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Collapse, Part 5: Things Fall Apart

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by Charles Hugh Smith

As noted earlier in this series, collapse is not an event, it's a process, a process we experience as things fall apart. The phrase famously appears in William Butler Yeats' 1919 poem, *The Second Coming*:

*Turning and turning in the widening gyre
The falcon cannot hear the falconer;
Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned;
The best lack all conviction, while the worst
Are full of passionate intensity.*

Why do things fall apart? I have addressed a number of dynamics in the first four essays of this series, but there are many more expressed in Yeats' few brief lines.

1. Magical thinking dominates all discussions. The truth, being too fearful to contemplate, is sidelined in favor of *magical thinking*:

— we can grow our way out of debt by expanding debt

— if we simply print enough money, we can pay for everything we want

— a miraculous new technology (insert current example) will provide limitless energy/food at near-zero cost

— if we tweak the system with some minor reforms, all the big problems will go away

— new technology always creates more jobs than it destroys

and so on.

2. Same as it always was: politics was always corrupt, humans have always been greedy, etc.—in other

words, *today's problems are no different from those of the past, which we handled without major difficulty* . The possibility that today's extremes of financialization and political decay might actually be quantitatively and qualitatively different from the past 50 years is dismissed.

3. The political and financial Elites have lost touch with the citizenry. *The falcon cannot hear the falconer*, for the Elites have withdrawn into protected circles of privilege with little contact with *the rest of us*. Since all is well within these circles of wealth and power, all must be well in the system as a whole.

And if it isn't, the solution is to withdraw even deeper into circles of privilege and cast off in a luxury lifeboat, leaving the citizenry to muddle through on the doomed *Titanic*.

4. Things stop working well or stop working, period. The causes are many: inefficiency born of self-interest and historical habit, loss of accountability, [The Ratchet Effect](#), [Bureaucratic Complexity](#), diminishing returns, [unproductive friction](#)—the list is long.

The net result is things don't work well even when stupendous sums are thrown at them. Flush with the tax revenue bounty of a gargantuan bubble in housing and tech start-ups, the city and county of San Francisco now has an annual budget of \$9 billion—a sum greater than the budgets of many states, all to serve a population of about 850,000.

One would be forgiven for assuming all the essential systems of a metropolis would be working smoothly, greased with an astonishing \$9 billion. (It wasn't that long ago—the late 1990s—that San Francisco's budget was a mere \$3 billion.)

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