

## Introduction

# Predicting 2020

No one can predict the date of a coming depression. Socio-economic theory, however, predicts alternating 20-30 year 'seasons' of either depression or prosperity. All five U.S. economic depressions since 1790—each ranging from four to eleven years in duration—arrived during seasons of depression.

*No season of depression has ever occurred without at least one depression taking place. Conversely, no depression has ever struck during a season of prosperity.*

Socio-economic predictions rely on three surprising principles:

- 1) Every economy serves one specific society. (A society and its economy comprise an indivisible socio-economy.)
- 2) Two socio-economies always exist together and overlap, one old and declining; the other, new and rising.
- 3) Depression is a time of maximum uncertainty when buyers and sellers no longer trust the wisdom of the old socio-economy but have not yet fully accepted the new one. Prosperity resumes when the old socio-economy dies and the new one prevails.

In the second half of the 20th century, the dominant society propagated an economy devoted to consumer spending. Consumer spending became the key to living the good life. We bought and accumulated houses, cars and a myriad of new appliances. Everything that was bigger and shinier was better.

Since 1960, however, an opposing socio-economy has sought to rectify the ills of excessive consumer spending. These two socio-economies illustrate the two general types that determine economic action. If one serves the needs of the individual, the other serves the larger community. "What's in it for *Me*?" always opposes "What's in it for *Us*?"—the economy and community as a whole.

In recent years, few saw the signs of our failing prosperity:

December, 2006: (*CNNMoney.com*) “The economy is stumbling... most economists are still expecting... to avoid a full-blown downturn next year...”

January, 2008: (*neweconomist.blogs.com*) “The U.S. will skate along the brink of recession in early 2008, but should avoid tipping over.”

**May, 2009: (*Jack Lessinger*)** “**We are not in recession but in the midst of a full-blown depression. It may or may not extend until 2020, the end of the current season of depression.**”

In Socio-Economics, three central terms are introduced: ‘vision,’ ‘mania’ and ‘schizomania.’ No enduring prosperity can be generated until the multitudes—‘We the People’—are swept up in a single, socially approved *vision* of the good life offered by the new society.

Unfortunately, what starts out as an accepted vision of the economic and social future is always pushed to immoderate extremes. Every vision inevitably turns into a *mania* that breeds endless excesses.

*Schizomania* is a ‘season of depression,’ a time of severe conflict that occurs when an old and increasingly inappropriate mania is opposed by a rising vision aimed at correcting steadily worsening abuses. A season of depression begins when an aging, half-extinct mania is opposed by a rising but still immature vision. Depression ends when the old mania is fully replaced.

From 1945 to 1990, our dominant socio-economy scaled the peak of a unique coordination and prosperity. Call it the Little King. Individuals were kings within their own tiny domains.

Prosperity was temporarily interrupted by five recessions, but no depressions. From the end of World War II through the 1980s we knew exactly what we wanted. Our mania for conspicuous consumption kept the economy working at a furious pace.

Every socio-economy, however, eventually overstays its welcome, becomes too extreme and loses its social support. After 1990, what had become a mania to consume pushed us to *over-spend*, *over-borrow* and *over-speculate*. The unquenchable greed of the little kings increasingly strained the economy with immense public and private debts, inequality of income, Asian competition and enormous speculative growth in asset prices.

In only 16 years, from 1990 to 2006, U.S. homes more than doubled in value—from an average of \$100,000 to \$240,000.<sup>1</sup> That increase substituted for real economic growth. Instead of spending earned incomes, owners of those amazing investments often raised their mortgages and spent the additional value. The Clinton economy became addicted to the continual rise in asset values.

A green and responsible socio-economy has been on the rise since the 1960s. Chucking the old ‘What’s in it for *Me*?’ attitudes, the new mania is motivated by ‘What’s in it for *Us*?’ It seeks to replace borrowing and spending with producing and providing for the community—the poor, the old, the young and the sick. It pushes us to fix our infrastructure and the environment, as well as to end pollution and slow global warming.

For all its bright future, however, years will pass before a mature Responsible Capitalism overcomes the Little King. Until then, both will continue to coexist, one rising, the other falling. Still bitterly opposed to each other, the half-extinct Little King and a half-baked Responsible Capitalism are now precipitating the sixth depression since 1790.

Based on the timing of socio-economic developments since 1790, expect full prosperity around 2020. Ultimately, today’s little kings will become tomorrow’s responsible capitalists.

**Lessinger’s First Law: *Depression marks the collision of opposing socio-economies—one new and rising, the other old, accepted and in decline.***

Confidence ebbs as the old vision of how life should be lived transforms into a mania—ever more extreme, unwarranted and objectionable. At the same time, the new vision is still unknown, alien and largely untried. Eventually, however, the new vision's socio-economy produces high confidence and prosperity.

**Lessinger's Second Law: *Socio-economies rise, fall and are superseded with predictable regularity.***

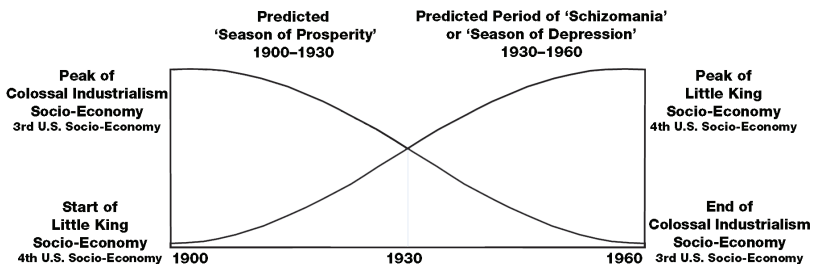
Four socio-economies rose and fell since 1735. A fifth is now rising. Each decline overlapped the rise of its successor. Peaks of successive manias were separated by 50-60 years. The rises, peaks and declines of socio-economies since 1790 are all based on substantial historical data summarized in this book.

The precise date of a coming depression is as unpredictable as the precise date of the first snowfall in Chicago. However, the prediction of a *season* of depression, or a *season* of prosperity, is as achievable and valuable as predicting a season of winter or summer.

**Lessinger's Third Law: *Depressions occur only during the 'season of depression'—the 25-30 year climax of uncertainty beginning when the old socio-economy is halfway to extinction and the new one is halfway to its peak.***

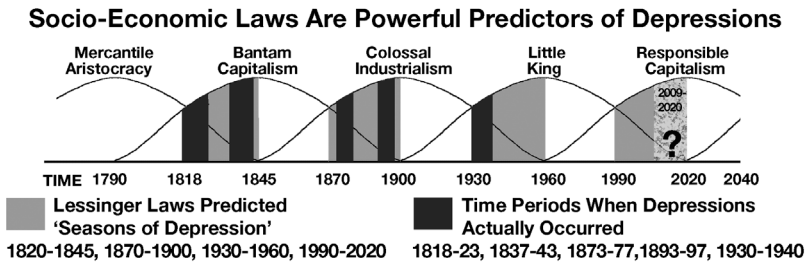
This season of depression, or *schizomania*, reflects the schism produced by two opposing manias, one old and in decline, the other, new and rising. Every one of the five U.S. depressions since 1790 have occurred within this time of high instability predicted by Lessinger's Theory of Socio-Economics.

### Predicting Seasons of Prosperity and Seasons of Depression ('Schizomania')



The ability to predict 25-30 year reoccurring seasons of depression—schizomanias—as well as to understand their causes, marks an important development for economics. *No depression of four or more years in the United States has ever occurred at any other time.*

To date, *every* predicted 25-30 year season of depression/schizomania since 1790 has included at least one full-scale depression lasting a minimum of four years. The data summarized in the accompanying chart are detailed in Professor Lessinger's other current books.



In the first U.S. season of depression, from 1818-1845, the intense clash of new and old manias—schizomania—was punctuated by depressions in 1818-23 and 1837-43. The two following periods of schizomania, 1870-1900 and 1930-1960, precipitated three more depressions.

All five actual depressions since 1790 were predictable by Lessinger's Laws of social transformation and depression.

The currently failing consumer socio-economy began its slow rise around 1900 and reached its peak around 1960. The declining Little King will continue to clash with the rising Responsible Capitalism until around 2020.

### **What do the first three Lessinger Laws portend for our future? Three game-changing predictions:**

1. Around 2020, today's declining, consumer-based socio-economy will be extinct.
2. After 2020, the new green socio-economy, Responsible Capitalism, will bring a long and sturdy prosperity.
3. Between 2009 and 2020, past history suggests that the transformation from Little King to Responsible Capitalism is likely to bring at least four years of depression.

### **Lessinger's Fourth Law: *Boosting consumer incomes is not, and cannot be, a universal economic objective.***

A central feature of alternating socio-economies is that they alternate, broadly speaking, between “What’s in it for *Me*?” and “What’s in it for *Us*?” Because of that fact, since an increase in consumption spending was central to the Little King, it *will not* be a central feature of the socio-economies preceding or following it.

For example, the industrial socio-economy that rose between 1845 and 1900 *minimized* consumer spending. To grow all the bells and whistles required by the shared vision of industrialization, our dirt-poor nation had to scrimp and sacrifice.

That socio-economy—‘Colossal Industrialism’— reflected America’s shared will to industrialize. In only 60 years, a tiny river village called Chicago became the metropolitan hub of a gigantic industrial system. Chicago grew from a population of 4,470 in 1840 to 1.7 million by 1900!

From 1845 onward—by laboring at backbreaking jobs for long hours and low wages under poor working conditions—generations of workaholics delivered a colossal industrial empire at bargain prices.

Only a shared willingness to sacrifice consumption spending could lift America by its bootstraps. In half a century, without handouts from any Big Brother, a poor and largely uneducated people rapidly filled in our great empty interior with railroads,

mines, farms and industrial cities. *During this time period, the data clearly show that American society emphasized production, not consumption.*

As both cause and effect, every socio-economy is inextricably linked to every other. And, to date, no socio-economy has ever survived the solution it brought.

Consider the United States around 1900, at the height of Colossal Industrialism. We had created railroads, industrial cities, commercial farming, mines—all the necessities of a first-rate industrial power. Inevitably, however, America was bedeviled by the fatal problem that eventually plagues every socio-economy. Excess.

**Lessinger's Fifth Law: *Seeking its unique agenda without end, every socio-economy eventually becomes destructive—and can only be exorcized by an opposing socio-economy.***

Those penny-pinching ancestors of ours built industrial America and then led the way to ever-more industrialization. But penny-pinchers were failures as consumers. They would not, could not, create enough demand to keep the factories humming. After 1900, the U.S. economy began a slow downward spiral.

Early in the 20<sup>th</sup> century, only a few visionaries could see that soon there would be no more undeveloped regions for the railroads to tap, no more industrial cities to build. Oblivious, Colossal Industrialism kept churning out ever more cities, railroads, mines and commercial farms. 'Overproduction' some called it. Investments galore. Not enough consumption.

Was it the end of capitalism?

No, merely the end of 19<sup>th</sup> century capitalism—end of the mania to expand our industrial infrastructure, end of Colossal Industrialism.

Around 1900, rising on silent cat feet in opposition to Colossal Industrialism, the "What's in it for *Me*?" Little King began sharpening appetites for consumption spending. The savers

and investors of the late 19<sup>th</sup> century were on the road to obsolescence, although their inevitable—and predictable—demise would not be widely recognized for decades.

As had happened three previous times in U.S. history, ‘We the People’ developed a shared vision about what was needed to counteract the excesses of the current socio-economy. In the case of the Little King, this was a shared vision to promote limitless consumption spending. We transformed who we were and what we lived for. To fire up the vision to consume, a new 20<sup>th</sup> century average American was invented, a new common man and woman who would stop saving and start spending.

*Pushing its parochial wisdom too far and too long, every mature socio-economy eventually creates a problem it is unable to solve. Always, a sharply opposed socio-economy initiates a shared vision to resolve it. The problem created by one socio-economy is always solved by its successor.*

In the 20<sup>th</sup> century, capitalistic progress was no longer measured by industrial expansion. Rather, the new benchmark was an ever-increasing level of consumption. Talking each other into a frenzy of materialistic desire, we created an increasingly throwaway consumer society.

A wide range of infrastructure promoted an acceleration of consumer spending. As examples, easy credit and credit cards; radio, TV and a host of other consumer-oriented, motivational innovations; annual style changes; ‘no money down and no payments until...’—as well as nonstop advertisements via every channel of communication for an endless array of goods and services. In short, we talked each other into a manic frenzy of materialistic desire.

**Socio-Economic data predict the Great Depression:** By 1930—thirty years after birth of the Little King—Colossal Industrialism was in serious decline and exerting a powerful backward drag on rising generations of would-be big-time spenders.



Though gaining full employment required *more* consumer spending, older Americans continued to give lessons on the importance of saving, not spending. And the rising socio-economic vision to consume wasn't yet developed enough to overcome the drag of the past. Schizomania reigned and depression ensued.

Had they existed earlier, the big spenders of the later 20<sup>th</sup> century could have quickly vanquished the Great Depression. Unfortunately, 45 years—from 1900 to 1945—were required before mainstream Americans behaved more like little kings than colossal industrialists.

That the U.S. would have an enduring Great Prosperity after 1960 was as predictable as the Great Depression—but not by conventional economics. Prosperity, typically lasting for 25-30 years, arises at the apex of each new socio-economy's power and before the substantial rise of a competitor. By 1960, the spendthrift Little King commanded and unified our separate lives. America had successfully freed itself from the tenets of the old Colossal Industrialism. Prosperity reigned.

**Lessinger's Sixth Law: *Every U.S. socio-economy is created by millions of interacting individuals.***

Who is the author of each new socio-economy? Not the President or our politicians, though they have a role. Rather, it is 'We the People'— all Americans and, increasingly, all who communicate with each other everywhere in the world. Every new socio-economy evolves via a vast national and (increasingly) international interchange of people talking, writing and interacting with each other. Writers and producers of plays, movies, TV programs, speeches and, now, computer-based social media, help steer the economy on its new socio-economic course.

Today's rising Responsible Capitalism—decidedly environmental and globally-caring—will undoubtedly encompass a planet-wide influence, rather than America's alone. Without a conscious design, yet pushed and pulled by shared international concerns,

we will all collaborate. International inter-activity will play a role like never before.

China, often applauded for its high savings rate and feared as a rival future power, desperately depends on the continuing frenetic consumerism of America's little kings. Decades will pass before the Chinese learn how to spend enough to generate their own prosperity. And, there's another problem (although, when it comes to slowing global warming, it is also a partial solution): The vision of Responsible Capitalism in the West will crimp and guide Little King wannabes in the East and in other developing areas.

**Lessinger's Seventh Law: *Socio-economies take two alternating forms: one seeks "What's in it for Me?," the other, "What's in it for Us?" The specific make-up of each one, however, is always unique.***

New and old, *me* and *us* socio-economies, *always* overlap as well as alternate in rising or falling. The overlap of new and old conceals their separate identities as well as their basic opposition to each other.

**Fast forward to today:** In the early 21<sup>st</sup> century, the *Me*-oriented, falling Little King overlaps and is giving way to compassionate, green and *Us*-oriented Responsible Capitalism.

Currently in its last quarter of life—and in deep decline—the lifestyle of the little kings is increasingly overshadowed by that of the green and compassionate responsible capitalists. The timing of past socio-economies suggests the transformation won't be complete until around 2020.

Today's rising, altruistic Responsible Capitalism is diametrically opposed to the self-centered, declining Little King. To undo the Little King's manifold excesses, the new socio-economy seeks to reduce pollution, repair the environment, improve education, minister to the poor and the sick, rescue urban areas littered with aging and poorly maintained highways, dams and bridges... and more.

**Count on it:** ‘We the People’ will increasingly believe that we should spend less on houses and cars and RVs, and more on sustainable energy, organic food, mass transit and many other requirements of the rising new socio-economy.

A vast orchestra is beginning to tune to the same note. One result, among many others, is the obsolescence of millions of Little King homes. Their prices are collapsing because they’re too far from employment centers, too big and too expensive to heat and cool, too polluting, too wasteful. Besides, houses of the ’50s and ’60s were built for larger families—often, with four or more children. They’ll be replaced by very different homes, in innovative 21<sup>st</sup> century cities designed for responsible living.

It was in 1961 that the peak consumerism of the Little King first triggered the coming 21<sup>st</sup> century socio-economy. Even as millions were invading California’s suburban paradise, a very different socio-economy was first announced in President Kennedy’s inaugural speech—”Ask not what your country can do for you—ask what you can do for your country.”

Soon after, Rachel Carson’s “Silent Spring” fired another salvo. Beginning as the target of jokes on late-night TV, the ‘environmental movement’ grew in every decade. So did awareness of warnings of climate change, first widely popularized by Al Gore and now, increasingly, coming from all quarters.

The latest period of schizomania began in 1990. Depression earlier on was forestalled only by the rapid rise of speculation in houses and the stock market. In 2009, that bubble has burst. Ravaged by extravagance, irresponsibility and obsolescence, our century-old mania for consumer spending is—only very grudgingly—giving way to a green and responsible socio-economy.

Today, many Americans still feel the good life is measured by how much they consume. They’re still unwilling to economize on McMansion houses and fancy cars in order to pay more taxes to deal with education, infrastructure, health, the environment and climate change. Media still insist we buy ever more ‘stuff’.

In the first year of the Obama presidency, it is still nearly unimaginable that Americans might some day choose politicians who promise to *raise their taxes*. Yet, that *must* happen. Demand *must* be transferred from ‘stuff’ to the ‘better for all of Us’ goods and services for which government plays an increasing role.

When will we be willing to elect politicians who would raise our taxes? Given past history since 1790, and give or take one or two years, not until 2020.

**Lessinger’s Eighth Law: *Predict seasons of prosperity and seasons of depression. Save a special public fund during seasons of prosperity and spend it during seasons of depression.***

–Jack Lessinger

–Ranger Kidwell-Ross

*What’s your prediction for what the U.S. and world socio-economy will be like in 2020? Do you believe the U.S. is now in a time of recession, depression or prosperity? Do you expect a depression before 2020?*

*You’re invited to join in the ongoing conversation at:*

***[www.Predicting2020.com](http://www.Predicting2020.com)***

*Or, for articles, audio and video interviews, and other information about this topic and the authors, go to:*

***[www.Socio-Economics.com](http://www.Socio-Economics.com)***

#### Notes

- 1 April 20, 2007, Lydia Saad ([www.housingbubble.jp Parsons.net](http://www.housingbubble.jp Parsons.net))
- 2 TIME magazine/ABC News/Stanford University, June 2007