Thoughts on Coming Apart and the Coming Great Reset

Turning and turning in the widening gyre

The falcon cannot hear the falconer

Kit Webster

Themes and Theses

Why I'm Contemplating Out Loud

(Initially formulated in the early 90s, following decades of reading history, philosophy, religion, psychology and a lot of contemplation, particularly on the subject of cycles. In the end, this is a relatively straightforward story about human nature and of history rhyming.)

The US will enter a period of crisis in the early 2000s. In the late 90s, I incorporated Strauss' and Howe's terminology of the Fourth Turning (without incorporating their generations paradigm) and agreed with Howe that the end stage of the crisis began with the Great Financial Crisis and would last into the early 2030s. We are now at the beginning of the end stage of the crisis.

The crisis will be serious and could be existential.

Internal strife will increase, up to and including secession and civil war.

International conflicts will increase as the vacuum created by the weakening of the US is filled by other players.

There will be many threads to the crisis, but the primary thread will be debt, deficits and entitlements. Other factors include, eg, demographics, a loss of meaning and myth and a loss of self-discipline.

Politics will move leftward as citizens look for some refuge from the chaos. The US will become increasingly susceptible to a (man) on a white horse, who can come from either the left or the right.

Inflation, as the most likely way to address debt since austerity is not politically acceptable, will significantly lower standards of living, exacerbating the civil crises.

Eventually, the dollar will be inflated away and lose its reserve status.

Once the old rot is cleared out, and assuming continuity, there will be the basis for the establishment of a new order.

There will be what Strauss and Howe calls a First Turning . It will be constructed out of the physical infrastructure, wealth, energy sources, thoughts and values in the culture at the time. At this point in time, those components are unknowable. We can anticipate that the next five years or so will be increasingly chaotic. We can anticipate that there will be destruction, and then reconstruction from some level. We cannot yet anticipate the form of the reconstruction or the level from which it will begin.

(Added around 2020) The loss of faith by our youth in our founding principles means that the new order will at least partially be based on new principles. As yet, I have no visibility as to what those principles might be.

(Added in the early 00s) While humans are contributing to global warming, policies implemented to address manmade global warming will create a significant energy crisis, probably toward the end of the Fourth Turning.

(Added in 2023) The lowering / elimination of standards in education, the judiciary, law enforcement, the military and other segments of our society will create a population unable to adequately comprehend, do or respond to the challenges of democracy and culture.

The Pet Rock

October 10, 2025

Quotes to Contemplate

When a man stops believing in God he doesn't then believe in nothing, he believes anything. - Chesterton

It is not proof. We're doing the studies to make the proof. - RFK Jr on Tylenol and autism:

Summary of Primary Thoughts To Contemplate In This Issue

Trump's ceasefire in Gaza has begun. Fingers crossed.

All that glitters may be gold (however, a retracement is overdue).

AI has the potential to utterly transform society, however, electricity shortages and revolts by humans will likely get in the way - after what is looking like a mighty bubble bursts.

Garnishment on past due student loans began October 1.

The shutdown is beginning to bite. Paychecks are beginning to be missed.

Our medical system is not fixable - you basically have to tear down the whole thing and start over again.

China is flexing its rare earth muscles, likely in a lead-up to negotiations between Xi and Trump. Things will now probably escalate quickly.

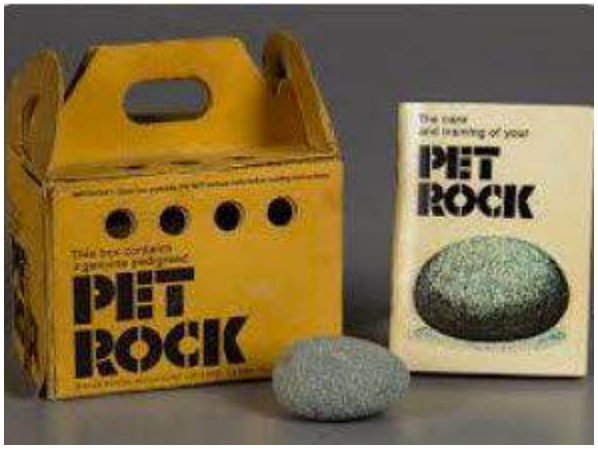
It seems that humans need religion and religion requires a leap of faith.

Fascinating how many things are justified by "being first" or "leading,"

Try as I may, I have exactly no position on Bad Bunny performing at the Super Bowl.

The Pet Rock

You may not remember one of the crazy fads we indulge in that peaked in 1975 - the Pet Rock. I never owned one, but it was just what it sounds like - a rock that was treated as a pet. It came with a home and a 32-page instruction manual. One of the gags was that you could tell it to "stay" and it would.



I had lunch with long time friend, DB. We briefly discussed the country's financial situation. I told him I thought the dollar would lose half of its value; he asked what he should invest in; I said I didn't think investment advice was my highest and best use, but maybe real things, maybe gold; he basically said, yuk. It was clear that he viewed gold as a pet rock.

I began to talk about fiat money, which is just paper. I saw his eyes glaze over, so we moved on to another subject.

So, now you, too have the chance for your eyes to glaze over. You can blame DB for my having this all backed up in my system and needing to get out.

If you actually think about money you will probably scare yourself to death or leave in total confusion.

There's nothing there.

I don't care whether it is the green paper of a fiat dollar, the electronic bits of a bitcoin or a golden pet rock. Particularly when you get involved with fractional banking - way beyond the scope of this article - there is even more nothing there.

Even when something backed money, it was a pet rock that backed money.

Come the revolution, what are you going to use to get someone to give you some food?

What you have is a system that works because of network effects - everybody does it and everybody depends on it, so it is real, even if it is an illusion.

Actually, the green pieces of paper win because the government says that is the only acceptable method to pay taxes. That one fact generates the vast network effect.

So, people have used shells and wampum and rocks as money. In the 1800s various banks issued their own money and even foreign money circulated in the US. Green pieces of paper, electrons and golden rocks work just as well.

Bottom line - it is confidence in the system that matters. Klnd of like, Tinkerbell will recover if we all wish hard enough.

And our system is coming apart.

Not even considering that the "value" of those green strips of paper has diminished by over 90% over time and that it is about to get worse.

So, your choices are gold and bitcoin.

I do not understand why, but gold has been the money of choice for millennia. For some reason, humans like gold. Beats the hell out of me, but the reason gold is valuable is the same reason green paper is valuable - people think it is. (Like diamonds or Ferraris when you think of it.) Only you can't print either gold or bitcoin past a small fraction each year, so they are demonstrably better in that respect. When FDR needed control over money, he confiscated ... gold.

Gold is not practical in that buying a candy bar with gold at $4,000 an ounce is awkward.

Bitcoin will be useless when the internet goes down, even if you are self-custodylng.

And there you are.

It may be crazy, but I would bet that the pet rock will not only win, but will triumph. Not because it's logical, but because that's the way it has been for a long, long time and, for at least a while, the alternatives, except perhaps bitcoin, suck..

But, that's just me.

If you want to get further into this, Lyn Alden wrote a wonderful book, *Broken Money* - highly recommended.

I gotta have an AI section in here somewhere, so I asked Claude what would be valuable in the absence of government and the internet. Here is the reply:

In the absence of government and internet infrastructure, mediums of exchange would likely revert to items that have intrinsic value, practical utility, or universal desirability. Based on historical precedents and crisis behavior patterns, here's what would likely emerge:

Immediate Crisis Period

Basic necessities would dominate early exchanges:

- **Clean water and water purification supplies**
- **Non-perishable food (canned goods, dried beans, rice)**
- **Medications, especially antibiotics and painkillers**
- **Ammunition and firearms for security and hunting**
- **Fuel (gasoline, propane, firewood)**

Stabilizing Period

As immediate survival needs are met, more structured trading would emerge around:

Consumable commodities that store well and have consistent demand:

- **Alcohol (historically proven as currency, antiseptic, and social lubricant)**

- **Tobacco and cigarettes (extremely common prison/wartime currency)**
- **Coffee and tea**
- **Salt and sugar (historical precedents as currency)**
- **Soap and hygiene products**

Precious metals would reassert their traditional role:

- **Gold and silver (in recognizable forms like coins)**
- **Copper for smaller transactions**
- **The key advantage: divisibility, durability, and universal recognition**

Practical Considerations

Skills and services become currency themselves - medical knowledge, mechanical repair, food production, and security services would be bartered directly.

Local variations would be significant. Coastal areas might use preserved fish, agricultural areas might use grain or livestock, while urban areas might develop scrip systems or local currencies backed by neighborhood councils.

The most successful mediums would share these characteristics: durability, divisibility, portability, recognizability, and either practical utility or universal desirability. History shows humans quickly establish exchange systems even in chaos, typically starting with immediate necessities and evolving toward more abstract but stable stores of value.

AI

Accenture has laid off over 11,000 members of staff as part of a restructuring program.

The company's 791,000 employees has been cut down to 779,000 in the past three months, and Accenture might not be done yet.

With AI continuing to dominate the tech space, the IT consulting group has introduced AI training for staff to keep up with this new era of technology.

Accenture has warned staff who cannot keep up with the new training could join the thousands already laid off.

Jamie Dimon said JPMorgan Chase & Co. spends $2 billion a year on developing artificial intelligence technology, and saves about the same amount annually from the investment.

Luke Gromen - The faster they invest in AI to reduce costs, the faster they push themselves toward creating a consumer credit crisis (as white collar employees lose jobs and begin to default on home loans, car loans, and credit cards), which in turn blows up the US banking system…which then requires them to cut costs even faster to offset credit losses…or sell USTs (bank reserves) to cover credit losses,

sending UST yields up, driving more credit losses and more losses on banks' securities books

Markets

Updated charts Charts not updated this week

> No change in outlook. I can't begin to tell you how screwed up and fragile our economy is, but the stock market just won't quit. It will continue ... until it stops.

> A conundrum - our economy is geared for inflation; AI is deflationary.

> Don't look now - from Luke Gromen (and this is a trend that I think will and must continue)

Since COVID… In USD terms:

NDX up 154%, SPX up 96%, Home prices up 56%.

In gold terms: NDX up 7%, SPX down 17%, Home prices down 34%. I

n BTC terms: NDX down 76%, SPX down 81%, Home prices down 86%.

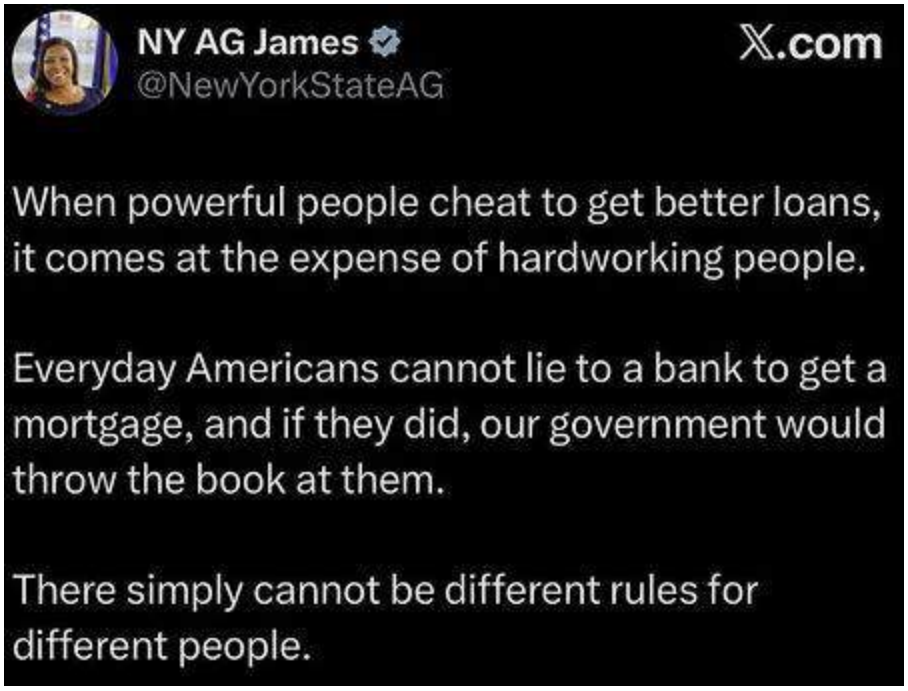
> Gold is now outperforming the Nasdaq over the last 5 years.

> Something to think about - garnishment on past-due student loans began October 1, and there are a lot of past due student loans (one of the dumbest, most political of Biden's acts - totally unjustifiable and led to this point). (As of September 2024, the Department of Education reported that 4 million borrowers with Direct Loans and 2.8 million with FFEL loans remained in default, following the end of the COVID-19 payment pause. However, by early to mid-2025, projections from the U.S. Department of Education and other sources indicate that the number of borrowers in default could climb significantly, potentially reaching around 10 million in the months following the restart of involuntary collection efforts in May 2025.)

> GDP growth was just 0.1% in the first half of 2025 if you take out investments in data centers, according to Harvard economist Jason Furman.

So, You Say You Want A Revolution?

> Democrats are continuing the shutdown over Affordable Care subsidies. Wait! Don't just move on. Think, oxymoron, think irony, and then read again - Affordable Care subsidies.



The Trouble With AI

Yes, it's going to transform jobs and society, but let's look at some challenges along the way.

First is electricity. AI needs gargantuan amounts of electricity and we don't have enough or the grid to support it. (China does.) AI literally cannot fulfill its promise in the US without huge investments in electric generation and the grid. Since this is a national security matter, we have to.

Somehow.

Second is that investment in AI is probably in a bubble. We are probably reliving the fiberoptic bubble where the whole nation was "wired" with fiber optic cables that no one used. Fiberoptic providers went bankrupt and their assets were purchased for cents on the dollar and then fiberoptics flourished.

Trillions are being invested and the return, so far is not nearly enough to support the investment.

Only, this time, so much of our economy is invested in AI that the collapse could be significant.

It may be different this time, but it is something to watch.

AI will flourish after the bubble pops just as fiberoptics did. But the middle bit could be awkward - even traumatic.

Third is civil unrest. Once AI starts taking jobs away at scale, there will be a revolt and demand for regulation. It is possible that, even if there is enough electricity and after the bubble bursts, AI cannot fulfill its promise because humans will revolt.

Machines survived the Industrial Revolution in spite of significant resistance. However, change actually came rather slowly. AI could utterly transform the world in, say, a decade ... at most two.

Justification

Several decades ago, before there were "memes," the Democrats justified everything with, "it's for the children."

Most things having to do with space are centered around the search for life, when the odds are vanishingly small, but you need to justify spending the money.

California just passed an AI safety bill, saying that it leads the country and was first in that area.

Headline in the Guardian - Trump’s hatred for renewables means the US is falling behind the rest of the world.

There is a pride in the US of being first and best (which is diminishing as we speak), but the point is not being first or leading, the point is to get whatever it is right.

In fact, as I used to teach at UT in my course on change management - being first means you are much more likely to either get it wrong or have a woefully incomplete solution.

This being first or leading - I get the psychological bit - but it is rarely a recipe for success, unless you are trying to grab market share.

God

You may recall my story - very devout Christian until 19, lost my faith in contemplation almost overnight. Began an intense search for the "right" religion - Islam, Judaism, Buddhism (many positives, but in the end, not actually a religion), Hinduism (I really tried, but just could not get it - I'm the problem here). In the end, I decided that there was no answer to the existence of god, much less of (his) characteristics. We just don't know and have no way of knowing outside of faith.

In my heart of hearts, I think there probably is a god - some prime mover that got the whole thing going. But the issues are so big and there are so many unknowns that there really is no way to tell.

This - an intellectual quest for god - is different from religion. It seems that humans need religion - need to feel there is meaning and purpose and something larger than themselves. It's important.

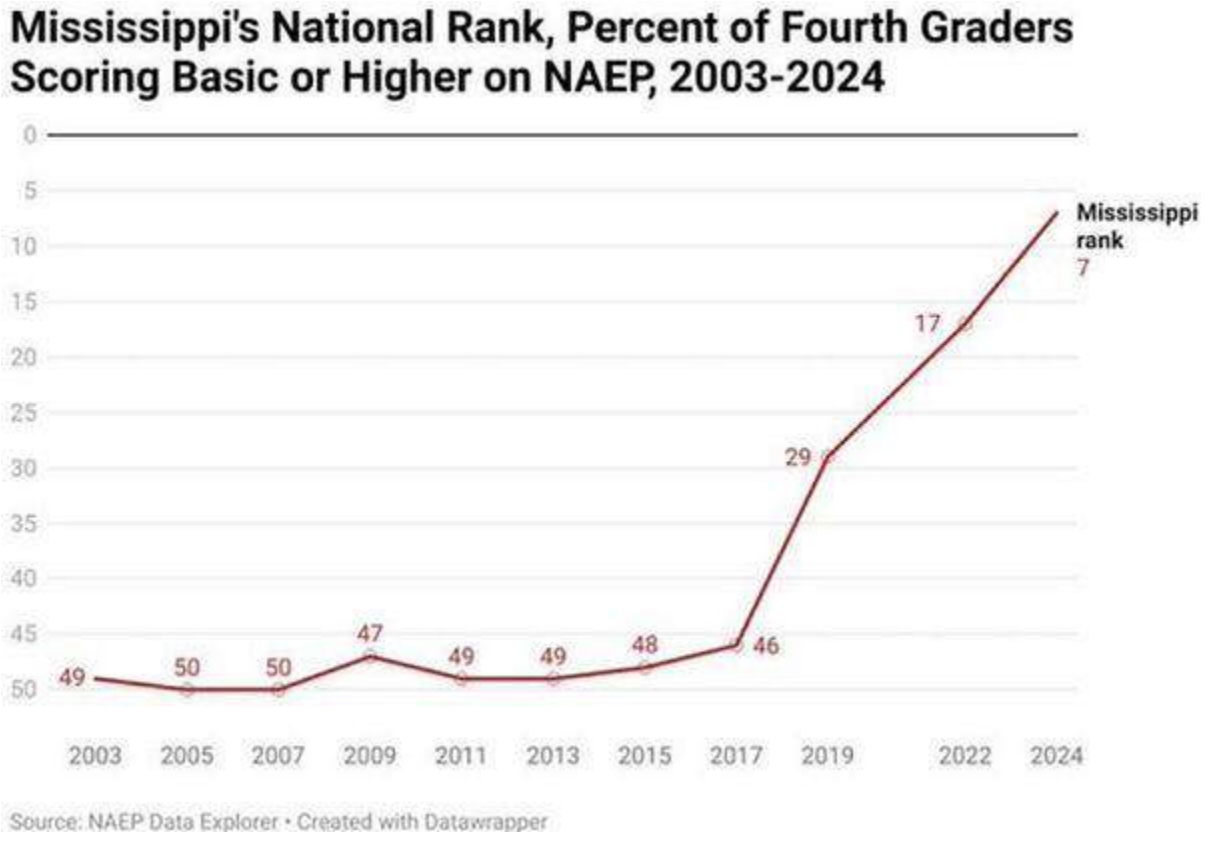
Ok by me. I'm just having a hard time with the leap of faith bit.

Anyway, there is a book coming out by some French authors that basically comes to the same conclusion, only with a stronger, but unprovable, view that there is a god of some kind out there. *God - The Science and the Evidence.*

Short Takes

> Who knew we would ever want to ask Mississippi about anything?

Now, we do.



> Loyal readers will be devastated to know that I have exactly no position on Bad Bunny performing at the Super Bowl.

> A proposition - The biggest driver of future electricity demand won't be AI, it'll be air conditioners in the developing world.

> It turns out that Wikipedia has a liberal bias - as discussed by its founder. So, Musk is putting together an "unbiased" Grokipedia. Stay tuned.

The Nobel Peace Prize

Trump really, really, really wants the Nobel Peace Prize. And, if this Hamas agreement goes through, he just might get it - although the Nobel committee may commit hari kari afterwards.

I remember when I was first radicalized - when Yasser Arafat shared the Nobel Peace Prize.

So, when the Intergovernmental Panel on Climate Change won it and Obama won it before he had a chance to do anything; even Jimmy Carter, who worked hard and achieved little, I realized that the prize was a combination of real achievements and aspirational symbolism.

This year continued the trend when Venezuela's opposition leader, who is in hiding, won it. She has nothing to do with peace, per se, but evidently Maduro is not high on the Norwegians' likeability list.

Perhaps the ultimate in strangeness and irony came when Kissinger and ta representative of North Vietnam won it for negotiating a ceasefire. That helped peace, of course, but the ceasefire was for a war they caused and were actually fighting. Maybe the Nobel Committee decided

to throw a bone to anyone who finally decides to play nice. If you want a Peace Prize, go to war and then stop it.

Continuing the theme of irony, in a sea of strange Peace Prizes, Donald Trump, of all people, may actually deserve one.

In a twist, the Venezuelan who won the prize, Maria Corina Machado, in a tweet said, "... I dedicate this prize to the suffering people of Venezuela and to President Trump for his decisive support of our cause."

Having said all of that, the Peace Prize is actually a misnomer. It was not originally about peace, per se, but, as Alfred Nobel put it, to honor the individual or organization that has done the "most or the best work for fraternity between nations, for the abolition or reduction of standing armies and for the holding and promotion of peace congresses." The Nobel committee has clearly expanded the definition.

Miscellany

Cat dispenser, AI video here

AI video, animals vs humans, here

AI On The Effects Of AI On Employment

Short-Term Effects (Next 2-5 Years)

The immediate employment landscape will likely see accelerating but uneven disruption across sectors:

Administrative and clerical roles will face the most immediate pressure. Tasks involving data entry, basic analysis, scheduling, and routine correspondence are already being automated. Companies will increasingly consolidate these functions, though complete elimination will be slower than many predict due to organizational inertia and the need for human oversight.

Creative and knowledge work will experience augmentation rather than replacement. Writers, designers, programmers, and analysts will increasingly use AI as a productivity multiplier. This will create a temporary "barbell effect" - those who adapt quickly will see dramatic productivity gains while others may struggle to remain competitive. Entry-level positions in these fields may contract as AI handles tasks traditionally assigned to juniors.

Customer service and sales will see hybrid models emerge. AI will handle routine inquiries while humans manage complex cases and relationship-building. This will likely reduce total headcount but increase the skill requirements for remaining positions.

Manufacturing and logistics will continue their existing automation trajectory, accelerated by AI's ability to handle more complex visual recognition and decision-making tasks. However, the shortage of skilled technicians to maintain these systems will create new job categories.

Long-Term Effects (5-20 Years)

The longer horizon brings more fundamental restructuring:

Skill-biased technological change will intensify. The premium on uniquely human capabilities - complex reasoning, emotional intelligence, creative problem-solving, and interpersonal skills - will increase. Mid-skill routine cognitive work will hollow out further, potentially exacerbating income inequality unless addressed through policy.

New job categories will emerge, though likely not at a 1:1 replacement ratio initially. Historical precedent suggests eventual job creation, but the transition period may be prolonged. Roles in AI system design, oversight, interpretation, and ethical compliance will expand. "Human-in-the-loop" positions will become common across industries.

Industry composition will shift dramatically. Some sectors may largely automate (tax preparation, basic legal services, routine medical diagnostics) while others requiring physical dexterity, complex human interaction, or creative judgment will remain human-dominated longer. Healthcare, education, and social services may actually expand as society reallocates human labor toward interpersonal and care-based work.

Geographic disparities will widen initially. Cities with strong tech sectors and educational institutions will adapt more quickly, while regions dependent on routine cognitive work may face severe disruption. Remote work enabled by AI could eventually rebalance this, but the transition will be difficult.

Critical Variables and Uncertainties

Several factors will significantly influence these trajectories:

The pace of AI capability advancement remains uncertain. Current rapid progress might hit technical or economic barriers, or could accelerate beyond current expectations. The difference between gradual and sudden capability jumps will dramatically affect adjustment time.

Regulatory responses will shape adoption speed. The EU's prescriptive approach versus the US's more permissive stance creates natural experiments in deployment pace. Labor protections, retraining requirements, and automation taxes could slow displacement.

Educational system adaptation will determine how quickly the workforce can reskill. Current institutions move slowly, but new models (bootcamps, online learning, corporate training) might fill gaps. The critical question is whether retraining can match the pace of change.

Social and political responses could range from neo-Luddite resistance to enthusiastic adoption. Union strength, universal basic income debates, and political polarization around automation will influence policy responses.

Implications and Recommendations

The employment effects of AI won't be uniformly distributed - they'll vary dramatically by occupation, industry, geography, and individual adaptability. The transition period will likely be marked by increased inequality and social tension before new equilibria emerge.

Organizations should focus on augmentation strategies rather than pure automation, both for ethical reasons and to maintain institutional knowledge. Investment in continuous employee education will become a competitive necessity.

Workers should prioritize developing skills that complement rather than compete with AI - critical thinking, creativity, emotional intelligence, and complex communication. Career pivots may become more common, requiring psychological and financial preparation.

Policymakers face the challenge of managing this transition while maintaining social cohesion. This likely requires strengthening safety nets, reimagining education, and possibly fundamental reforms to how society distributes resources and values different types of work.

The comparison to previous technological revolutions offers both comfort and concern - societies have navigated such transitions before, but never at this speed or scale. The next two decades will test our institutional capacity to adapt.

Quantitative Employment Impact Estimates

Based on the analysis above, here are broad quantitative projections for US employment:

Short-Term (2-5 years)

Direct job displacement: 5-10% of current workforce (~8-16 million jobs)

- **Administrative/clerical: 20-30% reduction**
- **Customer service: 15-25% reduction**
- **Data entry/basic analysis: 30-40% reduction**
- **Entry-level knowledge work: 10-20% reduction**

New job creation: 2-4% of workforce (~3-6 million jobs)

- **AI specialists, trainers, and oversight roles**
- **Enhanced human service positions**
- **Automation maintenance and integration**

Net effect: -3% to -6% employment (~5-10 million net job loss)

Medium-Term (5-10 years)

Cumulative displacement: 15-25% of current workforce (~24-40 million jobs)

- **Mid-level analytical roles: 30-40% reduction**
- **Routine legal/accounting: 40-50% reduction**
- **Transportation/delivery: 20-30% reduction**
- **Retail: 25-35% reduction**

Cumulative new creation: 8-12% of workforce (~13-19 million jobs)

- **AI-human collaboration roles**
- **Expanded healthcare and eldercare**
- **New service categories we can't yet predict**

Net effect: -7% to -13% employment (~11-21 million net job loss)

Long-Term (10-20 years)

Cumulative displacement: 30-45% of current jobs (~48-72 million jobs)

- **Most routine cognitive work eliminated**
- **Significant reduction in traditional professions**
- **Partial automation of complex analytical work**

Cumulative new creation: 20-35% of workforce (~32-56 million jobs)

- **Entirely new industries and service categories**
- **Expanded human-centric services**
- **Complex creative and interpersonal roles**

Net effect: -10% to +5% (16 million job loss to 8 million gain)

Critical Nuances in These Projections

Labor Force Participation

These figures assume static labor force participation, but reality will be more complex:

- **Discouraged worker effect: 2-3% may exit the workforce entirely**
- **Gig economy expansion: 15-20% may shift to fractional employment**
- **Earlier retirement: 3-5% of older workers may exit prematurely**

Quality and Wage Effects

Beyond raw numbers, job quality changes matter:

- **Wage polarization: Top 20% may see 30-50% real wage increases while middle 40% see 10-20% decreases**
- **Hours worked: Average work week might decline to 32-35 hours**
- **Benefits erosion: 20-30% of remaining jobs may shift to contractor status**

Sectoral Variation

Employment impacts will be highly concentrated:

Most affected (40-60% job loss):

- **Financial services back-office**
- **Basic legal services**
- **Accounting and bookkeeping**
- **Telemarketing and sales**
- **Data processing**

Least affected (0-15% job loss):

- **Healthcare direct care**
- **Skilled trades (plumbing, electrical)**
- **Elementary education**
- **Creative industries**
- **Hospitality and food service**

Geographic Distribution

Tech hubs may see net job gains of 5-10% Rust belt/rural areas may see net losses of 15-25% Service-economy cities will fall between these extremes

Uncertainty Ranges

These projections carry enormous uncertainty. The 90% confidence interval for net employment effects could range from:

- **Pessimistic scenario: -25% employment (40 million net jobs lost)**
- **Optimistic scenario: +10% employment (16 million net jobs gained)**

The key variables that could push toward either extreme:

- **AI capability advancement pace (faster = more displacement)**
- **New industry creation speed (faster = more creation)**
- **Policy intervention effectiveness (stronger = smoother transition)**
- **Social adaptation speed (faster = quicker reemployment)**

Historical Context

For perspective, the US has absorbed major employment shifts before:

- **Agriculture employed 40% in 1900, now 1.3%**
- **Manufacturing employed 25% in 1970, now 8%**

However, these transitions took generations. The AI transition may compress similar magnitude changes into 1-2 decades, creating unprecedented adjustment challenges.

The most likely scenario is a prolonged transition period (10-15 years) with elevated unemployment (7-10% average), increased inequality, and significant social tension, followed by eventual stabilization around a new equilibrium with different but not necessarily fewer jobs - though this optimistic long-term outcome is far from guaranteed without proactive policy intervention.