

## Invention Cycles and Generational Theory

I'm always trying to predict the future. The two best indicators I've found over the last 20 years have to do with society, not economics.

My studies have led me to three authors. Two of the authors write together, [Strauss and Howe](#). Both are generational theorists. [HS Dent](#) is an economic theorist, who basically says spending waves lead the market.

The cycles that these three men have written about are undeniable. They happen with quite regularity. Lets take a look at our current situation, August 2003, and see what these authors have to say. [Strauss and Howe](#) are predicting a '[4th Turning](#)'. A 4th Turning can also be described simply as '[Winter](#)' (as opposed to spring, summer etc.)

Winter is not good for society. It's crisis time. The kicker is, that their generational theory names [four basic generations](#) that are reborn every 80 years or so. When [the 4 generations line up](#) in a certain age order, all hell brakes loose. Those 4 generations just lined up again, this year.[2003]

About 5 to 6 years after they line up, the spark is lit. That would put us at 2008/09. This crisis would be the [7<sup>th</sup> in Anglo-American history](#) beginning with The War of the Roses (1459-1487). The last crisis was 1929-1945.

[HS Dent](#) writes that the peak spending years of the [boomers](#) (archetype is Idealist) and first wave [Gen-Xers](#) peaks in 2008. (Gen-Xer's archetype is Nomad. Strauss & Howe also call this generation the 13ers)

[HS Dent](#) also writes about invention cycles. He states that we are currently in a 500-year cycle (printing press) and 80-year cycle (auto). In modern times, the transistor is the 500 year cycle and the Computer is the 80 year cycle. What's important is this; the computer and the Internet reach 90% US household

penetration is 2008. 90% penetration is never a good thing for the economy. Last major invention to do this was the auto. It reached 90% penetration in 1928. (Cell phones and broadband also hit 90% in 2008).

I see the catastrophe happening in Oct of 2009. I see two scenarios. First, there will be a stock break (DJIA) from 35k to 17k. It'll happen much like 1929. Back then it happened over a 10-week period, September 10<sup>th</sup> to mid-November. The FED will encourage the US Government to devalue the dollar, for a number of reason's. [I am not going to go into them here.]

Second scenario is the Muslim oil countries pull the trigger and switch from the US Dollar to the Euro, for oil payments. That would bring us down overnight and the economic crisis would be much more severe than a stock crash.

Please visit HS Dent at [www.hsdent.com](http://www.hsdent.com) and Strauss and Howe at [www.lifecourse.com](http://www.lifecourse.com) and [www.fourthturning.com](http://www.fourthturning.com)