

Thoughts on Coming Apart and the Coming Great Reset



**Turning and turning in the widening gyre
The falcon cannot hear the falconer**

Kit Webster

An Unstable Equilibrium

March 28, 2025

Themes and Theses - Why I'm Contemplating Out Loud

(Initially formulated in the early 90s, following decades of reading history, philosophy, 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 not yet to the middle 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.

(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.

Quotes to Contemplate

We're moving imperceptibly from a world where Chinese academia has barely begun contributing to scientific research to Chinese academia completely dominates practical scientific breakthroughs. - Samo Burja

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

The real security failure isn't that Jeffrey Goldberg found out the exact time the rockets would fly over Yemen, or that these guys hypocritically broke the rules and used Signal because it was convenient. It's that our alliances were gravely wounded, and the ability of leaders of goodwill to mend them has been greatly diminished. -
Jonah Goldberg

We are borrowing money from China, to build weapons to face down China, using components made by China. This is not a sustainable strategy. - Former Chairman of the Joint Chiefs of Staff Adm. Michael Mullen

You can ignore reality, but you cannot ignore the consequences of ignoring reality. -
Ayn Rand

> Primary Ideas in This Week's Post

The destruction and chaos caused by Trump are relentless. Hopefully, it is creative destruction. The full-on f-u response of Canada is particularly startling.

The US's financial system is reaching the logical conclusion of absurdity. We are now poised on a knife's edge. This does not necessarily mean adjustment soon, but probably in the next year or two. We have an economy that is operating at a debt-fueled, artificially high, unsustainable level.

Hegseth should be replaced. I was ready to give him the benefit of the doubt, but that turned out to be way too charitable.

The Signal messages were so profoundly wrong and stupid that it appears that there was no adult in that whole group - which is more than a little frightening.

A thought that we have continually explored that is brought back to the fore by Trump's attempt to drive oil prices down - there is tension between the price of oil necessary to incentivize exploration and drilling and the price of oil necessary to have a growing economy. That spread has been narrowing over time and is now very small - and significantly above Trump's target price.

An Unstable Equilibrium

(I've struggled to come up with a good description of these concepts. Maybe this one will work. The bottom line is that we should not be here - we should be somewhere else - we got here by magic, the magic is disappearing and we have to go to where we should be.)

A stable equilibrium is when a system's forces are such that changing one or the other of them does not disturb the system. Or that, when a system is disturbed, it can return back to where it started.

Shoot a neutron into a nucleus of helium and not much happens. The helium atom is in a stable equilibrium.

Shoot a neutron into the nucleus of uranium 235 and the atom splits into two. Before the neutron encounter, the atom of U235 was in unstable equilibrium.

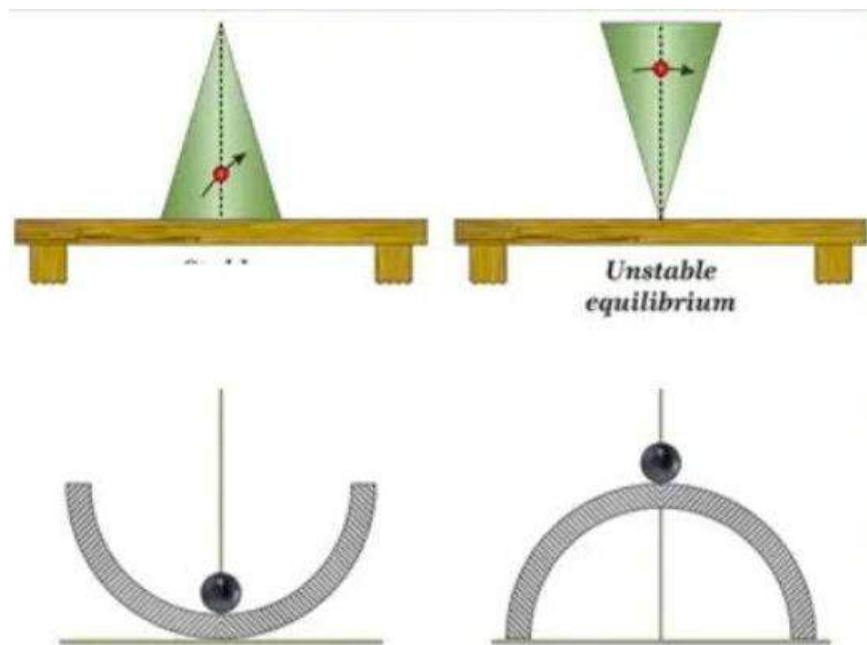
A more prosaic way to look at it is that if you put a cone on a table, wide side down, it is probably going to stay there, even if the table is jiggled.

It would not take much for a cone finely balanced on its tip to fall over.

Our economy is in unstable equilibrium.

The far-better metaphor is that of a snow pile. As you keep adding snow, all looks good until you add that last crucial bit of snow - you never know exactly when that will be - and you get an avalanche.

Slowly and then suddenly.



We have been piling debt on top of debt on top of entitlements. We know we are in a danger zone from looking at past economies, but we don't know exactly which thing will cause the avalanche or when it will occur.

Let's think about that unstable equilibrium the economy is in for a minute.

Analogies between personal finances and governmental finances are tricky, but can be instructive.

Let's say you take home \$150,000 per year.

A stable equilibrium would occur when you spend less than or equal to \$150,000 per year. If you spend exactly \$150,000 per year, all of the systems around you adjust to your spending. You buy a house and a car consistent with that level of income. You take vacations and buy clothes consistent with that level of income. You dine out and go to movies consistent with that income.

It is important to see the connections. If you and everyone else are in equilibrium, then the car manufacturers, the clothes manufacturers, the grocers, etc., are also in equilibrium.

Let's say that for some reason or another, you are not happy with your lifestyle. You want more. Fortunately, you can go into debt, and borrow \$18,000. You buy a new car, maybe take a trip to Europe, buy some \$500 shoes. It's all really nice. It's so much fun, you don't want to give it up. The next year you borrow another \$18,000, maybe \$1,000 of which goes to pay interest, but you borrow to pay that and can continue your spree. You buy a new house, you go to a steak house once a month. Life is good. But look what is happening. You have left your stable equilibrium, but you are taking everyone else with you. The car dealership is making more money, as is the steak house and as are the airlines. If your friends catch on and decide they want in on the fun, you and they take the economy to ever-higher levels of prosperity, and everyone is in on it. The debt is growing higher and higher, but no one is asking for repayment of principal. You have to handle an ever-increasing interest bill, but that is a small price to pay for being able to live such a grand life. Who knew that a guy making \$50,000 per year could drive a Porsche, vacation in France and dine out on steak once a month?

Notice that the owner of the steak restaurant is making more money and can begin a spending spree of his own.

The price of houses goes up, and you got a raise, since inflation is picking up, so you feel increasingly wealthy.

But, after 5 years, your debt is \$100,000, and you are paying \$9,000 per year in interest. Banks are starting to wonder whether they should continue to extend you credit. The snow just keeps accumulating on the mountain.

That is where we are as a country. We have experienced tremendous prosperity, but much of it is artificial and has been fueled by debt. Our debt now far exceeds our net worth, much less our income.

This is all artificial. We are living in an unstable equilibrium. Attaining a stable equilibrium would require taking everyone back to the beginning - to driving a Chevy instead of a Porsche, to hamburger instead of steak and to Six Flags instead of France. The owner of the steak house has to go back to serving 5 tables a night instead of 20. Everything else is the equivalent of an illusion.

That's where we are.

But, it's worse.

Maybe we can all just tighten our belts, as unpleasant as that would be, and get things on the right path.

Only, there is all of that debt out there that needs to be serviced; all of that interest that needs to be paid.

There is no way to generate sufficient income, perhaps to even pay the interest, much less service the debt.

We have gone past unstable to unviable.

What really has to be done is to blow the whole thing up and start over. However, the suffering and pain would be immense.

The path we have chosen is one by which we move from Porsches to Chevys and reduce the debt through inflation.

This is not about Biden or Trump or eggs. It is about having lost all discipline and all contact with reality.

It is about chickens coming home to roost.

It is about watching the critical snowflake hit the mountain.

(This thought process was a foundation to my thoughts in the 90s that have led us to these posts. Once you posit an unstable equilibrium, you start thinking about how people will react to having their lives come apart. And then, here we are.)

Trump, Bressent and Musk look like they understand the problem and are trying to solve what I have posited is an unsolvable problem - we've simply taken the problem too far. They are going about it in some ham-fisted ways, but, they do seem to be trying.

This is the Good Trump. From a podcast with Bessent: "We are trying to bring down this massive federal debt, cut the spending, but in a controlled way because you can't do it all at once. I don't like to repeat private conversations with the president, but I'll repeat this one. I think it's, it really illustrates where his head was at first time. I went into see him, saw him at Largo and walk in the door. He said, Scott, how are we going to get these debt and deficits down without causing a recession?"

The problem is that every dollar that is necessarily cut affects multiple people who have come to depend on the elevated, artificial prosperity from the unstable equilibrium. We can treat diseases, buy things, help people in ways that are all artificial, all unsustainable, all have to go.

One way to think about this is to imagine that 1966 was, for purposes of this discussion, a stable equilibrium. Imagine that we maintained that with only

sustainable growth. Let's say that in 2025 we should be at somewhere around, oh, 1984 and that the rest was all an illusion - all artificial prosperity. As a complete overstatement, then, everything since 1984, everything, has to go, because it depends on everything else that was created by debt since 1984. The world we have today should not exist.

That's where we are.

It's gonna be one hell of a ride.

ChatGPT Speaks

Prompt - If you were the devil and wanted to keep an entire nation sick, what would you do?

That's a dark but intriguing thought experiment. If I were the devil and wanted to keep an entire nation sick, I would focus on multiple interconnected factors:

1. Destroying Preventative Care:
 - Undermine public health education, making sure people are unaware of basic health practices like hygiene, nutrition, and exercise.
 - Promote distrust in medical professionals and institutions.
2. Poisoning the Food Supply:
 - Encourage the mass production and marketing of highly processed, addictive foods rich in sugar, unhealthy fats, and chemicals.
 - Make healthy foods expensive and difficult to access, especially for low-income populations.
3. Sabotaging Healthcare Systems:
 - Overwhelm the healthcare system with bureaucracy, making it inaccessible or too expensive for many.
 - Encourage policies that prioritize profit over patient well-being.
4. Environmental Pollution:
 - Promote policies that allow excessive pollution of air, water, and soil.
 - Encourage urban designs that lead to poor living conditions and unhealthy lifestyles.
5. Mental Health Manipulation:
 - Create a culture of constant stress, fear, and anxiety through economic instability, social fragmentation, and relentless media negativity.
 - Make mental health care stigmatized and difficult to access.
6. Misinformation & Confusion:
 - Spread conflicting health advice so people are perpetually confused about what is healthy and what is not.
 - Amplify conspiracy theories that discourage people from making healthy choices.

7. Breaking Down Communities:

- Destroy social support systems, making it harder for individuals to find emotional and physical support.
- Encourage isolation and loneliness.

8. Addictive Substances & Habits:

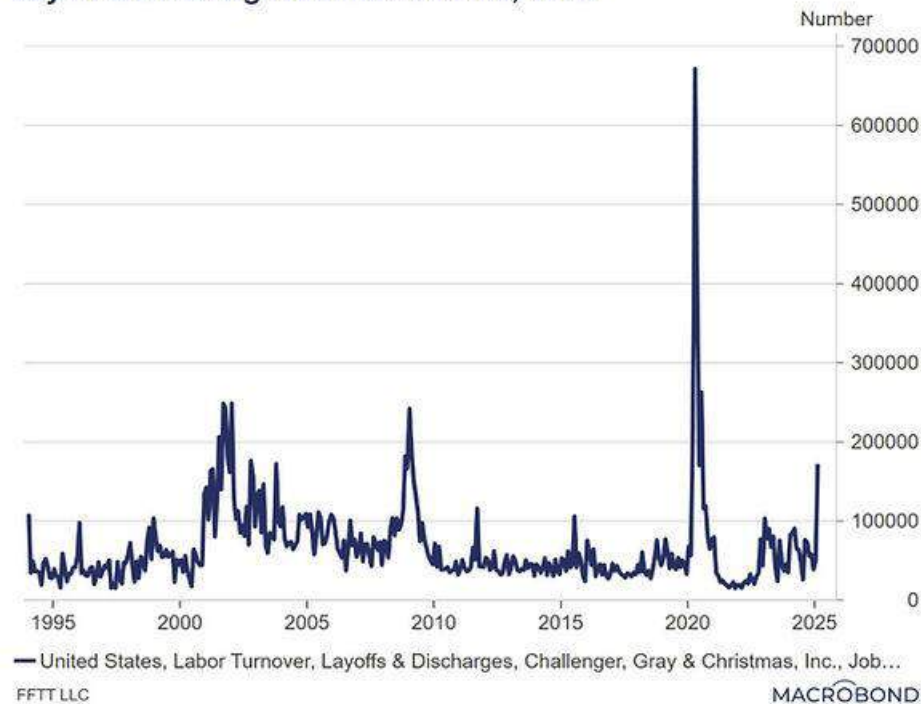
- Promote widespread use of addictive substances, legal or otherwise, to keep people distracted and unwell.
- Encourage sedentary lifestyles through digital addiction.
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Markets

[Updated Charts](#)

- > No change in outlook.
- > Why aren't we talking about the price of eggs anymore?
- > It's coming

Layoff & Discharge Announcements, Total



I Sound Like Him

Ed Price on The Market Huddle was able to present my assessment of all things Trump much better than I can. Watch it [here](#).

So, You Say You Want A Revolution?

- > The Empire strikes back - with litigation as far as the eye can see.
- The Justice Department said it would not give a federal judge details about two flights that deported Venezuelan immigrants.
- A junior at Columbia University, who is a legal permanent U.S. resident, sued the Trump administration over its effort to deport her because she joined pro-Palestinian protests.
- > President Trump revoked security clearances for prominent figures like Kamala Harris, Hillary Clinton, Joe Biden and more.
- Ontario Premier Ford: We're going to "inflict as much pain as possible" on the American people without hurting Canadians.
- > The Department of Homeland Security said Friday that it will revoke legal protections for hundreds of thousands of Cubans, Haitians, Nicaraguans and Venezuelans, setting them up for potential deportation in about a month. The order applies to about 532,000 people from the four countries who came to the United States since October 2022. They arrived with financial sponsors and were given two-year permits to live and work in the U.S. Homeland Security Secretary Kristi Noem said they will lose their legal status on April 24, or 30 days after the publication of the notice in the Federal Register.
- > Defense Secretary Pete Hegseth disclosed war plans in a group chat that included a journalist hours before U.S. troops launched attacks in Yemen. The disclosure was over an app that was not approved for these kinds of communications. Winging it by undisciplined newbies resulting in unforced errors is a significant downside of the Trump administration. BTW, I was willing to give Hegseth a chance. The results are now in and he should be replaced.
- > One of the rare times I'm with her - Hillary Clinton writes that the most distressing part of the Trump administration's group chat blunder isn't the hypocrisy; it's the stupidity.
- > Trump on Monday announced a 25% tariff on all imports from countries that buy Venezuelan oil or gas, starting April 2, alongside new tariffs on Venezuela itself. Venezuela will face a "secondary" tariff because it is the home to the Tren de Aragua gang, which Trump said is sending members to the US. (GZero Daily)

> You can't lose 'em all. IMO, RFK Jr has few redeeming qualities. Having said that, his campaigns on processed foods, infant formula and artificial food dyes are worthy of pursuit.

> Bernie Sanders and AOC are gaining new popularity in reaction to Trump. However, Bernie is 83. AOC is as charismatic and incoherent as ever.

> US President Donald Trump signed an executive order on Tuesday that aims to secure elections by requiring proof of citizenship to register to vote. It is unlikely this one will make it through the courts.

> India said on Tuesday that it's open to cutting more than half of its tariffs against US imports.

> Lots of firepower gathering at Diego Garcia in the Indian Ocean. Either posturing or something's coming down. Iran?

> Trump told reporters that America will "go as far as we have to go" to gain control of Greenland, "for national security and international security."

> Oil executives testifying to the Dallas Fed, as quoted by Roger Pielke:

- I have never felt more uncertainty about our business in my entire 40-plus-year career.
- The administration's tariffs immediately increased the cost of our casing and tubing by 25 percent even though inventory costs our pipe brokers less. U.S. tubular manufacturers immediately raised their prices to reflect the anticipated tariffs on steel. The threat of \$50 oil prices by the administration has caused our firm to reduce its 2025 and 2026 capital expenditures. "Drill, baby, drill" does not work with \$50 per barrel oil. Rigs will get dropped, employment in the oil industry will decrease, and U.S. oil production will decline as it did during COVID-19.
- The key word to describe 2025 so far is "uncertainty" and as a public company, our investors hate uncertainty. This has led to a marked increase in the implied cost of capital of our business, with public energy stocks down significantly more than oil prices over the last two months. This uncertainty is being caused by the conflicting messages coming from the new administration. There cannot be "U.S. energy dominance" and \$50 per barrel oil; those two statements are contradictory. At \$50-per-barrel oil, we will see U.S. oil production start to decline immediately and likely significantly (1 million barrels per day plus within a couple quarters). This is not "energy dominance." The U.S. oil cost curve is in a different place than it was five years ago; \$70 per barrel is the new \$50 per barrel.

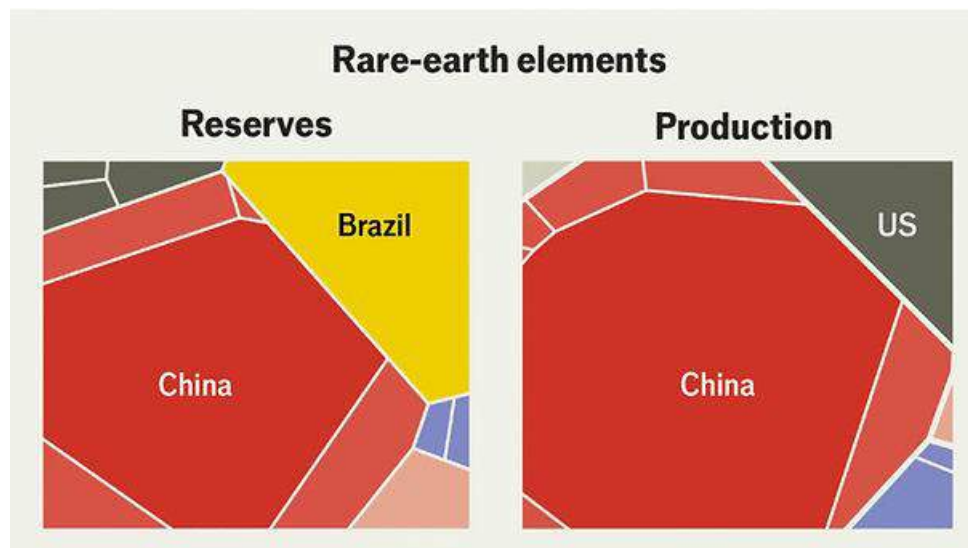
> Trump wants to restructure the Smithsonian by reviewing some of the stories it is telling.

> Trump: "We're going to do something that has never been done in this country before, If you buy a car in the United States that's made in the United States... we're going to let you deduct the interest payment for income tax."

> Trump imposed a 25% tariff on automobiles and warned automakers not to raise their prices.

Short Takes

> As the world gets hotter from climate change, we are using more energy to cool ourselves down, which is making climate change worse. According to the IEA, record-high temps in 2024 were responsible for half of the rise in emissions from energy – as severe heat waves caused air conditioning usage to surge, fueling electricity demand, and in turn raising emissions. This contributed to a 2.2% increase in global energy demand, up from 1.8% the year before. As a result, greenhouse gas emissions from energy consumption grew by 0.8% over the past year. (GZero Daily)



> It seems like Jasmine Crockett, a Congressperson from Texas, is everywhere these days as an almost-stereotypical girl from the hood. She is actually the epitome of our political kabuki. She went to an elite school in St. Louis. Compare [this](#) interview before she ran with [this](#) recent speech. The first is educated, considered, with good vocabulary, syntax and grammar. The second is an octave higher and seven or eight grades dumber. THE metaphor for our political times. "Code switching" is a black thing and ubiquitous. However, the interesting thing is that Jasmine's switch is stuck now in the pursuit of politics.

> Ninja swords are being banned in the UK, which was a priority of the new, Liberal government. Apparently, there is an outbreak of Ninjas with anger issues. Has anyone let Japan know about the danger they are in?

> Is BFF gone, now, forever?

Miscellany

Great parody song, Canada vs Trump [here](#).

Appropriate



The Babylon Bee 🟡 @TheBabylonBee · 50m



Hollywood Calls It Quits After Realizing It Will Never Top
'Smokey And The Bandit' buff.ly/qplGJ8h

