appetites of China, India and others for the world’s finite supply of “King Oil.” Try as we may, the immutable laws of geology and supply and demand can not be squashed by wishful thinking.

We can’t drill our way out of our geological fix, and technology can’t replicate the crude oil it took Mother Nature tens of millions of years to create. It is what it is. About all I can say with certainty is that unless we get serious about reengineering our energy models away from an overreliance on oil, we will forever see a) a massive drain on the economy to support our oil addiction and b) the need to put our military in harm’s way to protect our oil stash. It’s insane, but that’s what we get with a strategy of denial.

**WTS:** What about climate change and the strategy of denial?

**Conley:** I can think of no other area where we have so ably mastered the strategy of denial than climate change. The scientific evidence is overwhelming and can be seen in severe ice pack melts from Greenland to the Polar Regions; rising acidity levels of our oceans; off-the-chart increases in annual carbon parts-per-million buildups; bizarre weather patterns occurring with a frequency and severity never before witnessed, and in the scorching record high temperatures and bone-dry droughts that permeate the globe, supercharge forest fires, impede crop production, and foment famines. Again, we ignore the scientific data and allow the strategy of denial to gloss over the obvious.

Instead of acknowledging the threat and developing meaningful mitigation strategies, many still tell us that “the evidence isn’t all in yet so don’t act precipitously.” It has a familiar ring reminiscent of the tobacco industry’s rearguard action of yesteryear to forestall the labeling of tobacco as a health hazard. Actions to mitigate climate change or emission build-ups are often dubbed job killers. Give me a break!

**WTS:** Is the strategy of denial operative in other areas that you haven’t mentioned?

**Conley:** Oh my, yes. I’ve only scratched the surface. Public policy is colliding with perfect storm forces everywhere. Energy policy, for instance, is colliding with fresh water shortages as we use

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from 2-4 millions gallons of water or more for every oil/gas well in which fracking is used. A bone-dry state like Texas can certainly attest to this. Or, we can see how mandated ethanol production quotas are causing us to redeploy almost 50% of our corn output – after factoring in crop losses from the climate-induced drought – into fuel and not food. Not a comforting thought for a famine-stricken global population that depends heavily on our corn exports. I could go on, but you get the point. Expediency and denial continue to trump long term strategy and the situation progressively worsens.

**WTS:** We've had major challenges before and have always come through. Is this really any different?

**Conley:** I'm afraid it is. The challenges we now face have been building for decades, and solutions will be gut-wrenchingly difficult and time-consuming to achieve; time we don't have. I'm bothered by our proclivity to sweep everything under the rug hoping it will go away. I'm alarmed by the speed at which we are approaching tipping points in so many critical areas, and I'm baffled by our unwillingness to respond in any meaningful way. Sadly, we are so enmeshed in our culture of denial-based indecision, that it may be too late for the real losers – our children and grandchildren.

**WTS:** Realistically, will we ever respond in a manner you think is appropriate?

**Conley:** The political will – global and domestic – for the level of change needed is non-existent. It's far more convenient to kick the can down the road and hope for the best. The insidious creep of the perfect storm makes it even more dangerous than, say, the Pearl Harbor or 9/11 attacks that almost instantly galvanized our nation around a common cause that transcended individual differences. As a nation and people, we are capable of extraordinary things, but we have a lousy track record for identifying future challenges and responding in a timely manner. Why does it take a crisis to get us to do what we should be doing in the first place?

Winston Churchill had it about right when he said, "You can always count on Americans to do the right thing – after they've tried everything else." This time around, we don't have the luxury of "trying everything else" before we wise up and do the right thing. By then, the tipping points will have been breached and it may be too late.

**WTS:** If this is the case, what are you doing and what can we do as individuals?

**Conley:** In answer to your first question, I am doing everything I can to awaken folks to the perfect storm. My book, *Lethal Trajectories*, the web-based company I've formed, *Weathering the Storm LLC*, the class I teach and the talks I give are all directed toward this end. For the sake of my grandkids, I don't want to look back ten years from now and have to say, "I didn't even try." This is an intergenerational responsibility that weighs heavily on me.

As individuals, my counsel is to not wait for the government to recognize the problem before doing

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something about it. By then, it may be too late. We are not helpless victims and there is much we can still do. In this regard, I have developed a *Weathering the Storm* Guide to help folks get started on a personal plan of action to prepare for the storm. It's free and I invite my readers to download it on my website: [www.WeatheringtheStorm.net](http://www.WeatheringtheStorm.net) Don't wait; get started now.