

Introduction

Predicting 2020

Five depressions have shaken the U.S. economy in the last 200 years. Each one lasted no less than four years and as many as twelve. Recessions were far less serious, lasting for months, not years.

Is today's ailing economy a recession? That's what economists call it. The first signs of trouble began in 2005, with a vastly overheated housing market and an inclination to ignore it. Then...

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."

April, 2009: (Jack Lessinger) "America and the world are not in a recession. We're in the midst of a full-blown depression."

In April, 2009, the U.S. economy has already been on a downward path for more than two years. Despite over two trillion dollars in "stimulus," at least four years of depression are likely before 2020.

That's because depressions are caused by *social* as well as economic impacts. Socio-Economics, as detailed in this book, deals with both disciplines.

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. Each vision incorporates a novel design for making a living and establishes a viable society and economy to correct current excesses.

Unfortunately, every socio-economic vision of the economic and social future has always, to date, itself become pushed to immoderate extremes. These extremes inevitably turn the vision into a *mania*, breeding endless excesses.

A season of depression begins when a society's impact on the economy is at its lowest ebb, when the vision rising in public esteem is still too new for mass acceptance and the old vision-turned-mania passes from conviction to repudiation.

America has never suffered through a season of depression without development of at least one depression lasting at least four years.

In April, 2009, we are in the midst of a full-fledged season of depression. Our venerable mania to spend and consume is not yet extinct and the rising vision seeking a responsible and sustainable America and world is not yet triumphant.

The Great Depression of the 1930s ended when the 20th century's soaring vision to consume replaced the 19th century's dying mania to save and invest. The vision extolling consumption spending urged Americans to buy ever larger homes, cars, RVs and boats, as well as accumulate possessions, mostly on credit.

Following World War II, Americans moved out of big 19th century cities into new suburbs distinguished by flashy cars, freeways and busy shopping centers. Consumer loans mushroomed as adults became "little kings," supreme rulers of their own tiny domains.

Prosperity was unstoppable in that post-war socio-economy (society and economy) of the Little King. (Note: when seen in lower case, "little king" refers to individuals. When capitalized, "Little King" refers to the larger socio-economy itself.)

The Little King socio-economy prescribed the goods and services we should produce (houses, cars and other capital items); the kinds of people we'd like to become (consumers); where and how we'd like to live (suburbia); what kinds of public institutions we'd support (e.g., labor unions, United Nations, Federal Reserve Bank and the Democratic Party).

From 1945 to 1990, although prosperity was temporarily interrupted by five recessions, there were no depressions. Throughout the 1940s, '50s, '60s, '70s and even '80s, we knew exactly what we wanted. Our penchant for conspicuous consumption kept the economy working at a furious pace.

Like the previous three U.S. socio-economies, the Little King has overstayed its welcome. Too extreme, it has lost its social support. After 1960, that *vision* to consume became a *mania* that pushed us to *over-spend*, *over-borrow* and *over-speculate*. In only 16 years, from 1990 to 2006, U.S. homes more than doubled in value—from an average of \$100,000 to \$240,000.¹

That speculative increase permitted homeowners to substitute borrowed money for real income. As homes gained in “value,” mortgages were continually enlarged and the proceeds spent as ordinary income. Starting with the Clinton economy, we became addicted to the continual rise in asset values.

Since the peak of the Little King era in about 1960, an oppositional *green and responsible* socio-economy has been on the rise. Reconsidering the old “What’s in it for *me*?” attitudes, this evolving vision is motivated by “What’s in it for *us*?” It seeks to replace borrowing and spending with producing and sharing within the greater community—embracing the “invisible” poor, the old, the young and the sick. Its vision empowers us to become responsible: to fix our infrastructure and the environment, to seriously address pollution and 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 and the other falling. Bitterly opposed to each other, conflict between the stumbling Little King and the still half-baked Responsible Capitalism are now precipitating the sixth U.S. depression since 1790.

Based on the timing of socio-economic developments since 1790, full prosperity is not predicted to occur until around 2020. Our past history indicates it will take about another decade for

today's declining little kings to transform themselves into the responsible capitalists of tomorrow.

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

Confidence bleeds away 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 socio-economy based on the new vision will produce 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.

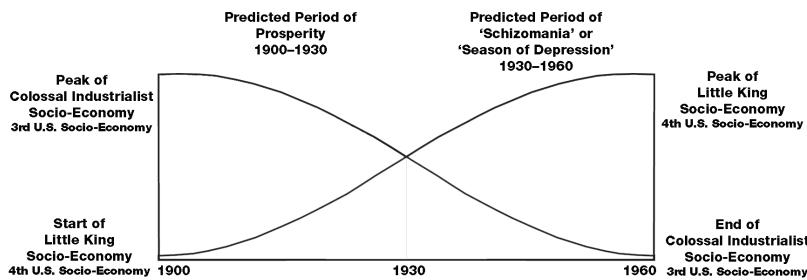
The precise date of a coming depression is as unpredictable as the precise date of the first snowfall in Chicago. However, the prediction of a *season* of depression, or a *season* of prosperity, is as achievable and valuable as predicting a season of winter or summer.

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. Each one of the five U.S. depressions since 1790 has occurred within this time of high instability predicted by Lessinger's Theory of Socio-Economics.

The ability to predict 25-30 year reoccurring seasons of depression—schizomanias—as well as to understand their

Predicting Seasons of Prosperity and Depression ('Schizomania')



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 confirming data, which is summarized by the accompanying charts on this page and the next, are detailed in Professor Lessinger's previous books.

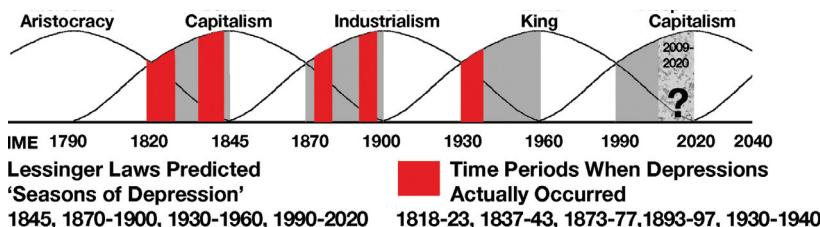
During 1817-1845, the intense clash of new and old manias during schizomania was punctuated by depressions from 1818-23 and 1837-43. The next period of schizomania, 1870-1900, produced an additional two depressions and the next schizomania, 1930-1960, contained what contemporary readers know as 'The Great Depression.'

All five actual depressions since 1790 were predictable. All occurred within seasons of depression.

Today's failing consumer socio-economy began its slow rise around 1900 and reached its peak about 1960. Although well into decline, the 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 dictates 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—the ‘Colossal Industrialist’—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 America's 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 the Colossal Industrialist period. 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 20th 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, the Colossal Industrialist socio-economy 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 19th 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 19th 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 transformation, this was a shared vision to promote limitless consumption spending. We transformed who we were and what we lived for. To fire up the mania to consume, a new 20th 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 20th 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 a 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-Economics 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 20th 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 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 green 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.

For example, 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 (and, when it comes to slowing global warming, a partial solution): The vision for 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 and alternate rising or falling. The overlap of new and old conceals their separate identities and basic opposition.

Fast forward to today: In the early 21st 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 21st century cities designed for responsible living.

It was in 1961 that the peak consumerism of the Little King first triggered the coming 21st 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 that 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. Radio and TV advertisers still insist that 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? What do you expect to take place during the transition between now and then?

You're invited to join in the ongoing conversation at:

www.Predicting2020.com.

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

www.Socio-Economics.com.

Notes

1 April 20, 2007, Lydia Saad (www.housingbubble.jparsons.net)

2 TIME magazine/ABC News/Stanford University, June 2007

Interview: February 23, 2016

Interviewed by co-author, Ranger Kidwell-Ross, in the year 2016, economist Jack Lessinger explains the surprising turn taken by the economy after 2009 that he predicted would occur.

RK-R: Hello, this is Ranger Kidwell-Ross, welcoming you to our February 23rd, 2016 telecast from the new, energy-efficient city of Lovinsberg, Colorado. I'll be interviewing economist Jack Lessinger. In 1986, he wrote his first book introducing the Lessinger Theory of Socio-Economics. It also outlined the first of his accurate predictions for the 21st century. Today, Jack is celebrating his 94th birthday.

RK-R: Happy birthday, Jack. Welcome to this table.

JL: Happy to be here, Ranger.

RK-R: You've written that 1900, 1945 and 1960 were landmark dates in the transition to today, 2016. Please tell how you recognized 1900 as an auspicious beginning date.

JL: I'm glad to, Ranger. After 1900, the American people slowly but inexorably embraced a new shared vision. Nineteenth-century Americans had been proud of how much they saved. In stark contrast, the new generation were consumers who believed the saving habit was both old-fashioned and unproductive. Free spending was what they felt would light the way to a new prosperity. Welcome the consumer economy of the Little Kings.

RK-R: Americans became big-time consumers after 1900?

JL: Until the end of World War II, consumer spending continued to be restrained. Blame lingering Victorian attitudes, unskilled and low-paid manual labor, old-fashioned rote education, extreme income inequality, congested cities and

lack of consumer infrastructure, e.g., roads, supermarkets and TV. And we also had to contend with two World Wars and the Great Depression.

RK-R: So, 1900-1945 marked a slow beginning.

JL: Yes. High-flying consumer spending didn't commence until 1945. That's when up to 15 million veterans of World War II led a mad dash to create a very new America. They married and bought houses in a new place to live—suburbia—then filled them with furniture, appliances, cars, boats and much more. Then, they sired millions of future hippies. The new paradigm spread like a happy contagion. Everybody caught it. The vision to "Get it ALL and get it NOW!" allowed us to become the little kings of our own domains.

RK-R: What was significant about 1960?

JL: That's when the consumer-based Little King socio-economy reached its peak, which marked its decade of greatest acceleration. The increase in Gross Domestic Product (GDP) swelled to its highest rate of the 20th century. The 1960s was also the decade of the hippies. They, too, were symptoms of the climaxing consumer economy. Hippies rebelled against their parents in an outlandish array of instant gratification that included orgies of sex, drugs and alcohol.

RK-R: What we look back on as the time of the hippie movement precipitated a strong reaction.

JL: Two different reactions, actually. There were two notably different beginnings of the transformation to the next shared vision. The Christian Right attacked the hippie version of consumerism, with its promiscuous sex and drugs. At the same time, Rachel Carson's groundbreaking book, "Silent Spring," heralded and inspired a crop of environmentalists and others interested in a sustainable and responsible world.

RK-R: After the 1960s, history shows that both reactions gained support in every decade.

JL: Still, as late as 2004, most Americans thought we'd continue along old, familiar lines. To slow carbon emissions to acceptable levels, for example, conventional wisdom was that we would reach needed goals by driving smaller hybrid cars, pay a little more in taxes, encourage alternative energy sources. Nothing big. No really earth-shattering changes.

RK-R: In retrospect, though, the world changed rapidly after 2004.

JL: Yes, but 2011 was the critical year.

RK-R: Ah. That's when a brilliant CEO began the construction of a revolutionary new city she named after your term for the concept: Pentropolis.TM

JL: Yes. Her Pentropolis design became seen as just what we needed to counteract the decentralized planning previously so essential to shopping and consuming—and so disastrous in the fight against global warming.

RK-R: I'd be interested in your view of her thinking.

JL: I see four premises. First, she recognized that the threat of global warming trumped all other issues confronting us. Second, she saw that only energy conservation was a truly effective way to reduce CO₂ emissions. She recognized, rightly, that every technological innovation brings its own set of problems.

Third, suburbia had been one of our worst offenders. To sell large, fashionable houses at low prices, builders offered cheap lots at ever greater distances from work. The result: Millions of cars “parked” on thousands of miles of suburban freeways, continuously belched heavy concentrations

of CO₂ and other gases and used increasingly precious hydrocarbon resources. In addition, suburban homes were heated and cooled by coal-fired, extremely dirty energy sources. America led the world in energy usage as well as in many of the other elements of global warming.

Fourth, she saw the enduring value of a new kind of city design that could provide a rural, more caring environment for children.

RK-R: Her Lovinsberg, where we are today, was the first Pentropolis™ to be built.

JL: And in one fell swoop, a single corporation—not a socialist government—showed how to cut suburbia's enormous contribution to global warming.

RK-R: Is green corporate planning central to the term you coined for this socio-economy, “Responsible Capitalism?”

JL: Green corporate planning actively seeks to produce public benefits. The Pentropolis cures the major ills of suburbia.

RK-R: All factories, offices and shopping centers were located in the very center of the Pentropolis.

JL: All commutes from the populated perimeter to the center are made via mass transit facilities providing sumptuous views, dining, package delivery and fast Internet services. All at low cost, with a small energy footprint.

RK-R: And the concentric periphery of the city offered a series of picturesque, spacious and energy-efficient villages.

JL: Bucolic neighborhoods, alternative energy, good air, controlled use of cars and enlightened accommodations. Tree-lined streets, children playing, birds singing. Responsible Capitalism had arrived.

RK-R: Initially, the concern was smaller profits.

JL: Yet, on the contrary, the company earned huge profits.

RK-R: Since 2011, millions of former suburbanites have migrated to the new cities.

JL: By 2014, previously high-priced suburban homes in formerly great locations had lost much of their value.

RK-R: Believers in the old “location, location, location” were at a loss.

JL: I teach “transformation, transformation, transformation.” As has occurred since the first one in 1845, socio-economic transformation from one socio-economy to the next shifts values at all locations.

RK-R: Yet, 2014 was also a time of incipient depression. Those terrible years are now behind us. May they never return.

JL: Never is a long time. Let’s be content with the decades of vigorous prosperity that surely lie ahead. By 2020, our new shared vision of the good life will be so entrenched that those hard times will be only a distant memory.

RK-R: Thanks, Jack, for the vital part your research has played in minimizing the length of our depressed times.

1

Society + Economy = Socio-Economics

Whenever you hear the word *economics*, what's the first thing that pops into your head? *Supply and demand*. Bingo. And what determines demand? *Preferences of individuals*? No. Not individuals.

That's because we share our realities and dreams with each other. We're like dancers at the New Orleans Mardi Gras. Seen up close, everyone seems to be doing something different. Seen from a distance, it's clear we're all doing it to the same beat.

That over arching beat is what we all share in common. Shared paradigms—not individual preferences—determine demand.

A paradigm is the DNA that defines the identity of a society and economy. It's what directs our destiny. The current ruling paradigm is a sort of shared vision that impacts all values and beliefs, all our social and political institutions. All of that combined are what shape current demands. It's what invites new technologies and ends old ones. All the influences on supply and demand are marshaled, organized and fashioned by the power of a paradigm.

A thousand men prostrate themselves in the mud at the feet of the all-powerful Pharaoh. They are bound by more than force. Those men of ancient Egypt believed in the Pharaoh, in his potency, his divinity, his right to govern. That paradigm is what they all agreed was true, good and beautiful. It made them what they were.

Two Basic Paradigms

The discipline of economics cannot be exclusively concerned with the results of self-interest.

Self-interest fails to address the *interactions* among ‘We the People.’ These include our interactions with our families, our peers and a multitude of others. It doesn’t include the need to preserve and advance the environment, the sciences, health, education, infrastructure or the global poor. Attending to “What’s in it for *me*?” doesn’t discharge responsibilities belonging to “What’s in it for *us*?” All of us.

To truly advance the interests of the individual, a socio-economic system must maintain a strategic balance, with the system defending the society. Self-interest is assisted by a vigorous and advanced community. At the same time, the community’s prosperity depends on an energetic deployment of self-interest.

Logically, the two basic paradigms—“What’s in it for *me*?” and what’s in it for *us*?—should develop together.

Historically speaking, however, *me* and *us* have decidedly *not* developed together. Instead, they have alternated. In the course of several decades, one concept rises in public esteem while the other falls. Two opposing socio-economies have always overlapped; one rising, one falling. One of them dominates except during a certain crucial time frame that always occurs as one rises and the other falls, a period of about 30 years, a time of ‘schizomania’.

The alternation can be demonstrated by data on how we spend our national income. When “What’s in it for *us*?” is rising,

we spend less on goods and services promoting self-interest, like cars and housing, and more on community projects like building railroads—or reducing global warming.

Evidence reported in this book suggests that emphasis on *me* and *us* objectives have alternated in the United States, at least since 1790.

Rise and Fall of Socio-Economic Paradigms: Learning and Unlearning

Socio-Economics assumes that social and economic conditions develop in a time-consuming process of learning. Multi-dimensional collaboration takes decades. A long learning curve rises, peaks, and then eventually falls.

As attitudes and values are influenced by the current ruling paradigm—or shared social mania—political parties reformulate their platforms. As detailed further along in the book, parts of the country formerly unthinkable as places to live slowly become desirable. Such places turn into favored locales for best-selling stories, novels and movies. Imperceptibly, a great migration begins to take shape. At the same time, demand rises for new kinds of products and attempts to fill those demands escalate.

Finally, an explosion of creativity results in a rapid rise of the learning curve. Learning reaches a peak, as it did most recently in the 1960s, when individual desires escalate into the white heat of universally-shared agreement. These are also the times when suppliers are fully and effectively meeting the new demands.

Next, the economy approaches the equilibrium of maturity and full integration. Voila. The shared social vision has completed its development. A totally new socio-economy commands the stage and surges with power.

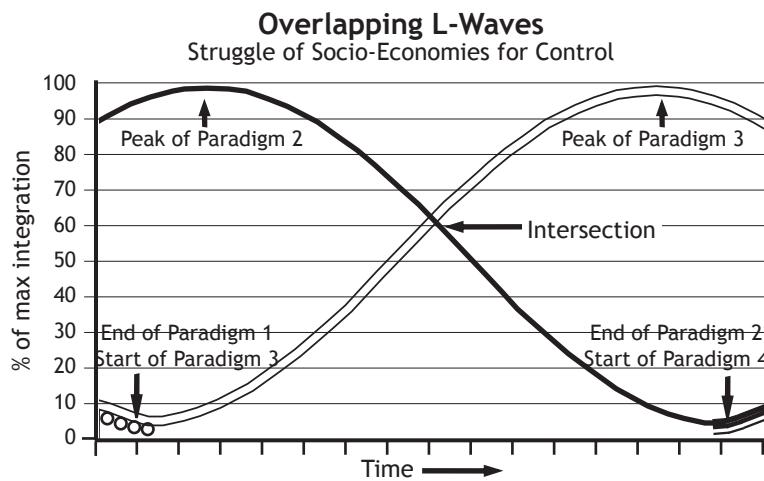
Then comes a somewhat symmetrical downward curve of disintegration, a reversal of the upward move.

The tragedy of this disintegration is rooted in mental pathways that are difficult to unlearn. At first, the downturn is slight, almost imperceptible. However, as integration breaks down, the curve accelerates its downward path.

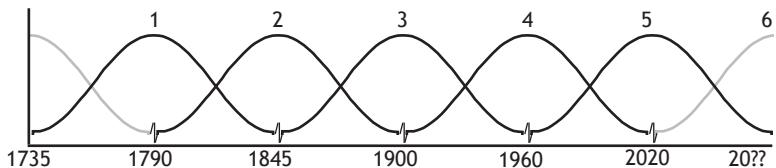
The Learning Wave, or L-Wave, refers to an economy's entire curve of integration and disintegration. The highest point of an L-Wave is 100 percent—virtually total control of the economy.

Like the paradigms that drive them, one L-Wave does not end when another begins. Rather, L-Waves overlap.

A new L-Wave (like that driven by Paradigm Three in the accompanying figure) begins when an old paradigm (in this case, Paradigm Two) reaches its peak. While Paradigm Two falls, the third one reaches its peak and Paradigm Four is born.



From 1735 to the present, five L-Waves have appeared. Five paradigms. Five overlapping socio-economies.



Why Successive Paradigms are Always Opposed

Economic activity speeds up as people internalize the beliefs and values of the latest socio-economic system; as they build new capital and institutions, introduce innovations to meet new demands, move to the new favored locations. Wages rise. Profits increase. Prosperity prevails.

Now, a new problem begins—the eternal tragedy of *inertia*. Once all its engines are mobilized, unified and thrusting ahead in the same direction, a socio-economy can no longer make necessary changes. Instead, it keeps plowing ahead on a nearly unchangeable course.

Over time, a paradigm that began as a shared socio-economic vision becomes a compulsion. More than a compulsion. A shared mania. And the mania gains momentum.

Failure of a paradigm to adjust incrementally to its own excesses is the root cause driving its eventual transformation to dissolution. Because no paradigm can moderate its manic drive, rescue can only come from another socio-economy directed by an opposing paradigm, or shared vision.

The consumer-driven economy of Little Kings, who shared a mania of getting it all for *me*, rescued the nation from a largely 19th century *us*-oriented economy bent on overproducing railroads, commodities and industrial cities. The 20th century's Little Kings generated desperately needed consumption spending.

The birth of the Little King socio-economy was just what was needed. Now, however, in 2009, the consumer-based economy of the Little King is approaching its final decade before dissolution.