

The Fourth Turning: Staying Resilient When Cycles Converge into Crisis (Part 1) - Daniel Marcos: Ep #443



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Dr. David Phelps

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Welcome to the Dentist Freedom Blueprint, a podcast about freedom—freedom from expectations of society and the traditional path to success that has been ingrained in us from our early years, I'm joined by mavericks, renegades, and non-conformers to discuss an anti-traditional path to financial freedom, freedom of time, relationships, health, and ultimately freedom of purpose. My name is Dr. David Phelps. Let's get started.

David Phelps: Hi all, it's David here. This week on the podcast, I'm going to let you in on a conversation, a private conversation that I had with one of my mentors recently, that's Mr. Daniel Marcos.

Daniel is the CEO of the Growth Institute. Daniel has a very broad international history. He now today, coaches business owners internationally, U.S. and beyond the borders of the U.S., across the Atlantic and Pacific.

He has a real pulse on the marketplace. He comes from a background of finance, mortgage business, and really sees the big, big picture as opposed to many of us who really only understand somewhat what's happening domestically, but how much we need to understand about globally, what's happening to the world and how he sees it.

We started the conversation with a book that I think is relevant to everybody, and that is *The Fourth Turning* by Howe and Strauss. And we'll get into a little bit about the cycles there, and we'll take this conversation into two separate weeks.

So, this week will be the first conversation, and next week we'll go into what I would call this second half. Enjoy my conversation with Mr. Daniel Marcos.

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So, Daniel, I know that you are a student of Strauss and Howe's book, *The Fourth Turning*, which was published I think back in the late 90s, kind of forecasting, not just forecasting, but going back in history of the U.S. and looking at what they call turnings, periods of time that averaged around 22 years, give or take.

And they look at these four turnings of 22-year periods, and they've taken them back quite a ways, but we'll go back to a certain period of time, but they say, these overall four turnings encompass around 80 to 100 years.

So, these are big cycles, multi-generational cycles. And what they've done is they've taken these periods of time and put some categorizations, characteristics about them.

And then at the same time, they also talk about the archetype of the generations, the people who grew up during those times and how these two aspects come together to create these turnings.

And he's described where we are right now in the cycles and the turnings, and he says we're in the fourth turning. And he describes that as a time of great social and economic political upheaval. Well, we could say we definitely have a lot of that going on right now.

So, weigh into that a little bit. We're going to talk a little bit about how this weighs in for business owners and investors but give a little bit of your insights and how you look at it and add some color.

Daniel Marcos: So, I strongly recommend — there's a video that I'll put the link here and you'll want to share it. There's a 15-minute video that I sent you, David, I'll post again here.

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And he's being interviewed in the podcast, and he said the name is called The Fourth Turning: Why American 'Crisis' May Last until 2030. And I think that's some of the pieces that I'm putting together. So, I'll put the chat here again.

But the theory is, in life, we move in this economical, social cycle that is around 100 years or 90 years, 88 to be precise on that kind of the way they say it. But they say they could move a couple of years where like in a year we go from spring to summer to fall to winter.

And human beings, we live very similar during the four turnings or the four seasons, we of course adapt a little bit. But if you see nature, they adapt way more, like bears, they just completely hibernate for months, they don't eat for four months.

Human beings because of agriculture and manufacturing and everything we've done, we kind of stable our life and live very similar our four seasons. And if it's cold, you put a good jacket and if it's cold, you have air condition and you could live almost the same in the four cycles, let's say all the four seasons of the world.

The world has these four turnings, like where we're in the world, and the four turning, the one they call that we are today is what they share as the winter. And we've heard that tough times make tough men and weak times very weak men.

Same happens and that's in the video they explained that depending on the generations where they were born, that dictates who they are and who they become when they are adult. And usually, whoever dictates the cycle is really the adults.

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And in this case in the world today, most of the money is in the hand of the baby boomers. A lot of your members are baby boomers. They control probably 80% of the wealth in the world or 90% of the wealth in the world.

And today's very concentrated and they're trying to maximize the retirement and they're investing heavily. And that's why we have such cheap capital last years.

But now as we enter what they call the winter, they are expecting that as a society we have to go into winter.

And the winter is where you reinvent yourself and you rest, and you think and make an analysis of where you've been, and you reinvent yourself and kind of put new priorities and new objectives in life, and that's when you start the new year.

And if you put it together with Peter Zeihan, *The End of the World Is Just the Beginning*, with *Pendulum* with Roy Williams and all that, they all say the same thing. And by the way, I really believe Peter Zeihan title is the best, *The End of the World Is Just the Beginning*.

And they said the end of this world is the beginning of the next world. And human beings, we cannot evolve if we don't destroy. We have to destroy and feel a lot of pain before we go to the next one.

And Neil Howe, I saw an interview of — oh no, it was an interview of Roy Williams from *Pendulum*, from Glenn Beck. It's on the internet somewhere, I'll be able to find it and put here. He had an interview with Glenn Beck, and this was when Trump was in office.

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And he has a very similar, this 22-year cycles that we go from, the we to the me. And when you go to the we, it tells you we're going to be talking about witch hunts. And that was one of the biggest terms that Trump was using.

And in that cycle, you are saying, "If you are not with me, you're against me." And that's when you're in the pinnacle or the zenith of the we cycle.

We're exactly the same. So, what I'm seeing is there's all these different theories. People call them different, but they're all converging the same and they should all feel the same.

We are finalizing a theory or a period term after World War II that we were globalizing and in the process of all being friends and kumbaya and globalization and trading and everything.

And now that system, it's breaking, that system expired already, and we're rebuilding a new system. And we're deciding and we're going to reinvent, no one knows how it's going to look, but we will reinvent a new economic, political, social cycle. And that's kind of where we are.

And it's freaking to hear that this guy said that it's going to end up until 2030, because that's when his fourth turning ends. Pendulum with Glenn Beck, he said, "The next president is not going to solve the issues in the U.S."

He said, "I don't know if it's going to be Trump or anyone else, but whoever is the next president is not going to solve it." It's probably going to be the next one, or even the next one alluding to two third.

David Phelps: Yeah, same timeframe.

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Daniel Marcos: And then you get the other guys, the ITR economics, I don't know if you've heard of them.

David Phelps: Yes.

Daniel Marcos: The Beaulieu brothers. They have a decent good YouTube channel, and they've been talking for 20 years that they see a depression of 2029. And they've been very, very firm with their depression projections of 2029.

A lot of people saying, "We're going to have a crisis today," but I think we're going to have a blowdown or a certain recession. I still don't know how it's going to look. I'm pretty confused on how it's going to look because a lot of people are saying the end of the dollar and all that.

I don't think so. I think we're going to have a milder one now and it's probably going to be a much tougher in 2030.

But if you follow what everyone has been saying, they all converge around 2030.

David Phelps: Exactly, and that's interesting that the ITR is projecting 2029 because 100 years previous we were at 1929, well, that was right before the depression. So, these cycles are all converging at the same time.

And yet when a lot of people, business owners and investors look ahead, and we're all this way to some extent, we look very short-term. In other words, how can we just make it to the next quarter, the next 90 days or maybe to the end of this year? Where do I put my money and my capital? How do I deal with labor or the increased costs?

And yet these people are looking at these longer cycles and saying, "Well, we're going to get through some stagnation

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period over the next several years, but then potentially there's a bigger drop towards the end of this decade.

So, I'm going to ask you the question, I'll let you go on here in a second, but let's talk about then how do we, as business owners and investors, how can we potentially — we can't predict the exact change, but how do we stay, I guess, resilient?

How do we stay adaptable? How do we stay relevant in the marketplace with money that we invest, capital invest and with our respective businesses, with this period of time that we're talking about, Daniel? I'll let you go ahead.

Daniel Marcos: So, let me just quickly, this is a video that they explained an update of what they call the 2030 great depression that they're expecting. There's a couple of other videos, this is the ITR channel.

They have a paid description that I'm a member that by the way, I will go into ITR, and I will show you they have a three-year outlook that I'll show their KPIs. I think they're great and this is the one I recommend fourth turning. Very good video. Let me just see, yeah, is this one with Glenn Beck.

David Phelps: Okay, four years ago, yeah, I see it.

Daniel Marcos: Four years ago, and you will see there's a chart where we have the we and the me turning and he has written witch hunts, and that's where he said, the next one, or probably not even the next one's going to fix it.

But here's my perspective, if you're going to buy something and keep it for 20 years, do you mind that it goes down 20%? No. That it stopped cash flowing, I'll be worried and there's going to

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be some pressure. But if you buy it right, 20 years from now, you're going to do great.

If you see the stock market for last 30 years, it goes up. If you double down and see it with a lens, you will see there's all these downturns. But if you go wide up, the project is always like this, and that's where I see cash flow in real estate.

And I'm going to go back and I'm probably a bit biased with real estate in the U.S. I see real estate in the U.S. as a limited asset that a lot of the people in the world are wanting to buy.

You have probably one of the best rule of law. And today there's a lot of questions about the rule of law, but I think it's part of the cycle. But you still have a decent rule of law in the U.S.

Financial stability, like everything in the world, the U.S. continue to have the strongest internal market and more stability.

And by the way, when you are in an expansion of the world, everyone going through globalization, the countries that do the best are the ones that export: China, Germany, things like that.

When you are going to regionalization or nationalization, the countries that do the best have the biggest internal market and the U.S. has the biggest internal market in the world.

And a lot of things that I'm saying is I've read Peter Zeihan, The End of the World Is Just the Beginning, the U.S. has all the water they that we need. They have a lot of calories production, food it's a natural export. Now, you have a lot of energy, so you have a lot of innovation technology.

Peter Zeihan is very, very secure or one sided, that U.S. going to come out much stronger out of this one.

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So, if that happens that I believe that, I believe the U.S. will come out stronger and you have real estate that is a limited asset in the world. And I will tell you, a lot of my family members and investors, clients of mine, they brought their money from Latin America.

Recently, we're seeing a red wave of not communist, but socialism in Latin America that is very, very strong. And a lot of the wealthy families, they send their money to the U.S.

You want to have a mutual friend that brings a lot of money from China to invest in the U.S. and there's a lot of money of China coming into the U.S.

From everything out there is the most safe, the bare rule of law, the more people wanting to move into the country. Like if Japan said, "I want migration," very few people want to migrate to Japan.

The U.S. says, I want migration, loaded and they can choose whoever they want. That's been the political issue that I think hasn't been handled correctly.

But if the U.S. wants and wants to immigrate or bring the best and brightest of the world, if they raise their hand and said, "This is the people that we want," they'll have a waiting list to come in.

So, I believe real estate in the U.S. continues to be one of the safest. Are you going to have cashflow issues in the middle? Are you're going to have — I told you I had a couple of properties in Houston that today they're not cash flowing because the courts in Houston have a year and a half to evict people.

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And we have a lot of tenants that they realize they could stay a year and a half rent free and they're just abusing the system. So, we're going to have that.

Am I worried if I'm going to lose my money? No, whoever is the GP has very deep pockets and he has lent some money to the property.

So, the properties are there, they're paying and kind of there, I don't think we're going to lose them, but am I not going to cashflow for a year or two? Probably. But I'm not that worried because the investor or whoever is the sponsor, it's a pretty strong sponsor. I've done my questions, I've seen the data, I feel comfortable.

So, I think if you're looking into a long-term part of the pressure and the small short-term problems, but overall, that's one of the safe.

And I agree socially and politically, we're seeing a lot of issues in the U.S. I have a lens to many other countries around the world. This is by far the one with the least. And when there's been fights in the U.S., I've seen the population really align and get together.

For example, January 6th for me was a really, really big recent show in the U.S. that very divided politically in a really big change, politically and socially. And the senators and Congressman came back at total warning to approve the elections. For me, that was huge.

I'm not an American citizen, I don't have that much history in the U.S. but for me, seeing that and saying we have to validate the elections no matter what, even if it's still in the warning and they came back and did it, I was blown away.

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I believe that the U.S. population, when things get really bad outside, they realign together and they're able to see on the same side. And that for me is very, very important.

David Phelps: Alright, that concludes our conversation for this week with Daniel Marcos. Next week I'll tee him back up again and we'll continue this conversation and let you in on some of the insights that again, he and I had in a very recent conversation about the market cycle that we're entering right now, both on a short-term but also a long-term basis, and how we're looking at that from a strategic standpoint, both from our businesses and our investment strategies.

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