



# ***Harry's Take***

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## **Revolutions and Eras Elevate Different Cycles: The 45-Year Technology Cycle Still Dominates**

I happened to be studying the rising Baby Boom generation just as its members were just starting to enter the workforce and were about to create the greatest boom in history and as the first annual consumer expenditure surveys were conducted in the U.S. (in 1981), which brought a wealth of information on the consumer life cycle of spending....

But even my breakthrough, roughly 40-year Generation Cycle was not the key cycle in our economy until after World War II, when the first middle-class generation emerged into the workforce from the mass-production and assembly line revolution of the early 1900s. Before that, most people made so little money that such a cycle wasn't obvious. Then, the massive Baby Boom generation came along, which exaggerated generational trends so much that someone like me looking in the right place couldn't miss them!

There was a bigger revolution before that, the Industrial Revolution, which also saw the emergence of two powerful, opposing principles: free market capitalism and democracy. The pivotal year of that revolution was 1776. The steam engine was perfected and patented; Adam Smith published his

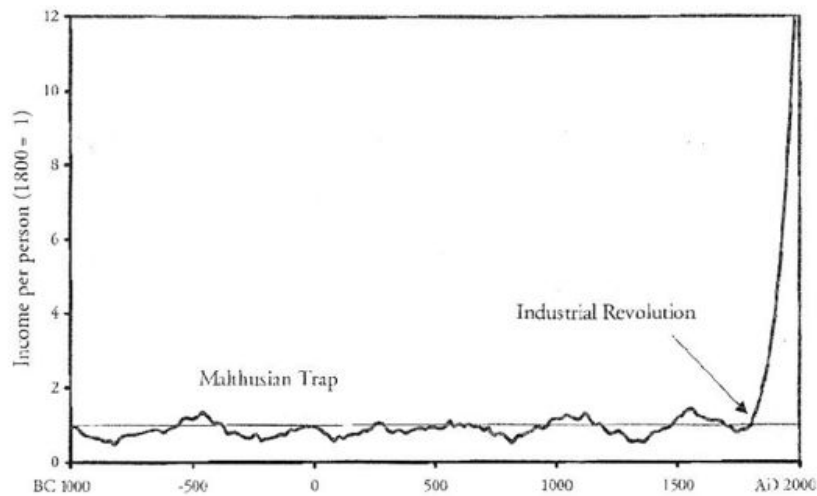
breakthrough book, *The Wealth of Nations*; and The Declaration of Independence was signed in the U.S.

The American economy exploded after that. Stocks went on an exponential tear, especially after the powerful 500-year Mega Inflation and Innovation Cycle clicked in around 1900, wherein we saw what I call in my special report the “Unprecedented Economic Explosion.” That was the subject of my December 2018 [The Leading Edge](#) issue.

That report was especially designed to educate your kids about their future, as this explosion will not peak on this 500-year cycle until around 2150 AD—just as past cycles peaked, according to detailed documentation of inflation trends, in Great Britain around 1650 and 1150 AD. Hence, the good news: We’re only halfway through the present cycle!

The Industrial Revolution was likely the biggest single thing to occur in human evolution: it freed mankind from the Malthusian Trap. The chart below, going back to 1000 BC, shows that average wages had no lasting gains for 1,800 years (and likely much, much longer) until powered machinery freed us from the land.

## Malthusian Trap: 1800 Years of Flat Wages Until Industrial Revolution



Source: Gregory Clark, *A Farewell to Alms: A Brief Economic History of the World*, 2007.

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Malthus noted that because people's lives depended on fixed plots of land, when the population grew, it put more pressure on already-limited food production, so more people starved to death, offsetting those demographic gains. Growth before the Industrial Revolution largely arose from population gains and people spreading to new plots of land, although still with limited production and wages. The Industrial Revolution automated human skills and allowed us to farm infinitely more and to produce more products not tied as closely to the land or natural resources for value added.

For more information on The Malthusian Trap, I've included a [link](#) to my brief explanation from the April 2017 Irrational Economic Summit in Austin, Texas.

**The Industrial Revolution created the greatest explosion ever in standard of living, much greater than The Agricultural Revolution that happened 10,000 years prior. It elevated the still most important**

**intermediate-term cycle today, the 45-year Technology/Innovation Cycle, which becomes the most powerful every other cycle, or every 90 years. That cycle is peaking right now, just as it did in 1929 and 1837, when the peaks led to great bubble bursts and depressions.**

Before the Industrial Revolution, the cycles that had the greatest impacts were the 500-year Mega Inflation and Innovation Cycle and the 30-year Commodity Cycle, which doubles every 60 years into the four-season Kondratieff Wave.

In this Malthusian chart, the best-documented peaks of the roughly 500-year cycle happened around 1150 AD and 1650 AD. This cycle will peak again ahead around 2150 AD—and by then Asia will clearly rule the world instead of the West. The peaks of Alexander the Great's empire around 336 BC and of the Roman empire in 160 AD were each very close to 500 years. Evidence is scant of either 45-year or 40-year generational spending cycles back then, even though it's likely they were there but were not nearly as important as they are now.

I see this 500-year cycle continuing to be dominant, along with the much-more-applicable 45- and 90-year cycles also dominant in our lifetimes. The approximately 40-year Generation Cycle varies in impact by country or region; it diffuses as booms continue to spread from west to east among leading countries and as population growth slows worldwide into the rest of this century.

This was one of the biggest lessons I learned about cycles: They affect each other, and the time in the evolution of each also elevates certain cycles over others....

Looking even farther back, I have always seen a larger 5,000-year cycle starting with the Agricultural Revolution, which emerged around 8,000 BC, with the first towns like Jericho; moved to writing and the wheel, which fostered the first cities and trading centers like Uruk in Sumeria; and then moved to the Industrial Revolution and information revolutions that followed, creating megacities....

That's why a 250-year Revolution Cycle in the late 1700s colliding with a 500-year cycle starting in the very late 1800s created "The Unprecedented Economic Explosion," wherein our life expectancies roughly doubled and our standard of living adjusted for inflation went up 8–10 times. **This has never happened before in 300,000 years of human history!**

So, **don't bitch** about this once-in-a-lifetime super-bubble burst and great reset over the next 3 years or so. It will only make us stronger... And it's much needed, now that central banks have corrupted free market capitalism and that rising income inequality has perverted democracy.

Mark my words: This massive crash and financial crisis will accelerate our progress faster than any government measures could... but it will be painful if you don't prepare for it...

That's what you hired us for!

Harry

*Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).*