

# 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 future 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 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 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 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.

(Added in 2025) China has won - at least for the next 5-10 years. The US is dependent on China for the materials it uses to create defense items. We literally cannot fight China without China's help. China's industrial base is impressive; the US has to rebuild. China is out-innovating the US. China is turning out more engineers and scientists than the US by far. This does not mean that China does not face challenges - demographics perhaps being its primary challenge. The US military remains stronger than China's, but in an age of drone warfare, that statement means less than it has historically. The US still has bargaining chips and will need to use them to maintain any kind of status quo.

(Added in 2025) AI has the potential to profoundly affect human culture. However, AI faces several significant hurdles, including the demand for massive amounts of electricity, which may not be available, and a cultural revolt against its existence. Since it could be existential, and since China is pursuing it, the US has no alternative, at least in the short term.

(Added in 2026) Maneuvering for control of critical materials will be a primary driver of geopolitics for at least the next decade.

## **The Art of Plucking Geese**

**May 8, 2026**

### **Quotes to Contemplate**

People don't value genuine thought, they value confirmation bias. - from  
X

The Party told you to reject the evidence of your eyes and ears. It was their final, most essential command. -George Orwell, 1984

**Summary of Primary Thoughts To Contemplate In This  
Issue**

**There are some signs of progress in reaching an agreement in Iran, while the world economy continues to deteriorate.**

**The US as a whole, together with many states and cities, have reached a taxation crisis where taxation levels are reaching resistance. This will result in novel types of taxation and increased populist measures, such as rent control and price control, to try to ameliorate the effects of cost on citizens. These will inevitably fail.**

**Trump's upcoming meeting with Xi could be extraordinarily important.**

## **Markets**

**Updated charts**

**Charts not updated.**

**Not much to say until the war is over. I'm actually bullish on the stock market and bearish on gold and the dollar. We'll see.**

**The New York Times, of all places, has now recognized that we have a debt problem. If they acknowledge it, it has got to be serious.**

**Whirlpool CFO says appliance demand hasn't been this low since the "great financial crisis."**

## **The Art of Plucking Geese**

**"The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing." – Jean-Baptiste Colbert**

**Wealth taxes are the latest thing in blue states.**

**New York City has a huge budget deficit, as does California.**

**What to do?**

**Let's think about taxation in general for a moment.**

**Taxes are what you pay for goods and services from the government. You are sometimes a direct beneficiary, such as being able to drive roads, have police and fire departments, and sometimes your money goes to other people - homeless, welfare, etc.**

**In ancient Egypt, you paid “in kind,” by labor or goods, such as grain, but the point is that governments have been collecting taxes for thousands of years.**

**Sometimes they make government officials rich - tax collector was a much sought-after job (although one that carried risk of bodily harm), and there is much corruption in government. But for the purposes of this contemplation, all government uses of funds will be assumed to be legitimate.**

**And, let’s get one thing out of the way – Colbert is right – governments don’t care all that much about where the money comes from - just that it comes. Most of the arguments about fairness and reasonableness are just marketing to try to get an idea over the line. The more the perceived fairness, the less the hissing.**

**Why should income be taxed, or property or sales or wealth or inheritance? Something has to be, but what? What combinations of things and at what rates? Much of the Western world, for example, imposes a Value Added Tax, kind of a national sales tax, at rates that average 21-22%. We in the US have never tried that.**

**There was no federal income tax until 1913 (there were limited income taxes during the Civil War).**

**The first broad sales tax in the US was Mississippi in 1930.**

**The first property tax in what would become the US was in 1634.**

**All taxes are bad. It is money spent unproductively (there are limited exceptions), so that the economy would be much better off if there were no taxes.**

**But, governments provide the platform and conditions for the economy to perform.**

**So, taxes, there must be.**

**Some taxes are less economically destructive than others. Here’s a summary from AI:**

**“Corporate income taxes and high-rate progressive income taxes are generally considered the most economically destructive, as they discourage investment and reduce growth. Conversely, land value taxes and consumption-based taxes (like sales taxes) are often considered the least destructive, as they cause fewer distortions to economic incentives.”**

**There is an argument that inheritance taxes help prevent the concentration of wealth and therefore mitigate social issues.**

**And, taxes, once instituted, always increase. The first US income tax was 1% on net personal incomes above \$3,000 (\$4,000 for married couples). This tax covered only about 3% of the population. (\$3,000 in 2013 is approximately \$97,700 today.)**

**Taxes are difficult to get into place, but once in place, they almost certainly will be ratcheted upward until the hissing becomes too loud. And, if governments run out of things to tax, they will implement fees. It was once the job of government to provide roads – now there are toll roads everywhere. And don't forget the lottery.**

**From a hissing perspective, it is interesting that, over the time period in which the income tax has been instituted, when you look at the effective average rate as a percentage of GDP - high rates, low rates, exemptions, exclusions - it is consistently around 20%. We rearrange the deck chairs, time after time after time to come up with the same average result of the hissing limit. (Under the covers, details like the capital gains rate and allowances for depreciation have significant effects on investment and therefore the economy, but most people don't know or care about those bits.)**

**The problem is that there is an infinite demand for “free” stuff along side an almost-infinite demand for justifiable stuff.**

**The Austin Independent School District is facing a \$181 million budget deficit; the City of Austin is facing a \$26 million budget deficit; the State of Texas is in surplus; the US is incurring a \$2 trillion budget deficit. Ten states are facing budget deficits this year, led by California and Pennsylvania, and including Alaska, Colorado, Illinois, Maryland, New Jersey, New York, Oregon, and Washington.**

**All of these, including Austin, and excluding Texas and Alaska, are blue. I have not delved into the details enough to understand whether this is correlation or causation, but what I have looked into tends more to the correlation side.**

**For the US government, the debt and deficit are bipartisan. Democrats and Republicans are equally culpable.**

**It's a veritable epidemic.**

**Infinite demands on a finite resource lead to ... a wealth tax.**

**A wealth tax is another bad idea, but it is very tempting. Tax the rich, you know. Makes you feel better and there are fewer wealthy to hiss than there are people who will either not care or revel in it. It is almost certain to raise less revenue than advertised, but any little bit helps, and historically, very few taxes have raised as much money as advertised. The first problem is if a taxpayer's wealth is illiquid, say, tied up in real estate or investment in the stock of a non-public company, coming up with money to pay the tax can be difficult.**

**The second problem is that the wealthy can just move. Some Californians are doing that as we speak. The logical conclusion to this dynamic is an exit tax, which would lead to people not wanting to live there in the first place.**

**Several European and Latin American countries have tried wealth taxes in the past and all but four (Norway, Spain, Switzerland and Colombia) have abandoned them.**

**AI explains why wealth taxes have been abandoned: "Countries often abandon wealth taxes because they generate low revenue relative to high administrative and compliance costs, trigger capital flight, and cause economic distortions. Key issues include the difficulty of valuing illiquid assets (like art or private businesses), tax avoidance, and the forced sale of assets by cash-poor taxpayers."**

**One alternative is to cut tax-funded services. The problem with that is that once a service is in place, a constituency grows up around it of beneficiaries, supporters and providers that create a political block to be dealt with. Government programs essentially never die.**

**US citizens, all in, pay one of the lowest rates of taxes of any country in the West. We just hiss louder than Brits or Danes. We also generally receive fewer services.**

**The rise of AI will upend our assumptions about taxes, particularly income taxes. The rise of electric cars will upend our gasoline taxes, which are the primary funding sources for road building and maintenance.**

**Just when we think we have the goose/hissing ratio about right, we decide to spend on something else or AI comes along requiring that the entire system be rethought (a topic for another time).**

**Because of infinite demand of limited resources, taxation will continue to be a never-ending game of goose vs plucker, with the odds in favor of the plucker.**

**However, there is an argument that, AI and EVs aside, and particularly at the national level, but also for some states and cities (and school districts), we have gone too far and have to rethink the whole system.**

**The problem has gotten too large for incremental Band-Aids.**

**A wealth tax is a Band-Aid, and not a very effective one.**

**But it is an idea whose time has probably come.**




## **So, You Say You Want A Revolution?**

**> San Francisco Mayor Daniel Lurie: “We are no longer going to tolerate people using drugs on our streets. I’m not going to tolerate it as a father and I’m not going to tolerate it as the mayor.”**

> Trump's meeting with Xi on May 14-15 is becoming more and more important - there are some who say, world-changing. I am not one of those, but the potential is always there.




**Jim Bianco**  @biancoresearch · 1h



Will China allow Trump to vet its models?



**The New York Times**  @nytimes · 2h

Breaking News: The Trump administration is discussing vetting new A.I. models before they are publicly released.  
[nyti.ms/49msJbF](https://nyti.ms/49msJbF)

>The upside of AI - economist Alex Imas

"Here is a poetic finding from econometrics: As the rich get richer, they want more from other humans, not less. They “shift their spending toward goods and services where the human element, the experience or the social meaning matters more,” Imas writes. They seek out clothing with a story, food with a provenance, doctors who make house calls, therapists who make them feel seen, tutors who know their children and personal trainers who work around their injuries. This, Imas says, is “the relational sector” of the economy, and it will explode. Instead of so many human beings working with computers, they will work with other human beings."

> Trade court declares Trump's 10% tariff illegal.

> Trump officials on Friday released their first batch of declassified files related to unidentified flying objects, following President Donald Trump's directive to make long-secret documents broadly available. Almost a total non-event.

> In a recent preprint, two computer scientists argue that replacing workers with AI will create a trap for employers as well as employees. They developed a mathematical model to study what companies will

likely do to increase their profit. Each company has an incentive to automate to cut labour costs, but if many companies do this, workers lose income and consumers lose purchasing power. That means firms may collectively destroy part of the demand they depend on. The only fix that they say will work is a tax on automation, though they caution that, in practice, defining and enforcing such a tax would be extremely difficult.

> From LA mayoral candidate debate:

Q: Should noncitizens be able to vote in local elections?

Spencer Pratt: "No."

Karen Bass: "It's not a yes or no, it depends"

Nithya Raman: "It does depend"

> People who were exposed to hantavirus left the cruise ship before the first case was confirmed. Too early to tell, but this could turn out to be a problem. It looks now like hantavirus is transmitting person to person. Fatality rates are 30-50%. Not an issue, yet, but something to keep track of.

## **Long Article, Worthy of Thought, At Bottom of Newsletter The Iran War**

> Iran and the US continue to inch toward an agreement, but with key issues outstanding. Iran is under increasing pressure as the time when its oil storage fills up approaches. Trump ignored the missiles fired during Operation Freedom in order to keep the talks going. My personal view is that Trump now just wants this thing over.

I get a daily update from Claude on several items - following is its description of the state of play of the negotiations -

"The Iran file moved closer to a substantive framework Wednesday than at any point since the war began February 28. The White House believes it's getting close to an agreement with Iran on a one-page memorandum of understanding (MOU) to end the war and set a framework for more

detailed nuclear negotiations. In its current form, the MOU would declare an end to the war and start a 30-day period of negotiations on a detailed agreement to open the strait, limit Iran's nuclear program and lift U.S. sanctions; the deal would involve Iran committing to a moratorium on nuclear enrichment, the U.S. agreeing to lift sanctions and release billions in frozen Iranian funds, and both sides lifting restrictions around transit through the Strait of Hormuz. The duration of the moratorium on uranium enrichment is being actively negotiated, with three sources saying it would be at least 12 years and one putting 15 as a likely landing spot; Iran would commit to never seek a nuclear weapon, agree to enhanced inspections including snap inspections by UN inspectors, and discuss a clause whereby Iran would commit not to operate underground nuclear facilities. Two sources also claimed Iran would agree to remove its highly enriched uranium from the country, a key U.S. priority that Tehran has rejected up to now; one source said an option being discussed is moving the material to the U.S.. The U.S. expects an Iranian response within 48 hours. [CNBC + 3](#)

The structural significance is that the U.S. has substantively accepted Iran's preferred sequencing — the Hormuz/blockade question gets resolved first within 30 days, with detailed nuclear terms negotiated subsequently rather than as preconditions. Rubio's Tuesday briefing reflected "a sharp departure from Washington's initial position. At the outset, the U.S. outlined four objectives: destroy Iran's ballistic missile capabilities, dismantle its navy, sever support for armed proxies, and ensure Iran never obtained a nuclear weapon. A 15-point proposal delivered to Tehran via Pakistan in late March went further. It called for dismantling nuclear facilities at Natanz, Isfahan and Fordow". The current MOU is meaningfully scaled back from those maximalist objectives and represents a real climbdown by the U.S. negotiating posture, even as Trump's public framing remains hardline. The Beijing track unfolded in parallel: Araghchi met Wang Yi in Beijing Wednesday, with Wang calling for a "comprehensive ceasefire" and saying China hopes "the relevant parties will respond as quickly as possible to the strong calls from the international community". Trump's May 14-15

summit with Xi is now positioned to be the structural setting where any Iran framework gets institutionally consolidated. [Council on Foreign Relations](#)[U.S.-China Economic and Security Review Commission](#)

The unresolved variables remain real and meaningful. "Officials say the administration is still entirely unsure whether the Iranian regime is united enough to agree to any deal. Also, any agreement that involves lifting the U.S. naval blockade on Iranian ports means lifting an immense amount of the economic pressure currently on the regime". Iranian officials are publicly resisting key concessions: "the nuclear enrichment programme is non-negotiable. They are also resisting transferring their existing stockpile of highly enriched uranium out of the country. Iran has refused to surrender its roughly 400kg (about 880lbs) of highly enriched uranium". Netanyahu meanwhile told Trump Wednesday "both leaders had agreed that all enriched uranium must be removed from Iran" — meaning the most sensitive remaining question (uranium custody) sits inside the gap between U.S./Israeli demands and Iranian red lines, with Russia still floated as the alternative custodian if direct U.S. removal proves unworkable. [Al Jazeera + 2](#)"

Claude then goes on to make an important point -

"The deeper macro picture has clarified meaningfully this week, in ways that compound rather than resolve the structural challenges visible all month. The U.S. is accepting a phased, sanctions-relief-conditional framework that explicitly includes "the U.S. agreeing to lift its sanctions and release billions in frozen Iranian funds". This is the most direct test of the durability of post-2018 financial sanctions architecture in the modern era — and the precedent will matter. If frozen-asset release proves negotiable under sufficient diplomatic pressure, the strategic calculations of every other actor exposed to potential sanctions (Russia, China, smaller sanctioned regimes) shift accordingly. The ODI macro outlook framing from earlier this year captured the structural trajectory: continued depreciation and diversification away from the dollar driven in part by the U.S. as "an increasing source of economic and geopolitical instability." The Iran MOU operationalizes the precedent that makes the trajectory more durable, not less. [CNBC](#)"

**> It's just going to get worse and worse**

**Spirit Airlines - gone.**

**Airlines have cut 2 million seats and 12,000 flights worldwide from their May schedules over the last 2 weeks, reducing the total available seats to 130 million.**

**60 countries have declared energy emergencies. This is what a global fuel crisis actually looks like.**

- **EU: Subsidizing fuel/fertilizer sectors up to 70%. Emergency measures across all member states.**
- **Sri Lanka: Hard rationing. Cars get 15 liters a week. Motorbikes get 5.**
- **Myanmar: Odd/even driving days. QR codes to track every single fuel purchase.**
- **Philippines: National energy emergency declared. 4-day government work week. Stockpiling 2 million extra barrels.**
- **Vietnam: Fuel taxes suspended. Citizens told to bike, carpool, or stay home.**
- **Bangladesh: Fuel rationing for most vehicles. Markets shut at 6pm. More blackouts planned.**
- **Indonesia: LPG import duties scrapped for 6 months. 50 liter per day cap per vehicle. India: Petrol and diesel taxes slashed. Cost: ₹70 billion every two weeks.**
- **Japan: Burning through emergency reserves just to stabilize prices. Bill hitting ¥300 billion a month.**
- **China: Banned fuel exports. Sitting on reserves but airlines are already cutting flights.**
- **Thailand: Government WFH mandated. AC temperature floors set. Oil tax cuts planned.**
- **Malaysia: Fixed fuel price costs RM4 billion a month to defend. Was RM700 million before the war.**
- **Australia: Fuel excise halved. Citizens urged to leave fuel for farmers and miners only.**

- **Ireland: €505 million emergency package after fuel protests shut down major roads for a week.**
- **Egypt: Restaurants shut at 9pm. Government vehicle fuel allowances cut by a third.**
- **Kenya: Fuel protests erupted. Petrol VAT cut from 16% to 8%.**
- **Zimbabwe: Fuel import taxes scrapped. Ethanol blend in petrol raised from 5% to 20%.**

**60 countries, nearly 200 emergency policies, in two months.**

**> The Economist has seen evidence of a secret Russian plan to supply innovative weapons to Iran. The drones were to be used against American troops, in case they tried to attack Iranian territory.**

**> Investment guy who lives in Dubai talking on the Grant Williams podcast has an alternative view:**

- **90% of Iranians support their country against the US and Israel.**
- **Iran retains a large store of advanced missiles.**
- **They are using the ceasefire to install sophisticated defense radar.**

**I have no idea. Just passing this along.**

**My working assumptions are**

- **Iranians are not going to rise up against their government.**
- **Iran retains a reasonable store of missiles.**
- **They are using the ceasefire to prepare for the next onslaught, if and when it comes. Both Russia and China are assisting.**

**The next critical point from the Iran side will be when the oil storage fills up. Current estimates for when this occurs are mid-to-late May.**

**The only critical point for the US and Israel will be if they decide to force the issue. Otherwise, the world economy will continue to grind down until the US can't stand the pressure. Although the US will be the last to be affected, at some point (months), things will begin to fall apart in the US above and beyond gas prices.**

**> Great news - Trump officially informs Congress that the special military operation in Iran has "terminated." (He is trying to get around the constraints of the War Powers Act.)**

**> The Iranian attack on the UAE, Oman, and in the Strait of Hormuz was done by the IRGC without the knowledge or coordination of the Iranian government. Iranian President Pezeshkian is "extremely angry" at the actions of Ahmad Vahidi, the commander of the IRGC, and has called for an urgent meeting to stop attacks on Persian Gulf countries. - Iran International**

**> Project Freedom - Trump TACO'd.**

**Amateur hour -**

- The New York Times reported Thursday that Trump's Sunday announcement that U.S. naval ships would guide neutral commercial vessels through the Strait of Hormuz, dubbed "Project Freedom," angered Saudi Arabian Crown Prince Mohammed bin Salman, who was not given prior notice of the plan.**
- On Tuesday, Saudi Arabian officials reportedly informed the Trump administration that the U.S. could not access Saudi airspace or use American military bases in the country for the escort operation—a refusal that effectively killed the effort.**

**> Washington Post -**

**"A confidential CIA analysis delivered to administration policymakers this week concludes that Iran can survive the U.S. naval blockade for at least three to four months before facing more severe economic hardship, four people familiar with the document said, a finding that appears to raise new questions about President Donald Trump's optimism on ending the war.**

**The analysis by the U.S. intelligence community, whose secret assessments on Iran have often been more sober than the administration's public statements, also found that Tehran retains**

significant ballistic missile capabilities despite weeks of intense U.S. and Israeli bombardment, three of the people familiar with it said. Iran retains about 75 percent of its prewar inventories of mobile launchers and about 70 percent of its prewar stockpiles of missiles, a U.S. official said. The official said there is evidence that the regime has been able to recover and reopen almost all of its underground storage facilities, repair some damaged missiles and even assemble some new missiles that were nearly complete when the war began."

(Kit) - I think this is an analysis of missile capability - the real critical path is oil storage in Iran.

### **Short Takes**

> Really, really good, from The Bee, tapping into our discussions on Gerrymandering - If We Stop Discriminating Based On The Color Of People's Skin, The Racists Will Have Won.

> Amsterdam officially bans public advertisements for meat.

> A pre-1965 dime has about \$5.75 worth of silver.

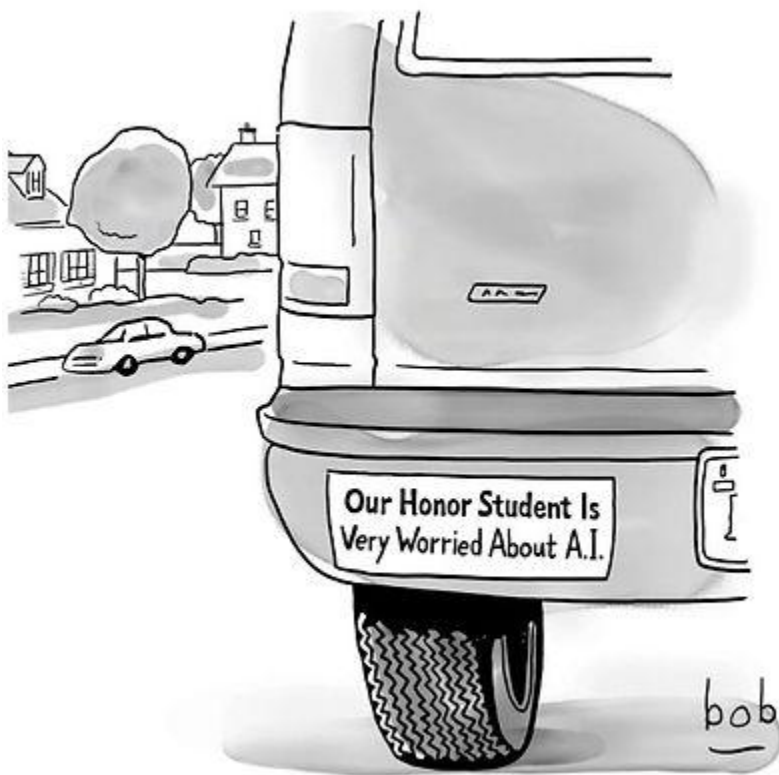
> A super El Nino is forming in the Pacific. Interesting weather ahead, potentially including very warm weather.

> I really like this one from Derek Thompson on X -

"The "low fertility is about modern uncertainty" argument, the "nobody has kids bc it's too unaffordable" argument, and the viral Connor Leahy video about "how much do you have to abuse a mammal to make it stop procreating" all get some things half-right, but they all assume that bc declining fertility is Bad, its causes must also be All Bad. But in the long run, economic growth has pushed fertility toward the replacement rate in practically every country on the planet. Modern industrial affluence has done a bunch of things at once (more female education, more individualism, less farming, less need for child labor, more access to contraception, cost disease, etc) but basically material progress turned

children into a high-cost choice, and almost everything flows from that. As children become just another choice among other adult choices, questions about affordability and uncertainty are ruled in, so to speak. You can ask questions like “can we afford 1? 2? 3?” or “are we sure we’ll make enough in 15 years to support another mouth to feed?” These are not easy questions for couples. They are emotional and even painful. But in the grand sweep of history, I think they are questions of privilege, because they really are choices.”

## Gallery



## Miscellaneous



"I'D BE SURPRISED IF AI  
ACTUALLY WANTED MY JOB"

Very nice. - Commenting on an article about a robot Buddhist monk, Jonah Goldberg said that it would be reincarnated as a blender.

### **THE DISTRACTION: WHY AMERICANS ARE MOCKING EUROPE INSTEAD OF BRACING FOR COLLAPSE**

I have been watching three policy regimes converge on the same household balance sheet for eighteen months. They land in the second half of this year. Most Americans will not see the impact coming, and the reason they will not see it is itself part of the story.

The most successful piece of domestic narrative engineering of the past decade is the meme that Europeans live in poverty. It works because

**Americans cannot see what they themselves are losing and increasingly cannot afford to look.**

**I am writing this as an American, in America, who has spent the past two years modeling what happens when tariff pass-through, the One Big Beautiful Bill Act's social safety net cuts, and the Hormuz oil shock all hit simultaneously. The arithmetic does not care about my politics or anyone else's. The arithmetic says the median American household is about to absorb three structural shocks at once with a 3.6% personal saving rate, no real wage growth, and a media environment that has been training them for a decade to mock the only peer societies that have built buffers against this kind of compounding. That is the case I want to lay out.**

#### **THE COMPOUNDING, IN ONE PARAGRAPH**

**The full institutional case is elsewhere. Here is the compressed version. Three policy regimes hit the same household balance sheet in the second half of 2026. Let's start with the Tariffs. Section 122 plus Section 232 plus the coming Section 301 architecture which will pass through to consumer prices at roughly 70-80% by mid-summer, after businesses absorbed the bulk through 2025 inventory drawdown.**

**The One Big Beautiful Bill Act, signed July 4 2025, fires its largest triggers on December 31 2026: Medicaid work requirements, six-month redetermination cycles, immigrant eligibility cuts, SNAP cost-sharing, \$186 billion in food assistance reductions, \$1.06 trillion in healthcare reductions, an estimated 16 million additional uninsured by 2034. The Hormuz oil shock which has delivered Brent at \$109 today, peaks at \$128 and then layers food and fertilizer inflation onto an economy already running at the lowest personal saving rate since 2008. Headline GDP looks fine. The two-month average for nonfarm payroll growth is 22,500 jobs. University of Michigan consumer sentiment just printed 49.8, the lowest in the series' history. The labor market is frozen. The household balance sheet is exhausted. The fiscal trajectory is unchanged. None of this is a forecast. It is what the data already shows.**

#### **WHAT COLLAPSE MEANS HERE**

**I use the word collapse advisedly. Let me define it.**

**I do not mean state collapse in the Mogadishu or Caracas sense. The U.S. federal government will continue to function. Treasuries will clear. The Fed will set interest rates. The military and federal courts and Medicare and Social Security in some form persist.**

**I mean collapse in three more specific senses, and the distinction matters.**

**First, the collapse of the median household's structural position. Real wages have been roughly flat for fifteen months. Tariff pass-through subtracts another 1-2 percentage points of purchasing power through 2026. OBBBA cuts healthcare access for an estimated 16 million people and food assistance for tens of millions more. The bottom 80% of households see income reductions in the Yale Budget Lab combined OBBBA-plus-tariffs distributional analysis. The bottom 10% loses 6.5%. This is not a recession. A recession ends. This is a structural reset of the median household's claim on the economy.**

**Second, the collapse of the social safety net's delivery infrastructure. Rural hospitals close. Medicaid offices fail to process redeterminations on six-month cycles for tens of millions simultaneously. Food banks are overwhelmed. State governments most of which run balanced-budget requirements face simultaneous SNAP and Medicaid cost-shifts, forced healthcare-coverage decisions, and tax-revenue declines from healthcare-sector job losses. The Commonwealth Fund's 1.22 million job-loss projection from Medicaid and SNAP cuts is concentrated in healthcare and food retail sectors that disproportionately employ women and rural workers. This kind of collapse does not show up in GDP, because the activity it represents was always poorly captured by GDP. It shows up in life expectancy, in maternal mortality, in disability rates, in deaths of despair.**

**Third, the collapse of legitimacy. Pew has trust in the federal government at 17%. Trust in Congress is lower. Year-ahead inflation expectations are 4.7%. Consumer sentiment is at series lows. Small business optimism is below the 52-year average. The 2008 global food crisis destabilized more than 40 governments. The 1979 oil shock ended a U.S. presidency. The combination of an oil shock, a healthcare-access**

shock, a food-assistance shock, and a tariff-driven cost-of-living shock all firing into Q4 2026 simultaneously has no clean historical analog in a high-income democracy. The 1973-75 stagflation came closest, and that did not include a deliberate withdrawal of the safety net.

This is what I mean by collapse. Not Mogadishu. The slow, structural breakdown of the median American's relationship with their own economy and state. Brace for that. If you can leave, I would leave now or follow the advice of those whom survived the collapse of the Soviet Union and GDR. This is advice. Take it or leave it, I won't be around to see it unfold except perhaps on my TV somewhere in Frankfurt.

#### **WHAT THE EUROPOOR DISCOURSE ACTUALLY SAYS**

The meme has a stable repertoire. European homes are smaller. European fridges are smaller. European cars are smaller. European wages are lower. Europeans cannot afford air conditioning. Europeans pay more for electricity. Europeans cannot get mortgages. Europeans suffer through small showers and weak water pressure. European tech is dead. European salaries are 40% of U.S. equivalents. The EU is "Japan in 1995." Mississippi has a higher GDP per capita than France or Germany. Switzerland is the only European country still allowed to be rich. The tone is mocking, the cadence is repetitive, and the comparisons are technically real.

The comparisons are also selected. They are all consumption-side comparisons that flatter the top of the American distribution, not the half. The American upper-middle class is not 50% of the country. It is closer to 9-15%, the slice that earns roughly \$150,000 to \$400,000 a year, sits between the 60th and 95th percentiles, and consumes most Europoor content on X, YouTube, and finance Substacks. That layer genuinely lives better than the German median on consumption goods. The other 85% of the American distribution does not. The discourse works by collapsing the distinction, by letting a 9-15% slice of the country speak as if it were the country, and by inviting the bottom 85% to identify upward into a comparison their actual life-outcome data does not support.

**The discourse never includes the reverse comparisons. It does not mention life expectancy. It does not mention maternal mortality. It does not mention infant mortality. It does not mention vacation days, parental leave, healthcare coverage, medical bankruptcies, incarceration rates, deaths of despair, working hours, wealth distribution at the median rather than the mean, or the share of national income captured by the top 1%. When these comparisons are introduced, they are dismissed with Europeans are "lazy," "unambitious," "stagnant" rather than engaged with as data.**

**This is not a coincidence. A discourse that works by selecting only one half of a comparison set is performing a function. The function is to make the American median position appear superior to the European median position by limiting the comparison space to the dimensions on which it is, and by limiting the audience to the slice of the country for which it remains true.**

#### **WHO BENEFITS, AND HOW IT FUNCTIONS**

**The literal phrase "state funded" is too narrow. The Europoor discourse is not run from a basement office at Treasury or State. The mechanism is more diffuse and more interesting.**

**There are three production layers.**

**The first is the U.S. tech and finance commentator class. Marc Andreessen, David Sacks, Elon Musk, the Founders Fund alumni, much of finance Twitter, this group has both an ideological project (suppressing European-style regulation, taxation, labor protection, antitrust enforcement, and AI governance) and a strong personal incentive (their wealth is overwhelmingly concentrated in a U.S. tax and regulatory regime that rewards them more generously than any European regime would). They produce the discourse organically and prolifically. They believe what they are saying. The fact that what they are saying happens to align precisely with the regulatory and tax outcomes that maximize their personal returns does not require coordination. It only requires consistent self-interest.**

**The second is foreign influence operations. The Russian Doppelganger network and Storm-1516 both of which are well documented by EU**

**DisinfoLab, Microsoft Threat Analysis Center, and U.S. Treasury OFAC actively amplify both anti-EU content in U.S. audiences and intra-EU divisive content in European audiences. They do not invent the Europoor framing. They find it already produced by Layer One and amplify it through inauthentic networks. This is one of the things I track. It is real. It is also a smaller share of the volume than people assume. The third layer is platform amplification. Algorithms reward content that confirms in-group identity and produces outrage. Comparative life-outcome data is boring. "American freedom vs European socialism" is engaging. The platform layer is not coordinated and not ideological. It is mechanical. The aggregate effect is to suppress comparative analysis in favor of identity reinforcement.**

**Stack the three layers and you get something that functions like a state-funded distraction operation without literally being one. No coordination is required. The incentive structure does the work. The outcome that Americans systematically encounter the dimensions on which their country leads and systematically do not encounter the dimensions on which it lags is overdetermined.**

**The instinct that this is a manufactured distraction is correct. The exact mechanism is more interesting than the rhetorical framing.**

## **THE DATA THE DISCOURSE DOES NOT MENTION**

**The comparisons the Europoor framing systematically omits, with current numbers.**

**Life expectancy. United States: 78.4 years (CDC 2023). Germany: 81.2. France: 82.5. Italy: 83.1. Spain: 83.3. Switzerland: 84.0. The United States is the only major high-income economy whose life expectancy declined twice in the past decade. The gap with Western Europe is approximately 4-5 years. That is the largest such gap since the immediate postwar period.**

**Maternal mortality. United States: approximately 22.3 deaths per 100,000 live births. Germany: 4. France: 8. Italy: 5. Sweden: 4. The United States rate is roughly five times the Western European mean. Black American**

**maternal mortality is approximately 49 per 100,000, comparable to several middle-income countries.**

**Infant mortality. United States: 5.4 per 1,000. Germany: 3.0. France: 3.6. Italy: 2.4. Spain: 2.5. Roughly twice the Western European mean.**

**Working hours. OECD 2024 average annual hours worked. United States: approximately 1,791. Germany: 1,341. France: 1,500.**

**Netherlands: 1,425. Denmark: 1,372. The American median worker puts in approximately 350-450 more hours per year than the German median worker. Roughly nine extra forty-hour weeks. Annually. Every year.**

**Statutory paid vacation. United States: zero federal mandate. EU minimum: 20 days plus public holidays. Germany: 24-30 days plus 9-13 public holidays. France: 25 plus 11. Italy: 26 plus 12. The United States is the only OECD country with no federal paid vacation requirement.**

**Parental leave. United States: zero federally mandated paid weeks. Germany: 14 months paid (Elterngeld), shareable, plus a guaranteed return-to-work right. France: 16 weeks paid maternity, 4 weeks paid paternity, additional shared parental leave to age 3. Sweden: 480 paid days per child. The United States is the only high-income country in the world with no federally mandated paid parental leave.**

**Health insurance coverage. United States pre-OBBBA: approximately 26 million uninsured. Post-OBBBA at 2034 trajectory: approximately 42 million. EU member states with universal coverage: 27 of 27. Out-of-pocket healthcare spending as a percentage of household consumption is approximately 2.5x higher in the United States than in Germany.**

**Medical bankruptcies. United States: an estimated 530,000 households per year cite medical debt as a contributor. Germany: approximately zero. The category does not exist in German bankruptcy law because the situation it describes does not arise.**

**Incarceration. United States: approximately 531 per 100,000. Germany: 70. France: 105. Italy: 100. Sweden: 80. The United States incarcerates its population at roughly seven times the German rate. The U.S. holds approximately 20% of the world's incarcerated population with approximately 4% of the world's people.**

**Mass shootings. United States: more mass shootings annually than the entire rest of the OECD combined, by roughly an order of magnitude. School shootings as a category does not exist in European public-health statistics in any comparable form.**

**Wealth distribution at the median. The Credit Suisse Global Wealth Report (final edition 2023, since UBS) showed median adult wealth in the United States at approximately \$112,000. Italy: \$107,000. Belgium: \$250,000. Australia: \$238,000. United Kingdom: \$151,000. The U.S. mean wealth figure is approximately three times the median because of extreme concentration. Most "U.S. is richer" comparisons are mean comparisons, which describe the top of the U.S. distribution rather than the median.**

**Top 1% net worth share. United States Q3 2025: 31.7%. Germany: ~22%. France: ~22%. Italy: ~22%. The U.S. wealth concentration is roughly 50% higher than the major Western European economies and the highest among rich democracies.**

**Educational debt. United States: \$1.7 trillion outstanding student loan debt, ~43 million borrowers, average balance \$38,000. Germany: tuition is free at all public universities. France: ~€170-380 per year. Italy: €1,500-2,500 per year, means-tested.**

**Deaths of despair (suicide, alcohol-related, drug overdose). United States: approximately 200,000 annually. The category does not exist in European public-health literature in the same form because the rate is roughly one-third to one-half of the U.S. rate across most Western European countries.**

**Homelessness. United States January 2024 PIT count: 771,480, the highest since the data series began. Germany BAGW estimate ~530,000 including refugees in temporary shelter; the comparable narrow definition is closer to 50,000. France: ~330,000. The United States rough-sleeping rate is roughly 5-10x the Western European mean.**

**The pattern is consistent. On consumption-side metrics such as square footage, vehicle size, certain consumer goods - the upper half of the U.S. distribution lives more comfortably than the European median. On life-outcome metrics: health, longevity, leisure, retirement security, criminal**

justice exposure, educational debt, exposure to violence, parental leave, vacation, social mobility, the European median lives substantially better than the U.S. median.

The European discourse selects only the first set of comparisons.

## **WHO IS ACTUALLY "UPPER CLASS" IN AMERICA**

I made the case above that the European discourse flatters 9-15% of the country, not the half. Here is the precise arithmetic on who that 9-15% actually is, and why even that band is much smaller and more precarious than its members believe.

The discourse's implicit audience model assumes its consumer lives in the slice of the U.S. distribution that genuinely outperforms the European median on consumption metrics, the slice with the bigger house, the bigger car, the central air conditioning, the disposable income for two foreign vacations a year, the employer-sponsored healthcare with low deductibles, the household income that funds private school or affluent suburb public school, the 401(k) with serious balances, the Roth IRA, the second home or the rental property. That America exists. It is real. It is also much smaller than its members believe.

Pew's classic three-tier framework defines middle class as households earning between two-thirds and double the national median. In 2024 dollars, that is roughly \$56,600 to \$169,800 for a three-person household. Above that line is "upper income," which Pew estimates at approximately 21% of adults. But Pew's "upper income" is not the same as upper class in any culturally meaningful sense. The threshold to enter Pew's upper-income tier is around \$170,000 for a family of three. That household has a paid-off Honda, a 1,800 square foot house in a metro suburb, two kids in public school, an employer 401(k) match, and a mortgage payment that consumes 30% of net income. Whatever that is, it is not what the discourse means by upper class. It is what the discourse means by the audience it is addressing.

**Walk up the distribution and the numbers thin out fast. Top 10% of household income in 2024-2025 starts around \$235,000. Top 5% around \$335,000. Top 1% around \$650,000 to \$790,000 depending on data source, with IRS Statistics of Income running higher and Federal Reserve Survey of Consumer Finances slightly lower. Top 0.1% starts north of \$3.3 million. These are income thresholds, not lifestyle descriptions. A household at the top 5% threshold in San Francisco, Boston, New York, Los Angeles, Seattle, or DC is comfortable but not wealthy in any historical sense. They cannot afford a single-family home in their metro without dual incomes and parental help. They cannot afford private elementary school for two kids without significant compromise. They are one job loss from selling the house. Wealth is the more honest cut, because income flows but wealth accumulates and protects. Federal Reserve Distributional Financial Accounts as of Q3 2025 show the top 1% holding approximately 31.7% of household net worth, or roughly \$54.83 trillion. The top 10% holds approximately 67% of net worth. The bottom 50% holds approximately 2.5%. Median household net worth in the United States is approximately \$193,000 if you use SCF, lower if you use other measures. That figure is heavily inflated by housing equity for the homeowner half and is essentially a rounding error for the renter half. Take housing out and the median liquid net worth of an American household is below \$20,000. The bottom half of American households cannot survive a \$1,000 emergency without going into debt. That is not a poverty statistic. That is the median.**

**Now apply this to the Europoor audience. The discourse is consumed most heavily on X, on YouTube, on tech and finance Substacks, on Reddit business and investing subs. The user base of those platforms skews male, college-educated, working in tech or finance or adjacent professional services, household income concentrated in the \$100,000 to \$400,000 band. That band is approximately the 60th to the 95th percentile of U.S. household income. It is not the top 1%. It is the upper-middle class in a country with extreme top-end concentration. These are people who are doing well by historical American standards and badly**

by historical professional-class standards. They are working harder than their parents, taking less leisure, carrying more student and mortgage debt, and facing healthcare and education costs their parents did not face.

The discourse flatters this audience by comparing their lifestyle to a notional European median. The comparison works because the audience genuinely lives better than the German median on a consumption-goods axis. The comparison fails the moment you ask the audience to compare their actual life to the German upper-middle class, to a tenured engineer at Bosch or Siemens, to a senior consultant at Roland Berger, to a Bundesbank economist, to a Frankfurt-based portfolio manager, to a Munich-based product lead at SAP, to a Zurich-based pharma executive. At that comparison the American upper-middle class loses on almost every life-outcome metric and most consumption metrics that are not square footage. The German Bosch engineer at the same percentile of the German distribution as the American tech engineer takes six weeks of vacation, faces no healthcare premium, sends children to free university, retires with a guaranteed pension, lives in a city with functional public transit, has zero educational debt, and works 1,400 hours a year instead of 2,200. The discourse never makes this comparison because the audience would not enjoy it.

The structural fact this points to is the one most Americans have not absorbed. The United States is not a country with a large upper class and a slightly smaller European-style upper-middle class. It is a country with a very small upper class that has captured an unprecedented share of national income and wealth, surrounded by a much larger professional class that earns well above the median but lives with structural insecurity its income would never produce in a peer society. Roughly 1% of Americans are wealthy in any meaningful sense. Another 9-15% are professional-class affluent but not insulated. The remaining 85% live in some variant of the conditions described in the life-outcome data. Shorter lives, less healthcare, less leisure, more medical debt, more violence exposure, more incarceration risk, more food insecurity. The Europoor discourse is consumed almost entirely by the 9-15%

**professional-class layer, who consistently mistake themselves for the 1% in cultural terms and the 50% in political terms.**

**This is why the discourse is durable. It serves the top 1% by suppressing redistributive politics. It flatters the next 14% by letting them feel like winners in a comparison they have selected. And it gives the bottom 85% a vocabulary in which their own losses are reframed as everyone else's failures. The trick is not that the comparisons are false. The trick is that the audience is wrong about which side of the comparison they are actually on.**

### **THE STRUCTURAL QUESTION**

**Here is what should make any honest American reader pause.**

**If Europe is so poor - if Germany is the basket case, if France is sclerotic, if Italy is dying, if the U.K. is a museum then how is it that the median German worker lives four years longer than the median American, takes nine more weeks of holiday per year, faces zero risk of medical bankruptcy, has fourteen months of paid parental leave, sends children to free university, lives in a country where mass shootings are a curiosity, and retires with a guaranteed pension at 67?**

**The honest answer is that "rich" and "poor" are doing different work in different sentences. When the discourse calls Europe poor, it means GDP per capita measured in U.S. dollars at market exchange rates. When the discourse calls America rich, it means the same thing. By that single metric, the comparison is true. It is also nearly the only metric on which the comparison is true.**

**A society that converts more of its national income into household consumption goods at the top while delivering shorter lives, less leisure, less healthcare access, more violence, more incarceration, more medical bankruptcy, and more deaths of despair to the median household is not unambiguously richer than a society that does the opposite. It is making a different choice. The choice has costs. The discourse is a way of pretending those costs do not exist.**

## **WHAT TO BRACE FOR**

**The compounding hits Q4 2026 through 2027. Brace for the following. A healthcare-access crisis that becomes politically visible during ACA open enrollment in October-November 2026 and Medicaid work-requirement implementation in January 2027. Approximately 10-12 million people losing coverage in eighteen months is the central case. The bear case is closer to 16 million.**

**A food-insecurity crisis that becomes visible in food-bank capacity stress through 2026 and accelerates as state SNAP cost-sharing fires October 2027. The 47.9 million baseline rises. By how much, we will not know USDA discontinued the survey.**

**A consumer-price crisis as tariff pass-through reaches its 70-80% mark in late summer 2026 and oil pass-through layers on top. Headline PCE in the 3.5-4.5% range through year-end is the central case. Real wage growth stays near zero or turns negative.**

**A labor-market deterioration that the headline unemployment rate will continue to understate. The frozen-flows mechanism keeps the unemployment rate looking benign even as long-term unemployment rises and labor force participation falls. By the time the headline number breaks, the underlying deterioration is already advanced.**

**A legitimacy crisis as trust indicators continue their slide and political polarization intensifies. The 2008 food-crisis destabilization template is the case I would caution against dismissing. The United States is not Tunisia or Egypt. It is also not as institutionally robust as it was in 2008. The combination of a healthcare-access shock, a food-assistance shock, an oil shock, and a tariff cost-of-living shock — all firing simultaneously into a population that cannot save and a media environment that has been trained to mock the alternative is not a configuration any rich democracy has navigated cleanly.**

**What it does not look like is a Europoor meme. It does not look like a TikTok comparison of fridge sizes. It looks like rural hospitals closing. It looks like the SNAP rolls dropping by ten million while food bank lines**

lengthen. It looks like an oil shock the average American cannot afford. It looks like an OBBBA implementation calendar that arrives on schedule. It looks like a population that was told for a decade that the alternative was worse, and that does not have the comparative framework to ask whether that was true.

## **THE MORTALITY ARITHMETIC**

The hardest part of this analysis is the part nobody publishes a single number for. So let me put one on paper.

Stack the academic literature on healthcare coverage loss, food insecurity, cost-of-living shock mortality, deaths of despair, maternal and infant mortality, and the violence and incarceration channel.

Sommers, Baicker and Epstein's NEJM coverage-loss methodology applied to OBBBA produces 30,000 to 50,000 additional deaths per year at steady state, with a central case around 40,000. Gundersen and Ziliak's food insecurity mortality work adds 8,000 to 15,000 annually. The cost-of-living and energy shock channel adds 5,000 to 10,000 for two years through delayed care, prescription rationing and heat-or-eat trade-offs. Maternal and infant mortality adds 1,000 to 2,000 annually, smaller in absolute terms but among the most preventable. The deaths of despair channel is the one I had to revise downward, because the 2024 baseline collapsed: overdose deaths fell 27% from 2023 to 2024, the largest sustained drop since the crisis began, and suicide rates ticked down 2%. The current deaths-of-despair baseline is closer to 175,000 to 180,000 annually, not 200,000. A 5-10% elevation against that lower baseline puts the additional deaths at 9,000 to 18,000 annually.

Stack the credible ranges and the central estimate is approximately 70,000 to 95,000 additional American deaths per year at peak, roughly 2027-2030. The number I would defend on a slide is 75,000 annually. Cumulative excess deaths over the OBBBA implementation window through 2034: somewhere between 600,000 and 850,000 Americans, with the central case around 700,000.

**For scale: that is roughly the U.S. death toll from the COVID-19 pandemic spread over eight years instead of three, distributed by income rather than age, and entirely preventable through different policy choices. It is approximately three times annual U.S. deaths from car accidents. It is more than annual U.S. deaths from firearms, including suicide. It is on the order of magnitude of annual U.S. deaths from Alzheimer's disease.**

**The real-time data is moving faster than the academic models projected. ACA enrollment dropped 1.5 million in one cycle, from 24.3 million in 2025 to 22.8 million for 2026, before the OBBBA Medicaid triggers fire on December 31. KFF's March 2026 follow-up poll found 9% of 2025 ACA enrollees are now fully uninsured and another 17% at risk because they cannot afford their new premiums. 55% of returning enrollees are cutting food and basic household spending to afford coverage. That is the heat-or-eat mechanism activating ten months before I had it in my model. SNAP enrollment is collapsing faster than CBO projected. Arizona went from 917,636 SNAP recipients in February 2025 to 485,460 in February 2026, a 47% decline in twelve months. Iowa is at an 18-year enrollment low. Cuyahoga County is at a six-year low. National enrollment dropped 10% before the major OBBBA triggers fire. The food bank network is absorbing the difference and is visibly buckling. Tempe Community Action served 16,000 people through March 2026 versus 9,500 in the same period of 2025, a 68% increase. The Food Bank of Iowa is distributing 160,000 to 170,000 pounds of food per day against a normal 100,000.**

**Rural hospital closures are running ahead of schedule. Greene County General in Indiana ended obstetrics in January 2026 citing OBBBA explicitly. Centra Southside in Virginia closed labor and delivery in December 2025. Mary's Sacred Heart in Georgia is closing services and listing OBBBA Medicaid cuts as a named factor. The \$50 billion Rural Health Transformation Program covers approximately 37% of the projected Medicaid loss, and CMS has now ruled that no more than 15% of those funds can go to actual hospitals or patient care.**

Eviction filings are running ahead of last year's record pace. Minnesota Q1 2026 outpaced Q1 2025, which was itself the worst on record. Nashville is 46% above its 2023-24 baseline. Greenville, South Carolina hit 21% of renter households filed against in twelve months. The homelessness pipeline is filling in real time. Household debt is at \$18.8 trillion. Aggregate delinquency at 4.8%, the highest since 2017. Student loan transitions to serious delinquency at 16.2%, a record high. Credit card serious delinquency in the lowest-income ZIP codes is above 20%. FHA mortgage delinquency at 11.5% versus 1.8% for conventional, a 6.5x ratio near 2008-2010 crisis levels. The mortality is arriving faster than the political system can process it. The food bank surge, the ACA enrollment drop, the eviction filings, the rural hospital closures, the SNAP collapses, all of this is happening in May 2026, six months before the OBBBA Medicaid work requirements even begin. The political system has been told the bill takes effect December 31, 2026 and the public is reading "December 31" as "not yet." But the structural withdrawal of subsidy, the cost-of-living shock, the rural hospital closures and the food bank capacity failure are functionally already in the bloodstream. The mortality lag from those mechanisms is six to eighteen months. The bodies start showing up in the data in Q4 2026 through Q3 2027, and the political system will have a full eighteen-month delay between the policy cause and the visible mortality effect. That delay is the policy regime's most powerful feature. By the time the deaths are counted, the cause-and-effect chain will be obscured by every intervening news cycle. The honest number is 75,000 additional American deaths per year for at least the next five to seven years, with cumulative excess mortality through 2034 in the range of 600,000 to 800,000. I would rather be wrong about this than right. The arithmetic is what it is. I have spent two years building a framework to see what is coming next, and I have built it specifically because I do not want to live inside the consequences of not seeing it. That framework keeps producing the same answer. The United States is not structurally rich in the senses that matter for the median household. It has been structurally rich in the

**senses that matter for the top decile, and the discourse the country has been producing for the past decade is the way the top decile has explained that to itself and to everyone below.**

**That arrangement breaks in Q4 2026. It breaks because three policy regimes converge on a household balance sheet that has no remaining capacity to absorb them. It breaks because there is no monetary cure for a supply-side inflation, no fiscal cure for a deliberately withdrawn safety net, and no political cure for a legitimacy crisis on a 17% trust baseline. It breaks slowly at first, then suddenly, and the people who saw it coming were the ones who refused the comfortable comparison set. In many ways, this reminds me of my studies on the Soviet Union collapse. Many compare to Weimar, I argue that it is so much worse than Weimar. I am not a pessimist. I am an analyst who has run the arithmetic enough times to know what it says. The arithmetic says brace.**