

“Guns, Ammo, and Liquor”



Hopefully by the time this Editorial appears in print, the worst of the coronavirus scare will have passed. Whether it has or not, it should serve as a wake-up call for other potential Black Swan events.¹

The late Wall Street icon Barton Biggs could never be accused of being a survivalist. But he notes in *Wealth, War & Wisdom*² that once or twice during your lifetime, something very bad will happen. Biggs examines how well various assets were in preserving wealth during wars. The book also serves as a useful starting point about how to make it through any calamity, whether a natural disaster or man-made, anything that could cause social unrest. Consider it from this perspective: could you make it for 30 days without electricity? In the end, the only time to prepare was yesterday.

In a war, if you are on the losing side, the vast majority of your wealth will be destroyed. You and your family will be lucky to be alive. Financial assets fare the worst. Stocks, bonds, and sovereign debt are often wiped out. Would you rather have a stock certificate for a company that no longer exists, or a warm coat and some food? Developed real estate fares poorly. One bomb and your home, store front or factory instantly becomes rubble. In contrast, farm land often does much better, both as a place to raise food, and a place to hide.

The best way to preserve wealth if you are on the losing side of a conflict is to have assets outside the country before the shooting starts. Even then, getting to them and having appropriate documentation can be very problematic. Since 9/11, trying to open a foreign bank account is analogous to a financial colonoscopy. If you or a close family member already have a foreign bank account because of relatives or work or study abroad, don't close it.

Biggs feels we have become terribly complacent here in the United States. It has been more than 150 years since there has been open conflict on our soil. I suggest you talk to someone who made it out of a war zone. You will count your blessings for living in the United States.

He also notes that social unrest, when societal norms break down, exposes the dark side of human nature. It is a chance for some to settle scores. It also allows human shortcomings that were previously suppressed, such as envy, to rear their ugly head. “Rich Doctors” could easily become targets. Read about the revolutions of the 20th century: the first group targeted was always the Intelligentsia, the people who can think for themselves, such as physicians. You must have weapons to protect yourself.

I have always recommended you own recreational land. It's one of the perks of pulling down an upper-middle class salary. As it relates to this topic, it serves as a place to retreat to if times get bad. It should be stocked with adequate supplies: nonperishables with a multiyear life, energy sources, such as propane and batteries, and especially liquids, from water to carbonated beverages (with calories) to juices to alcohol, including red wine and distilled spirits, which have an indefinite shelf life.

Since the beginning of my financial writing, I have recommended you keep at least 5% to 10% of your entire net worth in hard assets: art, jewelry, quality collectables, and gold bullion. When times are good, it's nice to have beautiful art to adorn your home, a collection of rare coins or comics or first edition books, and shiny bling for you and your spouse: quality gold watches, ear rings, diamonds, pearls, necklaces, and bracelets.

When times get bad, this portable wealth could be your ticket to freedom. I know someone born in Estonia, whose family was able to escape the Soviet invasion of the Baltic countries at the end of World War II, and eventually make it to the United States, by selling the jewelry meticulously accumulated by her mother.

Consider this insurance. Insurance is not an investment, it's insurance, to protect against something you cannot afford to lose. You hope you will never need it, but if you do, you will be happy to have it.

Disclosure

Dr. Doroghazi is not a registered financial advisor under federal law or any state law. The advice provided is of a general nature, and should not be interpreted as personalized or individualized to your specific portfolio.

Acknowledgment

Dr. Robert Doroghazi is a retired cardiologist who trained at the University of Chicago, the Massachusetts General Hospital, and Barnes Hospital. Warren Buffett said his book *The Physician's Guide to Investing: A Practical Approach to Building Wealth* should be “required reading in medical schools.” To sign up for a free trial to *The Physician Investor Newsletter*, visit www.thephysicianinvestornewsletter.com

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1. Taleb N N. *The Black Swan: The Impact of the Highly Improbable*. Random House; 2007.
2. Biggs B. *Wealth, War & Wisdom*. John Wiley & Sons; 2008.