Investing In Revolution

By Charles Hugh Smith

INTRODUCTION

The title of this book demands an explanation, for how does one "invest in revolution"? Do I mean investing in a technological or industrial revolution? No. Do I mean investing in a political revolution? In the traditional sense of overthrowing the ruling elite or replacing leaders via the ballot-box, no.

Then what do I mean?

In the analysis presented here, *investing* and *revolution* are no longer bound by their conventional meanings. What's presented here is a radical restatement of *investment* and *revolution*, one that's different enough from conventions that it takes a bit of work to explain it. So please bear with me as I give it a go.

By *revolution* I mean a *social revolution* that restores the system's legitimacy by rebalancing an economy and society that have been thrown out of balance by extremes of inequality.

The history of civilization over the past 500 years can be characterized as the forces driving the economy—markets, technology and finance—have advanced in leaps and bounds heedless of the consequences being generated by these disruptive forces.

We can summarize these *economic forces* as the interests of those benefiting from their uncontrolled expansion and *society* as serving the shared interests of the citizenry. If these fall out of balance, society unravels. History has repeatedly chronicled this.

Simply put: when self-interest is freed of moral and civic restraints, society breaks down.

Society's deliberative process of assessing the impacts and placing limits on the negative consequences of economic disruption lags market forces' race to gain market share and dominance before competitors arise.

Market forces are focused not on the long-term consequences of their disruptions but on exploiting opportunities to secure markets, trade routes, resources and dominance in the present—the sooner the better.

This difference in incentives and context is understandable: markets calculate profits on the costs of production on the factory floor today, not the downstream costs borne by society, workers, consumers or the environment.

From the point of view of the economy, society exists to serve the economy. In the current market ideology, there is no society; there are only transactions between self-interested sellers and consumers and a cursory nod to "family" to add a superficial sheen of tradition. In other words, we have no need for relationships or society because the market provides all we need.

From the point of view of society, the economy exists to serve society. Both are true, but only if a dynamic balance is maintained between disruptive economic forces and society's responsibility as the bearer of all the consequences being ignored in the rush to develop technologies and markets at break-neck speed.

This balance may suggest the economy and society are equal partners, but this is not the case: society is the foundation of the market and the economy. Societies have existed without complex economies for thousands of years, but complex economies cannot arise unless their host society has both strong *social trust* and *social technology*. These are the sea that *market forces* swim in without seeing the water.

Markets presume *social trust* and *social technology* exist in every society, but this is not true: the foundations that can support markets, technology and finance are not universal; they're as highly specialized as the economies they enable.

I'll address *social trust* and *social technology* in depth, but for now we can summarize these cultural-social structures as the building blocks that enable the high trust and social organization that market economies need to expand beyond family-tribal networks. If those blocks crumble, the economy crumbles. This process is underway, but doesn't register in conventional economics.

The economy now dominates society so thoroughly that it has dismantled society's capacity to limit its excesses. There are no incentives for market forces to restrain their own excesses, i.e. *self-regulate*; rather, the incentives are to control markets to extract more profit. This imbalance of the economy and society is destabilizing the entire socio-economic-political system (hereafter called the *system*).

This dominance is also eroding *social trust* and *social technology*, undermining not just society but the economy as well, for markets need these foundations to function.

Three other dynamics are amplifying this imbalance: the moral decay caused by seemingly endless abundance, the acceleration of economic disruptions and the incentives to control markets to suit those reaping the gains.

Though we claim ours is a *free-market economy*, it's actually a highly controlled market, for this control is what generates outsized profits and gains. Ours is an economy of distortions, expediencies and artifices—the opposite of a free market.

The status quo belief that abundance generates stability has it backwards; abundance generates moral decay, instability and breakdown, a process we'll discuss in greater depth later.

As the rate of economic change has accelerated, the lag time between the economy's disruptions and society catching up to the consequences has lengthened.

Consider the lag time between the rapid industrialization of the U.S. economy in the late 19th and early 20th centuries, and society's attempts to limit the exploitation of the industrial work force. Some 37,000 strikes occurred between 1881 and 1905, and the contentious struggle between industry and labor continued through the 1940s. It took 70 years for society to finally formalize limits on the forces of industrialization. It would take another 20 years for society to restrain industry's exploitation of the biosphere—formalizing limits on dumping industrial waste in the nation's air, land and water.

By the mid-1970s, society had finally caught up with the consequences of the industrial and communications revolutions and restored some balance between economic forces and the shared interests of the citizenry.

The balance achieved fifty years ago has been lost. Now we've reached Gilded Age extremes of wealth and income inequality; life for most wage earners is getting harder, not easier, and society's ability to impose limits on the consequences of economic disruption has crumbled.

Soaring rates of teenage suicides, the unprecedented rise of cancers in young people, rising financial precarity and the ubiquity of "forever" chemicals and micro-plastics are evidence that the institutions that were tasked with protecting the citizenry from the excesses of technology, finance and market forces have failed.

Though the present era shares characteristics with previous era of extreme imbalance, these three mutually reinforcing dynamics are uniquely destabilizing. We no longer have the luxury of waiting 70 years to rebalance the economy and society. The only way to restore an equilibrium is a *social revolution*. That is the topic of this book.

Social revolutions arise not because a new idea takes hold. They arise because the quality-of-life people expected as their birthright is no longer tenable, and the status quo system has depleted its ideas, elites and institutions. With reform no longer an option, people seek a new set of values and a new way of understanding our world that renews purpose and hope.

This kind of revolution is not simply a transfer of power from one elite to another; it replaces a failed faith in favor of a new set of convictions. This is not merely a change in political ideology; it is the abandonment of *the gods that failed*, a rejection of the entire status quo and the elites and institutions that squandered their legitimacy by enriching themselves at the expense of our shared interests.

Such transitions are revolts against not just self-serving elites but against the entire construct of values and institutions that failed. The core values holding the society together have fragmented, destabilizing the entire status quo.

Such revolutions are rare, and the conventional fields of economics, political science and sociology lack the means to make sense of them, for each interprets events within its own academic silo—a silo beholden to the present era's data-dependent models of *how the world works*.

Since they arise in realms of human experience that don't lend themselves to quantification, revolutions stemming from *the gods have failed* are not recognized for what they are.

The social revolution I'm describing is on a far deeper level than politics or finance—potentially more a *reformation* than a revolution--and this is challenging because we lack both a terminology to describe it and a means of measuring it. But the dynamics described here are real, as are the consequences.

The unknown and unexpected negative consequences are revealing themselves whether we approve or not, for as Heraclitus observed, "*Latent structure is master of obvious structure*," or alternatively, "*hidden structure is more powerful than visible structure*."

Denying that the dynamics exist won't make them go away.

Understanding them doesn't make them go away, either, but it does help prepare us to become a positive participant in the more adaptive arrangement that will replace what is collapsing under its own illegitimacy. That participation is an *investment*.

This task is complicated by the subtlety of the dynamics, the limited utility of conventions, our dependence on metrics inherited from bygone eras and the flood-tide of narratives attempting to mask the precarity and *Anti-Progress* experienced by the bottom 90%.

The gulf between these narratives and the experience of those on the ground is widening.

The anxieties, uncertainties and precarity of average citizens are now universal. The apt phrases expressing these realities in China's social media—*laying flat, let it rot, the garbage time of history*—describe the realities of the entire world-system. These expressions are raw rejections of a system that's no longer working for them.

These narratives have been normalized: we accept them as *the way it is*, as if there is no other way to live. But this normalization is wafer-thin, and beneath its persuasive ubiquity, we sense the system's artifice. We sense that the economy has shifted from profiting by creating value to profiting by diminishing value. We sense that rather than resolving our anxiety and precarity, market forces are exploiting them to amass private fortunes.

Though the powers of persuasion inundate us with data "proving" we're all becoming more prosperous—GDP and profits loft ever higher—we sense the illegitimacy of this claim in our bones, for our experience is of falling behind, not soaring prosperity.

This precarity thins the buffers protecting us from collapse. Each spin of the cycle—a crisis is met with short-term expediencies that drain our capacity to invest in long-term solutions, and the recovery is soon disrupted by another crisis—thins our reserves while reinforcing expediencies that are detrimental to long-term stability.

This has hollowed out our ability to pursue the radical adaptations needed to restore the system's balance. The status quo solution is to mask this decay with new extremes of artifice. That such expediencies only accelerate collapse is lost on those focusing on maintaining the façade of stability at all costs.

This systemic decay is invisible to policy makers pondering abstract models and statistics, neither of which capture experiential realities. In this delusion of data, the conclusion is *let them eat cake*: boost consumption. But consuming more doesn't replace what's been lost: *social trust*.

When reforms are for show, authorities are blind to moral and social decay, when the status quo no longer serves the shared interests of the populace, its legitimacy collapses and revolution becomes inevitable.

This is akin to the Chinese concept of the *Mandate of Heaven*: as the status quo decays, *Heaven* (the moral order) strips the right-to-rule from the elites and institutions that have failed the populace.

The modern secular gods that have failed —*self-interest, technology, finance and market forces*—will be abandoned in favor of new values, precepts and goals.

In addition to the three dynamics described above—the destabilizing dominance of the economy, the acceleration of economic disruptions and the moral decay catalyzed by abundance--there are five other forces destabilizing the status quo: 1) hobbled adaptation; 2) the decay of social trust; 3) the use of *artifice* to mask the destabilization and decay; 4) the widening gulf between the top 10% and the bottom 90%, and 5) the unsustainability of the status quo's *waste is growth Landfill Economy* funded by ever-expanding debt.

Let's go through each force.

Systems that only allow *adaptations that are acceptable to those in charge* and not *those that are needed* break down, as Nature offers a stark choice: adapt or perish. Limiting the capacity to adapt makes breakdown inevitable.

Market forces can only serve our shared interests if civil society's norms limit the excesses that market forces unleash when left unattended. Unrestrained markets optimize extractive monopolies because these maximize profits. Once market forces dominate the system, they become as self-serving as any totalitarian state: like dictatorships, monopolies serve their own interests first and foremost.

This unrestrained self-enrichment undermines the foundations of markets: social trust. As social trust decays, so does the economy.

With social norms debilitated, market forces are free to reach extremes of inequality that trigger collapse. The top 0.1% harvest the majority of gains, the top 10% technocrat-managerial clerisy collects the leftovers and the bottom 90% fall behind.

The top 10% amassing the gains come to believe their experience is shared by all. This self-serving delusion that the system is fair opens a widening gulf between the top 10% and the bottom 90%, as each inhabit completely different worlds.

Our system has been locked in its current configuration because this benefits those holding the levers of power. Adaptation is only allowed on the margins, as anything that could change the distribution of wealth and power is not acceptable to those pulling the levers.

Those benefiting from extreme inequality mask the resulting instability with *artifices* designed to persuade those losing ground that they're still benefiting from the status quo. They point to our abundance of products, entertainments and ultra-processed goodies while ignoring our debilitating malnourishment of mind, body and spirit.

The goal of the *artifice* is to project a simulation of stability that obscures the system's descent into instability. The replacement of authenticity with self-enrichment, value with exploitation and relationships with transactions are the core dynamics of the status quo.

The authentic purpose of economic activity—for example, housing provides shelter—has been replaced by predation: housing is now just another asset to be exploited to maximize financial gains.

To mask this hollowing out, elites and institutions maintain the appearance of authenticity by credentialing those *going through the motions for show*, as if nothing has changed.

But this play-acting is undermined by its dishonesty. Just as artifice is not a substitute for the truth, instability is not a substitute for stability, and once the flimsy bridge of normalization collapses, the system will swing with unstoppable force to the opposite extreme, a restoration of authenticity that takes no half-measures.

Just as we hunger for the truth after being fed only lies, we seek to restore transparency, trust and fairness, for these are our hardwired social foundations.

Policy makers-- blind to their moral decay, the insincerity of their play-acting, the hollowness of their ideological abstractions-- are equally blind to the unsustainability of the world-system's economic model, the *waste is growth Landfill Economy*, where the more resources we waste, the more products we obsolete and send to the landfill and the more money we borrow from future generations to fund today's consumption, the higher the growth and profits.

This economic model is set on self-destruct. In a mindset that favors objectivity over self-interest, it's self-evident that squandering irreplaceable resources, obsoleting products so they must be replaced, tossing most of this waste in the landfill and funding this consumption by borrowing from the future because all this increases profits, and then believing this is not just the best possible system but an entirely sustainable one, is a delusional form of insanity.

The first thesis of this book is that *self-interest, markets, technology and finance are the gods that failed*, and since technology and finance are the engines of the market forces that dominate everyday life in the U.S., the abandonment of *these failed gods* will put unprecedented selective pressures on the system to adapt. But given the debilitation of adaptation, the system is no longer capable of evolving effectively enough to stave off collapse.

The second thesis is the pendulum of market forces dominating civil society has swung to an unsustainable extreme, and so the pendulum will swing to the other extreme, where market forces will be tightly controlled to serve civil society.

Put another way: technological and financial innovations do not automatically translate into Progress for all. They can also generate *Anti-Progress*. The judgment about what qualifies as Progress and *Anti-Progress* is not up to those amassing private fortunes from tech and financial innovations, for they will naturally define whatever increases their gains as Progress. That judgment must be made by the civil society that bears the consequences of uncontrolled technologies and finance.

How does one invest in *the abandonment of gods that failed*? I will start by stipulating that 1) I am in favor of investment, and 2) my definition of investing is broad and experiential rather than merely financial. In the current zeitgeist, investing typically means *investing money*. But a person with no money can invest their time, effort and intellect—all root forms of capital.

To invest in this kind of bottom-up social revolution that changes every-day life, we must first understand why an avalanche became inevitable. Secondly, we must discern the outlines of the values and institutions that will likely replace (or circumvent) *the gods that failed*. These are the goals of this book.

In sum: this book is a radical restatement of *things as they are*, not *what's acceptable*.

We've noted this book's two initial theses: A) *self-interest, markets, technology and finance are the gods that failed*, and B) since the pendulum of market forces dominating civil society has swung to an extreme, the pendulum will swing to the opposite extreme.

We've covered the five forces destabilizing the system: 1) hobbling adaptation, 2) the decay of social trust; 3) the use of artifice to mask the destabilization and decay, 4) extreme inequality and 5) the unsustainable *waste is growth Landfill Economy*.

We've listed the three dynamics unbalancing the economy and society: a) the dominance of economic forces at the expense of stability, b) the acceleration of economic disruptions and c) the moral decay arising from permanent abundance.

This can be summarized into a simple yet profound dynamic: *abundance generates moral decay which generates extreme inequality and social decay which generate societal collapse*.

We can summarize this causal chain in the following way:

1. Once moral foundations erode, elites dismantle civil society's restraints because these are obstacles to maximizing their private gains.
2. This is accomplished by replacing whatever authentically served shared interests with artifices that serve self-interest under the guise of serving all.

3. To suppress social pressures to limit their self-enrichment, the elites orchestrate *artifice, bread and circuses (ABC)*—narrative control, financial windfalls and distraction / addiction / entertainment (social media, gaming, etc.)—*the ABC strategy of control*.

4. This performance normalizes the replacement of authentic value with simulations of value, but at the cost of the system's legitimacy.

5. The normalization lulls the public into compliance, but the disconnect between these artifices and their lived experience widens as instability and precarity increase.

6. When normalization can no longer bridge this divide, the veneer of legitimacy crumbles and the public sees the status quo as corrupt and illegitimate.

7. The exact course this revolt and the ensuing reformation will take is unknown, but it will be shaped by cultural values and what the public seizes on to restore legitimacy.

8. The status quo claims to be fair, but the reality is it is unfair, dishonest and corrupted by self-enrichment and therefore illegitimate. If the pendulum swings far enough, the immense fortunes amassed in this era will be viewed as illegitimate as the status quo that birthed them.

The grand irony in this process of decay and collapse is the failed gods of *self-interest, markets, technology and finance* are impotent to stop the process because they are the sources of decay.

To those embedded in the status quo's orthodoxies, *policy tweaks* are solutions: institute new global trade rules, adopt a different form of money, etc. These proposed solutions overlook that changing the rules of globalization or adopting new forms of financialization won't reverse moral decay; the new "money" will simply become the new medium of moral decay. All the proposed technological fixes are equally impotent; artificial intelligence (AI) is as powerless to reverse moral decay as a child's plastic magic wand.

The third thesis of this book is that the forces that we attributed with godlike powers will be revealed as the source of decay and collapse, and a *Secular Reformation* will place common-sense limits on power, self-enrichment, finance and technology to serve our shared interests.

This book has an entirely practical aim: to inspire the adoption of a new set of values that establishes goals and incentives to *do more with less* so we use fewer resources to sustain a high quality of life that's accessible to all who embrace these values and contribute to a fairer, more sustainable way of living.

This set of values would turn human ingenuity away from wasting resources to increase profits to *virtuous ingenuity*—living well by reducing our consumption of resources by two-thirds. My personal experiences with reducing consumption while maintaining a high quality of life persuade me that the reduction by two-thirds is not as preposterous as the *waste is growth* mindset has led us to believe.

If we cease admiring and emulating excesses of self-glorification and award the highest status to those who devote their effort and capital to *virtuous ingenuity* that serves our common interests, then the world will change in ways few deem possible.

To those who declare all this impossible, I would note that if there is one trait that stands out in human history, it's our ability to adapt when the alternatives leave us no other choice.

When I mention *moral decay*, the invariable response is that *corruption has always existed, so nothing has changed*. But something has changed: the balance between self-serving greed heedless of its destructive consequences and limits on greed that protect shared interests has been lost. Yes, self-interest is part of human nature, but so too are social limits on self-interest.

In the era of social media, it's presumed that we promote the forecast we "like" because it serves our interests. I don't "like" or "dislike" the forecast presented here; it is simply the forecast propelled by the most coherent confluence of observations and logic. It is my fervent hope that anticipating the potential outcomes will inspire us to choose a profoundly peaceful reformation of a system set on self-destruct.

Buying this book supports my work: thank you. https://amzn.to/48qqggX