



### **Is the Technology Revolution of the 1920s Happening Again?**

A few of you may have been alive during The Great Depression or possibly heard stories about the era and people's daily struggle to live from parents or grandparents who lived through that period. You may have also heard of the phrase, 'Roaring Twenties', which refers to the time just preceding the Depression, where everybody was making money on the Stock Market, the economy was growing rapidly, the motor car was taking hold allowing cities to expand and new industries to be created. The US, fast becoming the industrial superpower, has often had the decade described as the era of "bath tub gin (alcohol was prohibited in the US during the 20s), the model T, the \$5 work day, the first transatlantic flight, and the movie."

Why am I mentioning all this? Well according one of the world best known and successful economists, we are going through a similar period right now. According to him it will more than likely dwarf the Roaring Twenties in terms of prosperity but also precede a time which could dwarf the Depression years in terms of daily struggle.

Now I know we are bombarded with experts in all forms of media predicting interest rates will do this, property prices will do that, etc. You are rightly sceptical as the information is either so vague or obvious to be of any real use at all or low and behold the same person comes along a couple of weeks later saying the exact opposite of their earlier advice. The question you have to ask yourself if these people are so expert in their fields, then why are they still working for a living?

The person who I am referring to as predicting all these happenings is Harry S Dent Jnr., a Harvard graduate and also a well known author, whose latest book "The Next Great Bubble Boom" documents his view on what will happen over the next two decades and beyond. Now if you want credentials, this man predicted the prosperity and then ultimate crash and depression of the Japanese stock market and economy in the 1980s. He also in 1992, while a lot of the world was still in recession, published a book describing the boom of the 90s and also the crash (which he calls a correction) in the early 2000s and then relatively quick recovery leading into the period we are in now. Of course everyone has their critics but this guy has made some bold specific predictions, so it would be very hard to say he meant something else or go back on things if they didn't eventuate.

How does this relate back to the 1920s? Well according to Dent and many others, we experience major technological breakthroughs approximately every 80 years, or every 2<sup>nd</sup> generation. Now you usually there is a 20-30 year gap between the technology being mass accepted in the marketplace. For example the modern motor car and its related components were invented and available in the 1890s and 1900s but it was only in the 1920s where it became an "everybody item". Similarly the microchip was invented in the 1970s but it is only in the 90s and now that computers, the Internet, mobile/wireless technologies are taking hold everywhere. Companies like Ford, Standard Oil and GE rose to prominence in the 1920s and today it is Microsoft, Google and Nokia. However, argues Dent, due to nature of human behaviour, demographics and the revolutionary nature of this change an inevitable and in this case sustained crash and period of depression will occur. History seems to repeat itself as we humans have short memories and over a few generations past this same pattern seems to have occurred. Around the period Dent contends the first major crash will happen being 2010, also coincides with the year the first of the Baby Boomers hit 65 and will begin to retire thus pulling large amounts of money out of world financial markets.

Now all this may sound scary to you but at the start of this column I mentioned either you or you probably know someone who lived through the last Great Depression and obviously has survived. Take heed and they will give you valuable insight of what society is like during desperate times and pay attention to experts who practice themselves what they preach and are not just hedging their bets.

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