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.

Really, Really Dangerous and Beyond Stupid

November 21, 2025

Quotes to Contemplate

None this week

Summary of Primary Thoughts To Contemplate In This Issue

We are corrupt, committing financial suicide and just being generally stupid, so why not crank it up to the next level? Democrats urging service members to not follow "illegal" orders is a recipe for more than chaos.

Competitive advantage is real, which means that trade of goods makes everyone better off. However, everything has trade-offs and you have to do trade correctly. When it came to China, we did it very poorly.

50-year mortgages are, on net, neither a game changer nor a world ender.

The US and Russia are negotiating a treaty for the end of the Ukraine War. A leaked copy of a draft of the treaty indicates that it is favorable to Russia.

The Epstein files will (probably) be released. I am taking bets on the average number of redactions per page.

Really, Really Dangerous and Beyond Stupid

Six Democrat lawmakers made a video in which they urged members of the military to ignore orders from Trump and senior military leaders if

they think the orders violate the law. They did not refer to any particular order as unlawful or illegal.

(Trump (over) reacted in Trumpian fashion calling the Democrats traitors and calling for their arrest.)

Having each citizen be the arbiter of what is legal, particularly those in the Armed Forces, is a recipe for literal chaos. The Democrats were behaving beyond irresponsibly.

(It is likely that, given the demographics of the military, the majority would align with Trump is a be-careful-what-you-ask-for kind of way.)

There are scenarios in which insurrection against the government is called for and I am probably as indignant as any (except the far left) about some of Trump's behaviors and orders. But, we are not there yet. The legal system is functioning well and Trump is routinely losing in court, including in cases pertaining to military deployment in cities. The system is in crisis, but it is holding together.

And, the Democrats who made the video are members of Congress, whose vacating of the field has enabled Trump and left him free to wreak havoc.

This was beyond irresponsible.

Heinous, insidious, stupid. I cannot express my contempt strongly enough.

Offshoring To China Was The Right Thing To Do

(It Was Just Very Poorly Done)

Several decades ago, I was lecturing at the University of Texas McCombs Business School, teaching a course on entrepreneurship. One of my lectures was on offshoring - a practice that was relatively new in its general acceptance, but was well on its way. Lower costs for equal or better results - what's not to like?

I had used offshoring in some of my businesses, so I was familiar with both the theory and the reality.

We talked about the pros and cons - EVERYTHING HAS TRADE-OFFS - including when not to use offshoring, even when you can save money. I won't go into the details here - this article is not about offshoring, generally, but about trade with China, the hollowing out of US manufacturing and particularly, the loss of the ability to create critical goods.

Let's start with Economics 101- comparative advantage is a good thing. If someone else can make something more cheaply than you can, you should trade them for it. Everyone is wealthier in the process.

Ah, but the devil is in the details, and, repeat after me, EVERYTHING HAS TRADE-OFFS.

When I was lecturing about offshoring, I got around to my bottom line by making two points -

1. You should never, ever offshore critical or trade secret processes, no matter what the cost savings. For one thing, you may lose the expertise in that area and be unable to take it back, even in theory.

2. You should understand that you are hitching your star to the political stability of whichever country you were offshoring to.

It's the first bit that I want to concentrate on.

While we were in the middle of selling things to China, we did two things TO OURSELVES that were batshit crazy, as I noted at the time:

1. We were offshoring everything.

2. We were giving our trade secrets and patents to China for the privilege of doing business there.

(Another trend was insidious - all the bright minds went into finance or high tech, ultimately not replacing the manufacturing and mining talent required for self-sufficiency in the critical items.)

There were multiple factors at play -

- The Triffin Dilemma, which I won't go into here, but the (overly simplistic) bottom line is that if you are going to offer the world's reserve currency, you will be hollowed out.

- Capitalists were focused on the bottom line and were selling their souls.

- Those in government were focused on the religion of free trade as absolutists, without consideration of trade-offs - did I mention that EVERYTHING HAS TRADE-OFFS? (There was also the theory that if China got involved in the world, they would mend their ways.)

- We were running fiscal deficits and someone had to buy our debt. China volunteered in what I called the world's largest vendor financing scheme.

And, here we are.

China is now the enemy.

China is getting rid of our debt.

China makes critical things we need, cannot make and cannot get from elsewhere.

It was glorious while it lasted. I bought one hell of a flatscreen TV for a very low price.

But, it's over.

Comparative advantage is fundamentally important, and we will be taking advantage of it by near-shoring to Vietnam, etc.

We just did it very, very poorly.

And now we have to pay the piper.

It is not clear we can recover, but that window is not yet closed.

The 50-Year Mortgage

Trump is doing his thing again - attention deflection to a shiny new object.

How should we think about 50-year mortgages?

(The unique feature of the US mortgage system is its fixed rate - nobody else gets that. In other countries, rates fluctuate from continually to every few years. But that is not what we are talking about.)

Before the 1930s, mortgages typically had much shorter terms (3 to 5 years), required large down payments, like 50%, and often involved a large balloon payment of the principal at the end, leading to high default rates and foreclosures when the economy collapsed.

What to do?

FDR decided that a 30-year mortgage would provide stability and would lower the monthly cost of a mortgage. (It was originally 15 years and then extended to 30.)

Fast forward to today and housing costs are out of hand.

What to do?

Do FDR one better. Go to 50 years.

What does that actually accomplish?

It depends on your assumptions, but, on average, monthly payments would decline by about 15%. So, it is neither an empty gesture nor a godsend.

Going to 50 years exacerbates the problem that you wind up paying much, much more in interest than in principal, but these days, it is not the cost of anything that is critical, it is the monthly payment.

The average house buyer today is 56 years old while the average age of a first time homebuyer is 40. You can do the math.

Of course, one of the objectives is to lower these ages, but, as a practical matter, even with lower ages, with a 50-year mortgage, you will never pay off your mortgage.

In the good old days, you would get your first mortgage at 29 (average age when I bought my first home - I was 27) and pay it off just before you retired - when you needed to preserve cash.

It is not clear what retirement will even mean in the future, but that part of the dream would be over.

So, is it a good idea or a bad idea?

Meh.

Five Guys Now Offering 50-Year Burger Financing

Markets

[Updated charts](#)

> No change in outlook. The stock markets, gold and bitcoin are probably retracing for a while.

> Can anybody see evidence of reshoring? Anyone?

ISM Manufacturing Index and GDP

Sources: ISM, BEA/Haver Analytics

So, You Say You Want A Revolution?

> From The Economist - "Every time I visit Washington, DC, I feel that the ground has shifted. My sense now is that America has entered what this week we are calling the Anything Goes Era. Skirting the rules is all right if you have political protection. Wealthy individuals rest easy knowing that their tax returns will not be audited. The Department of Justice has dropped prosecutions of politicians for corruption. Its public-integrity unit has been gutted. The Foreign Corrupt Practices Act, a post-Watergate piece of good-government reform, has in effect been

shelved. President Donald Trump has pardoned a cryptocurrency mogul jailed for money-laundering and the son of someone who gave his political movement $1m.

Presidents reflect the mores of their times and the Anything Goes Era did not start with Mr Trump. However, he has upped the tempo and removed constraints that once held others back. His family members have enriched themselves. When there is one decision-maker and he often changes his mind, it is worth spending a lot to win his favour."

> Russia and the US have been negotiating a treaty for the end of the Ukraine war. A draft of that treaty has leaked and the treaty appears very favorable to Russia. Under the plans, if they are implemented without amendments, Russia will be freed from Western sanctions, rejoin the G7 and take back the majority of its frozen assets. Moscow will walk away with full ownership over the Donbas regions of Donetsk and Luhansk, as well as international recognition over its long-term occupation of Crimea, the peninsula seized in 2014.

Russia will also be given an economic boost in the shape of an Arctic-exploration deal with the US.

Ukraine will have to halve the size of its army, abandon its plans to join Nato and give up its long-range missiles.

> Not on my Bingo card - President ends support for Marjorie Taylor Greene amid growing Epstein feud.

> Nor this - The CEO of Crowds On Demand is urging members of Congress to pass a Transparency In Political Demonstration Act (TPDA) that would require greater transparency in groups that hire demonstrators for events around the country.

> Another round of political pandering by committing financial stupidity and sending out goodies - spending money to cure inflation -

A group of Democratic Senators has introduced a bill that would increase Social Security benefits by $200 a month for half of 2026. But it wouldn’t be just traditional Social Security recipients who would see the boost.

The Social Security Emergency Inflation Relief Act would provide the extra $200 a month, starting in January 2026 and running through July 2026. The increase is designed to offset higher prices due to inflation, according to Senate Minority Leader Chuck Schumer, D-NY.

> UN Security council approves Trump plan for Gaza.

> The Epstein files will be released! Anybody taking odds on the number of redactions per square inch?

> Federal Court Blocks Texas’ Republican-Friendly Congressional Map.

> Elon Musk was spotted at the White House during Trump's dinner with the Saudi Crown Prince.

Short Takes

> This is great. From X. It used to take nine months to find out whether you were having a boy or a girl. Now, it takes, maybe, 25 years.

Climate Change

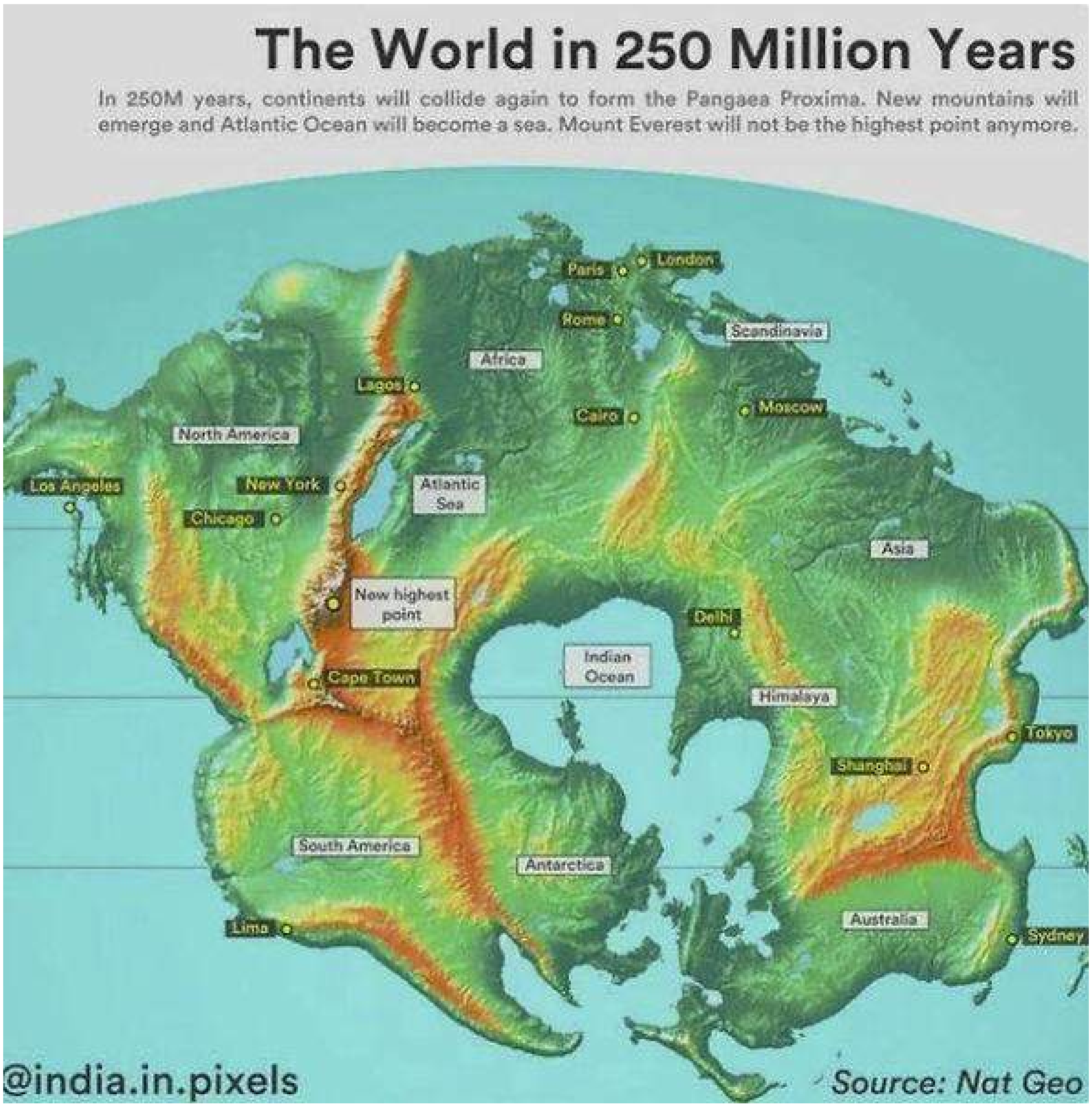
At the time the Paris Agreement was passed, I said that it was a political farce and would not be achieved, even if you could figure out what the individual countries' goals actually were. I agreed with James Hansen at the time. Fast forward...

"The Paris Climate Agreement, now 10 years old, is on the brink of collapse. At COP30, nearly all signatories are failing to meet their emission reduction targets, with only one of 40 major emitters on track. The U.S., Russia, and others are labeled "critically insufficient," while countries like China and India are "highly insufficient" and falling further behind. This lack of progress was predicted by climate scientist James Hansen, who called the 2015 deal a "fraud" and "bullshit," arguing that without making fossil fuels more expensive, they will continue to dominate."

All of which does not mean that climate change is not serious - I think it is. It means that we are not serious about meaningfully addressing it, primarily because of the resulting significant decline in our standards of living.

Kabuki is a mainstay of so much of our lives.

Gallery


The World in 250 Million Years
In 250M years, continents will collide again to form the Pangaea Proxima. New mountains will emerge and Atlantic Ocean will become a sea. Mount Everest will not be the highest point anymore.
Paris
London
Rome
Scandinavia
Africa
Lagos
Cairo
Moscow
North America
Los Angeles
New York
Atlantic Sea
Chicago
Asia
New highest point
Delhi
Indian Ocean
Cape Town
Himalaya
Tokyo
Shanghai
South America
Antarctica
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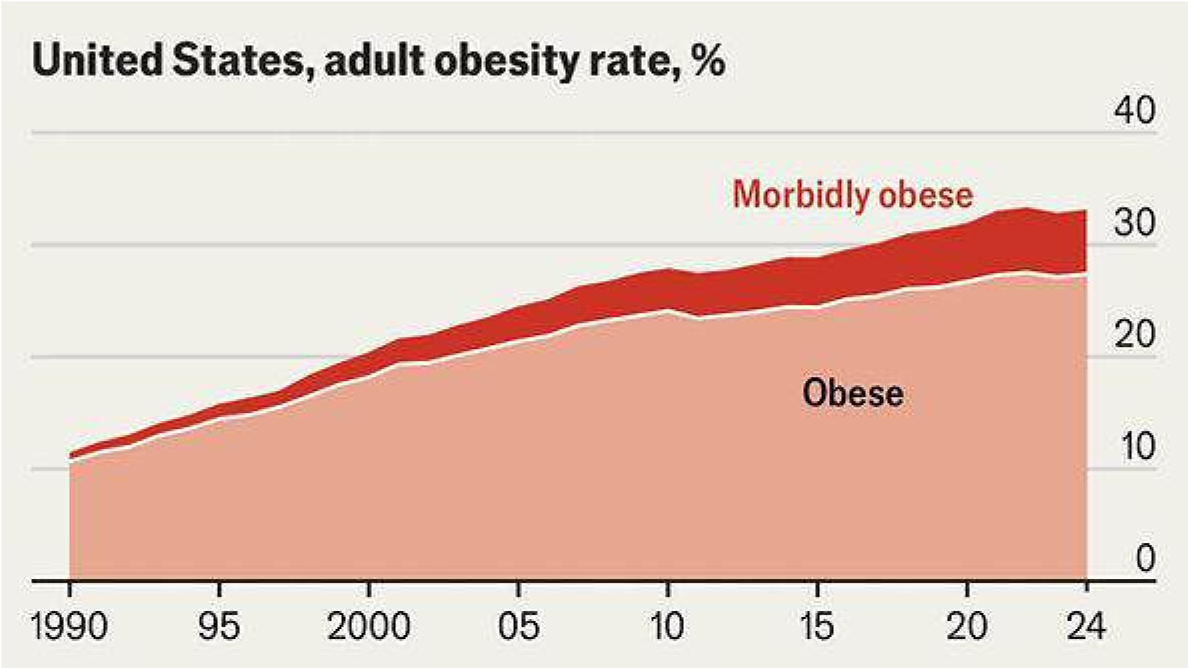
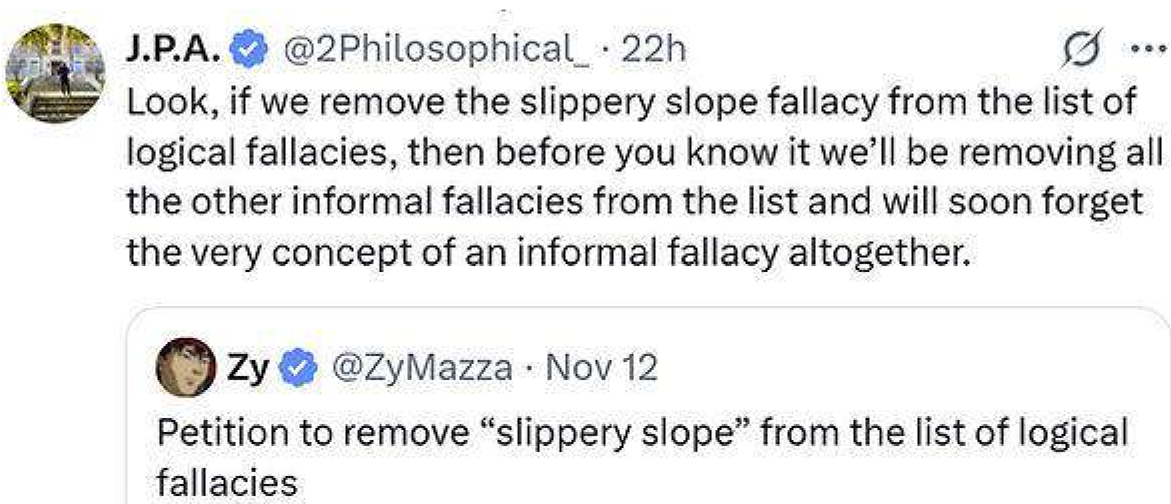


Miscellany

Strongly agree.



Adults' Elf on the Shelf

The price is an issue, but not as bad as it looks. $1.20 in 1980 is $4.72 today, so 13% in real, money inflation over 44 years. But, look at the shrink-flation.

Hallowed ground.

I really shouldn't - I'm gonna hate myself - but I think this is hilarious. My first chink in self-censorship in some time.