



117. Planetary Reboot—The Economic Impact

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Future Sense is a podcast edited from the radio show of the same name, broadcast on BayFM in Byron Bay, Australia, at www.bayfm.org. Hosted by Nyck Jeanes and well-known international futurist, Steve McDonald, Future Sense provides a fresh, deep analysis of global trends and emerging technologies. How can we identify the layers of growth personally, socially and globally? What are the signs missed; the truths being denied? Political science, history, politics, psychology, ancient civilisations, alien contact, the new psychedelic revolution, cryptocurrency and other disruptive and distributed technologies, and much more.

This is Future Sense.

Nyck: You're tuned to Future Sense here on BayFM 99.9. It's Monday, the 30th of March, although we are recording, as I've said on the 29th, in remote locations from each other and from the station during this coronavirus situation that we're in. You're with Nyck Jeanes, myself, and my co-host Steve McDonald here. And remember that you can listen to our edited podcast within about 24 hours of the broadcast of this show through www.futuresense.it or from your podcast platform.

Steve: We've been discussing what we see as a planetary reboot that's currently underway. In the first part of today's show, we discussed the health impact, and we're now going to have a look at the economic impact.

It's very, very clear that most people in the world, apart from a very small percentage, will not be touched by the coronavirus. However, pretty much everybody is going to be touched, and most of us have already been touched in some way, by the economic impact associated with the response. It's overwhelmingly far, far bigger in terms of its effect on the global population than the actual health impact of the virus. We have discussed on previous shows that we have seen this all along as somewhat of an overreaction, rather an on/off kind of a response instead of a measured response, and that, of course, has been partially due at least, to a lack of preparation for a crisis such as this.

We do see now, though, that it's shaping up as a global shift in terms of changing spending priorities and a potential redistribution of wealth, so it is definitely a cloud with a silver lining, and it may end up being tremendously beneficial in terms of progressing the values shift and the global consciousness shift that's underway.

Nyck: For many people, they would find that a very surprising thing to say, but it is happening. I certainly was extremely surprised here in Australia when, quite quickly, one of the few things that was done by our current government was an allocation of some money to everybody who is going to be in need, or losing jobs and so forth, and that's expanded. The amount of money that's involved is quite extraordinary, and I find it—I think many people find it—very surprising that the money is looking like going to the everyday man and woman, and to small businesses as well as some of the larger corporations.

Steve: And this is a government that has resisted continual attempts to try and improve Social Security payments here in Australia over the last few years, so it really is a 180 degree turnaround and quite surprising—and wonderful—to see, actually.

The economic impact is already so huge. The return to work at the earliest practical opportunity is very likely, as we've already seen happen in China. China was faced with a critical decision where the outbreak obviously led to a considerable shutdown. While the economy is shutdown, of course, the longer you leave it, the more difficult it gets to dig yourself out of the hole once you resume work, and so they had to make a call. They seemed to make that call very effectively and there don't seem to have been any repercussions of the timing of their return to work. I think we can expect to see a similar pattern happen here in the West.

There are continuing predictions of shutdowns for 6 to 18 months, but this is simply ridiculous. There is no way that we can last the economic impacts of 6 to 18 months of people being out of work, so I would predict that we'll see a similar pattern to what we've seen in China happening in the West. Already some of the medical experts are saying that we should see conditions easing off in terms of the health impact within two to three weeks, and I think we'll start to see movement towards reactivating the economy and reactivating our workforce somewhere towards the end of that timeframe as well.

Nyck: Well, the big thing, of course, that's happened, and a little hard to untangle—certainly for me and I'm not an economist—is the position of the Federal Reserve in the US and Federal Reserves around the world. So we're going to give a bit of an update of what is happening there and how this wealth is looking like it may be redistributed.

Steve: Yes. Just to give a sense of how serious this is from an economic point of view, the Federal Reserve Bank of St. Louis President, James Bullard, was quoted recently as predicting that under the current conditions with the shutdown in place, the US unemployment rate could hit 30% in the second quarter and there could be an unprecedented 50 % drop in gross domestic product. As I said, the longer the shutdown continues, the more serious these issues get, so it's very, very likely that we're going to see prompt action in terms of turning around the economic situation as soon as that is deemed practical in relation to the health risk.

Here in Australia, our government has just announced a \$1.1 billion funding boost, which is going to address the issues of mental health, domestic violence, Medicare, which is our national healthcare system here, and also emergency food supplies, and we can say without a doubt that this spending would not have happened if it had not been for the coronavirus crisis.

Nyck: It's very good to see that spending is going to be allocated also for domestic violence problems, because already there has been reporting anecdotally of more issues there with people locked down together, and clearly, that's not a good place to be if you are already in a highly dysfunctional relationship. So good to see some support there from the government here.

Steve: Yes, and we can, of course, relate all of these issues back to the big picture values shift that is underway, and the change profile which takes us through values progression—so a slipping backwards to old values. Of course, that raises old problems and particularly old unresolved problems. These flareups of domestic violence and those sorts of things are a sign of people slipping backwards into more simplistic values—more raw emotional approaches to problem solving. As the global paradigm shift progresses, then we should see an easing of these issues as the new values really start to take effect, and part of what we're seeing with these spending patterns is reflecting the early emergence of new values in terms of spending priorities.

To really understand what's going on economically on a global level, we need to just have a quick look at a few facts. They are, first and foremost, that our global economic system has periodically crashed during this Scientific-Industrial paradigm. The Layer 5 consciousness way of problem solving is to experiment, push limits, and usually to push those limits until we fail and then to pull back from the failure, and knowing where the limits are, to continue to go forward in the same pattern. We've seen this pattern playing out right across society, but particularly in our stock markets with periodic crashes, booms and busts, and that, of course, is not sustainable.

We had the tremendously impactful 2008 Global Financial Crisis, which resulted in a government bailout, which really was a bit of an illusion because the money that was spent resolving those problems, which were primarily within banks and financial institutions, really was kind of grabbed or created out of thin air. So anybody who understood economics knew that it was a short-term fix, but it was only going to lead to the same problem resurfacing further down the track and that's really what we're seeing now. The current global economic system and the way that operates, is simply unsustainable due to high and growing debt levels; and the control knobs of monetary and fiscal policy have been turned as far as they can go, essentially. So it's just like there's nothing left in terms of our capacity to respond to these problems.

The European Union has been in crisis since 2009, again due to high debt levels within member countries—and they've included Greece, Ireland, Portugal, Spain and Cyprus. We've seen the United Kingdom choose to bail out of the European Union through Brexit, and that

has raised fears of the entire EU breaking up, but that doesn't seem to be imminent at this stage. Essentially, another global financial crisis has been overdue. Many people, including me, expected it to happen a couple of years ago and we've been kind of sitting and waiting just to see when it was going to be triggered.

So this crisis that we're in now—this economic crisis—was coming anyway. The economic crisis has not been created by the coronavirus, however; the global response to the coronavirus has ignited the crisis that was just sitting there waiting to catch alight.

Nyck: Yes.

Steve: One particular thing to take note of at the moment is that the declaration of this global crisis as a real emergency enables special measures to be put in place. Essentially, what we're about to see is the global economic system put on life support, so it kind of has parallels to the actual virus itself where when things get critical, people have to be put on life support—on respirators. We're seeing the respirators being rolled out as we speak for the economic system.

Ultimately, what needs to happen during this period of global transition is we ultimately need an economic system that is designed from a Layer 6, or preferably a Layer 7 level of consciousness, and certainly I think that what we're seeing in blockchain and cryptocurrency represents a new paradigm version—a potential new paradigm version—of our global economic system, and I think somewhere down the track, as those blockchain-based systems evolve, we will see a viable new economic system emerge, but right at the moment we're stuck with what we've got and we need to prop it up as best we can.

Nyck: And that propping up mechanism that is being put in place worldwide, one way or the other is, as we're saying ... the money is largely going, but not exclusively, to what's been called the 'real economy': to people; to people who have lost their jobs, to individuals on benefits, to small businesses that are collapsing and so on, as well as likely to larger corporations, too. It's different to the 2008 crisis in particular. The money is not going to rescue and prop up those private banks in the same way. It's a different situation, but it does raise a question whether this is just pushing back the ultimate collapse of the whole system just a little bit further down the track—just kicking the can down the road a bit.

Steve: Essentially it is, but it's an essential kicking of the can. I think it's worth taking a close look at what the US Federal Reserve has recently announced, and perhaps the legislation that sits behind that, because I think we'll see similar strategies unveiled in other countries pretty soon where emergency measures are put in place and extraordinary decisions are made—and extraordinary actions are made—in terms of propping up our economy.

Let me just read from an article from a publication called *Intelligencer*. The headline is *The Fed's Response to COVID-19 Is Impressive—and Alarming* (<https://nymag.com/intelligencer/2020/03/federal-reserve-coronavirus-economic-crisis->

[democracy.html](#)). "Earlier this week, congressional Democrats and Republicans were locked in contentious negotiations over what the American public should ask of corporations before bailing them out. Conservatives contended that Uncle Sam should not interfere with these private enterprises' internal affairs ... The government's failure to prepare for this pandemic—and the heavy-handed social distancing measures that is under-preparation necessitated—robbed these companies of expected revenue. Thus, the state has an obligation to extend cheap credit to corporate America, no strings attached."

Just skipping ahead in the article, I'm just going to pick out a couple of relevant pieces of information here. So it's talking about the debate that was happening in parliament, and what's really, really interesting is that the US Federal Reserve sits apart from the government of the US. It's an independent organisation and it has the capacity to act without the government's permission, and it has just done that. This article says: "while these factions were arguing, the Federal Reserve went ahead and started lending money directly to private corporations with no significant conditions."

I'm going to skip ahead a little bit further now. It's talking about the Fed trying to solve this problem, and it says: "this problem could only be significantly mitigated by providing cheap public credit directly to private firms." Now, this stands apart from what happened during the GFC, as Nyck just mentioned, where the government bailout that happened was primarily paid to banks and other financial institutions. Here we're talking about money, or credit at least, being extended directly to private firms.

Back to the article. It says: "Which is, traditionally, the kind of thing that requires the approval of our government's elected branches. But the economy was imploding and Congress was dilly-dallying—and so the Fed just went ahead and established a Primary Market Corporate Credit Facility (PMCCF)", which is a new institution. Skipping ahead in the article a little bit further, it says: "few lay news consumers took much interest [of this happening] ... But the terms were far more lax than progressives had been calling for; the public will assume the risk of lending to embattled corporations without securing any significant claim on their future profits, or durable influence over their operations. Meanwhile, discretion over which businesses should and should not be bailed out was largely outsourced to the unelected bureaucrats at the central bank." This, of course, is leaving the central bank in charge of divvying up that credit between individual corporations, small businesses and state governments, so essentially, the Federal Reserve is choosing where the money goes and not the US government.

As I mentioned, and it's also raised in this article here: "During the 2008 financial crisis ... the Federal Reserve came to the rescue", and at that time, "this constituted nothing less than an epochal reformation of global economic governance, executed with virtually no democratic input or even public awareness." So now we're seeing the second event where this kind of economic governance is being exercised without democratic input.

Nyck: I might just add too, that these decisions made by the Fed do have geopolitical consequences, which the article also mentions, and in fact, the Fed has literally made some incursions into making foreign policy, generally speaking, to suit the agenda that they're running.

Steve: It's very interesting, particularly when we reflect on the division within the US government at the moment between the Democrats and the Republicans, and the bitter battle that's been going on there which, of course, has been at the expense of managing the country.

We might just have a quick look at the legislation and just read what it says. This is, of course, all focused on the United States, but I do expect that we'll see similar emergency measures taken by other countries. It's important to remember that the only reason that this is possible now is because the whole coronavirus episode has become an acknowledged and declared international crisis, so this is why we're able to take these unusual measures.

I'm looking now at the *US Federal Reserve Act, Section 13*, and I think, Nyck, you had a look at the history of this, and it dates from when?

Nyck: From 1913, actually, which is interesting. It's around the time—I'm not sure of the exact date—but when the Federal Reserve, as you mentioned earlier, became an independent body. It's not a political body, it's not a government body, it is a private Reserve Bank.

Steve: Yes. It's an interesting act, passed in 1913, and it's section 13, paragraph 3 which we're going to look at (<https://www.federalreserve.gov/aboutthefed/section13.htm>). It's headed *Discounts for individuals, partnerships and corporations*. I'm quoting now from this act: "In unusual and exigent circumstances, the Board of Governors of the Federal Reserve System, by the affirmative vote of not less than five members, may authorize any Federal reserve bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d), of this Act, to discount for any participant in any program or facility with broad-based eligibility, notes, drafts, and bills of exchange when such notes, drafts, and bills of exchange are indorsed or otherwise secured to the satisfaction of the Federal Reserve bank".

Nyck: Hopefully you can understand that out there.

Steve: So basically, it's saying that this act of US Parliament authorised the Federal Reserve to make the decision to vote on it and act on discounting, which can be interpreted to mean extending credit or financially bailing out organisations.

Nyck: There's a simpler explanation in this piece here: "Section 13(3) is meant to sanction direct Federal Reserve lending to the real economy, rather than simply to a weakened financial sector, in emergency circumstances" (https://www.newyorkfed.org/research/epr/2018/EPR_2018_political-origins_sastry). It was a "Depression-era history that provides insights into the evolving role of the Federal Reserve

as an emergency provider of liquidity", so basically it's saying that this act gives the Fed, as you say, the power to lend money where it feels that it can be best applied.

Steve: Yes. The Act goes on to say that the Federal Reserve has to report to the US Government Committee on Banking, Housing and Urban Affairs—that's in the Senate—and then the Committee on Financial Services in the House of Representatives within seven days of taking the action. I find that fascinating, that the Federal Reserve has an independent power to basically take economic decisions and action that has global consequences without first checking in with the US government.

Nyck: Absolutely.

Steve: I've got another article here from an online publication called www.marketwatch.com, and it's giving a breakdown of the expanded rescue package which the Federal Reserve has already started enacting. It's quite lengthy, so I'm going to really skip through and just read out the headings. It talks about: changing interest rates, although there's not much potential to do that moment because they're so low; to purchase bonds; to set up primary dealer credit facilities; to set up primary market corporate credit facilities, which they've just done; secondary market corporate credit facilities; term asset-backed securities; loans; municipal bonds; currency swap lines; interbank exchange arrangements. So it's very, very broad ranging. There's a lot of levers that they can use there to take action and bring some relief to this economic crisis that we're facing.

Nyck: As the first line in this article says: "The Federal Reserve entered uncharted waters this week, opening its vault to 'unlimited bond purchases' as global markets convulse, businesses shutter, and workers lose jobs in the wake of the coronavirus pandemic", so basically, they've got *carte blanche*, within the small restrictions of having to report to government and so forth, to basically deal out a lot of money. Is this a redistribution of wealth? I know you're seeing it this way, and I'm excited by that possibility that that's actually what's happening here. I guess we'll see, but it looks by all accounts from this research that that's what's happening.

Steve: The way that this situation has played out, it really has to be. Because of the shutdown, which is right down at grassroots level, if the economic problems that are being created by people not having income aren't addressed directly, then they're only going to grow over time and create major, major issues for countries.

Nyck: There's going to be chaos, isn't there?

Steve: Exactly. There really is no other option than redistributing wealth down to the grassroots, which is very much in line with the general themes of the global paradigm shift that we're in the middle of right now: a redistribution of power—of course, money being a key mode of power expression in our society. So it's very, very interesting.

Again, going back to what I said at the start of the first segment today, what I'm seeing is an alignment of intentions and goals from completely different value systems. It's like everybody, no matter which value system they're coming from, they're looking at the problem that we're facing as an entire world, and they're coming up with the same solutions. They're saying, OK, we need more global co-ordination, we need to redistribute wealth to solve this problem. Just a few weeks ago, or a month or two ago, there's no way we would have imagined that this would be happening, and that these people who are making these decisions would have been doing what they're doing. It's very, very interesting indeed.

Nyck: Absolutely.

We'll take another break here on *Future Sense*. We'll be back for the last little segment here on BayFM 99.9. You're tuned with Steve McDonald and Nyck Jeanes on this programme, and you can tune in, of course, to the podcast within 24 hours through www.futuresense.it. Hello out there to all of you in the world who are listening and hope you're looking after yourself—staying home, staying safe, and stay tuned to BayFM.

Steve: You're listening to *Future Sense* with Nyck Jeanes and Steve McDonald, and today we're talking about what is essentially a planetary reboot. In this segment we've been looking at the economic impact.

What we're seeing now in terms of the proposed bailout under emergency measures is essentially a Layer 5 solution—that is an old paradigm, Scientific-Industrial mindset, solution—which clearly won't be sustainable, like the previous similar solutions that we've seen from the 2008 GFC, etc. However, it is an essential crutch that is going to keep our economy—our old-fashioned economy—staggering along for a few more years. Typically, old paradigm thinking is short-term, and certainly within the corporate world it's rare to come across an organisation that has any kind of detailed plan that runs further than three to five years into the future. So it's a reasonable bet that whatever measures are taken now may sustain us for another three to five years before we have to perhaps make some more critical changes. The employment implications, of course, of the present measures remain to be seen.

I just want to finish off this economic discussion now by reading out a couple of predictions from *Armstrong Economics*. Martin Armstrong has a very sophisticated computer programme which has a really, really good record of predicting the movements of the global economy. Of course, he predicted an economic turning point on the 8th of January this year, and around about that time, decisions were being made that resulted in this economic crisis that we're facing right now, so he called that accurately. It's not him personally making these

calls, of course; it's a very, very sophisticated computer programme that he's put together over many, many years, which, incidentally, is in sync with the solar cycles, which I find really interesting. His computer programme is predicting a few milestones in the future, which I'm going to read out because they give us some sense of how long it might be between now and when we actually do stand up a completely new paradigm global economic system.

His computer algorithm is predicting that in 2024, world financial growth will culminate; and then, in 2029, that we may see the collapse of the European Union. In 2032, his computer programme is predicting the end of a longer-term economic confidence model wave which signals the end of private sector dominance—in other words, the end of corporate dominance over our global economy; and also in 2032, a change in the global standard currency, which is, of course, right now the US dollar. So that's 2032—12 years away. Then in 2035, his algorithm is predicting that the global economy will bottom out and by 2037, that global economic growth will resume.

I would draw from those milestones that between now and 2037, we will see the gradual emergence of a new and better and more sustainable global economic system. However, we will see the current system staggering along in various forms, probably right up until around at least 2032, I would say. So it's got a few years of life in it yet.

Nyck: We're going to finish today with a quote from Charles Eisenstein. Charles wrote his 2011 book called *Secret Economics* as part of the *New Economy Movement*. The book revolves around the theme of how the current monetary system, based on interest and usury, along with the abandonment of the gift economy as he calls it, has led to social alienation, competition, and the need for an economic system predicated on continuous growth, and so on—stuff that we know so well. This is a lovely piece which was just written a few days ago as part of his essay collection on his website, www.charleseisenstein.org (see: <https://charleseisenstein.org/essays/the-coronation/>), and I'm going to read this for you because I think it's very relevant to today's discussion and ends in a beautiful way, I think, too:

For years, normality has been stretched nearly to its breaking point, a rope pulled tighter and tighter, waiting for a nip of the black swan's beak to snap it in two. Now that the rope has snapped, do we tie its ends back together, or shall we undo its dangling braids still further, to see what we might weave from them?

Covid-19 is showing us that when humanity is united in common cause, phenomenally rapid change is possible. None of the world's problems are technically difficult to solve; they originate in human disagreement. In coherency, humanity's creative powers are boundless. A few months ago, a proposal to halt commercial air travel would have seemed preposterous. Likewise for the radical changes we are making in our social behavior, economy, and the role of government in our lives. Covid demonstrates the power of our collective will when we agree on what is important. What else

might we achieve, in coherency? What do we want to achieve, and what world shall we create? That is always the next question when anyone awakens to their power.

Covid-19 is like a rehab intervention that breaks the addictive hold of normality. To interrupt a habit is to make it visible; it is to turn it from a compulsion to a choice. When the crisis subsides, we might have occasion to ask whether we want to return to normal, or whether there might be something we've seen during this break in the routines that we want to bring into the future. We might ask, after so many have lost their jobs, whether all of them are the jobs the world most needs, and whether our labor and creativity would be better applied elsewhere. We might ask, having done without it for a while, whether we really need so much air travel, Disneyworld vacations, or trade shows. What parts of the economy will we want to restore, and what parts might we choose to let go of? ... And on a darker note, what among the things that are being taken away right now – civil liberties, freedom of assembly, sovereignty over our bodies, in-person gatherings, hugs, handshakes, and public life – might we need to exert intentional political and personal will to restore?

For most of my life, I have had the feeling that humanity was nearing a crossroads. Always, the crisis, the collapse, the break was imminent, just around the bend, but it didn't come and it didn't come. ... We stop, hardly able to believe that now it is happening, hardly able to believe, after years of confinement to the road of our predecessors, that now we finally have a choice. We are right to stop, stunned at the newness of our situation. Of the hundred paths that radiate out in front of us, some lead in the same direction we've already been headed. Some lead to hell on earth. And some lead to a world more healed and more beautiful than we ever dared believe to be possible.

Steve: Very nice. Thanks, Nyck. Let's take this time out that we have at the moment to focus on resetting ourselves and thinking about how we're going to create a different world when we swing back into action. I do acknowledge everything that Charles Eisenstein has said there, but I do also know that the reality of this global shift is that it will play out over an extended period of, I believe, 15 to 20 years, and so we need to become resilient. We need to build strong communities that are as self-supporting as possible, and we need to get used to change.

Change is the new normal.

Nyck: Thank you so much for joining us here on *Future Sense*. Thanks Steve.

Steve: Thanks, Nyck.

Nyck: We'll be with you next week, and stay tuned in the next 24 hours for the edited podcast. Please pass it around if you enjoy it and you'll find value here.

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