

## Turning Time, Part 3

By John Mauldin | August 12, 2023



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The Old Testament portrays King Solomon as the wisest of all men. In addition to recording his wisdom in the book of Proverbs while dealing with 700 wives and 300 concubines, he also became a chart-topping songwriter in the 1960s (some 3,000 years after his death) with a little help from Pete Seeger and the Byrds.

*Turn! Turn! Turn! (To Everything There Is a Season)* is borrowed almost entirely from Solomon's Book of Ecclesiastes. People knew, even in the 10<sup>th</sup> century BC, that life had seasons, that the best and worst would come and go, then later return. It was a message that clearly resonated in the 1960s and would probably resonate now if today's popular musical tastes allowed it.

Today we'll continue reviewing Neil Howe's magisterial new book, [\*The Fourth Turning Is Here\*](#), focusing on the Millennial Generation's important role in the coming crisis. Then we'll think about what the crisis may look like. Finally—because I always try to look on the bright side—we'll consider what Neil expects in the “First Turning” that will follow.

## Baby on Board

Remember these?



*Source: Amazon*

Prior to the early 1980s, no one felt they had to inform other drivers an infant was in the car. We all drove around blissfully unaware. Then these little signs began appearing in rear windshields, and they spread like wildfire. Why? Who was buying them?

Those having babies at that time were mostly members of the Baby Boom generation. The babies were members of what we now call the Millennial Generation. Those little signs reveal something about both. Boomer parents, reflecting their cohort's obsession with "values," sought to prove they would be the best parents ever, in part by protecting their children from all possible harm.

As for the babies, we know from psychology that early childhood experiences shape our personalities in unconscious but powerful ways. The Millennials who saw themselves so cherished and shielded by their parents matured into the (generally) risk-averse, rule-abiding adults we now know. Neil Howe notes this in the book:

"The Millennial childhood era signaled the arrival of America's fourth great episode of moral panic over children, in a post-Awakening rhythm dating all the way back to the mid-eighteenth century. From rubber-padded playgrounds, school metal detectors, and drug-free zones to Amber alerts, Megan laws, and Code Adams, a new wall of adult vigilance began to arise around the childhood world. Law enforcement and public stigma turned with a frenzy against child abuse. By the late nineties, most measures showed that the incidence of child abandonment, runaways, and parental violence had dramatically improved.

"Millennial kids did not resist the sheltering. They welcomed it. They understood the logic: They were special and therefore worthy of protection."

These attitudes persisted into adulthood as Boomer parents pushed Millennial children toward ever-higher education and personal achievement. Success was their birthright, they thought.

But history intervened. Those 1980s children reached adulthood just in time for the dot-com bust, 9/11, and the Great Recession. Then they had a few good years only to have the pandemic again upend their lives.

After facing all those challenges, Millennials continue obsessing over risk avoidance. They stay close to parents—often receiving the kind of financial assistance I mentioned [last week](#)—and seek stable jobs with good benefits rather than take the risk of starting new businesses. Millennial entrepreneurs do exist, and many are quite successful, but they are the exception when measured against other generations (and in many cases parents provided their seed funding).

This interplay between Boomers and their children will be key to how the Fourth Turning unfolds. Remember, Millennials are the “Hero” generation. Change is coming and they are going to lead it. Neil talks about these seeming inconsistencies:

“In their aspirations for the nation, they’ve staked out a political agenda that borders on the revolutionary. While all generations express rising discontent about America’s current direction, Millennials are the most likely (on both the left and the right) to believe that the current regime is fundamentally broken and needs to be overhauled if not replaced. More than older generations, they think the solution may require granting extraordinary powers to one side and discarding precedents and procedures that impede the establishment of a new regime.

“In their cultural norms, on the other hand, Millennials don’t seem revolutionary at all. They get along swell with their parents. They shun risk and disorder. They prefer entertainment that affirms more than shocks. They apply cost-benefit algorithms to solving any sort of problem—including saving the world, an approach they call ‘effective altruism.’ They work tirelessly to make big organizations run efficiently. And as they grow older, they often find themselves attracted to traditional social roles (in marriage, family, or church) simply because life is more functional and cooperative that way.”

All this sounds much like the “GI Generation.” And it’s perhaps not coincidence the same Marvel superheroes who first appeared in 1939 comics are entertaining another Hero Generation—and maybe sending a subtle message: *“The world is in danger. You have to save it.”*

## Ekpyrosis

I can hear many readers saying, “Come on, John, tell us about the Fourth Turning.” We’re getting there. But you already know part of the answer because, as the book title says, the Fourth Turning is already here. It started with the Great Financial Crisis and has been unfolding ever since.

The unknown part is how this era will reach its climax; what Neil calls the “Ekpyrosis.” Everything seen so far is building toward a test of society’s strongest pillars. We don’t know when it will happen, but we are not there yet. Neil goes through some different historical precedents to show how it’s most likely the early 2030s. For it to occur sooner or later would be an anomaly (which has happened, so he doesn’t rule it out). Neil also notes the generational cycles are less country-specific now. He thinks this crisis will affect not just the US but the entire world.

What will it look like? Here we can only speculate but some broad outlines seem clear. Neil talks about our various societal “stressors” and sees three as particularly important.

“If we line up all these stressors side by side, we notice that they correspond to the three major national threats that Americans have been fearing since the era began. The first, *financial crash*, matches Americans’ worries about inadequate, insecure, and unfair income growth. These first arose in the wake of the Global Financial Crisis in 2008. The second, *internal conflict*, matches their worries about violent partisanship and the failure of democracy. These came to full awareness following Trump’s 2016 victory. The third, *external conflict*, matches their worries about foreign aggressor nations. These have been rising since the mid-2010s and jumped to full threat status with Russia’s invasion of Ukraine.”

The Ekpyrosis seems likely to involve some combination of these three threats. It could take many forms. Some scenarios are maybe a little less painful than others. But any of them can (and will) lead to a broad social, political, and economic transformation.

Neil distills this transformation into five common dimensions:

- Individualism → community
- Privilege → equality
- Defiance → authority
- Deferral → permanence
- Irony → convention

What will those look like? You’ll have to read the book; Neil has some detailed answers. But as the Crisis ends, he thinks society will make all those turns *away* from Boomer values and *toward* Millennial values. And, as we saw in [Part 2](#) of this series, the Boomers may well support it.

But in any case, by 2030 we will have different leaders who probably won’t be Boomers, barring some new age reversal discovery. Those risk-shunning, traditionalist Millennials will be ascendent and, as noted above, they may be more interested in *replacing* the old order than repairing it.

## Rational Optimism

We have observed that a serious Crisis will occur roughly 7–10 years from now, though we don't know its full nature yet. No one is going to enjoy it, but *it will end*. The Fourth Turning will mark the completion of a full Saeculum, and a First Turning will begin. It will be a different world than any of us now alive can remember—and it's not that far away. And it will be a world almost none of us can imagine, given the discord we are starting from now.

If you are reading this letter, then you will probably live to see the First Turning begin. What will it look like? That depends a great deal on how well the Fourth Turning ends. Some possibilities are dark indeed. But I think/hope/believe we can avoid those.

Let me step away from Neil's ideas for a minute to describe my own. I have been saying for a long time that we will have some kind of global debt resolution, which I call the Great Reset. I don't know exactly how it will work, but the amount of government, household, and corporate debt we have accumulated is simply unsustainable. It will be rationalized somehow.

**Resolving the debt and fiscal crisis not just in the US but in many countries around the world is going to take resolve, determination, compromise, and sacrifice on the scale of an actual kinetic war, just less death and violence.**

This debt reset will be wrenching for everyone, both debtors and lenders (and in many cases, we are both). I've pointed to 2030 as a rough estimate for when it will happen, for reasons unrelated to any of Neil Howe's ideas. But it is interesting he foresees great change at about the same time. It suggests the debt resolution could/will be one aspect of the larger Crisis.

But as painful as it will be, the Fourth Turning/Great Reset will leave a giant, global feeling of relief when they end. Many problems will remain, but we will face them more confidently, with unity and purpose. The First Turning economy will look quite different.

“During the Millennial Crisis climax, acting out of necessity, America's political leaders will have overhauled major parts of the economy that are today encumbered with decades of dysfunctional subsidies, NIMBY regulations, and barriers to competition that favor incumbents. These large 'social' sectors—including education, health care, communications, finance, and construction—today amount to roughly half of GDP. They constitute a major roadblock to rising living standards because they currently experience *negative* productivity growth during a typical year, which means that their prices rise faster than average workers' income.

“All this will change in the next First Turning. From banking, colleges, and home building to hospitals, big pharma, and social media, countless industries will be jolted back to life during the years of emergency. With a fresh policy framework in place, take-home wages will jump, public budgets will find welcome relief, and a vast economic frontier will again be open to innovation.”

And similar to the previous Hero generation, this one may decide to reproduce in greater numbers than currently expected.

“In the next First Turning, family life will become even more central to American social life—with this important difference. Until the Millennial Crisis is resolved, the extended family will continue to serve as the indispensable substitute for all the nuclear families young people would like to form but cannot. After the resolution, young people will start forming those nuclear families. And after years—decades even—of delay, they may start forming them in flood-tide numbers.

“A post-war baby boom is a familiar event to most demographers. It arises after a long deferral of family formation and babies—not only during the years of the crisis itself, but also during the pre-crisis years of regime instability and uncertainty about the future. When the boom happens, therefore, it may be fueled by vast numbers of young adults all at once.”

Like others, this First Turning will unfold over 20–25 years. Depending on when it starts, this should put the next transition somewhere around 2050. Think about the way America and the world changed between 1945 and 1965. This First Turning will be different, but its magnitude will be similar. And maybe greater.

I’ll finish with this passage where Neil talks about the wonders the First Turning will bring.

“The change will be seen most clearly in the nation’s outward appearance, in cityscapes and neighborhoods redesigned for order and sociability. New infrastructure will make communities more livable, workplaces safer, transportation quicker, public spaces cleaner, and schools better administered. Sustainability will be managed on a heroic scale. Engineers and architects may have succeeded in integrating trees, water, and greenery into a redesigned suburbia or onto urban plazas and rooftops. Ubiquitous sensors linked to AI will smoothly orchestrate flows of people and vehicles.

“The human landscape, as well, will evoke consensus and social discipline. In legislatures, partisan anger will be subdued, politeness high. In neighborhoods, families will look out for one another. On the streets, crime rates will be low and rebellion rare—or at least well hidden from surveillance. In universities, classrooms will buzz with students working to acquire skills helpful to the new regime. At home, comfortably raised children will idly daydream about crusaders, rebels, and saints—figures utterly out of place in the well-governed secular world they see around them.

“Taking over America’s top leadership spots will be a new generation of rational optimists... These new leaders will be driven by forward-looking ambitions of greatness yet to come. They will already have overcome a multitude of national challenges. So why stop now?”

Indeed, why would they stop? We didn’t ask the GI Generation to stop. Nor would it have done so if asked.

If you bristle at comparing today's Millennials to the Greatest Generation, remember that cohort wasn't always the greatest. (Just ask their parents and grandparents who back then despaired of "kids these days.") However, faced with challenges they didn't seek and weren't equipped to handle, they rose to the occasion. I think today's younger generations will do the same.

## Silly Me!

It's hard to imagine getting from where we are to getting to where Neil says we will go, which seems such an idyllic future. But that is the point: The vast majority can't really imagine it now. One of my readers (also named John) sent me a great letter this week which helps me sum up.

"John, as a lifelong denizen of DC, I can say, unequivocally, that there is NFW that a VAT will be put in place and income taxes reduced. ANY VAT will be put on top of the existing income tax. You've been doing this for as long as I have (we may actually share birthdays) so I'm surprised that you think politicians might do the right thing. Silly you!"  
—John

John, you are absolutely correct that the current level of political understanding and distrust would prevent any major compromise from happening. Many Democrats would like higher taxes and more government services. Many Republicans would like to cut spending and reduce taxes, though maybe not in that order. Even when both sides agree, things often don't turn out as expected. Senator Manchin expected to get a pipeline and some other things for West Virginia as part of his agreement to vote for last year's spending bill. He's still waiting, with egg on his face.

It is only when we have to deal with \$50–\$60 trillion of government debt, let alone state and local government, household and business debt, when interest on the federal debt is bigger than Medicare or Social Security expenses and the bond vigilantes have seemingly been raised from the dead demanding higher interest rates, as the economy comes crashing down around our ears as we look into a very black and deep abyss, brought about because politicians wouldn't compromise and cooperate, when they are offering you your last cigarette and a blindfold...

...THEN we will find solutions. John, I happen to think a VAT and a different income tax regime might be one of the least-bad choices we will have, along with painful program cuts, etc. We will have several possible paths. Some believe it will be violent. I hope not.

But those changes will be forced on us by circumstances, as every Fourth Turning has seen events that forced a crisis and resolution. Often, in the midst of the crisis, the resolution remained unclear until the end.

But we got through them. My hope is that in thinking the unthinkable now, as we face our own Fourth Turning, we can better prepare ourselves, our families, friends, and communities, to deal with it.

Finally, let me end by again urging you to read [The Fourth Turning Is Here](#). What I've shared in these three letters is a tiny fraction of what you will learn. I learned more history than I have from any other single book in my life. It is worth reading just for that. Yes, some of it is speculation. But the real value is the way it forces you to *think* about the future and how you will face it.

Over the next few weeks, we will look at some other cycles which also have their own crisis period occurring about the same time. Each will give us new ways to think about the future.

I think this is a very important series as this will be the foundation for much of what we think about and how we position ourselves and the parts of the world which are our responsibility. Perhaps consider sharing this with those around you. They will be part of your future as well.

## **Dallas, Europe and Paris, and Dinners Everywhere**

I've been in Dallas this whole week. Shane needed to be here and I came because it allowed me to spend time with my partners and team members at King Operating. My business life is normally solitary as I've worked from home over 15 years. Especially since COVID really curtailed a great deal of my travel, especially internationally, most of my business human interaction has been on telephones and video calls.

So, it's been kind of fun to actually come into an office every morning, sit in meetings, get into conversations around the coffee pot, and have dinners and lunches. I've spent a lot of time on video calls with readers, answering their questions on energy and seeking their thoughts on our energy projects. Their feedback has been enlightening and educational. I can actually see myself doing this a few times in the coming years.

In three weeks, Shane and I will be off to Paris for Charles Gave's 80th birthday party, which means there will be a lot of friends in town. In the next few weeks, we're going to plan a series of dinners around the US to meet with clients and prospects to discuss our oil project, probably starting on the East Coast (since that is the easiest for me to reach from Puerto Rico), but later we will hopefully make it to the West as well.

While the actual travel seems to beat up my body more than in the past, I really do enjoy meeting people and getting out. Maybe my body is telling me to work out more when I'm on the road.

And with that thought, let me hit the send button and wish you a great week! And don't forget to [follow me on X!](#)

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