

# THE END OF AN EPOCH

A NEW BEGINNING FOR CAPITAL MARKETS IN THE  
21<sup>st</sup> CENTURY

BRUCE FENTON



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## A NEW BEGINNING FOR CAPITAL MARKETS IN THE 21<sup>st</sup> CENTURY

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### Abstract

We are at the end of an epoch. An era that began 100 years ago is now reaching its inevitable conclusion. The last several decades saw changes in society, government, finance, and geopolitics that built the world we knew. These changes contributed to the destruction of the old and set the stage for what is next. Change has prepared the way for more change. Many complex factors have aligned to create conditions for a cataclysmic transformation of society.

The geopolitics of our world, the mechanics of our financial markets and power structures, and events like the 2008 financial collapse have all laid the groundwork for COVID-19 to impact the world in the manner it has. This has ignited a spark with secondary and Nth order effects we are just beginning to see unfold. The actions of the last eight weeks have set into motion an unstoppable chain of events. This will forever transform our lives, our markets, and our world. It is time for new ways of thinking and solving problems.

### Introduction

We must be cautious of the illusion of normalcy. As many of us sit at home, relatively comfortably, this seems like sort of a temporary home vacation, something which will end in weeks and be followed by a return to “normal.” Some investors and economists speculate we may see a recession, while others say we may recover in a year or two. Some people assume they will return to their jobs, and the revenue will return quickly. I believe that they are simply grasping for an understanding of events for which no one alive has a frame of reference.

The measure of where we are today will not be marked as the beginning of a recession, or even a depression, but as the end of an era. An epoch is a period where its change from other eras can mark time itself. Make no mistake: our old world is gone, and the way it works is changed forever. As with all such times, the change happened fast, and it is permanent. The world we knew is gone, and we didn't even get to say goodbye.

To understand the magnitude of this change and what is ahead, we must understand where we are now, what brought us here, what is happening, and how history has unfolded in times like this. As unique as this is to all people today, this type of cataclysmic change was not uncommon for our forebears. It is inevitable. This report covers the past, the present, and how the future may unfold. The main purpose is to try to help us understand where we are, how big this shift might be, and how we can build a better world moving forward.

Cambridge Dictionary defines **frame of reference** as “(*noun*) a set of ideas or facts that a person accepts and that influences the person's behavior, opinions, or decisions.”

Ideas and facts have changed. The world is operating in a new way, so we have no frame of reference for what we are seeing and little ability to predict what is next. Everything will be rewritten.

## Perspective

“History doesn't repeat itself, but it often rhymes.” - Attributed to Mark Twain (but as with much in our world, we do not know if this attribution is true).

History does indeed follow predictable patterns. Likewise, humans follow predictable paths from birth to old age. We know accurately when most people will learn to walk, get married, peak in their careers, and become grandparents. Demographics are predictable. So are people. So are nations. The world is predictable, but the predictions are only as accurate as a rhyme.

## Generational Change and Demographics

Every decade sees change. The 1950s are notably different from the 60s, as the 70s are distinct from the 1990s. A generation is a period of about 30 years, the time it takes for children to be born, grow up, and have children of their own. People collectively born around the same time are members of the same generation. As with decades, generations are distinct and marked by their own characteristics. The Greatest Generation fought in WWII. The silent generation rebuilt. The baby boomers brought us the world we see today. And Gen X, millennials, and Gen Z all have had their own traits and impact. Large generations such as the baby boomers tend to transform society. Shopping preferences, housing, political choices, and family and lifestyle preferences of the boomers affected everything from how schools were built to urban development to the internet and superstores.

In the book *The Fourth Turning*, Strauss and Howe discuss how generations change and rebel against the previous, each having different attitudes, values, and priorities. These differences shape eras with notable changes in commerce, life, and institutions. About every four generations, every 100 years or so, we tend to see a much more dramatic change: a fourth turning. These times of change are often violent in a literal sense. They are always violent in impact. These are times when we see massive shifts in how our world works. A fourth turning will see global changes in money, maps, borders, how people

think and behave, and what industries and trends are important.

## Epoch Change

Every few hundred years or so we have a global transformation that is even more cataclysmic: the birth of Christianity and Islam, the rise of the Roman Empire, its fall and the dark ages, the beginning of the Renaissance, the French Revolution, the American Revolution, and the Industrial Revolution. These were all events of such magnitude, that the new world was unrecognizable from what had existed just years before. It is these times where the change itself marks time. This is the epoch shift we are in now. For the rest of our lives we will refer to the time before this crisis and after as distinct eras more than dates or decades.



## What Brought Us Here

### 1918

The current situation is not just a COVID-19 crisis. This is a global crisis and the end of an era. COVID-19 was just the event that commenced the inevitable. The origins of this start with the beginning of this fourth turning 100 years ago and the 20th century. The Spanish Flu of 1918 marked the end of eras which had seen the birth of the United States 142 years earlier through the Industrial Revolution and the Civil War. The Spanish Flu was immediately followed by WWI and a world that would never be the same. People born in the early 1900s saw staggering change. A man born in 1900 grew up with no telephone. He probably never saw a car until adulthood. He had a 70 percent chance of living on a

farm and likely never traveled more than 100 miles from home. At age 20 he would have been in the trenches of France with tanks, mustard gas, and aircraft overhead, fighting machines as foreign to us as spacecraft or lasers.



## The Weimar Republic, Germany 1918 - 1933

The Weimar Republic in Germany during the period between WWI and WWII has become a textbook example of bad economic policies and hyperinflation. In order to fund WWI, Germany began printing vast amounts of its currency. They also closed every German stock exchange leaving citizens unable to see the effect this was having on the market.

When WWI came to an end, the Treaty of Versailles laid out high reparation payments for Germany, including demands that they would never be able to meet. The economic impact was becoming quite evident, “By the autumn of 1920, prices were 12 times as high as they had been before the war...The food for a family of four persons which cost 60 marks a week in April 1919, cost 198 marks by September 1920, and 230 marks by November 1920.”<sup>1</sup> As things progressively worsened, many Germans were selling their marks to convert to other

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<sup>1</sup> Boesler, M. (2013, September 20). WEIMAR: The Truth About History's Most Infamous Hyperinflation Horror Story. Retrieved from <https://www.businessinsider.com/weimar-germany-hyperinflation-explained-2013-9#during-the-war-the-german-government-used-extensive-propaganda-to-hide-the-inflation-from-the-population-2>

currencies such as the US dollar and the British pound. According to the Mises Institute, “Practically every economic good and service was costing trillions of marks. The American dollar was quoted at 4.2 trillion marks, the American penny at 42 billion marks. How could a European nation that prided itself on its high levels of education and scholarly knowledge suffer such a thorough destruction of its money?”<sup>2</sup>

As the value continued to drop further and further for each German mark, they continued to run the printing press, which added to the further decline.

## The 1980s to Today

The end of the Great War was followed by the Roaring Twenties and saw decades of massive change in technology and economics. In 1944, a new world order was born at the United Nations Monetary and Financial Conference in Bretton Woods, New Hampshire. These changes and their effect on the world began to manifest most significantly by the 1980s. The 80s saw new uses of debt, a continued drift from sound money, the end of the USSR, and the acceleration of globalization. The baby boomers began to reach productive career years and shape the world from leadership roles. The decade also formed the building blocks of the 1990s tech revolution, the rise of China, and the internet. This paved the way for further credit expansion, even more globalization, and interconnectedness. By the 2010s humanity had unprecedented interconnectedness, choice, selection, ability to travel, customization, on-demand pricing and delivery, opportunities, and near unlimited credit. We saw many vast improvements in our quality of life.

But they came with a cost.

<sup>2</sup> Sennholz, H. F. (2006, October 27). Hyperinflation in Germany, 1914-1923. Retrieved from <https://mises.org/library/hyperinflation-germany-1914-1923>



The financial strains of continued leverage, deficits, and debt started to reveal significant weaknesses in the system by 2008. In the 2008 financial crisis, a cycle of bad loans on overvalued homes with unqualified homebuyers created a hole of debt that led to the insolvency of many major banks. Instead of allowing them to fail, the US government initiated the largest bailout in history, roughly \$700 billion. These interventions “kicked the can” down the road and did not fundamentally strengthen the business model of the failed banks. Within a couple of years, the debt was again at untenable levels.

Over the last century, society continued its shift from groups to individuals. The paleolithic humans of 2.5 million years ago to 10,000 BC were organized around family units and clans. From 10,000 BC to as recently as the late 1800s, tribes, clans, and groups still dominated our social structures and still do in some cultures. For more than 99.9 percent of our history, humans functioned and operated in groups.

With technology, improvements in standards of living, medicine, and food, people of the 20th century had the ability to survive more independently of a clan or group than ever before. Community help gave way to self-help. Self-sufficiency was traded for efficiency. We learned new ways to specialize and run supply chains. A computer could be ordered, custom-built, and shipped in days. Companies found new ways to reduce inventory. Owning all parts of a supply chain became quaint. We became efficient and were able to do things that were previously impossible. But a system built on speed and efficiency has fragility. A tomato from Brazil could be delivered to our local chain restaurant for less than the cost of local production, but we lost resiliency. We see now in this crisis the downside of the complex supply chains and other systems we have come to rely on.



The decade of 2010-2020 saw further inflation of the global asset bubble. We closed the decade with record stock performance and record valuations. We also accumulated record levels of debt on a personal, corporate, and national level. Despite the solid market performance, many knowledgeable investors had concerns over asset bubbles. Some have described COVID-19 as the pin that popped the bubble. The impact of the virus and the reaction to it is more like a broadsword than a pin. It has not just popped the bubble; it has shattered much of what came before and shattered any chance of reconstructing the old system.

## What Is Happening Generational and Societal Shifts

The generational and societal shifts we see with the destruction of an entire age include a complete rewiring of how systems work and how people think. In the period around March of 2020, the psyche of society and market actors were instantly and permanently changed. The concerns, lifestyle, and buying habits of billions of people were instantly altered. There is no going back.

Our old models are no longer effective because they were built for a different world. We cannot assume people will behave as they have in the past because people have changed. All we learned about management, human behavior, and institutions is quickly becoming as irrelevant to our lives as a Victorian-era college curriculum; there will be aspects that remain relevant, but much of it is no

longer usable. We must learn the new ways our world will work.

In this time, the weakest links are destroyed first. Weak institutions, monetary systems, business models, and weak ideas will be among the first casualties of this change. Sadly, many strong people and businesses will also be destroyed by collateral damage.

## What Will Happen

### Chaos and Nth order effects

Like throwing a handful of ball bearings at a string of dominoes, how the chaos and secondary and Nth order effects unfold is endlessly complex and unpredictable. In our old world, the illness of a world leader or turmoil in Iran alone could impact the global markets. Today, during this period of cataclysmic change, we have dozens and dozens of such major market and geopolitical events simultaneously unfolding. Large news items are drowned daily by other news.

The capital markets cannot process or react to so much change. The individual market participants and decision-makers – money managers, traders, and CEOs – are also dealing with their own businesses and personal disruptions. Even without distraction, no analyst or computer can process the variables and predict what happens next. The potential outcomes are now as difficult to predict as the pattern on a tie-dye shirt as the dye is poured over it. We might guess the general color or look, but we can't know how it will unfold. There are too many possibilities.

## What May Happen

### Areas of Concern

#### Geopolitical Conflict

Above all else, we must watch out for geopolitical risks. To be prepared for an emergency, you always need to plan for a worst-case scenario. War and conflict between nations could make the crisis we are in now seem insignificant.



The ripple effects of the chaos and change, in turn, lead to more chaos, change, and unexpected events. The crisis is still in its early stages, and the dust has not begun to settle. When the world has more clarity and the impact is clearer, we will be at a heightened chance of global conflict. Now will be a time when power players and the evil will try to move forward, a time when authoritarians will try to seize power, and a time when tyrants will try to exercise their will. Politicians will also have to face an increased chance of civil unrest, record unemployment, and frustration by citizens.

Chaos begets chaos. Times of crisis are usually not isolated. Turmoil creates new systemic risks. The virus crisis has popped the financial bubble, creating an economic crisis. The reactions by governments have created further crises. We now see not only a health crisis of the virus as well as massive Nth order effects on private health, insurance care, and other medical issues. We also see a global supply chain crisis, a jobs crisis, a debt crisis, a looming food crisis, a human rights crisis, a restaurant, hotel, and hospitality crisis, an airlines crisis, and a real estate crisis.

We could see regional conflicts on the scale of the Iraq or Afghanistan wars as various nations vie for power and resources. Unfortunately, we face the possibility of a massive global war as well. Tensions between some nations and China are likely to increase for a variety of reasons, including nationalism, economics, trade wars, and blame for the virus.

## Authoritarianism

Global governments have a history of expanding power and authoritarianism in times of crisis. This increases the tax burden on citizens while decreasing the ability of enterprises to operate effectively. The economic impact of the reaction to 9-11, for example, was far greater than the impact of the event itself.

We can expect a combination of global restrictions on travel, changes in economic policy, and limitations on trade and movement. The US and other countries could have virus-driven, Patriot Act-style legislation and executive orders. We should be cautious of biosurveillance, the delegation of legal due process to medical authorities, and restrictions on free speech. Ideas that may sound good in times of crisis can be difficult to unwind if they give vast new powers to the state.

The idea of restricting movement based on COVID-19 antibody testing, for example, may have some merits from a medical and containment standpoint, but in practical application could have a massive downside from a human rights standpoint. Whoever controls the database with the health tracking records controls the people. A project run by well-meaning doctors today could be co-opted by politicians tomorrow and used as a political tool. If abused, people who are in the wrong political party or say the wrong things might be declared to be in violation of the rules or may have difficulty getting tests or clearances. We can never allow anyone the ability to restrict or lock up others outside of our legal system with due process and Constitutional limits on state power. Any power that citizens give up now has a high chance of being abused at some point in the future.

## Supply Chains

Global supply chains were one of the first areas affected by the virus. As factories in China closed in January 2020, we saw manufacturers, suppliers, and retailers report an immediate drop in supply for the materials they need. It was here when most people on earth had not heard of the virus, that our fragile economic system began to be impacted.

The interconnected world relies on many complex moving parts. In Leonard Read's 1958 essay "I, Pencil," Read describes the complex systems and cooperation needed to create a pencil. Read chose the simple pencil to illustrate that even simple items require vast cooperation of supplies, manufacturers, and distributors. Today, we have many more complex products and a supply chain that is orders of magnitude above that of 1958. Yet the recent disruptions place severe limitations on our ability to produce, create, and trade, even by 1958 standards.

The ripple effects of the supply chain have already wiped out some companies and will continue to be felt for years, with many changes being permanent. The supply chain has many additional effects. Container ships in California are now stacking up with a lack of demand for certain products. Materials used for medicines are in short supply. Radically changed consumer demands are altering the landscape further.

## Bad Economics

It is never a good time for nonsensical economics.

The COVID-19 corporate bonus bailout package was more than \$6 trillion by April 1, 2020. The costs in both taxes and devaluation of money are real and are borne by all citizens. This equates to an average of about \$18,000 per citizen. Congress and the Federal Reserve are essentially taking \$18,000 from each citizen, giving \$16,800 of it to corporations, and then returning \$1,200 to each citizen in the form of a check. This is a bad deal.

How much is \$6 trillion? If Christopher Columbus came to America in 1492 and burned a pile of cash worth \$1,200...then burned another a four seconds later, and another, 960 piles of cash an hour, every hour of every day, 24/7, through the centuries...it still wouldn't amount to \$6 trillion.

I could go on with silly (but true) examples, but the main point is that these numbers don't make sense to any rational person. They are bad economics. Either the principles of economics are sound, or they are



not. A crisis is no excuse to abandon reason. Due to the nature of this shift and its magnitude, we cannot depend on things working as they have before, especially bad ideas.

The dollar is still the leading global currency and, as such, has unique advantages. Other fiat is, for the most part, in bad shape. Even the US Dollar is only the reserve currency until it is not. This crisis may not be the end of the dollar. In fact, the dollar may do well in the near term, although the primary reason is that there is so little else that makes sense. Bonds and other fiat offer an inferior risk and return relative to the dollar.

## Change

### Further Market Drops

Stocks are at 2017 levels, and the CAPE ratios (cyclically adjusted price to earnings) are at their 35-year averages. In other words, even despite the market drops for the year, stocks are relatively high-priced based on historic averages. Worse yet, these ratios are based on trailing earnings, not forecasted earnings. Clearly, the earnings for Q2-Q4 2020 will be some of the most dismal in history.

### Capital Creation and Destruction

One of the most beautiful things about economics (and something socialists never understand) is that both capital and value can be created from nothing. Ingredients worth \$5, combined with labor, can be used to make a cake worth \$15. The \$10 in increased value is not stolen from someone. Increased value is produced because the value has been created from thin air, raw materials, risk, and labor. A plot of land worth \$100,000, combined with building supplies and labor worth \$100,000, can create real estate worth \$300,000. A business with R&D or a film company that spends \$100 million can create something from thin air worth a billion dollars.

The flipside of this is that value and capital can be destroyed as well. When a business fails, the enterprise value is essentially zero less whatever raw supplies are left. A restaurant worth \$1 million in

January that is out of business today is gone from the balance sheet of the earth. There is less value, and we are all poorer as a world.

## Job Market

We are likely to reach unemployment levels not seen since the Great Depression. The effects of this are almost inconceivable. We face a world where far fewer people are producing and spending, which makes it much more difficult for the capital that has been destroyed to be recreated.

What jobs we do see will be radically different. I started my career in the 1990s as a stockbroker and investment advisor. In the early 1990s, commission-only compensation models common in the 1970s and 80s were disappearing in favor of a draw versus commission. By the 2000s the model was a base plus commission. In the 2010s it became salary with a possible bonus. And as 2019 closed, the competitive hiring market saw almost zero commission-based jobs. All of this occurred just in the typical shifts of time and change for a 20+ year career, not a fourth turning or epoch shift. We can expect the compensation structures for *all* jobs to follow a more dramatic path than financial services of the last 30 years. It will be more like the historic shifts from farms to factories or factories to offices. We will see a massive change.



## Power Structures and Institutions

The power structures built up through the 20th century will die or change.



Entities built during the last century such as post-Bretton Woods banking and fractional reserve, the European Union, and institutions like the UN, World Economic Forum, and World Health Organization, will either change radically to adapt to the new world or, more likely, will cease to exist.

Many institutions have brought little added value during the crisis and some, such as the WHO, have been outright harmful. People faced with hardship are less likely to trust institutions, and they will look for proven solutions instead. New organizations will fill this void as will individuals and decentralized interest groups. Long-time establishment groups like the WEF will be less relevant as global power changes.

## Opportunities

Destruction means that something cannot be repaired, but it can be rebuilt. In times of war, turmoil, and change there are opportunities. Along with ruin, this new age will see fortunes built and the next generation of great companies rise from the ashes. The Great Depression saw new business models, like the creation of the modern supermarket by Michael Cullen. It saw many small and mid-sized enterprises adapt, lead, and build fortunes. It will be key for entrepreneurs to watch what works and be ready to spot and adapt to emerging trends. The change will come fast.

## Entertainment

The Great Depression accelerated the technology of the movie industry, which had only recently had the first “talkies.” The industry was hit by the economic downturn, but it quickly changed and adapted by lowering ticket prices and producing cheaper B movies. This ushered in a golden age for cinema that lasted until the 1960s.

The massive lifestyle changes brought on by this crisis will accelerate an already promising industry in the areas of eSports, gaming, and VR. Streaming video has reached a new inflection point, and already struggling theaters have faced their worst period in history.

Even in the darkest of times, people still seek refuge in entertainment to help pass the time and ease the pain. While some parts of the entertainment business will be forever destroyed, the sector itself will survive and ultimately thrive. Leading the growth will be new and improved forms of entertainment that will serve the needs of a new style of consumer.

## Sports

Professional sports have also taken an unprecedented blow with virtually all major games and events canceled. As with the entire economic world, major league sports as we knew them are gone, forever transformed. At the very least we will see a change in consumer behavior, attendance, and interaction. Depending on how long the lockdowns and closures continue, sports could see a year or more of significant disruption.

As with the movie industry of the 30s, today's sports franchises must be clever and adapt. They should focus on community building, improving broadcasting technology, and finding innovative ways to continue. Major League Baseball is reportedly exploring plans to sequester multiple teams in a quarantine zone so they can continue to play. UFC President Dana White announced that he has secured a private island and a secluded location in the US for the continuation of the UFC professional MMA matches. The UFC does \$600 million in annual revenue, and it is particularly well suited to adapt to quarantine or social distancing measures because of the comparatively small number of athletes and simpler logistics.

What we love about sports remains: the best of the best, teamwork, and nearly superhuman abilities of athletes. This will live on, but the presentation and format may be quite different.

## Technology

The multi-faceted crisis we are in will accelerate some things which are better or offer efficiency or savings over old models.

Distance communications, Zoom, Google, AI, decentralized finance, Bitcoin and blockchain technology, drones, medical devices, and new types of software all may provide solutions to the new problems we face. Decentralization will likely be a major theme of the new world, and technologies that enable this may do well.

## Finance

### Distressed Real Estate

Almost all real estate is likely to have a major drop in value. Residential real estate will be harmed by less appetite for purchases, as well as missed and falling rents.

Commercial real estate is especially vulnerable due to the trifecta of out-of-business tenants such as hospitality, economically harmed commercial tenants, and a general move toward work from home. We may see some cities have record drops in real estate. In some cases, a flight from cities could change their appeal and exacerbate the problem.

### Gold/Silver/Metals, the Dollar, Fiat, and Bitcoin

In times of financial crisis and the devaluation or debasement of currencies, more people tend to pay attention to money, inflation, and how money works.

Gold has been a stable, inflation-resistant store of value, and money of last resort, for people and governments for thousands of years. We see record demand for physical gold with decoupling from leveraged paper gold. Gold presents an appealing hedge and should be considered a part of all portfolios.

### Bitcoin: What is Money?

Money has six properties: divisibility, acceptance, durability, fungibility, scarcity, and uniformity. The US Dollar, gold, and Bitcoin each have tradeoffs in this evaluation. Bitcoin remains a very risky and speculative asset. However, its basic properties, limited supply, and strong network make Bitcoin a worthwhile option for risk investors. Bitcoin remains

a binary play likely to either fail or do far better. The global economic and fiat turmoil could be crazy enough to tip the scales to Bitcoin, enough for the narrative to change.

### Localization

The fragility brought with globalization and outsourcing will likely be countered with a partial move to self-sufficiency, personal responsibility, and localization. Quaint ideas of businesses owning their own real estate or controlling their own supply chain might become popular again. As we see record unemployment, work habits will shift. Maybe people will stay at companies longer.

Reduced travel and increased reliance on the community can increase localization. Today, the companies so far least impacted by the crisis are those that are most isolated and insulated. Those hit hardest are the ones that are the most interconnected.

### Decentralization

Along with localization, decentralization is another existing trend that has been accelerated by the crisis. The decentralization brought on by business models and technology such as file sharing, open-source software, and cryptocurrencies offer their own form of antifragility and resilience. Decentralized, distributed systems are typically run by large numbers of volunteers. They are capable of scaling fast and can be difficult to kill.

The immediate medical and logistics needs of the crisis spawned many instant open-source projects. These efforts include medical device fabrication, design, research, and sourcing of key supplies. Existing open-source and decentralized projects may be strengthened by this change.

### Stocks and Capital Markets

Clearly, the global stock markets are going through the biggest change in the last 100 years. The entire structure, who the players are, and how the markets work will change. The destruction of the crisis will impact finance more than most sectors.

Again, innovation will be key. Innovative structures with the capabilities of serving a new world must be developed. Tokenized digital securities offer advantages over the old system. As the financial markets face the increased strain, more frictionless models may become more appealing. Digital stocks, bonds, and other tools can help with capital creation.

Just as coops became popular in the Great Depression, we may see entirely new or unusual structures of ownership, changes in how enterprises form and work, and how markets operate.

## Global Change

Asia, China, the EU, and the rest of the world will see major changes. The EU was weakening, and Brexit occurred just as the COVID-19 crisis started. Some areas will be hit harder than others based on economics, debt levels, and other factors. Some countries in Africa will benefit from a much lower proportional impact due to far younger demographics and more resiliency, resources, and a lower impact of the virus or economic shutdowns. Unstable countries like Iran and Venezuela may see regime change or regional conflict.

## The Impact

We will remember this forever. People will painfully learn how economics work, and much of what we took for granted will be missed. However, the need for rebuilding is so great that we are in for a hopefully positive time in human history. Most people have generally not understood economics: production, supply, demand, productivity, efficiency, and trade. The painful lessons of the virus and its second and third-order effects will make economic realities clearer. People will experience Hayek's *Road to Serfdom* firsthand. Like many lessons, some will just fill in their own excuses, but others will learn, grow, and improve our world.

## Solutions

- Laissez-faire economics – good economic principles work and are needed now more than ever.
- Austerity – we must cut government spending and be frugal on a personal and government level.
- We should ask Fundamental questions like “Is central planning good?”
- We must avoid communism, socialism, corporatism and failed ideologies.
- Innovation, not authoritarianism, will be what helps us out of this. The geeks will save us.
- We know how to innovate, iterate, scale, and solve problems.
- In this myth or hero's journey, it's the time of the techies and the builders to save and rebuild our world.
- Technocrats and authoritarians need to get out of the way.
- Don't restrict people. Let them unleash their creativity to find solutions that work.

## Actions to Take Now

- Whether you are a billionaire, a top venture capitalist, an investment banking partner, or a wage worker at a casino, you are in the economic fight of your life.
- Plan, prepare, and have backup plans for each eventuality and worst-case scenario.
- Be cautious.
- Trust, but verify twice.
- Be flexible, be open-minded.
- No one who gets wrecked thought it would be them.
- Plan for a scenario 10 times worse than the current.
- Look for constants, principles, and values that are relevant in any situation – math, science, logic, and other pursuits are independent of global events.
- It will be the hardest time we've seen.
- Be a leader.
- This too shall pass.

## Conclusion

“When going through hell, keep going.” - Winston Churchill (attributed)

No greater change and no greater opportunity. As we learn a new way, collectively it is an opportunity to lead in the new fields and to build our new world. Now is the time to reinvent yourself and do what you wish. You can rebuild your firm or enterprise the way you have always wanted. We have discussed where we are, how we got here, the magnitude of change and what our world may look like as the future unfolds.

With the destruction of an era comes the birth of a new one. Much like the melancholy, we feel when moving from a home, we may tear up as the yellow moving truck drives down the driveway one final time, but we soon feel relief and excitement about what is next. We may not know what to expect in our new home, but it will have some bad and some good. The new world we will see borne of this shift is ours to make of it what we wish. It is a time for the bold, for leaders, for builders, for visionaries and for dreamers who can think outside the box.

The old is gone and cannot be repaired, only rebuilt. The new world is a greenfield of opportunity. It is time for us to build something better than we ever had before. This will happen. New technologies, advances, changes in governance, and ideas will be implemented. Problems will be solved. We will be okay; we will build and learn and create and grow. That is what humans do. It is what we’ve always done. All that remains is to decide what role we will have.

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