

The Third Turning

August 2010

Boy oh boy oh boy, am I going out on a limb here. Be prepared to use your imagination and remember, this comes from the Armchair, not from some well-schooled economist.

I recently read *Cultural Foundations to Industrial Civilization* by John Nef. Written in 1958, the book proved tremendously enlightening and relevant to today. It described the changes during the 15th, 16th and 17th centuries that served as the foundation to the Industrial Revolution. I highly recommend it to any history or economic buff. Nef's book inspired an epiphany. But several recent conversations with a couple of friends about religion and spirituality also contributed greatly.

Something rather amazing may be happening to today's economy, society and sovereignty that has only happened two other times since the birth of Christ. I told you this was going to be out on the limb.

Every argument, every theory has assumptions behind it. Ultimately, the assumptions are really the most important component of any new perspective. If the assumptions are flawed, then the conclusion is flawed. This theory, this "third turning" is going to be based on one major assumption, and that is: Information is and always has been the most important and powerful socioeconomic resource. Actually, my epiphany may also be about proving out that specific assumption.

We all know about resources. The obvious are natural resources and human resources. Over the course of human history, the combination of natural and human resources has led to economy, prosperity, social order and progress. A good many readers right now might be asking, "But what about financial resources, Doug? Those have also been important to economy, prosperity and progress."

Yes, they certainly have. But in the end, financial resources are an intangible derivative of economy. Economy began with trade, with barter. Financial resources developed to reduce the friction of barter, to reduce the friction of exchanging tangible value. Money is built around trust in a system – trust that a currency is worth more than the paper it is printed on. As history has proven, the value of money can go up and down following confidence in the system. Sometimes money can be worthless.

But this is an epiphany about information, or maybe better described as information resources. Today we manage economy around natural, human and financial resources. There are no economic models that factor in information, that value information in the same way as the other resources, or that consider information's ability or inability to move around.

Before any of those well-known resources can even be put to use, information must come first. Where is the riverbed people are gathering to trade? That is information. How many shells is that scraper tool worth? That is information. Look what we can do with this new wheel thing. That is information. Where are the trees that make the strongest support structures? That is information. How do you build a bridge? That is information. How many people may want to buy this product? That is information.

Below the foundation of what we call economy, below natural, human and financial resources, rests maybe the strongest influence to economy: information resources, specific information and its ability to spread around, educate, inspire, and allow the other resources to be put to worthwhile use.

Armchair Economic Perspective
The Third Turning
August 2011

I have been thinking about this information as a resource concept for a while. It sort of started when I had the Technology Hangover epiphany. Why is technology destroying jobs faster than our economy can replace them? The answer is because of information.

Because technology today can instantaneously transmit information across the globe, we have been able to move labor to cheaper markets. Because we can easily collaborate on ideas and because technology can amplify the speed of idea development, we have been able to increasingly replace labor with automation.

We can send product design anywhere we want. That product design is information. Sending that design is communicating information. Tweaking that design with engineers in another part of the world is collaborating on that information. Today's economic challenges of the Developed Markets are the unintended consequence of information availability. Technology's unleashing of information created and drives our current global economy.

Nef's book tells a similar story. The cultural foundations to industrial civilization Nef describes also came about because of the empowering force of information. What changed the world in the 15th, 16th and 17th centuries, what provided the catalyst to the Industrial Revolution, was no different from today. It was greater access to information. And just like today, that greater access to information was caused by a major disruptive technology.

The Reformation and Industrial Revolution came about because of the printing press. The printing press liberated information previously controlled by the political elite and their economic infrastructure. Martin Luther was not likely the first to call the Roman Catholic Church a repressive institution, but he was the first to widely distribute it in print. The printing press gave Luther the ability to spread his idea significantly beyond just those within earshot. Luther was right place, right time, right message...but only because new technology allowed it so.

Guttenberg invented the printing press in 1440. Prior to the printing press, the Roman Catholic Church had institutionalized Christianity. Spirituality took a back seat to power, politics and economic control. But once information and ideas became much more available, the Church lost its control. The Reformation was not just a spiritual rebirth, it was also an economic and social rebirth.

This disruptive technology of the printing press empowered individuals and communities. It enabled and inspired new ways of thinking, new ideas, and new collaboration. The whole nature of how people viewed mathematics, science, art and social order changed.

Replacing the Dark Ages with the Enlightenment could not have happened without the printing press. This ability to spread information and ideas broadly not only led to the discovery of the Americas and set the stage for the Industrial Revolution, but it also impelled a string of sovereign independence movements that spread throughout the world.

The printing press inspired the second turning, the second time in Western civilization that information and ideas unleashed humanity from the binds of cultural repression creating a new socioeconomic order. And just as the second turning inspired economic and cultural revolution, so did the first.

The first turning was also about the empowering force of ideas and information dissemination. Just as with the Reformation, it was a spiritual awakening that changed the course of history and moved what

Armchair Economic Perspective
The Third Turning
August 2011

would become known as Western civilization into a new socioeconomic era. That first turning, that first tipping point, was the life of Jesus Christ.

In this first turning, Christ provided a new empowering idea, which was that you have a soul, and depending on how you live life, your soul can enter the kingdom of heaven. All of a sudden the lower class slaves and workers could now achieve something of equal stature to that of the upper class rulers and merchants. This obviously caused a tectonic shift in the world at that time and beyond. The era of empowered lower classes began, and it began because of an idea, because of new information.

The Apostles were the Internet and printing press of their time. They carried Christ's idea throughout what was to become Europe. It was such empowering information that little could stand in the way of its dispersion. Eventually the lower-class Christians had overtaken the legacy pagan-led economic and social order. Christ's idea and its diffusion led to the fall of the Roman Empire, changing the face of sovereignty.

Now we are in the midst of the third turning.

First came the idea of having a soul and spiritual messages that surrounded it, information that the Apostles spread far and wide. This changed the world. Then came the printing press, again changing the world as it democratized and spread information more than ever before. The derivatives of that information explosion led to the Industrial Revolution, which remains today's socioeconomic foundation. But now we are at the third turning, the newest information revolution. Now we have every idea, every piece of information instantaneously available to virtually everyone on the planet. Until recently, this was unprecedented in human history.

Can there be any more disruptive force, any more cathartic power, than making information and ideas ubiquitous? What of the ability to instantaneously collaborate globally? And what of the ability to distort information in such a way that affects massive numbers of people? And what of the legacy institutions that arose from the last turning? What happened to the Roman Empire? What happened to the Roman Catholic Church? Will this new unleashing of information threaten the existing socioeconomic order?

This is the third turning. First came Christ and His Apostles. Then came the printing press. And now we have the Internet.

Of course we can't seem to get our arms around this change because it is something humanity has never before experienced. But if this newly empowering disruption to the previous world order plays out as it has before, we can surely expect the face of economy, society and sovereignty to materially change. Our current constantly stressed out economic, social and political environment is an obvious clue to the colossal transformation currently taking place.



Douglas A. Leyendecker
713-862-3030
doug@armchaireco.com