



Harry's Take

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The Demographic Winter for the U.S. and the Developed World

Japan was the first developed country to see a peak in births that translated into a decline in their Spending Wave (after 1996). The U.S. peaked in births in 1961 and Europe in 1964. The Millennial generation in the U.S. caused a secondary wave into 1990, and Europe had a similar wave. Since the U.S. Boomer Spending Wave peak in 2007, it's been all money printing to fill the gap until that last but weaker Millennial Wave in spending hits from 2023 into 2037 or so.

After the next severe stock and economic crash, the developed world will not be the same. I have been warning not only of “The Crash of a Lifetime,” but also that the next boom will not be as strong or as long as the unprecedented boom from 1983 to 2007.

Three demographic megatrends happened in the 1900s that will not repeat in the future—or at least not for a long time:

1. **The entry of women into the workforce after World War II.** That trend began as a supposedly temporary thing during World War II out of necessity, but it worked well enough for women and for the economy, which accelerated thereafter, especially as household appliances automated housework. The peak decade for women's entry into the workplace was the 1970s, when 15.5M women entered, vs. 7.3M in the 1950s and 10.2M in the last decade into 2010. The peak year in annual entry was 1990, with a secondary

- peak in 2006. Women now are plateauing at 50% of the workforce, but that overstates it, as more women than men work only part time. Hence, this positive trend is over for good.
- 2. The massive Baby Boom birth trend and ensuing economic wave.** As I note above, the U.S. was at the center of this, with a massive birth wave from 1934 into 1961 followed by a Spending Wave on a 46-year lag from 1980 into 2007. Japan's Millennial generation just peaked last year in 2020, and Japan's demographics now will fall for decades. The Millennial generation in the U.S. will have levels of economic impact into 2037 similar to the Baby Boom generation, but then the trend falls for as far as the eye can see. We had record low births last year, which will lead to economic weakness into the early 2070s on about a 48- to 50-year lag. The recession, caused by declines in spending by the Gen Xers, will be followed by one more boom from around 2023 into 2037, and then demographic trends in the U.S. will only go down for decades and maybe forever. It will take a revolution in people living to 100+ to change this trend to a substantial degree—and that is very likely to happen, albeit mostly just beyond my lifetime.
 - 3. The immigration wave from third-world countries, especially into the U.S.** The first such wave peaked between 1907 and 1914 and fell off dramatically into the depression years of the 1930s. The second wave peaked in 1990, with a secondary peak in 2016. This next severe downturn should only accelerate the sentiment against immigration that has been growing in the last two decades, with Trump as its present cheerleader. I predict that immigration will not reach higher than recent post-peak levels even in the next boom.

None of these major trends are likely to repeat for a long, long time, if ever. The next boom from 2023 or 2024 into 2037 or so will be the last one for the developed world. Japan and South Korea won't feel it much, and neither will the countries of Southern or Central Europe.

That's why my investment strategies will switch to Australia/New Zealand and even more so to Southeast Asia and India in the next boom and for the developed world will move into aging-related sectors like

healthcare and nursing homes/assisted living centers. By 2023, if not sooner, the Dent Sector Fund in Australia should be available in North America.

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Got a question or comment? You can reach us at info@hsdent.com.