FIELD NOTES FROM THE TRANSITION: THE RECENT GRADUATE

Four structural choices for the class of 2026

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TL;DR

A 22-year-old graduating in May 2026 enters a labor market shaped by three compounding structural forces: institutional fiscal pressure, demographic inevitability, and accelerating divergence in institutional competence. The standard career advice was calibrated for a prior cycle. This piece maps four structural choices available to this cohort, identifies the mechanisms shaping each one, and offers five questions that cut through the noise. No prescriptions. The decision belongs to the graduate.

The political class that built the current institutional arrangement was not thinking about the class of 2026 when it made the decisions that are now bearing down on it. That is not a complaint. It is a mechanism description.

A 22 or 23-year-old graduating in late May or June of this year enters a job market that feels tighter than the headlines suggest. The Bureau of Labor Statistics reports headline unemployment in a range that sounds manageable. The experience for a new graduate trying to land a first meaningful role in a major metro does not match that number. What the headline masks is a structural compression affecting the entry layer of most credentialed-path careers -- tighter budget cycles at universities and nonprofits, slower hiring in large corporates reacting to tariff-driven uncertainty, and federal agency hiring that has contracted meaningfully in the past 18 months.

The Roman late-Republic analogy that runs through the BvD Atlas series is not decorative here. The political and institutional class created the current pressures. Most graduates, like the Roman plebs in the late Republic, have limited exit options in the near term and will bear the operational cost of the transition whether they track it analytically or not. The structural forces are not waiting for a convenient window.

Three of them are converging now. Institutional fiscal pressure -- state and municipal pension systems consuming rising shares of operating budgets -- is shrinking the credentialed-path job pool in exactly the jurisdictions where most graduates want to live. Demographic inevitability is accelerating the transfer of small-business ownership and skilled-trade labor demand to a cohort that has been structurally underprepared to absorb it. And accelerating divergence in institutional competence is widening the gap between organizations that build and organizations that certify, with the certification-heavy side of that gap showing the strain first.

The March 23, 2026 probability weight baseline puts Clean Transition at 45%, Fracture at 25%, Authoritarian Delay at 15%, and Muddle-Through Bifurcation at 15%. Those weights continue to evolve. [1] The point is not the specific percentages. The point is the uncertainty window. Decisions made between now and roughly 2028 must survive a resolution period that may not close cleanly until 2031 to 2034. The graduates walking across a stage in May are making a first round of consequential structural choices inside that window, whether they frame it that way or not.

This piece maps the realistic paths available and the mechanisms shaping each one. The choice remains yours.

THE FOUR STRUCTURAL CHOICES

Option A: Entry-Level Credentialed Path

The traditional route runs through advanced degrees, corporate tracks, government service, or nonprofit roles, predominantly concentrated in major metros. The credential accumulation model assumes that professional licensure filters, hierarchical accountability structures, and institutional affiliation provide durable career infrastructure.

That assumption held in the prior cycle. The mechanism testing it now is extraction. In jurisdictions where pension obligations are consuming an increasing share of public budgets, the institutional job floor narrows. The roles that remain skew toward positions the institution cannot easily eliminate -- tenured faculty lines, senior civil service grades, specialized licensed professionals with regulatory protection. The entry layer, where most recent graduates compete, is where budget pressure hits first and hardest.

The cultural sorting dimension is real and worth naming symmetrically. Diplomat-heavy environments in major metros increasingly filter for cultural alignment alongside credential verification. This is not a political observation. It is a mechanism description. The filter operates whether or not the organization is conscious of it.

Option B: Builder-Economy Direct Entry

Trades, construction, advanced manufacturing, logistics, and roles connected to the 40-odd priority sectors identified in the 2026 National Defense Strategy (NDS) -- defense industrial base, energy, critical minerals, semiconductors, reindustrialization supply chains -- operate on a different hiring logic. [2] The mechanism here is creation over credentialing, decentralized execution, and faster skin-in-the-game accountability.

Construction employment has shown relative resilience even as broad manufacturing has contracted structurally. The priority sector pipeline is not a speculation about future demand. It reflects current federal capital commitment, documented in the Department of War (DoW) and DoE funding streams that are driving facility construction and equipment procurement in specific geographic concentrations right now. A graduate with a clear-eyed view of where production demand is actually going has a narrower but more durable target set than the broad corporate hiring market offers.

The wage-floor multiplier in priority-sector trades and technical roles has been rising while the wage-floor multiplier in low-level credentialed service roles has been stagnant or contracting. That divergence will continue as long as the reindustrialization capital cycle runs.

Option C: Small Business Acquisition or Apprenticeship

Approximately 10,000 Baby Boomers are reaching retirement age every day through the peak window of 2028 to 2030. [3] A significant share of them own businesses -- pizza parlors, trades companies, machine shops, HVAC operations, service firms with recurring revenue and a customer base built over decades. Most of those businesses will not find buyers through institutional channels. Many will close or be absorbed by consolidators at below-market valuations.

The mechanism for a graduate with patience and appetite for direct ownership is seller financing or sweat equity into a business that already has cash flow, an established customer relationship, and physical assets. The Boomer transition is not a new observation -- it has been visible in the demographic data for years. What is new is the compression: the window is opening now and will narrow within a decade.

Direct ownership provides immediate skin-in-the-game and often greater immunity to distant extraction dynamics. A plumbing company in a secondary market does not depend on Chicago's pension math resolving cleanly.

A graduate carrying significant student debt enters this path with a narrower margin for error on the capital side. Seller financing typically requires demonstrated operator credibility or a meaningful down payment -- neither of which a 22-year-old holds automatically. The window is real. The on-ramp has friction.

Option D: Hybrid Creative Micro-Business Path

A growing number of graduates are treating filmmaking or game development as a direct builder route. High-quality video can now be captured and edited primarily on a smartphone with off-the-shelf software. Solo or small-team game projects can be built in Unreal Engine without a traditional computer science degree. These paths combine elements of builder-economy entry -- rapid iteration, skin-in-the-game through public releases -- and small business ownership. You are monetizing your own intellectual property or services from day one.

This path is not for the faint of heart. Roughly 2% of actors earn a full-time living solely from acting -- the remainder supplement with other income or exit the field entirely. [4] Content creators, game designers, animators, and independent filmmakers face a similar pattern: the tools have democratized access to production, but they have not changed the underlying math of audience capture and monetization. Most practitioners in this path will need to pivot at some point. That is not a disqualifying condition. The skills accumulated along the way -- rapid iteration, direct market feedback, self-directed production discipline -- compound into adjacent roles that the credential economy cannot easily replicate. Where they land depends heavily on what was built during the attempt, not simply that the attempt was made. The question is whether you are building transferable capacity or optimizing for an outcome that may not materialize.

The Tier 1 gravitational field still exerts strong pull, however. Many graduates default to expensive creative hubs -- Los Angeles or New York -- because those cities concentrate networks, festivals, publishers, and visibility. This pull often leads to optimizing for proximity and social signaling rather than output velocity and cost structure. The tools have democratized production. They have not eliminated the sorting mechanisms -- credentialed pipelines that filter for cultural alignment in major metros, or the discoverability and income volatility that come with uncredentialed, market-driven work.

In practice, this hybrid path tests whether you prioritize decentralized execution and skin-in-the-game or the older institutional gravity of the credentialed creative class. Both are coherent choices. They compound differently over a decade.

WHERE YOU LOCATE MATTERS

Naval Ravikant has observed that three decisions shape most of a life trajectory: what you do, who you are with, and where you live. [5] Many graduates feel the strong gravitational pull of Tier 1 cities -- New York, Los Angeles, Chicago, San Francisco -- where networks, visibility, and credentialed opportunities appear most concentrated. That pull is real. It is not without risk. The same major metros that concentrate credentialed-path jobs often sit in jurisdictions facing the sharpest institutional fiscal pressure. The places that seem to offer the fastest on-ramp to traditional careers are frequently the same places where pension-driven extraction is narrowing the long-term wage floor and increasing tax exposure.

SelectGlobal's industrial location framework distinguishes four practical tiers, each competing on a different axis. Understanding which tier you are entering -- and why -- is a decision with compounding consequences.

Tier 1 cities are high-visibility, high-extraction environments. Major metros and their gravitational fields -- Chicago, New York, Los Angeles -- offer dense networks and traditional credentialed entry points. The tradeoff is real: higher costs of living, intensifying cultural filtering, and growing pension-driven extraction on the tax base. The network is genuine. So is the long-term fiscal exposure.

Tier 2 locations are builder-friendly growth engines. Mid-sized hubs with strong tailwinds in priority sectors -- Phoenix, AZ, riding a semiconductor and data center construction boom, or the Salt Lake City corridor with its advanced manufacturing base and pro-growth regulatory environment -- offer a materially different calculus. Lower extraction risk, abundant trades and technical demand, and faster permitting velocity combine to create conditions where a graduate entering a priority-sector role compounds differently than the same graduate would in a Tier 1 jurisdiction.

Tier 3 locations are anchored specialized hubs: cities with institutional depth in defense, aerospace, or advanced manufacturing that are not large enough to carry Tier 1 extraction risk. Huntsville, AL -- anchored by Redstone Arsenal -- is the clearest current example, offering genuine cluster strength in priority sectors alongside the kind of nimble local execution that large metros cannot replicate.

Tier 4 is a different product entirely. Locations like TexAmericas Center in Texarkana, TX, or Cedar City, UT, do not compete on the same axes as Tier 1 through Tier 3. They compete on depot adjacency, defense-familiar workforce culture, and brownfield infrastructure at a cost basis unavailable anywhere else. These are not disadvantaged versions of Tier 1. They are a distinct offering for a specific operator -- one who prioritizes speed-to-production and defense-adjacent supply chains over urban amenities and who understands that the cost structure itself is the competitive advantage.

A lighter hybrid of Tier 3 or Tier 4 character can also be found in suburbs of Tier 1 cities -- lower housing costs, some builder adjacency, and occasional access to the Tier 1 network, though the parent jurisdiction's long-term fiscal trajectory still applies.

The mechanism that ties all four tiers together is compounding. Where you locate interacts with what you do to generate trajectories that diverge sharply over a decade. A heavily credentialed path in a high-extraction Tier 1 jurisdiction carries different long-term math than entering trades, acquiring a small contracting business, or pursuing a hybrid creative path in a Tier 2, Tier 3, or Tier 4 location with domestic energy access, growing priority-sector demand, and more fiscal headroom. The choice of jurisdiction is not a lifestyle decision layered on top of the career decision. It is part of the same decision.

THE ILLINOIS MECHANISM -- UP CLOSE

Illinois illustrates the tier framework in its most advanced form. It is not an outlier. It is a leading indicator.

The state faces over $200 billion in total unfunded pension liabilities across its public pension systems, which number roughly 677 plans in total. Recent analyses place the broader state-plus-local figure at approximately $201 billion as of FY2024 data per the Reason Foundation, with the five major state-administered systems alone at roughly $143.5 to $144 billion (market value) as of June 30, 2025 per the Commission on Government Forecasting and Accountability (CGFA). [6] This produces one of the highest per-capita pension burdens in the nation, on the order of $15,800 to $16,000 per resident based on an Illinois population of approximately 12.72 million as of July 2025. The Illinois Constitution's Article XIII, Section 5 pension protection clause continues to constrain reform options available in other states. [7]

The extraction mechanism is not hypothetical. It is the current operating condition.

The population response is visible in the data. Illinois has experienced sustained net out-migration, with IRS statistics showing disproportionate departure among higher-earning households -- including tens of thousands of filers above $200,000 in recent annual snapshots. [8] Large anchor institutions with sunk costs continue incremental investment. The missing middle -- the small and mid-sized manufacturers, professional service firms, and entrepreneurial operators who sustain broad wage floors -- has accelerated its exit.

For a graduate choosing a first city and a first career track: a heavily credentialed or public-adjacent path in a high-extraction jurisdiction increases long-term exposure to rising taxes and a narrowing wage floor. That is a mechanism, not a recommendation. Jurisdictions that are actively supporting builder activity and priority-sector investment show different trajectories.

THE BARISTA PROLETARIAT WARNING

Matthew Continetti's term names a real mechanism. [9] A cohort that spent six figures and a decade accumulating credentials cannot easily conclude that the credentialing system itself is the source of their displacement -- because that conclusion requires invalidating the primary investment of their early adult lives. The Barista Proletariat is not a failure of intelligence. It is a predictable output of a credential economy that oversold its own utility.

The national picture shows a meaningful share of recent graduates spending two to five years in low-multiplier service roles -- roles that do not build skills, capital, or reputation that compounds. In fiscally stressed jurisdictions, credential inflation combined with pension-driven extraction squeezes the productive middle further, narrowing the ramp from entry-level service work to a career with durable economic traction.

Time is the non-renewable input here. The sharper question is not whether you can survive a few years in a low-multiplier role. Most people can. The question is what you are accumulating during that window and whether it compounds toward something that matters to you.

Enter the Sovereign Graduate

The counterpart to the Barista Proletariat is not a demographic mirror. It is a structural one. The Sovereign Graduate -- a term with lineage in Davidson and Rees-Mogg's 1997 framework for how transitions redistribute productive capacity -- is the graduate who read the same fork in the road, saw the same two paths, and chose exit from institutional dependency over enrollment in it. [10] Not by accident. Not by failure to qualify for the credentialed path. By a deliberate reading of the terrain at a moment when the cost of that choice was real and the reward was not yet legible.

They do not share an industry, a politics, or a zip code. They share a decision architecture: they priced the credential system accurately, found it overvalued, and allocated their early adult capital elsewhere. Making that call at 22, inside a peer environment still running the prior script -- parents, advisors, and classmates all pointing the same direction -- is harder than the framework makes it sound. That difficulty is part of what makes it a genuine divergence rather than an obvious one. The Barista Proletariat and the Sovereign Graduate are the two graduate-cohort faces of the same Fourth Turning transition. One is waiting for the institutional system to honor a promise it can no longer afford to keep. The other stopped waiting before the wait began.

THE CULTURAL DIMENSION

Both sorting mechanisms deserve symmetric treatment.

Diplomat-side sorting operates through university cultures, professional licensure requirements, corporate HR frameworks, and ideological filters that concentrate in major metro employment markets. This is not a conspiracy. It is the natural output of institutions that have been selecting for cultural alignment for decades. A graduate who wants to navigate these environments can do so deliberately. It requires understanding the filter, not resenting it.

Builder-side sorting operates through regional norms around work culture, direct accountability, community participation, and public behavior in jurisdictions outside the major coastal metros. These norms are real operating constraints. A graduate who moves to a secondary market to enter a trades business or acquire a small company will encounter a distinct set of cultural expectations. Neither filter is inherently superior. Both are mechanisms shaping what a decade of work actually produces.

Most graduates want to build careers and raise families rather than become political actors. Navigating divided environments with deliberate neutrality while protecting your own output and option value is a coherent operating posture inside any of the four paths.

THE FOUR EMOTIONAL COSTS -- A BRIEF PREVIEW

Any serious career decision at this life stage involves four costs that do not appear in the financial model: the cost of leaving (geographic, relational, identity), the cost of staying (fiscal exposure, opportunity cost, institutional calcification), the cost of self-censorship (the ongoing tax of navigating cultural filters in either direction), and the cost of choosing (the options foreclosed by any commitment).

At 22 to 25 you hold high option value. The window for low-cost geographic and career arbitrage narrows each year. That is not an argument for recklessness. It is an argument for making the decision with clear eyes rather than deferring it until the cost of movement has risen.

PRIORITY SECTORS AND THE FORTRESS NORTH AMERICA SIGNAL

The structural demand signal in the 40-odd priority sectors -- defense industrial base, energy, advanced manufacturing, critical minerals, semiconductors, shipbuilding, and adjacent supply chains -- is not a market forecast. It is a documented capital commitment visible in current federal funding streams, facility construction announcements, and DoW procurement pipelines. [11]

The mechanism is compounding: sector choice combined with jurisdiction choice generates different trajectories than credential pursuit in declining fiscal environments. A graduate who enters a priority sector in a jurisdiction with a functional cost structure and active capital formation is not just taking a job. They are positioning at a structural inflection point that may not recur in their working lifetime.

FIVE QUESTIONS WORTH ANSWERING HONESTLY

1. Where does the wage-floor multiplier in your target career actually trend over the next decade, and what structural forces are driving that trend?

2. What is the extraction environment of the jurisdiction where you plan to work, and what is the realistic trajectory of that environment through 2031?

3. Are you accumulating credentials or demonstrable creation -- and which of those compounds faster in the environment you are actually entering?

4. How much of your geographic and institutional preference is output from your own reasoning, and how much is social signaling inherited from the environment that produced you?

5. If the Clean Transition scenario does not materialize and Authoritarian Delay or Fracture runs for five to seven years instead, which of your current choices survives intact?

The BvD Atlas does not prescribe outcomes for individuals. It describes structural mechanisms operating at scale. You are not powerless inside those mechanisms. You are a decision-maker operating with better information than most people in your cohort have access to if you use it.

> ***The structures are real. The decision is yours. Prepare accordingly.***

NOTE ON PROBABILITY WEIGHTS

Probability weights (Clean Transition 45%, Fracture 25%, Authoritarian Delay 15%, Muddle-Through Bifurcation 15%) reflect the March 23, 2026 baseline, locked through the April 15 review. Weights continue to evolve with tripwire conditions. The specific percentages are a planning baseline, not a fixed forecast. Strong convictions, loosely held.

Michael T. Edgar

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ENDNOTES

[1] Builders vs. Diplomats: Probability Weight Update, March 23, 2026. Scenario labels: Clean Transition (45%), Fracture (25%), Authoritarian Delay (15%), Muddle-Through Bifurcation (15%). Weights are point estimates totaling 100%, locked until April 15, 2026 review.

[2] U.S. Department of Defense. '2026 National Defense Strategy.' Released 2026. Priority sector designations include defense industrial base, energy, critical minerals, semiconductors, shipbuilding, and advanced manufacturing supply chains.

[3] U.S. Census Bureau. Baby Boomer retirement projection baseline. Approximately 10,000 Boomers reach retirement age daily through peak window 2028-2030. Cross-reference: Builders vs. Diplomats: Part 4 -- The Demographic Arithmetic, SelectGlobal LLC, forthcoming May 2026.

[4] Acting Magazine, December 2024, citing industry surveys and SAG-AFTRA earnings data. The 2% figure reflects actors earning a sustainable full-time income solely from acting roles, excluding supplemental employment.

[5] Jorgenson, Eric (compiler). The Almanack of Naval Ravikant: A Guide to Wealth and Happiness. Magrathea Publishing, 2020. Foreword by Tim Ferriss. The three-decisions framework -- what you do, who you are with, and where you live -- is drawn from Ravikant's compiled writing and interviews assembled in this volume.

[6] Reason Foundation, 2025 Pension Solvency and Performance Report (FY2024 data). Illinois Commission on Government Forecasting and Accountability (CGFA), Special Pension Briefing, FY2025 (five major state-administered systems). Figures reflect market-value methodology.

[7] Illinois Constitution, Article XIII, Section 5 (1970). In re Pension Reform Litigation, Illinois Supreme Court, May 2015. Held that the pension protection clause shields all future benefit accruals from reduction, foreclosing reform mechanisms available in Rhode Island, Arizona, and Colorado.

[8] U.S. Census Bureau state population estimates and IRS Statistics of Income migration data, 2020-2025 period. Departing filer population carries disproportionate tax revenue per filer relative to the Illinois average.

[9] Continetti, Matthew. 'The Barista Proletariat.' Wall Street Journal, 2024. See also: SelectGlobal LLC. 'The Barista Proletariat and the Builders vs. Diplomats Divide.' November 2025.

[10] Davidson, James Dale and Rees-Mogg, William. The Sovereign Individual: Mastering the Transition to the Information Age. Simon and Schuster, 1997. The source framework for the cognitive-capital transition argument and the structural logic of sovereign positioning during institutional disruption periods.

[11] U.S. Department of Defense. '2026 National Defense Strategy.' DoW and DoE funding streams documented in current facility construction announcements and procurement pipelines. Cross-reference: Builders vs. Diplomats: Part 5 -- The Geographic Clustering Analysis, SelectGlobal LLC, forthcoming.

BUILDERS VS. DIPLOMATS | SIDE-CAR

BUILDERS VS. DIPLOMATS: THE BARISTA PROLETARIAT

The credentialed cohort that followed the script and found it unfunded

Date: November 21, 2025 | SelectGlobal LLC | www.selectglobal.net

TL;DR

Written November 21, 2025, this Side-Car named the Barista Proletariat as a decisive urban electoral force before the 2025 mayoral results confirmed it. The New York City and Seattle victories described here were analytical predictions at the time of writing; both were subsequently proven correct. It is the companion to the six-part Builders vs. Diplomats Atlas series, now complete at selectglobal.net -- the demographic counterpart to the Sovereign Graduate Side-Car, mapping the credentialed cohort that followed the institutional script and found it unfunded.

A generation of credentialed, underemployed workers is now a decisive urban electoral force. Diplomat-educated, builder-victimized, and done waiting. They did not want better seats at the existing table. They ran against the table. Understanding why moderates lost and socialists won is not partisan interpretation. It is a mechanism description. The Builders vs. Diplomats framework runs through all six parts of the Atlas series at selectglobal.net.

THE BARISTA PROLETARIAT DEFINED

Wall Street Journal columnist Matthew Continetti coined the evocative phrase 'barista proletariat' to describe a demographic cohort reshaping American politics: young, college-educated workers who are overeducated, underemployed, and economically frustrated. These are the thirty-somethings with bachelor's or master's degrees working service jobs, buried under six-figure student loan debt, priced out of homeownership, and increasingly receptive to democratic socialist politics that promise structural economic transformation rather than incremental reform.

The term captures a cruel irony of contemporary America. The 1980s saw the credential premium explode, creating massive income inequality between those with college degrees and those without. Policy responded predictably: subsidize college access, expand enrollment, and democratize access to higher education. The result? A generation pursuing 'useless degrees' (Continetti's framing, not necessarily reality) that credential them for professional-class aspirations while the actual economy offers them barista wages.

This cohort's defining characteristic is not poverty in absolute terms; many earn decent incomes and come from comfortable backgrounds. Rather, it is the disconnect between their educational credentials, cultural capital, and economic expectations versus their actual earning power and wealth accumulation prospects. They are not the working class; they are the credentialed class without the economic outcomes that credentials once promised.

2025 ELECTORAL EVIDENCE: THE BARISTA PROLETARIAT TAKES POWER

Recent mayoral elections in America's two bluest major cities provide dramatic evidence of this cohort's political ascendance. In both New York City and Seattle, democratic socialist candidates decisively defeated moderate Democratic incumbents by mobilizing exactly this constituency.

New York City, 2025: Zohran Mamdani, a 34-year-old democratic socialist state assemblyman, defeated centrist former Governor Andrew Cuomo in the Democratic primary before winning the general election with over 50 percent of the vote, the highest turnout for a NYC mayoral race in decades. Mamdani ran explicitly on affordable housing, universal childcare, and progressive taxation. His victory came just four years after moderate Eric Adams won in 2021 on a law-and-order platform during post-pandemic anxiety about crime and disorder.

Seattle, 2025: Katie Wilson, a 43-year-old democratic socialist and founder of the Transit Riders Union, trounced incumbent moderate Mayor Bruce Harrell by nearly 10 percentage points in the primary and won decisively in the general election. Wilson, who has never held elected office and did not even graduate from Oxford University where she studied, defeated a well-funded incumbent backed by the region's business and real estate establishment. Like Mamdani, she ran on housing affordability, public transit expansion, and economic justice.

Both victories share critical characteristics: high youth turnout, overwhelming support from college-educated voters under 40, explicit rejection of moderate incrementalism, and platforms centered on economic transformation rather than managerial competence.

THE BUILDERS VS. DIPLOMATS FRAMEWORK

To understand the barista proletariat's political significance, we must situate them within the broader Builders vs. Diplomats framework, a conceptual model describing America's fundamental economic and cultural divide during this Fourth Turning crisis period.

Builders represent the productive economy: entrepreneurs, manufacturers, engineers, tradespeople, and investors who create tangible value. They favor low taxes, minimal regulation, rapid permitting, and geographic mobility. Builders thrive in states like Texas, Arizona, Tennessee, and Florida, jurisdictions that prioritize economic growth over institutional preservation. They embody what Balaji Srinivasan calls 'network state' thinking: allegiance to productive networks rather than legacy jurisdictions.

Diplomats represent the credentialed institutional class: government bureaucrats, higher education administrators, legacy media, established NGOs, and regulatory professionals. They favor process over results, credentialism over competence, and institutional stability over disruptive innovation. Diplomats dominate states like Illinois, California, and New York, jurisdictions burdened by pension obligations, regulatory complexity, and fiscal constraints from past promises.

The Fourth Turning framework (drawing from Strauss and Howe's generational theory) suggests we are in a crisis period (roughly 2008 to 2032) where institutional arrangements from the previous era break down and new ones emerge. The central question: will the emerging order favor builders (productive decentralization, economic growth, individual agency) or diplomats (institutional control, redistribution, managed decline)?

WHERE DOES THE BARISTA PROLETARIAT FIT?

Here is the paradox: the barista proletariat is culturally diplomat-aligned but economically builder-victimized.

They received diplomat-class education (expensive credentials from established institutions). They absorbed diplomat-class values (institutional trust, process orientation, credentialism). They expected diplomat-class careers (professional roles in established organizations). But the economy, increasingly dominated by builder disruption, does not need millions of credentialed generalists. It needs coders, electricians, welders, entrepreneurs, and logistics managers.

The result is a cohort with diplomat sensibilities but proletarian economic circumstances. They cannot afford homes in the cities where they hold degrees. They cannot start families on service-sector wages. They cannot accumulate wealth when student loan payments consume discretionary income. And they are watching plumbers, welders, and HVAC technicians, the 'builders' without college degrees, achieve middle-class stability that credentialed baristas cannot.

This creates explosive political conditions. Unlike traditional working-class movements that sought inclusion in existing systems, the barista proletariat seeks to restructure those systems. They do not want better jobs within capitalism; they want democratic socialism. They do not want housing affordability through market mechanisms; they want rent control and social housing. They do not want career advancement through credentials; they want wealth redistribution.

WHY MODERATES LOST AND SOCIALISTS WON

The conventional wisdom after Adams and Harrell's 2021 victories held that moderate Democrats represented the party's future, pragmatic managers who could deliver results on crime, homelessness, and economic recovery without alienating business interests or institutional partners. This analysis fundamentally misread the demographic trajectory.

By 2025, several forces converged to empower the barista proletariat:

- **Demographic Math.** Millennials and Gen Z vastly outnumber retiring Boomers in urban electorates. As older, institutionally-aligned voters age out, younger voters who experienced formative political moments during the 2008 financial crisis and COVID-19's economic devastation replace them.
- **Trump's Return.** The second Trump administration's aggressive posture toward blue cities (threatened federal funding cuts, immigration enforcement) reawakened progressive voters who had grown complacent during Biden's presidency. Wilson explicitly ran on 'Trump-proofing' Seattle.
- **Housing Crisis Acceleration.** Between 2021 and 2025, housing costs in major cities continued outpacing wage growth, making homeownership increasingly impossible for credentialed professionals in their 30s. This is not abstract policy; it is existential economics.
- **Failure of Moderate Solutions.** Adams and Harrell delivered on their 2021 promises: crime decreased, visible homelessness declined, business investment continued. But none of this made housing affordable, childcare accessible, or economic security achievable for the barista proletariat. Managerial competence does not solve structural problems.

THE BUILDERS VS. DIPLOMATS ENDGAME

The barista proletariat's political ascendance represents a critical inflection point in the Builders vs. Diplomats contest. If socialist Democrats consolidate power in major cities and implement their agenda (progressive taxation, rent control, universal programs, capital restrictions), they create a self-reinforcing cycle: builders exit for permissive jurisdictions, tax bases erode, diplomatic policies intensify, and cities spiral into managed decline.

Alternatively, these experiments could fail spectacularly, unworkable economics, capital flight, service deterioration, vindicating builder critiques and triggering voter backlash that empowers reform-minded leaders to dismantle diplomatic structures.

The 2028 presidential election will likely determine which trajectory prevails. If the barista proletariat can translate urban victories into national influence, democratic socialism enters America's mainstream political discourse. If they cannot, their victories may prove historically interesting but ultimately confined to deep-blue urban strongholds while builders continue reshaping the American economy from growth-state bases.

What is certain: the barista proletariat is not going anywhere. There are simply too many overeducated, underemployed, economically frustrated young voters for establishment moderates to ignore. The Democratic Party's future belongs either to those who can channel this energy into workable governance or to those willing to ride it toward systemic transformation, regardless of economic consequences.

The builders, meanwhile, are not waiting to find out. They are building new cities, new companies, and new political coalitions in jurisdictions that welcome productive enterprise.

> ***The question is not whether the barista proletariat matters. Clearly they do. The question is whether their political victories accelerate America's Fourth Turning resolution or simply mark another chapter in institutional decay before the inevitable restructuring.***

ABOUT THE AUTHOR

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BUILDERS VS. DIPLOMATS | SIDE-CAR

BUILDERS VS. DIPLOMATS: THE SOVEREIGN GRADUATE

The structural counterpart to the Barista Proletariat: the graduate who priced the credential system and allocated elsewhere

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The Builders vs. Diplomats Divide Has Two Faces. This Is the Other One.

TL;DR

Written as the companion to 'Enter the Barista Proletariat,' this Side-Car names the structural counterpart: the Sovereign Graduate. Not a demographic type. A decision architecture. The Sovereign Graduate priced the credential system at 22, found it overvalued relative to available alternatives, and allocated early adult capital elsewhere - deliberately, under social pressure, before the payoff was visible. It is the counterpart Side-Car to the Barista Proletariat, and together they complete the six-part Builders vs. Diplomats Atlas series, now live at selectglobal.net.

The Builders vs. Diplomats framework has two graduate-cohort faces. One is waiting for the institutional system to honor a promise it can no longer afford to keep. The other made a different allocation decision before the wait began. Understanding how the two cohorts diverge - and where each enters the First Turning - is not a story about winners and losers. It is a mechanism description.

WHO THEY ARE

The Sovereign Graduate is not a dropout. The framing matters. A dropout exits because the path became too hard or the cost became unsustainable. The Sovereign Graduate assessed the path, concluded it was the wrong one given the terrain, and took an available alternative while the credential path was still open. That sequence, deliberate exit from a viable option rather than expulsion from a failing one, is what distinguishes the type.

They show up in recognizable forms. The 22-year-old who passed on a master's program to acquire a small HVAC business with an SBA loan and a seller note. The engineering graduate who took a Department of War (DoW) subcontractor role in a secondary market instead of the consulting track in a major metro, because the equity upside in the subcontractor path was visible and the consulting track led to billable hours. The software engineer who skipped graduate school to join a defense-adjacent manufacturer in a Tier 2 city, betting that proximity to the production floor compounded differently than proximity to a university career center. The tradesperson who completed an apprenticeship, then franchised a service operation at 26. The Thiel Fellow who turned down admission to build a company on a fellowship stipend at 19.

The forms are not the same. The decision architecture underneath them is. [1]

THE DECISION ARCHITECTURE

The counterpart to the Barista Proletariat is not a demographic mirror. It is a structural one. The Sovereign Graduate, a term with lineage in Davidson and Rees-Mogg's 1997 framework for how transitions redistribute productive capacity, is the graduate who read the same fork in the road, saw the same two paths, and chose exit from institutional dependency over enrollment in it. [2] Not by accident. Not by failure to qualify for the credentialed path. By a deliberate reading of the terrain at a moment when the cost of that choice was real and the reward was not yet legible.

They do not share an industry, a politics, or a zip code. They share a decision architecture: they priced the credential system accurately, found it overvalued, and allocated their early adult capital elsewhere. Making that call at 22, inside a peer environment still running the prior script, parents, advisors, and classmates all pointing the same direction, is harder than the framework makes it sound. That difficulty is part of what makes it a genuine divergence rather than an obvious one. The Barista Proletariat and the Sovereign Graduate are the two graduate-cohort faces of the same Fourth Turning transition. One is waiting for the institutional system to honor a promise it can no longer afford to keep. The other stopped waiting before the wait began.

WHAT THE FOURTH TURNING DOES FOR THEM

Crisis periods redistribute productive capacity toward whoever is already building functional alternatives. That is a recurring historical pattern, not a law. [3] The American Revolution did not reward the colonists who waited for the Crown to reform itself. The Gilded Age did not reward the credentialed class that administered the pre-industrial order. The Digital Revolution did not reward the gatekeepers who managed access to distribution. Each transition created a window. The people who had already built working alternatives found those alternatives suddenly legible, suddenly valued, by a population that had just watched the prior system fail visibly.

The current transition is running a similar mechanism. The Sovereign Graduate who spent the 2015 to 2025 window building a service operation, a technical capability, a regional supply chain position, or a DoW subcontractor relationship enters the 2025 to 2035 period with an accumulated asset base and no institutional debt. The Barista Proletariat enters the same period with credential debt, wage stagnation, and a political program that requires the institutional system to self-reform on their behalf.

This is not a moral argument. The Sovereign Graduate is not more virtuous. The Barista Proletariat is not less intelligent. The credential system told both cohorts the same story. One believed it. One did not. Each enters the resolution period carrying a different set of accumulated assets and liabilities. That is a mechanism, not a judgment. [4]

WHERE BOTH COHORTS END UP

The First Turning rewards the productive infrastructure that crisis-era builders constructed under pressure. Sovereign Graduates running subcontractor operations, service businesses, regional manufacturing positions, and defense-adjacent supply chain roles are part of the substrate the next institutional order will organize around. Whether that positioning compounds into durable economic standing depends on execution, market conditions, and the policy environment that emerges from the crisis resolution. The structural position is favorable. It is not a guarantee.

The Barista Proletariat has a path as well. It runs through the political system they are already activating. If the Mamdani and Wilson administrations produce workable governance, if the mechanisms they are deploying expand housing supply rather than contracting it, if progressive taxation retains the tax base rather than accelerating its exit, then the political bet pays. The historical base rate on that specific combination of policies is contested, and the mechanisms are not yet resolved.

What is not contested: the fork already happened. The Sovereign Graduate made the call years ago and is compounding on it now. The Barista Proletariat made a different call and is organizing politically around the consequences. Both are rational responses to the same structural environment. Both will be present in the First Turning. What they build there, and who builds what, is the open question the Fourth Turning is in the process of answering.

ENDNOTES

[1] Continetti, Matthew. 'The Barista Proletariat.' Wall Street Journal, 2024. See also: SelectGlobal LLC. 'Enter the Barista Proletariat: The Builders vs. Diplomats Divide and America's Emerging Political Realignment.' November 2025, www.selectglobal.net/select-global-llc-blog/builders-vs-diplomats-side-car-barista-proletariat. The decision architecture described here is developed further in SelectGlobal LLC, 'Field Notes from the Transition: The Recent Graduate.' May 2026, www.selectglobal.net.

[2] Davidson, James Dale and Rees-Mogg, William. The Sovereign Individual: Mastering the Transition to the Information Age. Simon and Schuster, 1997. The source framework for the cognitive-capital transition argument and the structural logic of sovereign positioning during institutional disruption periods. The term 'Sovereign Graduate' as used here derives the framing from this lineage while applying it specifically to the graduate-cohort decision architecture at the Fourth Turning inflection point.

[3] Strauss, William and Howe, Neil. The Fourth Turning: An American Prophecy. Broadway Books, 1997. The historical pattern of productive capacity redistribution during crisis periods is documented across four prior Anglo-American turnings. The framework is one interpretive lens among several generational and cyclical theories; it is cited here for its pattern-recognition utility, not as a deterministic prediction of outcomes.

[4] Howe, Neil. Interview with Adam Taggart, Thoughtful Money, January 6, 2026. On First Turning dynamics: the period following crisis resolution is characterized by renewed civic investment and institutional confidence built around the productive infrastructure the crisis generation constructed under pressure.

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FIELD NOTES FROM THE TRANSITION: THE SMALL BUSINESS OWNER

FOUR STRUCTURAL PATHS FOR THE EXISTING OWNER

By Michael T. Edgar | SelectGlobal LLC

TL;DR

A small business owner with five to fifty employees enters mid-2026 with four structural paths available: open a second office, convert to a lifestyle business, retool and hold, or sell. All four require AI and automation as a baseline. Manufacturers face the Alien Dreadnought trajectory. Service businesses face the compute-access bottleneck. This piece maps the four paths, names their counterfactual cases, offers five questions for the owner to answer honestly, and includes a primer on international partnership structure. No prescription. The decision belongs to the owner.

INTRODUCTION

The peer who built the firm next door is trying to sell and cannot find a buyer. The municipal property tax bill that arrived last quarter is up eleven percent. The accountant has begun describing AI tools the firm should have adopted two years ago. The owner is not in crisis. The owner is in the position the structural forces produce when a decade of compounded pressure finally meets a decade of accumulated equity in a productive enterprise.

The political class that built the current operating environment for small business was not thinking about the 2026 owner when it made the decisions now bearing down on the firm. That is not a complaint. It is a mechanism description. Pension obligations compound at constitutionally locked rates regardless of who controls a statehouse. Energy cost ratios between the United States and chokepoint-dependent economies are reshaping every landed-cost spreadsheet the customer maintains. A generation that did not build the current institutions is becoming an electoral supermajority and is starting to vote accordingly. The small business owner sits in the Productive Middle that the Builders vs. Diplomats framework identifies as the cohort squeezed from both ends. [1]

This piece maps four structural paths the existing owner can take with the asset they already hold: open a second office, convert to a lifestyle business, retool and hold, or sell. The paths are not equally available to all owners. Each one has counterfactual cases where the path is foreclosed by the structure of the firm itself. The question for the reader is not which path is best in the abstract. The question is which path fits the firm the reader actually has.

FOUR PATHS

Path 1: Open a Second Office

Geographic optionality is the first path. The four-variable framework that runs through this analytical series (energy cost, fiscal posture, regulatory neutrality, demographic trajectory) is the screen the owner runs against any candidate jurisdiction. [2] The sophisticated operator rarely makes a pure relocation. The sophisticated operator hedges.

AbbVie's dual announcement in 2026 is the textbook case at corporate scale. In February 2026, AbbVie committed $380 million to two new active pharmaceutical ingredient (API) manufacturing facilities at its existing North Chicago campus, with 300 jobs and EDGE tax credit support from the state of Illinois. [3] Two months later, on April 22, 2026, the same company announced a $1.4 billion, 185-acre manufacturing campus in Durham, North Carolina, to serve as its U.S. center of excellence for small volume parenteral (SVP) drug product manufacturing, with 734 permanent positions over four years and more than 2,000 construction jobs during buildout. [4] The press release announcing the Durham campus was issued from North Chicago, Illinois. The capital decision was made elsewhere.

This is not sunk cost overriding relocation. This is the second-office strategy executed at sophisticated scale. AbbVie kept the existing footprint operating, captured the available state incentive, and routed the strategic capital decision to the jurisdiction where the four variables aligned. The smaller firm runs the same playbook at smaller dollars. Keep the cash-flowing operation in place. Capture whatever incentive is on the table. Build the growth base where the four variables align. Let the capital allocation tell the truth that the press release does not.

Counterfactual. If your firm has fewer than twenty employees and no second-tier management capable of running a satellite operation, the second-office hedge is not yet available to you. The sequence is to build that management depth first, then open the second base. Reverse the order and both bases suffer.

Path 2: Convert to a Lifestyle Business

The second path is the deliberate refusal to scale. Davidson and Rees-Mogg described this posture in 1997 as the Sovereign Individual frame: portable compounding capacity, declined institutional dependency, optimized for owner sovereignty rather than for headcount or external validation. [5] At firm scale, the conversion means downsizing employees, raising margins per unit, reducing operational complexity, and reorganizing the business around owner time and cash flow rather than around growth.

The lifestyle conversion is structurally available and culturally underused. The credentialing-prestige game that small-business culture inherited from the prior cycle treated scale as the only legitimate outcome. The current environment is rewriting that assumption. A firm that earns the owner $400,000 in net income at 50 hours a week is structurally superior to the same firm earning $600,000 at 70 hours a week with twice the headcount and twice the regulatory exposure. The owner who converts is not failing to grow. The owner is selecting against the institutional drift that the Builders vs. Diplomats framework describes as the small-fish-growing trap at firm scale, and that BvD Part 6 examines at civilizational scale. [6]

Counterfactual. Not every firm can convert. If your firm's value is in the team rather than the owner, downsizing destroys the asset. If your operating model depends on scale economics (per-unit cost decreasing with volume), the lifestyle conversion compresses margin faster than it compresses complexity.

Path 3: Retool and Hold

The third path is to stay in the current jurisdiction, accept the structural conditions as a feature rather than a bug, and retool the firm to serve the customers the current environment produces. Build for the world that is coming, not the world that is leaving. The products and services that compound in disorder (local resilience capacity, hard skills, trades, redundant infrastructure, repair and maintenance economies) are not the same as the products and services that compounded in the prior cycle.

The owner who retools and holds is making the longest bet of the four. The horizon is five to ten years, not 24 to 60 months. The BvD Part 6 First Turning Vision establishes the analytical backdrop: a regional sorting that runs deeper than the holding-pattern scenarios assume, with the jurisdictions that captured the energy floor, the institutional posture, and the labor pipeline compounding against the jurisdictions that did not. [6] The retooler who reads that sort correctly compounds along with it. The retooler who reads it wrong absorbs the regional decline.

Counterfactual. Not every owner can retool in place. If your customer base is national rather than local, the local-conditions retool is not available to you. If your firm operates in a sector that depreciates fast in a fracture environment (discretionary services, brand-dependent retail, finance-adjacent professional services without a defensible local network), the retool-and-hold bet is structurally weak.

Path 4: Sell

The structural case for selling now is the demographic premium. Approximately 10,000 baby boomers reach retirement age every day in the United States, and 41 percent of small businesses are run by owners aged 55 or older, with an estimated 2.34 million boomer-owned small businesses employing more than 25 million people. [7] Peak transactions cluster between 2024 and 2030. The owner who sells early in this window captures a multiple the same firm will not earn after 2028.

The buyer pool exists. Some buyers are domestic operators stepping up from a smaller firm. Others come through entrepreneurship through acquisition (ETA), often called a search fund when investors back the operator who searches for and buys a business. The MBA cohort and the private equity rollup market have both moved into this layer over the past several years, and the recent Field Notes piece on the graduate cohort maps the next wave of buyers entering the market. [8] Some buyers are international manufacturers seeking access to the U.S. market through acquisition. Each pool carries its own compliance and cultural considerations.

For owners with defense-adjacent work, cleared customers, or FEOC exposure, the sale to an international buyer is structurally harder than it looks. The Foreign Ownership, Control, or Influence regime and the Foreign Entity of Concern statutes have tightened across the past three years, and the cleared work that gives the firm its premium also caps the sale price under any structure that breaches the clearance. The Culture Map discipline applies regardless. A high-context, hierarchical, relationship-first negotiation pattern from an allied-nation buyer is not the same document as a U.S. private equity term sheet, and the owner who treats them as equivalent loses. [9]

Counterfactual. Not every owner should sell. If your firm is a logistics operator in Illinois, the structural geography (intermodal rail, Lake Michigan, O'Hare adjacency) is a durable locational rent that survives the fiscal compression. If your firm's value is the owner's credentials and local network, the asset is the operator, and the sale destroys what the buyer is paying for. We address the credentialed-and-networked case directly in a forthcoming Field Note.

CALLOUT BOX: Teaming Instead of Buying

A Primer on FOCI and FEOC for International Manufacturers

> *The question comes up often. An overseas manufacturer wants access to the U.S. government market. The obvious move looks like buying a U.S. company that already has the contracts, the clearances, and the customer relationships. In most cases, that is the hardest path available.*
>
> ***Two acronyms explain why.***
>
> *FOCI - Foreign Ownership, Control, or Influence. When a U.S. company holds a facility clearance to handle classified work, the Defense Counterintelligence and Security Agency watches who owns it, who funds it, and who sits on the board. Any foreign tie above certain thresholds triggers a FOCI review. The clearance does not transfer automatically when ownership changes. It can be suspended, revoked, or capped in scope. To keep it, the foreign owner must agree to mitigation, a legal structure that walls off the classified work from foreign reach. These structures (Board Resolutions, Security Control Agreements, Special Security Agreements, Proxy Agreements, Voting Trusts) cost time and money and limit how much control the new owner actually has.*
>
> *FEOC - Foreign Entity of Concern. This is a newer screen. It comes from the Inflation Reduction Act, the CHIPS Act, and the One Big Beautiful Bill Act. It targets entities tied to specific countries, currently China, Russia, Iran, and North Korea. Even a minority stake from a FEOC source can disqualify a U.S. company from tax credits, grants, and certain procurement categories. Allied-nation owners generally clear this screen, but the documentation burden is real and the rules keep tightening.*
>
> *For military and classified work, both screens apply. The bar is higher. Some program offices will not approve foreign ownership at any level, regardless of mitigation.*

> *Why teaming works better. A teaming agreement is a contract, not a sale. The U.S. firm stays U.S. owned and keeps its clearances clean. The international firm brings the product, the manufacturing capacity, or the technology. The U.S. partner brings the contract vehicle, the past performance record, and the customer access. Revenue gets shared by agreement, not by equity. This structure avoids CFIUS review in most cases. It keeps FOCI mitigation off the table. It lets both sides test the relationship before anyone commits capital.*
>
> *The practical path. Start with a teaming agreement on one program. Use it to learn the U.S. customer and the U.S. compliance environment. If the partnership works, expand to a joint venture for a new product line, a separate entity where ownership can be split openly and the FOCI questions are scoped to that entity alone. Acquisition, if it happens at all, comes last and only after the U.S. clearance picture is clearly understood.*
>
> *Buying a U.S. defense supplier looks like a shortcut. In practice, teaming is faster, cheaper, and far less risky for everyone involved. [10]*

THE TWO NON-NEGOTIABLES

Regardless of which path the owner takes, two conditions hold without exception.

The first is that AI tools and automation are now table stakes. Not a competitive edge. A baseline. The owner who underinvests here is selecting against viability in all four paths simultaneously. The accountant doing manual reconciliation, the operations manager running spreadsheets that have not been touched since 2019, the sales process without a customer relationship management system: each one is a structural liability against any path on the menu.

The second condition splits by firm type. For manufacturers, the trajectory is what SelectGlobal documented in August 2025 as the Alien Dreadnought model, drawing on Elon Musk's mid-2010s framing of next-generation manufacturing. [11] A 40-employee precision machining facility running cobots, predictive maintenance, automated quality control, and AI-orchestrated production scheduling produces output that a 400-employee 1985 line could not match. The Reshoring Initiative documented 244,000 manufacturing jobs announced in 2024, with 88 to 90 percent concentrated in high- and medium-high-tech sectors. [12] The Alien Dreadnought trajectory is what makes those jobs feasible given a labor market that does not currently contain the workforce a 1955 facility would have required. For the manufacturer owner, the trajectory is structural and operational, not aspirational.

For service businesses, the equivalent condition is durable access to compute. The firm whose product is cognitive multiplication (advisory, analysis, design, professional services) depends on model access, on the compute the models run on, and on the architecture that lets the firm route work through them efficiently. This is a procurement and architecture decision, not a tooling preference. The owner who treats compute access as optional builds in a structural cost disadvantage that the next cycle will not forgive.

THE BUILDER TEST AS SCREEN

The four-trait Builder test from BvD Part 2 applies regardless of path: creation over credentialing, decentralized execution, skin-in-the-game accountability, experimental iteration. All four must be present simultaneously. The traits are the operating discipline that determines whether the path the owner picks executes. [13]

The second-office operator passes the test by reading the jurisdiction map honestly rather than choosing the comfortable jurisdiction. The lifestyle converter passes it by refusing the institutional drift that converts the firm into a smaller diplomat-class structure. The retooler passes it by experimenting against local conditions rather than waiting for the prior order to return. The seller passes it by running a clean book and refusing the credentialing prestige of a sale price that overstates the firm. In each path, the four traits screen the bet from the cope.

FIVE QUESTIONS WORTH ANSWERING HONESTLY

> *1. Which of the four paths are foreclosed by your current asset structure, and which are actually open?*
>
> *2. If sustained fracture is the modal scenario for the next five years, which of your current choices survives intact and which does not?*
>
> *3. What is the realistic trajectory of your current jurisdiction's fiscal posture through 2031, and how much of your firm's value is exposed to it?*
>
> *4. If you are a manufacturer, what does your firm look like at 25 percent of current headcount and 4x current capital intensity? If you cannot get there, what is the path that does not require it?*
>
> *5. If an international buyer approaches, do you understand the difference between a sale and a teaming arrangement, and which one actually serves you?*

You hold the asset. The conditions are visible. Pick the path. Execute.

NOTE ON PROBABILITY WEIGHTS

As of the May 15, 2026 SelectGlobal analytical lock, the most likely path for the United States through 2030 is sustained regional fracture and geographic divergence (43 percent), with a clean institutional transition the second most likely path (29 percent). Two holding-pattern scenarios (procedural extension of the current institutional order; muddle-through bifurcation) each carry 14 percent. The directional trend across the spring is fracture rising, muddle-through compressing. The May 25 Dispatch carries the next formal weight update. The full scenario lattice and quarter-by-quarter weight tracking are maintained in the SelectGlobal Atlas series. Strong convictions, loosely held. [14]

ENDNOTES

[1] Builders vs. Diplomats: Part 2 - Defining the Builder Class. SelectGlobal LLC. April 22, 2026. [URL_PENDING_ROUTING_DOC] The Productive Middle node introduced in Section VIII.B identifies the cohort squeezed by both Builder and Diplomat institutional pressures. The four-trait Builder test is the operating discipline that separates institutional Builder status from aspirational alignment.

[2] Builders vs. Diplomats: Part 5 - Decision Framework. SelectGlobal LLC. May 2026. [URL_PENDING_ROUTING_DOC] The four-variable geographic framework: energy cost, fiscal posture, regulatory neutrality, demographic trajectory.

[3] AbbVie, "AbbVie to Invest $380 Million in North Chicago to Further Expand Active Pharmaceutical Ingredient Manufacturing in the United States," press release dated February 23, 2026, via PRNewswire. Two new active pharmaceutical ingredient (API) manufacturing facilities at the North Chicago, Illinois campus. 300 jobs (engineers, scientists, manufacturing operators, lab technicians). Construction begins spring 2026, both facilities fully operational by 2029. Illinois EDGE program tax credits estimated at $25 million over 15 years. Builds on the $195 million chemical synthesis facility that broke ground in September 2025. Part of AbbVie's $100 billion U.S. R&D and capital investment commitment.

[4] AbbVie, "AbbVie Selects North Carolina for New $1.4 Billion Manufacturing Campus," press release dated April 22, 2026, issued from North Chicago, Illinois, via PRNewswire. 185-acre Durham, North Carolina campus. U.S. center of excellence for small volume parenteral (SVP) drug product manufacturing. 734 permanent positions over four years. More than 2,000 construction jobs during buildout. Construction begins 2026, completion expected by end of 2028. Part of AbbVie's $100 billion U.S. R&D and capital investment commitment.

[5] James Dale Davidson and William Rees-Mogg, The Sovereign Individual: Mastering the Transition to the Information Age (Touchstone, 1997). The lineage for sovereignty-as-capability applied at firm scale.

[6] Builders vs. Diplomats: Part 6 - First Turning Vision. SelectGlobal LLC. May 2026 (draft locked). [URL_PENDING_ROUTING_DOC] The post-transition institutional order under each scenario weight, with regional sorting as the variable that determines whether the transition produces durable national renewal or persistent geographic divergence. Also addresses the small-fish-growing trap at firm scale (the diplomat-class drift as institutions formalize).

[7] Boomer retirement and small-business succession data: Guidant Financial, cited in FIU Business Now, “Retiring Boomer Business Owners: A Challenge or an Opportunity?” Fall 2025 (41 percent of U.S. small businesses run by owners aged 55 or older; approximately 10,000 baby boomers retiring per day). U.S. Census Bureau (approximately 2.34 million baby boomer-owned small businesses employing more than 25 million people). See also Project Equity and Clearly Acquired analyses of the estimated $10 trillion in private business assets in transition through 2030 (“silver tsunami”). Less than 54 percent of these owners have formal succession plans per Forbes / Fox Business reporting.

[8] Field Notes from the Transition: The Recent Graduate. SelectGlobal LLC. May 4, 2026. [URL_PENDING_ROUTING_DOC] The buyer-side companion to this supply-side piece. The graduate cohort entering the market in 2026 includes a meaningful subset positioning to buy small firms rather than start them from zero.

[9] Erin Meyer, The Culture Map: Breaking Through the Invisible Boundaries of Global Business (PublicAffairs, 2014). The framework for cultural calibration in international business relationships.

[10] FOCI: Defense Counterintelligence and Security Agency facility clearance framework, with mitigation structures including Board Resolutions, Security Control Agreements, Special Security Agreements, Proxy Agreements, and Voting Trusts. FEOC: Inflation Reduction Act, CHIPS Act, and One Big Beautiful Bill Act statutory definitions, currently targeting entities tied to China, Russia, Iran, and North Korea. Section 889 of the FY2019 National Defense Authorization Act applies to telecommunications and surveillance equipment. CFIUS: Committee on Foreign Investment in the United States.

[11] The Alien Dreadnought model: SelectGlobal LLC, “America’s Industrial Future: AI, Robotics, and Economic Revival: Part 2 - The ‘Alien Dreadnought’ - Redefining the Factory of the Future,” August 22, 2025. [URL_PENDING_ROUTING_DOC] Term originates with Elon Musk’s mid-2010s framing of next-generation manufacturing as a facility so advanced and automated it feels almost extraterrestrial in precision and productivity. See also BvD Part 6, endnote 16, which integrates the labor-supply mechanism (the reshoring-automation-apprenticeship flywheel) that operationalizes the model at scale.

[12] Reshoring Initiative, “2024 Annual Report Including 1Q2025 Insights,” 2024. 244,000 U.S. manufacturing jobs announced in 2024 through reshoring and foreign direct investment, with 88 to 90 percent concentrated in high- and medium-high-tech sectors.

[13] Builders vs. Diplomats: Part 2, Sections II through VI. The four Builder traits: creation over credentialing, decentralized execution, skin-in-the-game accountability, experimental iteration. All four must be present simultaneously for institutional Builder status.

[14] SelectGlobal scenario modeling, probability weight update, May 15, 2026. Weights: regional fracture 43 percent (up 5 from May 1), clean institutional transition 29 percent (down 3), procedural-extension holding pattern 14 percent (down 1), muddle-through bifurcation 14 percent (down 1). Forward-point to the May 25, 2026 Dispatch for the next formal lock.

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FIELD NOTES FROM THE TRANSITION | SELECTGLOBAL ATLAS

FIELD NOTES FROM THE TRANSITION: SMALL FISH GROWING

Why the growth stage is its own structural position

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TL;DR

The earlier Field Notes mapped people holding a finished asset or no asset yet. The growing firm is neither. It is mid-motion: past survival, not yet institutional, adding clients, headcount, and systems every quarter. That motion is exactly what exposes it. This piece does not offer a menu of paths. It explains why the hyper-growth stage activates the structural forces differently than a mature firm faces them, why scaling is the mechanism that walks a firm into the drift it should fear, and why the AI floor is built or not built before the next tide goes out rather than after. No prescription. The decision belongs to the owner.

INTRODUCTION

The firm is working. Revenue is up year over year. The owner is hiring faster than feels comfortable, signing leases, buying systems, and turning down work for the first time. By every conventional measure this is the success story the other Field Notes personas are reaching for. The graduate aims for this trajectory; the mature owner has already survived it. The growing firm is in the middle, and the middle is the least examined position in the whole transition.

It is least examined because it looks like the safe one. It is not. The static-asset personas can hold still. A mature owner can convert to a lifestyle business, shrink the attack surface, and wait out a bad cycle on accumulated equity. A graduate holds high option value precisely because there is no asset to lose yet. The growing firm can do neither. Its entire logic is forward motion, and in a Builders vs. Diplomats world, forward motion is what carries a firm into the structural forces at the worst possible angle. [1]

The political class that built the current operating environment was not thinking about a thirty-person firm doubling its headcount in 2026. That is not a complaint. It is a mechanism description. The pressures do not pause for a firm that is mid-expansion. They compound against it faster, because growth converts a firm's flexibility into fixed commitments at the exact moment the environment is punishing fixed commitments.

This piece names why the growth stage is structurally distinct, walks the three pressures that growth specifically activates, adds the force the earlier pieces did not have to carry, and offers five questions. The decision remains the owner's.

WHY GROWTH IS A DIFFERENT POSITION

Every prior Field Note described a decision about a static asset. The growing firm faces a decision about a moving one, and a moving asset cannot be evaluated with static-asset logic.

When a firm scales, it trades optionality for capacity. Each hire, each lease, each multi-year systems contract is flexibility spent to buy throughput. In a stable environment that trade is simply how firms grow. In the current environment it is a wager that the conditions you are committing to will still be the conditions you face when the commitments come due. The mature firm already made those trades years ago and amortized them. The growing firm is making them now, in real time, into an environment whose defining feature is that it does not hold still.

That is the structural difference in one sentence. The growing firm is converting reversible decisions into irreversible ones during the precise window when reversibility is the scarcest and most valuable thing a firm can hold.

PRESSURE ONE: FIXED-COST EXPOSURE IN THE WRONG JURISDICTION

Growth means fixed costs, and fixed costs are what the fiscal-extraction leg of the transition punishes most directly. A firm adding payroll, square footage, and equipment is increasing exactly the surface area that municipal property tax, state fiscal pressure, and regulatory load attach to. [2]

The mature firm's fixed costs are sunk and known. The growing firm's are being created now, often in the high-cost metros where talent and customers cluster, which are frequently the same jurisdictions where the extraction trajectory is steepest. The firm grows into the cost base before it has the management depth to relocate any part of it. By the time the property tax bill, the comp pressure, and the regulatory drag are undeniable, the firm has anchored thirty people and a lease to the spot.

This is not an argument against growth. It is an argument for knowing which of your growth commitments are reversible and which are not, and for spending the irreversible ones in jurisdictions whose four variables (energy cost, fiscal posture, regulatory neutrality, demographic trajectory) you have actually screened rather than defaulted into. [2]

There is a second face to this pressure, and it is the one almost no growing-firm owner is warned about. The firm that is doing well is the belle of the ball. States and cities run incentive programs aimed squarely at the firm at this exact size: past proof of concept, adding headcount, visible enough to land in an economic development pipeline. The package arrives as a courtship. Tax abatement, training grants, a discounted site, a ribbon-cutting with the governor. The growing firm has never been courted before, and the attention is easy to mistake for validation.

It is not validation. It is a structural trap with a bow on it. The package is bait that can anchor irreversible cost into a jurisdiction the four-variable screen would never have chosen on its own. Plenty of owners see the trap clearly and bite anyway, because the timing is engineered against them: the belle phase arrives at the moment of maximum capital-allocation velocity and minimum management depth, when the firm is committing money fastest and has the least bandwidth to read the full term behind the headline. This series has been blunt about incentives elsewhere: they are table stakes, a floor and not a ceiling, and the advisors who run site selection for a living will tell you, off the record, that packages rarely decide where a serious firm lands. What decides it is whether the project still works after the announcement. A firm that lets the incentive drive the location has optimized for the up-front check and inherited the trajectory. [3]

The discipline is to read the incentive as what it actually is: a dated, reversible instrument with a term, not a reason to move. The obligation period and the clawback schedule are the real contract. A Builder treats location the way it treats every other commitment in this environment, as a portfolio of dated bets that can be unwound when the term runs, rather than as a permanent home chosen for a one-time payment.

Boeing is the textbook case run across its full cycle. In 2001 the company moved its headquarters to Chicago on an incentive package worth more than sixty million dollars across about twenty years. [4] It held the location through the term. When the term had run, it moved the headquarters to Arlington, Virginia, in 2022, close to the federal customers and regulators its business depended on. A sitting Chicago alderman read the mechanic out loud at the time, warning that the moment the new jurisdiction's terms expired the company would leverage that expiration for the next package. [4] The incentive was never the anchor. It was an instrument with a clock on it, and Boeing treated it that way.

Then came the part that matters most for a Builder. In early 2026, Boeing moved its defense headquarters back to St. Louis, where that division had been based for two decades before it left for Washington proximity in 2017. The company's stated reason was to put its leadership back beside the roughly eighteen thousand people who actually design and build its defense aircraft, alongside a multibillion-dollar investment in the production facilities themselves. [5] Read against this series, the round trip is a Builder-versus-Diplomat arc inside one company. The move toward Washington was a move toward the Diplomat pole, proximity to appropriators and regulators and away from the floor where the work happens. The move back to St. Louis was a correction toward the Builder pole, leadership reunited with production.

Here is where the growing firm has to read the asymmetry honestly. A firm Boeing's size is anchored by eighteen thousand workers and a multibillion-dollar plant, which is exactly why it can afford to run the full loop in public and correct a location mistake years later. The thirty-person firm is the opposite. Its real advantage is agility: it is light enough to put its footprint where the work actually wants to be. That agility is the edge, and a predatory clawback term is precisely the instrument that converts the edge into an anchor. The danger for the small firm is not moving. The danger is signing away the optionality that was its advantage in the first place, in exchange for a check.

The scale-appropriate move is rarely a clean relocation, and it is rarely two full offices either, which only fractures the thin management a growing firm has. The sophisticated version separates the fiscal and legal domicile from the operational footprint. Anduril is the live case at scale: a California-headquartered defense manufacturer that did not flee its high-cost, high-regulation home state, but put its hyperscale production facility in Ohio, chosen on operational merits the company stated plainly were the decision (workforce depth near Wright-Patterson, runways for direct delivery, speed to production) rather than on the incentive that came with it. [6] The growing firm runs the same separation at its own scale: register where the fiscal and regulatory posture is neutral, build where the four variables align, and keep the cash-flowing core where it already works. The point is not that incentives are worthless. The point is that the courtship is a pressure in its own right, and the foresight is reading the whole term rather than the headline number.

PRESSURE TWO: THE DRIFT TRAP

The relocation question does not stop at the cost line, and this is where Pressure One feeds directly into the one that follows. A growth-stage move chased for a package changes more than the tax bill. It changes who the firm can hire, what the local workforce expects, and the character the firm carries into the next stage. A firm that lands in a new metro inherits that metro's labor norms and regulatory rhythm, and those reshape internal process from the outside whether or not the owner chose them: the expectations a new workforce brings, the compliance cadence the local regime enforces, the management layers a different talent market assumes. A firm that uproots itself toward a check, into a place that does not fit the work or the people who do it, can hollow out the very traits that made it worth growing. Chasing the incentive is one of the quiet ways a Builder organization begins to drift: optimizing for the appearance of a good deal while the productive core erodes underneath. Boeing's own round trip says it plainly. Moving the defense leadership away from the factory floor was the drift. Moving it back was the correction. Most firms do not get the second move.

Here is the pressure unique to this persona, and it is the one worth slowing down for.

As a firm scales, it institutionalizes. It adds process, compliance functions, middle management, and the internal machinery that coordination at size requires. Some of that is necessary. But there is a threshold past which a firm stops being a Builder organization (one that creates, executes in a decentralized way, carries skin in the game, and iterates) and starts becoming the thing the Builders vs. Diplomats framework critiques: an institution that certifies, processes, and protects itself more than it creates. [7] The Small Business Owner piece named this in passing as the small-fish-growing trap. This is its full treatment, because it is the growing firm that actually lives it.

The trap is not a failure of discipline. It is the default outcome of unmanaged scale. Process accretes because each individual addition is locally reasonable: one more approval step, one more compliance hire, one more layer between the work and the decision. The markers are observable if the owner looks for them: vendor decisions that used to take a day now take a week of sign-offs, a compliance function whose main output is internal reporting rather than reduced risk, a layer of management whose primary product is coordination meetings. No single step is wrong. The cumulative drift is that the firm crosses from Builder to Diplomat without ever deciding to, and arrives there having lost the four traits that made it worth scaling in the first place.

There is a sharper way to see the drift. The same structural analysis that runs through this series describes, at the scale of whole institutions, a diplomatic class that consolidates its position rhetorically (through process, credential, and the machinery of control) while the productive base routes around it and keeps building. A firm runs the identical fork in miniature as it scales. Every new layer of internal machinery is either buying real coordination the work actually needs, or it is the firm consolidating rhetorically: adding the appearance of control while the part of the firm that creates value quietly looks for ways around its own process. When a firm's best people start routing around their own company to get work done, the drift has already happened. The owner is the only one positioned to see it, because the owner is the only one who can still choose otherwise at each threshold.

The growing firm is the only persona positioned to catch this in motion, because it is the only one still in motion. The mature firm has usually already drifted or already chosen not to. The graduate has nothing to drift yet. The owner mid-scale can still decide, at each threshold, whether the next layer of institutional machinery is buying real coordination or just buying the appearance of control. Growing without drifting is the central discipline of this stage. It is not a one-time decision but a mode: testing each new process layer against the four Builder traits as it is added, and refusing the ones that buy control rather than coordination, before they ossify into the firm's permanent shape. Almost nobody names it as a discipline at all.

PRESSURE THREE: THE AI LEG, AND WHY THE TIDE MATTERS

The earlier Field Notes did not have to carry this force. The macro Builders vs. Diplomats analysis was built on three pressures: fiscal extraction, demographic inevitability, and divergence in institutional competence. The recent graduate inherited those three. So did the mature owner. But there is now a fourth structural leg, and the growing firm is the persona most exposed to it.

The fourth leg is the cost, access, and capability of artificial intelligence, and the growing firm sits at its sharpest edge. The reason is slack. A mature firm with a deep book of clients has runway to absorb a bad AI bet or a price shock and keep operating off existing relationships while it adjusts. A graduate has nothing committed yet. The growing firm is allocating its growth capital right now, at scale, against a capability target that will not hold still, and it has the least cushion of any persona to absorb being wrong.

This is where the shape of the wave matters more than its arrival. The common picture of AI is a single step change: the wave hits, displaces, and settles into a new normal. The truer picture is a tide. The water goes out (a new model arrives, capability jumps, the old way looks obsolete), then it comes back in (substitution stalls, the compute crunch bites, prices spike, human judgment reasserts where the model could not actually replace it), then it goes out again with the next generation, then back in. Out, in, out, in. The firms that get hurt are the ones that built their growth on the assumption that the first wave was the last one.

For a growing firm that has wired its expansion onto rented frontier capability, every tide-out hits the unit economics mid-expansion, when there is the least room to absorb it. Compute capacity is rationed and repriced on the supply side, and access to frontier models can be conditioned or severed on the policy side. [8] Neither of those is a forecast. Both have already happened. A firm scaling on top of a capability it does not control has built its growth on someone else's tide chart.

The hedge is structural, not tactical, and it has two halves. The first is a baseline AI capability that runs on owned ground, with the frontier called only when a specific job justifies the exposure. Open-weight mid-tier models now sit within striking range of the frontier on knowledge work and orchestration (the analytical, repeatable core of what a firm runs on), at a fraction of the operating cost, and the gap there is measured in months rather than generations. That holds for the reasoning-and-coordination layer, not for real-time physical line control, where the gap is wider and the frontier still matters. [9] A baseline that good is enough to keep operating through a tide-out. But a baseline is not the whole floor, and a growing firm that mistakes the server for the floor has only bought half of one.

The second half is the position the intelligence has to route through, and for a growing firm that half is being built, not inherited. The mature operator owns a position decades deep: years of process-tolerance data, a settled compliance posture, relationships that took a long time to earn. The growing firm does not have that yet. It is accumulating it right now, with every client it signs, every process it documents, every piece of the compliance architecture it stands up as it scales. That is the distinction of this persona. The owned position is in formation, not in the vault. Which means the foresight is not protecting a chokepoint that already exists and refusing to let it decay. It is recognizing, mid-motion, that the proprietary process data, the client relationships, and the compliance posture the firm is building right now are the position a model will have to route through later, and building them deliberately as an owned asset rather than letting them accrete by accident. A benchmark can tell the owner whether the rails are good enough; only the owner's judgment can tell whether the capability actually fits the work the firm does, and that judgment is itself part of the position.

The floor is sized to the firm. The global operator builds one version, the solo creative builds another, and the growing firm builds the one that fits a firm mid-expansion: enough owned baseline to hold through a tide-out, and a deliberately built owned position rather than an accidental one. The firm that owns its floor keeps its footing when the water withdraws. The firm renting at frontier prices rides each wave at full cost. The firm with no floor at all gets pulled out with the water. The line between them is not how much the owner can spend. It is whether the owner saw the tide for what it is and built for the whole cycle rather than the first wave. [10]

FIVE QUESTIONS WORTH ANSWERING HONESTLY

1. Which of the commitments you are making this year to grow are reversible, and which are you anchoring into a jurisdiction whose fiscal trajectory you have not actually screened? If a state or city is courting you with a package, have you read the obligation and clawback term as the real contract, or are you reading the headline number?

2. At the last three thresholds where you added process, compliance, or a management layer, were you buying real coordination or buying the appearance of control?

3. If you mapped your firm against the four Builder traits today versus two years ago, which traits are stronger and which have quietly eroded as you scaled?

4. How much of your firm's growth runs on top of an AI capability you rent rather than control, and what happens to your unit economics the next time access is rationed or repriced? And separately: the process data, client relationships, and compliance posture you are building as you scale, are you building them deliberately as an owned position, or letting them accrete by accident?

5. If the next AI tide goes out the way the last one did, does your firm hold its footing on an owned floor, or does it get pulled out with the water?

> ***You are not holding still. That is the position, and the exposure. The structures are real. The decision is yours. Prepare accordingly.***

NOTE ON PROBABILITY WEIGHTS

The current SelectGlobal scenario lock places sustained regional fracture and geographic divergence as the most likely path for the United States through 2030, with a clean institutional transition the second most likely. Two holding-pattern scenarios trail. The directional trend across the spring has been fracture rising and the holding patterns compressing. The full scenario lattice and quarter-by-quarter weight tracking are maintained in the SelectGlobal Atlas series and reviewed on a rolling trigger basis. The point is not the specific percentages. The point is the uncertainty window: decisions made now must survive a resolution period that may not close cleanly for years. Strong convictions, loosely held. [11]

Michael T. Edgar

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ENDNOTES

[1] Builders vs. Diplomats: Part 2 - Defining the Builder Class. SelectGlobal LLC. April 2026. The Productive Middle and the four-trait Builder test. The growing firm is the live case of a Builder organization at the threshold where scale begins to test the four traits.

[2] Builders vs. Diplomats: Part 5 - Decisions Make the World. SelectGlobal LLC. May 2026. The four-variable geographic screen: energy cost, fiscal posture, regulatory neutrality, demographic trajectory.

[3] Incentives as table stakes rather than decision drivers, and the fulfillment gap (the project must work after the announcement): 'Three Mistakes That Will Define the Next Industrial Cycle,' SelectGlobal LLC, April 2026 (Mistake Two). The dual-footprint hedge at corporate scale (keep the cash-flowing base, capture the available incentive, route strategic capital where the four variables align) is developed in the companion piece, Field Notes from the Transition: The Small Business Owner, SelectGlobal LLC, May 2026 (Path 1, the AbbVie dual announcement).

[4] Boeing 2001 Chicago relocation and 2022 Arlington move. Chicago, Cook County, and Illinois awarded Boeing more than sixty million dollars in tax and other incentives over roughly twenty years to relocate its headquarters from Seattle to Chicago in 2001; the package had run its term by the time of the 2022 move to Arlington, Virginia. Sources: CNBC, 'Boeing to move headquarters from Chicago to Virginia,' May 5, 2022; Chicago Sun-Times, May 5, 2022 (Ald. Brendan Reilly characterizing the move as leveraging the incentive expiration and warning the next jurisdiction to expect the same). Public accounts of the exact expiration year conflict; the piece states only that the term had run, which all sources support, and does not assert a specific expiration date.

[5] Boeing defense headquarters return to St. Louis, announced February 18, 2026. Boeing named its St. Louis-area (Berkeley, Missouri) campus the headquarters of Boeing Defense, Space and Security, returning the division to Missouri after nearly a decade in Arlington, Virginia; the division had been headquartered in greater St. Louis from 1997 to 2017. Boeing's stated rationale was leadership proximity to the more than 18,000 regional employees who design and produce its defense aircraft, alongside a continuing multiyear, multibillion-dollar investment in advanced combat-aircraft production facilities. Sources: Boeing newsroom, February 18, 2026; Defense One, KSDK, February 18-19, 2026. The piece uses Boeing's own workforce-proximity rationale and the structural factory-floor reading; it does not adopt the news-cycle framing tying the move to federal incentives or a change in Virginia's governorship.

[6] Anduril Industries Arsenal-1 facility, Pickaway County, Ohio, announced January 16, 2025. The California-headquartered (Costa Mesa) autonomous-systems and weapons manufacturer selected Columbus-area Ohio for its first hyperscale production facility (roughly five million square feet, nearly one billion dollars in investment, more than 4,000 jobs at full scale), while retaining its California headquarters. Site-selection rationale stated by the company emphasized operational merits (workforce depth near Wright-Patterson Air Force Base, Rickenbacker International Airport runways for direct delivery, an existing building enabling speed to production); the chief strategy officer stated the decision was made 'on the merits of the state of Ohio,' with state incentives present but not the driver. Sources: Anduril newsroom, January 16, 2025; Defense News and Breaking Defense, January 2025. Establishes the domicile-versus-footprint separation: production placed where the operational variables align without fleeing the high-cost home jurisdiction, and not chosen on the incentive.

[7] Builders vs. Diplomats: Part 2, Sections II through VI; small-fish-growing trap named in Field Notes from the Transition: The Small Business Owner, SelectGlobal LLC, May 2026 (Path 2 counterfactual and endnote 6). This piece is the canonical treatment of the drift trap that the Small Business Owner piece named in passing. The four Builder traits: creation over credentialing, decentralized execution, skin-in-the-game accountability, experimental iteration. All four must be present simultaneously for institutional Builder status.

[8] AI compute scarcity as supply physics: 'We're Using So Much AI That Computing Firepower Is Running Out,' Wall Street Journal, April 14, 2026 (frontier providers rationing usage during peak hours rather than raising prices as demand outpaced infrastructure; reported token-usage caps during peak load at a leading lab). Frontier access as conditionable on the policy side: in February 2026, reporting indicated the administration was exploring whether Defense Production Act Title I authority could be used to compel a frontier lab to prioritize defense contracts, set against a January Department of War (DoW) directive requiring all DoW AI contracts to incorporate standard 'any lawful use' language within 180 days, in collision with the lab's contractual guardrails. Both the supply-side rationing and the policy-side conditioning had already occurred at the time of writing; neither is a forecast.

[9] Open-weight mid-tier capability state: capable open-weight models (roughly 20B-70B parameter class) now sit within striking range of frontier proprietary systems on knowledge-work and orchestration tasks at materially lower inference cost, with the gap on that work measured in months rather than generations. The claim is scoped to the analytical and repeatable core, not to real-time physical line control, where the frontier gap is wider. Framing is deliberately qualitative: public leaderboards move, and headline figures go stale the moment a new model ships.

[10] The sovereign-floor and tidal-wave framing is developed at structural altitude in the SelectGlobal Atlas Feature 'The Tide Goes Out: Why the AI Market Splits by Foresight, Not Wealth,' SelectGlobal LLC, June 2026, live at www.selectglobal.net/select-global-llc-blog/the-tide-goes-out. This Field Note applies that framework at firm scale, where the hedge protects unit economics against a cost shock. Companion: Field Notes from the Transition: The Creative, SelectGlobal LLC, forthcoming, which applies the same hedge logic to individual creative leverage, where the hedge protects a captured upside.

[11] SelectGlobal scenario modeling, current lock. Scenario set: clean institutional transition, regional fracture, and two holding-pattern paths (procedural extension; muddle-through bifurcation). Weights are tracked on a rolling trigger basis and maintained in the SelectGlobal Atlas series. Directional read at this writing: fracture the most likely path, clean transition second. Public weight set as published in the live Atlas; behind-the-meter scenario modeling carries a separate working lock. Strong convictions, loosely held.

FIELD NOTES FROM THE TRANSITION: THE SPECIALIZED CONSULTANT

The skill is the structure. The position is the asset.

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TL;DR

The earlier Field Notes mapped people choosing a vector, holding a firm, scaling one, or carrying their own judgment to market. This one maps the expert: the specialized consultant whose asset is deep, hard-won, codified skill. That skill is a built asset, like an office building, and it holds value only as long as demand can still be routed to it. This piece does not offer a menu of paths. It explains why the consultant is structurally different from every other persona in the series, walks the three pressures the consultant specifically faces, and ends at a single fork. Reposition the expertise toward live demand and become the builder of last resort. Or let it ossify into a credential and bill on reputation after the productive demand has left. Most expertise does not make it through that door, and the reason is structural, not personal. No prescription. The decision belongs to the consultant.

The note in this series for the small business owner left a door open on purpose. It mapped four paths for the existing owner, and against the path of selling the firm it added a counterfactual: if the firm's value is the owner's credentials and local network, the asset is the operator, and the sale destroys what the buyer is paying for. That case, the piece said, would be addressed directly in a forthcoming Field Note. [1] This is that note. The specialized consultant is the operator-as-asset case the series promised to come back to.

The position is its own structural category. Every other persona in this series holds an asset that can be separated from the person. The graduate is choosing a vector and has no asset yet. [2] The small business owner holds a firm that can be sold, converted, or relocated. [1] The growing firm is building one in real time. [3] Even the creative, whose asset is also the self, holds judgment and taste and voice, the inputs that stay scarce precisely because they resist replication. [4] The specialized consultant is different again. The consultant's asset is expertise that has been refined into something teachable, repeatable, and codified, and that is exactly the property that puts it at risk.

The political class that built the current operating environment was not thinking about the forty-year-old expert with a decade of accumulated authority in a narrow domain. That is not a complaint. It is a mechanism description. The forces that have come for the building, the firm, and the entry-level hire come for the credentialed expert too, and they arrive at the consultant by a route the other personas do not face. The skill that took fifteen years to build is, in the language of this series, a built asset. And a built asset is only worth what the demand routed to it is worth.

This piece names why the consultant is structurally distinct, walks the three pressures that bear on the position specifically, and ends at the fork that resolves them. The decision remains the consultant's.

WHY THE CONSULTANT IS A DIFFERENT POSITION

The mistake the specialized consultant is most likely to make is to treat the skill as the asset. It is not. The skill is the structure. It is the thing that got built. In a stable environment the distinction does not matter, because demand for the skill is steady and the expert who has the skill captures the demand by default. The current environment breaks that default, and when it breaks, the distinction is the whole story.

Anyone who has ever priced a building already knows the inversion this turns on. Put up the same structure on two different sites, identical down to the stud, and you have built two completely different assets. One sits where the demand is and commands a rent that pays for itself many times over. The other sits where the demand has gone and cannot be leased at any price the owner will accept. The steel is identical. The construction cost was identical. What separates them is not the building. It is the ground underneath it, and whether live demand still routes to that ground. When construction cost falls toward zero and the location carries the whole value, the building stops being the asset and the site becomes the asset.

The consultant is that building, and the expertise is the steel. The skill is the structure: the thing that got built, at real cost, over real years. But the same expertise, held in two positions, is two completely different assets. One sits downstream of live demand, close to the problem the expertise actually solves, with the relationships that route the work in, and it commands its price. The other holds identical skill in a position the demand has left, and it cannot be billed at any rate the expert will accept. When replication makes the skill itself cheap, the skill stops being the asset and the position becomes the asset: proximity to demand, the relationship that routes work to the expert, the live problem the expertise still solves. One consultant is the leased tower on the right corner. The other is the magnificent empty building, structurally sound, beautifully made, and quietly worth nothing where it stands. And the empty building does not get to wait for the demand to return. Most stranded structures never see their old demand come back; they get repositioned, redeveloped, or torn down. The consultant's version is the same: the realistic move for a stranded practice is a lateral pivot toward where the demand went, or a clean-eyed harvest and exit, not a vigil for a market that has already left.

This is why the fork bites harder for the consultant than for anyone else in the series. The graduate has low asset and high option value, which means there is little to strand and a lot of room to move. [2] The consultant is the inverse: high asset and low option value. A decade or more is sunk into a single domain, which is what makes the expertise valuable and also what makes it hard to redeploy when the demand underneath it moves. The consultant has the most to lose and the least slack to absorb the loss. That is the position, and the three pressures that follow all run through it.

PRESSURE ONE: THE SKILL IS ON THE AUTOMATE SIDE OF THE LINE

The first pressure is the one the consultant is least prepared to hear, because it targets the skill itself rather than the market around it.

Generative AI is not coming for all cognitive work evenly. It is coming hardest for codified expertise, the kind of knowledge that can be written down, proceduralized, and searched, which is precisely the knowledge a specialized consultant has spent a career refining. The most rigorous evidence available draws this line cleanly. A Stanford team working with payroll records covering millions of American workers found that employment has declined sharply for younger workers in the occupations most exposed to AI, while it has held or grown for everyone else in the same fields. [5] The headline was generational, but the mechanism underneath it is not about age. It is about which side of a line the work sits on.

The data was measured on the young, and the consultant is not young, so the claim has to be made precisely. The Stanford study tracked workers aged twenty-two to twenty-five, because that is where task exposure shows up first and cleanest: the entry-level worker is doing the most codified, least judgment-laden version of the work, so they are the first to be repriced. [5] The consultant is not exposed because of age. The consultant is exposed because the line the data exposes is not a line about age at all. It is a line about the task. The finding that matters most for the consultant is that the declines concentrate in occupations where AI automates the task and are absent where AI augments the worker. [5] Where the model can do the codified work outright, demand for the human who did that work falls. Where the model makes a human's judgment more productive, demand for that human holds or rises. That line runs straight through the middle of a senior consultant's book. The expert whose product is the retrievable, proceduralizable core of a domain sits on the automate side, whatever their age. The expert whose product is judgment exercised on a live, specific, high-stakes problem sits on the augment side. The young got there first because they were doing the automatable work. The senior expert's exposure is not their age. It is the codifiable share of their own practice crossing the same line. Most specialized consulting, examined honestly, contains a great deal of the first kind of work dressed in the authority of the second.

This is not a verdict on the consultant's ability. It is a description of where the codified part of any expertise now sits. The same line runs through this whole series. The growing firm was warned that a baseline capability now runs cheaply on owned ground while the frontier is reserved for the jobs that justify it. [3] The creative was shown that the repeatable parts of the craft are the parts a tool can absorb, while judgment and taste stay scarce. [4] For the consultant the line is sharper, because the consultant's entire market position is built on the codified expertise that is now the most exposed thing in the economy. The pressure is not that the consultant is replaceable. It is that the searchable half of what the consultant sells is being repriced toward zero, and the consultant has to find out which half of the practice is which.

PRESSURE TWO: THE DRIFT INTO CERTIFYING

The second pressure is quieter and more dangerous, because it feels like success while it happens.

As an expert accumulates authority, the work changes shape. Early in a career the expert creates: solves the live problem, builds the thing, takes the risk, and is paid for the result. Later, reputation arrives, and reputation can be billed. The expert is brought in to bless rather than to build, to certify rather than to create, to lend a name to a process whose outcome was decided before the expert entered the room. Some of this is legitimate. Judgment is worth paying for. But there is a threshold past which the expert has quietly stopped creating value and started extracting it from a position, billing on a reputation earned in a productive period that has already ended.

It is worth being precise about the word that names the drift, because three things get confused under it and the difference is the whole point. A license is a legal gate. The state grants it, the law backs it, and without it the work cannot be performed at all: the licensed architect can stamp the drawings, and no one else can. A certification is a record of attributes. It says a thing has or lacks certain features, and it carries exactly the authority of whoever wrote the standard, which is sometimes a great deal and sometimes none. A standard can be written so that a token amenity scores the same as a critical safety system, which lets a project assemble a certified record that looks like performance while delivering very little of it. And a credential is a conferred membership. A trade body grants it to its members, and it signals belonging to the guild rather than any legal authority to act. The license is real power. The certification is a record, only ever as good as its standard. The credential is mostly signal. The drift this pressure describes is the slow substitution of the second and third for the first: the expert who once held real, executed authority gradually trading it for an accumulation of conferred memberships and box-checked records, and billing on the accumulation as if it were still the thing it replaced. The license is usually the last thing to go, which is exactly what disguises the drift. The stamp still gets applied, the legal authority is still real, and so the expert and the client both miss the quieter fact that the billing has moved from license-enabled execution to credential-and-certification signaling. The power that remains is not the power being paid for anymore.

This is institutional sclerosis at the scale of a single career. Mancur Olson described the mechanism for whole nations in 1982: stable, successful societies gradually accumulate distributional coalitions, interest groups that have learned to capture rents and protect position rather than create new value, and the accumulated weight of those coalitions slows the society's ability to adopt new methods and reallocate resources until growth stalls. [6] The same logic runs inside one expert's working life. Success buys position. Position can be defended rhetorically, through credential and process and the machinery of authority, instead of being re-earned through creation. The expert who drifts this way is running a one-person patronage economy: charging for the appearance of expertise after the productive demand that built the reputation has gone. This is the Diplomat pole of the Builders versus

Diplomats axis arriving in a single career, the optimization for process control and preserved position over output, and it is worth naming here because the fork at the end of this piece is nothing more than this same axis offered back to the consultant as a choice.

The drift is a tendency, not a law, and the honest version says so. The expert who reaches real authority in a hard domain usually got there by building, which means the high-authority survivor is selected for Builder traits, not against them. That is precisely what makes the drift so quiet and so worth watching: it works against the expert's own grain. The pull is not weakness of character. It is that reputation billing is comfortable, low-risk, and available, and it arrives at the exact career stage when the productive demand that earned the reputation may already be receding. The expert does not decide to become a credential. The expert accepts one comfortable engagement after another, each individually reasonable, and arrives there without ever having chosen it.

The growing-firm note named this drift at the scale of a company: the firm that crosses from building things to certifying, processing, and protecting itself, and the tell that the drift has happened, which is when the firm's best people start routing around their own company to get the work done. [3] The consultant lives the identical fork alone. The tell at career scale is when the expert's authority is being used to slow a decision down rather than to make a better one, when the value delivered is the signature rather than the work, and above all when the client is no longer buying the best outcome but a defensible decision, a name that absorbs the blame if the thing goes wrong. None of those is illegitimate on its own. All of them together are the sound of an expert becoming a credential.

Olson's mechanism comes with a hard corollary, and the consultant should sit with it. The reason post-war Germany and Japan grew so fast was that defeat had destroyed their accumulated coalitions, clearing the sclerosis and freeing the productive base to rebuild. [6] The renewal required the old position to be wiped out first. The expert who has drifted into certifying is betting that no such clearing is coming for their domain. The macro this series describes is the argument that the clearing is already underway, and it is arriving from three directions at once, at three different speeds. The fastest is the one Pressure One already named: AI is repricing the codifiable core of expertise toward zero right now, and directed demand is concentrating into a narrowing set of funded sectors, so the position can be quarried faster than anyone expected, while the skill itself still looks sharp. Slower, and underneath it, the credentialed who hold the senior positions are responding the way Olson's coalitions always respond as their demand recedes: by building more walls, adding process, thickening the certification load, and defending the position rhetorically rather than re-earning it. Slowest of all, as a background tide rather than a driver, the generation that built and held those positions is tiring and starting to leave, which empties the chairs the accumulated authority was sitting in. And cutting across all three, a smaller cohort, the Mavericks, are routing around the whole apparatus and executing the work the credentialed process said could not be done, which is the clearing made visible. The mistake is to assume the clearing moves at the speed of the generational exit. It moves at the speed of the repricing, and that is already fast.

There is a line that ran the old order, and it is the cleanest way to feel what is being cleared. For decades the safe move was that no one ever got fired for buying IBM, and later no one got fired for hiring the brand-name firm or the credentialed name. The credential was never really expertise. It was insurance against blame. The buyer was not purchasing the best outcome; the buyer was purchasing a defensible decision, a name that could absorb the blame if the thing went wrong. That trade held as long as the demand it sat on held. The clearing is the moment the insurance stops paying out, the moment the credentialed name no longer protects the buyer because the buyer's own demand has moved and the safe choice has quietly become the wrong one. No one ever got fired for buying the credential, until now.

PRESSURE THREE: THE DEMAND CAN LEAVE, AND IT LEAVES WITHOUT SENTIMENT

The third pressure is the one that turns the first two from a worry into a fork. It is the possibility that the demand routed to the expertise simply leaves.

Rome is the case run at civilizational scale. The city fell from roughly a million people to perhaps ten thousand over several centuries, and as it emptied, the monuments were mined for parts. The Colosseum was quarried for its cut travertine, not out of disrespect, but because there was live local demand for building stone and hauling it from a standing ruin was cheaper than cutting it fresh. The reallocation was driven entirely by demand and relative cost. Sentiment had no vote. The greatest engineered structure of its age became a quarry the moment the demand it had been built to serve was gone and a different demand made its material worth more as parts than as a monument.

A specialized practice can be quarried the same way. The expertise that no longer sits downstream of live demand does not announce its obsolescence. It gets mined: the codifiable parts absorbed into tools, the client relationships reassigned to whoever is closer to the new demand, the reputation drawn down slowly until there is nothing left to bill against. The expert experiences this as a market that has gone quiet for reasons that feel unfair, because the skill is as sharp as it ever was. The skill is not the point. The skill is the standing structure. The demand is the thing that left, and the structure is being valued, accurately, for its parts.

This is where the series framework on the demand side becomes load-bearing rather than decorative. The argument running through the Atlas work is that demand in this cycle is not diffuse and is not permanent in its old locations. It is being concentrated and directed: toward the sectors the national posture is actually funding, toward the allied-manufacturing build-out, toward the feeding grounds where real procurement and real capital are flowing. [7] The expert whose position sits downstream of one of those live demand currents is fine, and may be better than fine. The expert whose position sits downstream of a demand current that is receding is the one being quarried, and the cruelty of it is that the receding feels slow enough to ignore until it is too late to move.

THE FORK

The three pressures resolve into one decision, and it is the same fork this series has put to every persona, sharpened to the consultant's specific position.

One direction is to reposition the expertise toward live demand and become what is best called the builder of last resort. This is the expert whose asset is not the credential but the capability to execute when the credentialed process says it cannot be done. It is the expert holding the license and the executed result rather than the conferred membership and the box-checked record, the one who can actually develop and build rather than the one who can only certify that building is permitted. The illustration is the architect who develops and builds the project when the contractor says you cannot build it that way, and the architect says hold my beer and builds it. That is not a personality. It is the entire Builders versus Diplomats axis collapsed into one person at one job site. The contractor's you cannot build it that way is the Diplomat answer: process, precedent, certification, the careful preservation of position. The architect who develops and builds it is the Builder answer, and it is the four Builder traits this series has named throughout, present in one person at once: creation over credentialing, decentralized execution, skin in the game, and iteration against a real problem until it is solved. [8] The builder of last resort is repositioned by definition, because the capability to execute is only valuable where there is live demand for something to be executed. And the capability is not the credential restated. It is skin in the game under real uncertainty: the willingness to own the outcome of a live problem whose answer is not known in advance, to iterate against it until it is solved, and to be paid for the result rather than for the reputation. That is the part no certification confers and no membership signals, and it is the only part the clearing does not reach.

The other direction is to let the expertise ossify into the credential. To keep billing on reputation, to trade the executed result for the conferred membership and the box-checked record, to certify rather than create, to defend the position rhetorically while the demand underneath it recedes. This is the path to becoming Rome: the magnificent structure that depopulates quietly, gets mined for its useful parts, and reverts. It is not a dramatic failure. It is a slow one, and it can be comfortable for a long time, which is exactly what makes it the default.

The honest finding, and the one this piece will not soften, is that most specialized expertise does not make it through the first door. That is not because most experts are mediocre. It is because the structure is against them. Most expertise is weighted toward the codifiable, automatable side of the line drawn in Pressure One, and repositioning toward the side where judgment on live demand is the scarce input is genuinely hard. It means giving up the comfort of the established position, re-entering the productive arena where the work is risky and the outcome is uncertain, and being paid for results again rather than for reputation. The door is narrow not because the people are unworthy but because the move it requires is the move almost nobody wants to make at the moment their accumulated position makes it least necessary and most uncomfortable. The builder of last resort is rare by construction. That is the clean negative, and a consultant deciding which door to walk through is better served by it than by flattery.

FIVE QUESTIONS WORTH ANSWERING HONESTLY

1. Of everything you sell, how much is the retrievable, codifiable core of your domain, and how much is judgment exercised on a live, specific problem? Which half is growing as a share of your billing, and which is shrinking?

2. When a client hires you now, are they buying a better outcome, or are they buying your signature as insurance against blame? Has that mix changed over the last three years?

3. Is the demand current your position sits downstream of growing or receding? Name the actual source of the work, and ask honestly which way it is moving.

4. If the codifiable half of your expertise were repriced to near zero next year, what would remain that a client would still pay a premium for, and is that remainder something you are actively building or something you are coasting on?

5. Are you still a builder, paid for what you create and execute, or have you become a credential, paid for a reputation earned in a productive period that has already ended?

> ***The skill is the structure. The position is the asset. The demand can leave, and it leaves without sentiment. The structures are real. The decision is yours. Prepare accordingly.***

NOTE ON PROBABILITY WEIGHTS

The current SelectGlobal scenario lock places sustained regional fracture and geographic divergence as the most likely path for the United States through 2030, with a clean institutional transition the second most likely. Two holding-pattern scenarios trail. The directional trend across the spring has been fracture rising and the holding patterns compressing. The full scenario lattice and quarter-by-quarter weight tracking are maintained in the SelectGlobal Atlas series and reviewed on a rolling trigger basis. The point is not the specific percentages. The point is the uncertainty window: decisions made now must survive a resolution period that may not close cleanly for years. Strong convictions, loosely held. [9]

Michael T. Edgar

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ENDNOTES

[1] Field Notes from the Transition: The Small Business Owner. SelectGlobal LLC. May 2026. Path 4 (Sell) and its counterfactual, which defers the operator-as-asset case directly to this piece: if the firm's value is the owner's credentials and local network, the asset is the operator, and the

sale destroys what the buyer is paying for, with the credentialed-and-networked case addressed directly in a forthcoming Field Note. This note discharges that forward reference.

[2] Field Notes from the Transition: The Recent Graduate. SelectGlobal LLC. April 2026. The high-option-value, no-asset-yet position. The specialized consultant is the structural inverse: high asset, low option value.

[3] Field Notes from the Transition: Small Fish Growing. SelectGlobal LLC. June 12, 2026. The canonical treatment of the Builder-to-Diplomat drift at firm scale (certify, process, and protect rather than create), and the tell that the drift has occurred (the best people routing around their own company). This note applies the same drift mechanism at the scale of a single career. The owned-baseline-versus-frontier hedge referenced here is also developed in that piece at firm scale.

[4] Field Notes from the Transition: The Creative. SelectGlobal LLC. June 2026. The persona whose asset is also the self, but whose scarce inputs (judgment, taste, voice) resist replication. The consultant's codified expertise is the contrasting case: the asset is the self, but the marketable core is replicable and therefore exposed.

[5] Erik Brynjolfsson, Bharat Chandar, and Ruyu Chen, 'Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence,' Stanford Digital Economy Lab working paper, first released August 2025, dashboard updated through April 2026. Using high-frequency payroll microdata from ADP covering millions of U.S. workers, the study finds a relative decline in employment for workers ages 22 to 25 in the most AI-exposed occupations since the late-2022 onset of widespread generative-AI adoption, with employment stable or growing for older workers in the same occupations and for workers in less-exposed occupations. The authors report the decline is concentrated in occupations where AI automates tasks and is absent where AI augments the worker, and that the effect persists after controlling for firm-level shocks and after removing the technology sector. The automate-versus-augment distinction, not the headline percentage, is the load-bearing claim here.

[6] Mancur Olson, The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities (Yale University Press, 1982). The theory of institutional sclerosis: politically stable societies accumulate distributional coalitions (interest groups organized to capture rents and protect position rather than create value), whose growing weight raises regulatory complexity and slows the adoption of new methods and the reallocation of resources, lowering growth over time. Olson's counterexample, that post-war Germany and Japan grew rapidly because military defeat had destroyed their entrenched coalitions, supplies the cleared-and-rebuilt corollary used here. The empirical literature testing Olson finds the sclerosis thesis generally but not universally supported; it is carried in this piece as a structural lens at career scale, not as a settled law.

[7] The directed-demand thesis is developed at structural altitude in the SelectGlobal Atlas work, including Inside the Fortress (Atlas Feature, May 2026) on the North American cost regime and the concentration of demand into funded sectors and allied-manufacturing build-out.

[8] Builders vs. Diplomats: Part 2 - Defining the Builder Class. SelectGlobal LLC. April 2026. The four Builder traits: creation over credentialing, decentralized execution, skin-in-the-game accountability, experimental iteration. All four must be present simultaneously for institutional Builder status. The builder of last resort is this axis resolved into a single person at a single job site. See also the full Builders vs. Diplomats Atlas series, Parts 1 through 6.

[9] SelectGlobal scenario modeling, current lock. Scenario set: clean institutional transition, regional fracture, and two holding-pattern paths (procedural extension; muddle-through bifurcation). Weights are tracked on a rolling trigger basis and maintained in the SelectGlobal Atlas series. Directional read at this writing: fracture the most likely path, clean transition second. Public weight set as published in the live Atlas; behind-the-meter scenario modeling carries a separate working lock. Strong convictions, loosely held.

[10] Cultural-register note. The reuse question this piece turns on (what becomes of expertise, and of everything else, once it is already built) is in the cultural air from a hostile direction. See Kate Wagner, 'What Makes American Architecture American?' The Nation, June 2026, which reads North America's continental abundance and cheap energy as an original sin producing a predatory rentier class, and answers the what-do-we-do-with-what-is-already-built question with salvage-as-virtue (boutique reuse firms surviving on grants and conscience). The macro observation is shared with this series; the valence is inverted. Wagner is cited here as evidence that the question is live across the spectrum, not as evidence for the mechanism, which is sourced independently to Olson [6] and Brynjolfsson et al. [5].

FIELD NOTES FROM THE TRANSITION: THE CREATIVE

The asset is you, the leverage is AI, and the freedom is knowing what to make and for whom

Date: June 19, 2026 | SelectGlobal LLC | www.selectglobal.net

TL;DR

The other personas in this series hold a firm, are building one, or are choosing a vector toward one. The creative is the asset. That single fact makes the creative the most mobile persona in the series and changes the shape of every force the series has mapped. The fiscal and geographic pressures land as a real choice between an expensive cultural center that extracts a fortune and pays back density, and a cheap periphery that frees the cost structure and starves the craft of the peers, mentors, and serendipity it runs on. Artificial intelligence lands as leverage rather than threat, the one place in this series where the incoming tide is opportunity, but leverage that runs on capability the creative rents and does not control. Global distribution and global competition arrive through the same door. What does not change is the creative's actual stock in trade: taste, values, and judgment, the knowing of what to make and who it is for. The choice that judgment governs, mass market or a thousand true fans, is the freedom mechanism that decides whether the creative is free to leave the center or bound to it. No prescription. The decision belongs to the creative.

INTRODUCTION

Every other persona in this series holds, or is building toward, an asset that exists outside the person. The recent graduate is choosing a vector. The small business owner holds a finished firm. The growing firm is scaling one mid-motion. [1] The creative is the asset. There is no firm to convert to a lifestyle business, no headcount to shed in a downturn, no second office to open in a better jurisdiction. The thing that produces the value and the thing exposed to the loss are the same node, and that node is a person.

That is not a weakness to be fixed. It is the defining feature of the position, and it is the source of everything that follows, both the exposure and the unusual freedom. Because the asset is the person, the creative carries it everywhere, owes it to no institution, and can redeploy it across formats and markets faster than any firm can pivot. The creative is the most mobile persona in the series. The same fact prices the downside: a builder has an LLC and a diplomat has a state between themselves and a bad outcome, while the creative has only an insurance policy, so a single dispute over rights or training data lands on a life rather than a balance sheet. Mobility is the whole story, and like every other commitment in a Builders vs. Diplomats world, it cuts both ways. [2]

This note does not re-map the creative's terrain from the ground up. The structural position was described earlier in this series, in the note for the recent graduate, as the hybrid creative micro-business path: a winner-take-most distribution where a small share of people earn a living and most do not, a credential system that signals more than it pays, and a margin for error thinner than almost any other path. [1] That terrain stands. What this note does is walk the same forces the rest of the series walks, fiscal, geographic, institutional, and the AI leg, and show how each one lands differently when the asset is a person, and then name the one move that turns the whole picture from exposure into freedom.

THE GEOGRAPHIC LEG: THE CENTER EXTRACTS, THE PERIPHERY STARVES

The fiscal and geographic pressures the rest of the series faces as fixed-cost exposure reach the creative as something sharper, because the creative is the only persona who can actually run. A growing firm anchors thirty people and a lease to a high-extraction metro before it has the management depth to relocate any of it. [2] The creative can leave on a week's notice. The asset goes in a carry-on. How light that carry-on is varies by medium: the writer or illustrator is close to fully portable, while the one-person video shop is anchored to a render rig and the performer is gated by festival and live circuits that still demand physical presence. Portability has a medium-specific half-life, and the most mobile creatives are not always the highest-earning ones.

The earlier note named the gravitational pull: creatives default to expensive cultural centers because those cities concentrate networks, festivals, publishers, and visibility, and that pull leads to optimizing for proximity and social signaling rather than output velocity and cost structure. [1] The high-cost center extracts a fortune in rent, tax, and cost of living, exactly the fiscal-extraction trajectory the series has tracked elsewhere, and the creative is the one persona structurally free to refuse the bill and move to the exurbs, where the overhead approaches nothing.

But the center pays back something the periphery does not, and this is the part the earlier note left implicit. The case for being in the room was made plainly in a conversation between two close observers of how careers compound: the benefit of being around a crowd of people chasing the same thing is high, learning accelerates, access to peers and mentors multiplies, and, most of all, optionality expands, because the serendipitous collision (the coffee-shop introduction, the barbecue that turns into a collaboration) does not happen at density anywhere but the center. The point was not nostalgia. It was that you cannot prompt your way to a chance encounter, and that the formative relationships of a creative life tend to come from proximity rather than from agenda. [3]

So the geographic leg is a genuine fork, not a free move. The center extracts a fortune and pays back density. The periphery frees the cost structure and starves the craft of the very inputs (peers, mentors, the lucky encounter) that the asset feeds on. AI narrows the gap on the production side, as the next section covers, but it does not close it on the serendipity side, where the value is human and proximate. The mobility is real. The cost of using it is real too. Which one wins depends on a choice made later in this note, not on the geography itself.

THE AI LEG: LEVERAGE ON RENTED GROUND

For most of the personas in this series, artificial intelligence arrives as pressure from outside: a cost that rises, an access point that can close, a capability the firm must react to. For the creative it arrives differently. In the creative's hands, AI is leverage. It is the editing suite, the production assistant, the research department, and the second pair of hands a solo creative never had and could not afford. A single capable person with current tools can now write, produce, edit, score, and distribute work that a few years ago required hiring out half of those functions, or the budget of the most well-capitalized studio in the field. The floor for 'producer' has dropped, and the creative who picks up the tools moves from performer to production house without adding an employee.

That makes the creative the one persona in this series for whom the incoming tide is opportunity rather than threat. The recent graduate faces AI as a labor-market headwind. The growing firm faces it as a capital exposure. The creative gets to use it as a multiplier on the one asset they have always owned outright. The leverage is genuine, and it is the upside the rest of the series does not get to offer.

But leverage always has a fulcrum, and the creative's fulcrum is somebody else's. The producer-scale output the tools make possible rests on frontier AI capability the creative rents by the month and does not control. The capability can be rationed when compute runs short, repriced when the economics demand it, and conditioned or restricted on short notice by forces that have nothing to do with the creative. [4] It can also simply get worse at the specific job the creative depends on: a lab shifts its objectives or tightens a safety layer, and the model that nailed a particular style or held a long thread last month no longer does. The tide is not only price and availability. It is competence volatility, and a tool you do not control can regress underneath you without warning. None of that is a forecast. It has already happened. The shape of the change matters more than its arrival. The common picture of AI is a single step: the wave hits, the old way is obsolete, a new normal settles in. The truer picture is a tide. The water goes out (a new model arrives and the craft floor drops again), then it comes back in (the tool gets rationed, the price rises, the thing it could not actually do reasserts the value of human judgment), then out again with the next release, then back. Out, in, out, in. The creative who has wired an entire production identity to a single rented subscription has built real leverage on ground that goes dry on a schedule someone else writes.

GLOBAL REACH, GLOBAL COMPETITION

The same door that lets the tools in lets the world in. The web that lets a creative in the exurbs sell directly to anyone on the planet is the same web that lets everyone else's work reach the creative's audience. [5] Democratized distribution is not a one-way gift. It collapses the cost of reaching a global market and, in the same motion, drives an exponential rise in the volume of work competing for attention in that market. [6] The creative now competes with everyone, everywhere, and reaches everyone, everywhere, through the identical mechanism. The reach is the headline. The competition is the part the headline omits, and the downward pressure it puts on price is the long tail's standing tax on individual creators. [5] Neither half can be taken without the other.

WHAT DOES NOT CHANGE

Strip away the geography, the tooling, and the distribution, and one thing is left, and it is the thing that was always the actual asset. Not the production capacity, which AI has commoditized. Not the distribution reach, which the web has democratized for everyone at once. What remains scarce is taste, values, and judgment: knowing what is worth making, knowing what to publish and what to kill, and knowing which audience it is for. A model will generate infinite output on request. It cannot tell the creative what is worth generating, or for whom. That editorial judgment is the position the creative owns, the part of the work that no tool reproduces and that every tool, owned or rented, still has to route through to reach a human being who cares. The range to stitch mediums a single prompt cannot synthesize cleanly, to put writing next to staging next to the orchestration of a community, lives in the same place, and it is part of what the position is.

One honest qualification keeps this from sliding into comfort. Taste is necessary; in a flooded market it is no longer sufficient on its own. When production is commoditized, the binding constraint moves to attention, and good judgment can starve in the dark if the work never reaches a human eye. Judgment still wins, but only when it includes the judgment of who the work is for and how it gets to them, which is precisely the choice the next section is about.

This is where the creative's position diverges from the firm's, and the difference is not cosmetic. The growing firm accumulates its position deliberately as it scales: proprietary process data, client relationships, and compliance posture, built brick by brick, compounding outside any one person and largely automatable. [2] The creative's position runs the other direction. It is usually already held rather than accumulated, and the macro-environment does not help it compound; the incoming tide actively besieges it, flooding the market with good-enough substitutes and shifting what audiences expect. The creative's work on the position is therefore maintenance against erosion, not expansion: defending distinctiveness against distraction, burnout, and the quiet flattening that comes from leaning too hard on rented tools. The firm builds a fortress. The creative defends a cottage against a rising tide. Both are real positions. They are not the same shape, and pretending they were would understate the discipline the creative's version costs. The leverage is loud. The judgment is quiet. The judgment is the asset, and it has to be actively kept.

THE FREEDOM MECHANISM: MASS MARKET OR A THOUSAND TRUE FANS

Here is the move that resolves the geographic fork, and it is a move only the creative gets to make, because only the creative's asset is portable enough to make it.

Once production is democratized and judgment is the scarce input, the creative faces a strategic choice the firm does not: aim at the mass market, chasing the narrow and unlikely peaks of a hit, or cultivate a direct relationship with a smaller, devoted audience. The second path has a name and a literature. The argument is that a creator does not need millions to make a living, but only on the order of a thousand true fans, people who will buy essentially everything the creative produces, reached directly rather than through the intermediaries that historically forced creators to chase mass audiences to clear the same income. [5]

This is the freedom mechanism, and it resolves the geographic leg directly. The thing that makes the exurb survivable is not cheaper rent. It is owning the audience relationship directly, so the creative depends less on the distribution infrastructure that only the expensive center concentrates. A creator who reaches a devoted audience directly can be recognized and valued by that audience while living anywhere, free of the bill the center charges for proximity to gatekeepers. [5] The mass-market path keeps the creative tethered to the centers where hits are made and sorted. The true-fans path is what lets the creative pick up the portable asset and go. Which path fits is not a lifestyle preference layered on top of the career. It is the same decision, and it is governed entirely by the judgment named in the previous section: who the work is actually for.

But the word direct is doing heavy lifting, and it should not do all of it. The platforms that carry a thousand-true-fans practice (the newsletter host, the video platform, the membership rail, the payment processor) are rented ground too, every bit as much as the frontier AI subscription the earlier section warned about. A creative who flees the physical extraction of the city (rent, tax) and lands entirely on a single platform has swapped one landlord for another: algorithmic demotion, shifting take rates, and deplatforming are the digital version of a rent hike. Worse, the same recommendation engines that warm a new audience can bury the next piece of work when a model or a policy changes. Owning the audience relationship is more direct than routing through traditional gatekeepers, but it is not absolute, and the directness is exactly the thing the platform layer keeps trying to take back. The move is to hold the relationship in a form the creative can carry off any one platform, the list of names and the means to reach them, rather than mistaking a follower count on rented ground for ownership.

The honest caveat belongs here too, because the literature itself raises it. A direct audience of a thousand is rarely reached without first reaching a much larger one; the devoted few are usually the residue of a wide funnel, not a shortcut around it. [7] In a market where synthetic work is multiplying the volume competing for attention, building that funnel from the periphery without an existing network is harder, not easier, than the clean version of the story suggests. True fans is a real path, not a free pass out of the discoverability problem the winner-take-most distribution imposes on everyone. The freedom is real. It is earned, not granted.

THE HEDGE, SIZED TO ONE PERSON

The hedge for the creative has to be sized to a single person. A solo illustrator or a one-person video shop is not going to build a private server room, and any advice that amounts to 'stand up your own infrastructure' fails the only test that matters: can the person actually act on it. It is tempting to borrow the growing firm's architecture here, the firm that builds a second, owned capability floor underneath its rented frontier tools so a price shock cannot break it. [2] But that symmetry does not survive the change in scale, and saying so makes the hedge more honest, not weaker.

The firm gets two real floors because it has capital and exists apart from any one person. It can fund owned compute and pipelines that keep running independent of the founder, automation that works while everyone sleeps. The creative cannot. A single person has one structural floor, and it is the position: the judgment, the values, the taste, the cross-medium range, and the audience relationship that no tool reproduces and no subscription rents to anyone else. That floor is real, and it is enough, but it is top-heavy and it leaks. It depends on the principal's continued attention, and it erodes when that attention lapses. The honest test is the one a long focus cycle imposes anyway: if the creative goes dark for sixty or ninety days, does the position hold its value, or does it decay? A firm's owned floor passes that test by design. The creative's passes it only through deliberate maintenance. That maintenance is the discipline tax, and it is the real work of the hedge.

The owned baseline (the models and tools that run locally on hardware already owned) is not a second floor. It will not match the production velocity of a competitor wired into a frontier cluster, and pretending it will is the kind of comfort this series tries to avoid. What it is, honestly, is a continuity protocol: a way to keep the core, repeatable work moving when a frontier tool is rationed, repriced, or quietly gets worse at the job. A flashlight for when the power goes out is worth owning. It is not the foundation. Treat the frontier tool as the thing you reach for when a specific job justifies it, keep the local baseline as the thing that keeps you working when the tide goes out, and put the real effort into the one floor that is genuinely yours.

That is the inversion worth naming, and it survives the scale change even though the floor architecture does not. The growing firm in the companion note hedges a cost: it builds a floor so a price shock does not break its unit economics mid-expansion. [8] The creative hedges a capability: the producer-scale leverage is already captured and already being monetized, and the hedge protects the thing that is working, not the thing that might be lost. You do not insure an upside you have not captured yet. You insure the one you are living on. The firm can buy its way to a floor that stands without it; the creative cannot, and that gap is not a failure of the hedge. It is the exact price of being the asset instead of owning one. The whole of the move, for a single person, is refusing to let the most valuable leverage you have ever had depend entirely on a tide chart you do not write, while remembering that the leverage was never the asset in the first place. The judgment was. Keep it.

FIVE QUESTIONS WORTH ANSWERING HONESTLY

1. If the AI tool your production depends on doubled in price or capped your usage next month, what happens to your output, and how fast could you adjust?

2. What are you actually paying the expensive center for (gatekeepers, festivals, and visibility, or the serendipity and peers that do not exist at density anywhere else), and which of those could you replace with a direct audience relationship from anywhere?

3. Which parts of your craft are genuinely yours (judgment, taste, values, the audience that trusts them) and which have you quietly handed to a tool you rent?

4. Are you aiming at a mass market that keeps you tethered to the centers where hits are sorted, or building the thousand-true-fans relationship that would let you take the asset anywhere, and have you been honest about the wide funnel the second path still requires?

5. If the next AI tide goes out the way the last one did, does your practice still function on the floor that is actually yours (your judgment, and the local baseline that keeps the core work moving), or does it stall until the water comes back? And if you went dark for ninety days, would the position still hold its value?

The asset is you. The leverage is real, and it runs on rented ground. The freedom is knowing what to make and who it is for, because that is the one thing no tool sells and no landlord can repossess. The structures are real. The decision is yours. Prepare accordingly.

NOTE ON PROBABILITY WEIGHTS

The current SelectGlobal scenario lock places sustained regional fracture and geographic divergence as the most likely path for the United States through 2030, with a clean institutional transition the second most likely. Two holding-pattern scenarios trail. The directional trend across the spring has been fracture rising and the holding patterns compressing. The full scenario lattice and quarter-by-quarter weight tracking are maintained in the SelectGlobal Atlas series and reviewed on a rolling trigger basis. The point is not the specific percentages. The point is the uncertainty window: decisions made now must survive a resolution period that may not close cleanly for years. Strong convictions, loosely held. [9]

ENDNOTES

[1] Field Notes from the Transition: The Recent Graduate. SelectGlobal LLC. April 2026. https://www.selectglobal.net/select-global-llc-blog/builders-vs-diplomats-fnft-class-of-2026 Option D, the hybrid creative micro-business path, including the winner-take-most distribution, the credential trap, the thin margin for error, and the Tier 1 gravitational pull toward expensive cultural centers. This note treats that terrain as established rather than re-deriving it, and extends it on the geographic leg.

[2] Field Notes from the Transition: Small Fish Growing. SelectGlobal LLC. June 2026. https://www.selectglobal.net/select-global-llc-blog/builders-vs-diplomats-fnft-small-fish-growing The companion note for the growing firm, source of the fixed-cost-in-the-wrong-jurisdiction frame. The growing firm builds a two-halves floor (an owned baseline capability plus an owned position the intelligence routes through), both accumulating as it scales and both able to run independent of any one principal. This note draws the contrast rather than the parallel: at person scale the mapping is analogical, not isomorphic. The creative has one structural floor (the position:

judgment, taste, audience relationship), which is already held and must be defended against erosion rather than accumulated, plus a local baseline that functions as a continuity protocol, not a second competitive floor. The firm's capital buys a difference in kind (a floor independent of the founder); the creative's floor remains conditional on the principal's attention. Mobility as a double-edged commitment is the Builders vs. Diplomats logic applied at person scale.

[3] The argument for the creative epicenter, that peer density, mentorship, and serendipitous optionality concentrate in the cultural center and cannot be reproduced remotely at the same density, is developed in a 2025 conversation between Tim Ferriss and Bill Gurley on how creative and professional careers compound (the Dylan-to-New-York and analogous mentor-pursuit cases; serendipitous collision as the engine of optionality). Cited as the counterweight to the creative's mobility: the periphery frees the cost structure but starves the craft of proximate human inputs.

[4] AI compute scarcity as supply physics, and frontier access as conditionable: 'We're Using So Much AI That Computing Firepower Is Running Out,' Wall Street Journal, April 14, 2026, reporting frontier providers rationing usage during peak hours and capping token usage at a leading lab rather than raising prices as demand outpaced infrastructure. On the policy side, February 2026 reporting on exploration of Defense Production Act Title I authority to compel a frontier lab, set against a January 2026 Department of War directive requiring 'any lawful use' contract language within 180 days and colliding with that lab's guardrails. Both had already occurred at the time of writing; neither is a forecast.

[5] Kevin Kelly, '1,000 True Fans,' kk.org/thetechnium, 2008, rewritten 2016 at the suggestion of Tim Ferriss for the book Tools of Titans, where the concept reached a wide audience. Kelly, co-founding executive editor of WIRED, argues that ubiquitous peer-to-peer communication and payment (the web) let any creator sell directly to anyone in the world, so a creator needs only on the order of a thousand true fans (people who buy essentially everything the creator produces) to make a living, an alternative path to success other than stardom. Kelly also notes the model's geographic benefit: a creator can be recognized by a devoted audience while moving freely elsewhere. The 'actual number varies by medium and by how directly the creator reaches fans' qualification is Kelly's own.

[6] The democratization-and-competition duality: the same distribution tools that collapse the cost of global reach drive an exponential rise in competing work. Illustrative of scale: roughly 500 hours of video are uploaded to YouTube every minute (YouTube's reported figure, widely cited and stable across 2024 through 2026 reporting), up from about 24 hours per minute in 2010 and 100 hours per minute in 2013. The point is the order of magnitude and its trajectory, not a precise count; the argument does not turn on the exact figure in any given month.

[7] The discoverability caveat is raised within the 1,000 True Fans literature itself: reaching a devoted core of roughly a thousand supporters typically requires first reaching a much larger total audience, so the model is not a shortcut around the winner-take-most distribution's discoverability problem. Held here per the both-directions guard: a path that flatters the thesis (the creative can leave the center) receives the same scrutiny as one that challenges it.

[8] Where the growing firm hedges a cost (unit economics mid-expansion), the creative hedges a capability (a captured upside already being monetized). The inversion holds across scale even though the floor architecture does not: the firm's capital-built sovereign floor has no person-scale equivalent. The tidal-wave framing both notes apply at persona scale is developed at structural altitude in 'The Tide Goes Out: Why the AI Market Splits by Foresight, Not Wealth,' SelectGlobal LLC, June 2026, https://www.selectglobal.net/select-global-llc-blog/the-tide-goes-out

[9] SelectGlobal scenario modeling, current lock. Scenario set: clean institutional transition, regional fracture, and two holding-pattern paths (procedural extension; muddle-through bifurcation). Weights are tracked on a rolling trigger basis and maintained in the SelectGlobal Atlas series. Directional read at this writing: fracture the most likely path, clean transition second. Public weight set as published in the live Atlas; behind-the-meter scenario modeling carries a separate working lock. Strong convictions, loosely held.

ABOUT THE AUTHOR

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