

## Point of View: Is Severe Economic Trouble Looming?

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In a 1986 Point of View in the Tulsa Tribune, I forecast three events by the year 2000. One was an event beyond anyone's imagination in Europe. (No, I didn't know the Berlin Wall would come down. My forecast was not that spectacular!) The second, and more specific, called for United States involvement in a major military action in the Middle East. The Gulf War came along as predicted. The third prediction was a major worldwide economic downturn around the year 2000. The clock is ticking. . . .

Each of these predictions came from a report I developed for a major U.S. corporation. I was asked to report to top management and the board on world conditions and economic situations in the year 2000.

After looking at all the forecasts from 1950-1985, the pattern was obvious. Almost all the economic models crunch their numbers and predict changes in a fairly narrow range. No legitimate service, to my knowledge, predicted the economic highs and lows from 1950 to 1985. Right now, you will notice, no one is predicting a high or low. The stock market hit an all-time high recently. Many say it will go up forever. Reminds me of the time when everyone thought oil prices would go up forever. Common sense says there are highs or lows in the future.

Now look at the Kondratieff curve. Very interesting! Guess where we are on the cycle? Don't guess, here are the facts. Nicolai Kondratieff, a Russian economist, identified long-term economic cycles in the 1920's. If you look at a graph of the economic cycles developed by Kondratieff, the cycles have a very predictable rhythm or flow. The curve goes up signifying economic prosperity and the curve goes down signifying economic hardships.

These cycles can be traced as far back as the late 1200's in Great Britain. There have been nine depressions, spaced about 60 years apart since the 16th century. There have been completed long cycles in the United States. The waves in the United States have been 57, 54, and 53 years apart with the depressions of 1836-43, 1893-97 and 1929-39. We are now in the 55th year of the fourth U.S. cycle. Some economists believe we are in the 46th year of the cycle, if you buy the notion that 1987 was low. You don't have to be an economics Ph.D. to conclude the obvious. We are on the downward slope of the curve. The 50-55 year cycle of the Kondratieff curve has been an accurate prediction of business cycles.

Just to make things interesting the Aztec calendar is 52 years. The Bible describes the Year of Jubilee as being every 50 years. Every 80 to 100 years, dating back to the Renaissance, our history has beat to a rhythm of dramatic events. Consider the American Revolution 1773-1794, Civil War 1860-1865, Great Depression, and World War II from 1929-1946.

So what do we do? Ignore the obvious warnings? Full speed ahead? Or is it time for a wake-up call? Severe economic problems loom on the horizon circa the year 2000! The question is how we manage

our organizations and personal lives. Who will be in the driver's seat in the year 2010? Trust to luck or try to weave your way through the icebergs?

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