AUTHORITARIANISM
The Wave Principle Governs Fear and The Social Desire to Submit
By Alan Hall

Mention authoritarianism and most people imagine its ultimate incarnation—a dictator wielding top-down control. The socionomic perspective, however, paints a fuller picture.

Authoritarianism begins with a negative social mood trend, which in turn spawns a desire among some to submit to authority and among others to coerce their fellows to submit. At the same time, still others, caught up in the same emotional climate, battle against authoritarianism.

We forecast that a continuing long-term trend toward negative social mood will produce increasingly authoritarian—and anti-authoritarian—impulses and eventually lead to the appearance of severe authoritarian regimes around the globe.

A Society’s Definition of Normal Constantly Changes
To begin our study, we must look at how a society determines what is socially, politically and morally “Normal.” Different large-degree mood trends create dramatically different perceptions of normalcy, even in the same country. Positive mood trends produce increasing confidence and consensus; negative mood trends produce fear, anger, polarization, discord and challenges to the status quo. Chapter 14 of The Wave Principle of Human Social Behavior (HSB, p. 227-228) says:

A waxing positive social mood appears to correlate with a collective increase in concord, inclusion, a desire for power over nature … . A waxing negative social mood appears to correlate with a collective increase in discord, exclusion, a desire for power over people … .

In the United States, for example, the massive 1950s-1960s Cycle wave III bull market featured broad agreement on many basic values and norms. Increasing inclusionism ushered Alaska and Hawaii into statehood in 1959, and society’s desire to express its power over nature led to, among other massive ambitions, the moon landings in the late 1960s and early 1970s. In contrast, today—10 years into a Grand Supercycle-degree bear market—U.S. society’s perception of itself and its future has radically changed. Increasing discord and exclusionism is evident in calls for secession, threats of violence against members of Congress and Arizona’s recent passage of highly restrictive anti-immigration legislation. As for power over nature: opposition to genetically modified foods and to carbon-producing industry show the opposite impulse, and NASA’s share of the federal budget is one-tenth what it was in the 1950s.

Around the globe, the desire for power over nature is yielding to the desire for power over people. Segments of society are increasingly accepting this as “normal”; others are battling against that view.

Introducing the Socionomic Nolan Chart
Social polarization is not limited to the one-dimensional political spectrum of left versus right. It also includes the opposing views of anarchy and authoritarianism. The first image in Figure 1 is our adaptation of the Nolan Chart, a simple diagram that depicts these complex political dynamics. David Nolan posits that left-wing liberalism advocates personal freedom, and that right-wing conservatism advocates economic freedom; libertarians advocate both, and authoritarians neither. We added the inner diamond to Nolan’s picture to show the distinction between the consensus that occurs during a bull trend and the polarization of views during a bear.
A Society’s Perception of “Normal” Is Constantly Changing

Images 2 through 6 in Figure 1 portray how a society’s perception of what is “normal” shifts over time.

1. **Snapshot of bull market, with the consensus view arbitrarily positioned in the center.**
2. **Beginning of Bear Market: Polarization begins.**
   People abandon the consensus view.
3. **Mood decline accelerates:** Polarization increases, as do calls for separation, opposition and destruction of the status quo. Society’s sense for what is “normal” loses definition.
4. **Majorities form and one prevails:** Society’s new normal gels nearer one of the corners.
5. **Mood trend bottoms, reverses:** A new bull market begins. Polarization decreases. Partisans...
begin to embrace compromise and re-form a centrist view.

6. **Bull market under way:** Society desires peace and cooperation. Optimism and willingness to compromise prevail. “Normal” may begin a slow shift, but even as the perception moves, society maintains consensus.

A large-degree mood reversal can accomplish a dislocation of views in a relatively short time. For example, the 1929-1932 Supercycle wave (IV) mood decline set up a dramatic change in the United States’ consensus view of “normal.” First, the trend toward negative mood polarized society and diffused consensus, throwing “normal” into flux. Once the bottom formed, the majority began to emphasize unity and self-sacrifice in the face of external enemies; a new centrist-diamond “normal” coalesced, lower and further left than before. This new normal persisted into the 1950s bull market, when U.S. citizens displayed unusual compliance with reduced economic freedom via record-high tax rates. The consensus held for 50 years, with moderate Democrats Kennedy and Clinton and moderate Republicans Eisenhower, Nixon and Bush reflecting the middle-of-the-road political viewpoint.

Bull markets generate consensus even in societies that are very near a Nolan extreme. For instance, the Supercycle wave (IV) of 1929-1932 caused Soviet society to polarize as well. Amid rising factionalism in 1929, Joseph Stalin attempted a hard-left, super-authoritarian move to collectivize agriculture. The authoritarian/anti-authoritarian conflict took a heavy toll:

Farmers considered this policy a return to serfdom. They resisted and destroyed about half the U.S.S.R.’s livestock—some 55 million horses and cows—whereupon Stalin responded by sending about a million families into exile. This conflict, and a catastrophic decline in grain production, exacerbated the famine of 1932-1933 that killed at least five and 10 million people.


After Supercycle wave (IV) bottomed, the Soviet centrist diamond re-formed near the repressive authoritarian pole. Then from this unlikely position, the bullish mood behind Supercycle wave (V) unified Soviet society enough that it achieved remarkable success in its space program. The Soviets orbited the first satellite, Sputnik, in 1957; put the first man into space in 1961; and landed the first spacecraft on the moon in 1966.

In contrast, declining mood currently has one of the world’s leading democracies implementing authoritarian practices. In 2004, the British government’s own information commissioner warned that the country risks “sleepwalking into a surveillance society.” Since then surveillance has only increased, while the nation debates whether to accept the scrutiny.

Large-degree bear markets can lead to calls for freedom, authoritarianism, left-leaning and rightist solutions. Where a country ends up is unpredictable. What is predictable is that societies tend to look far different after major mood declines than they did before them.

**Bear Markets Encourage Authoritarianism**

Past issues note that the stock market is our best measure of social mood. Our studies also show that the complete U.S. stock record, with British data preceding, is an excellent meter of long term global mood. Such is the case with our study of authoritarianism. (For more on why U.S. stocks reflect global mood, see “A Socionomic Study of Russia,” November 2007 *Global Market Perspective*; call our offices for details.)

Figure 2 shows that over the past 300 years, major bear markets hosted most of the notable examples of authoritarianism. There are incidents of authoritarianism in bull markets, but they are fewer and smaller. Let’s review the history:

Grand Supercycle wave (II) produced both an increasingly authoritarian Great Britain and the American Revolution as a response.

In Supercycle wave (I), Cycle wave IV included the United States’ Tariff of 1828. The South called it the “Tariff of Abominations” because it supported the North’s industry at the expense of the South’s agriculture. The September 2001 issue of *The Elliott Wave Theorist* explains the forecasting value of fourth waves:

The negative themes in “wave four” within the “five waves up” presage those that will dominate, more dramatically and on a much bigger scale, in the ensuing “three waves down.”

In this case, wave IV discord foreshadowed the coming extreme polarization of Supercycle wave (II), which led to the American Civil War.

Historians associate the 1850s—the second leg down of Supercycle (II)—with the Authoritarian Decade in Great Britain, Austria and Prussia. In *Europe Reshaped 1848-1878*, J.A.S. Grenville writes:

The decade of the 1850s presents an extraordinary contrast to the turmoil of the ‘hungry forties’ … . The state was paternalist and authoritarian.

The authoritarian impulse was not limited to those countries. In the United States, Lincoln suspended the writ of habeas corpus, which allows appeal against unlawful imprisonment, and dismissed the states’ understanding that they could secede from the Union at will. In France,

---

[1] J.A.S. Grenville writes:

[2] Figure 2 shows that over the past 300 years, major bear markets hosted most of the notable examples of authoritarianism. There are incidents of authoritarianism in bull markets, but they are fewer and smaller. Let’s review the history:

**Grand Supercycle wave (II)** produced both an increasingly authoritarian Great Britain and the American Revolution as a response.

In Supercycle wave (I), Cycle wave IV included the United States’ Tariff of 1828. The South called it the “Tariff of Abominations” because it supported the North’s industry at the expense of the South’s agriculture. The September 2001 issue of *The Elliott Wave Theorist* explains the forecasting value of fourth waves:

The negative themes in “wave four” within the “five waves up” presage those that will dominate, more dramatically and on a much bigger scale, in the ensuing “three waves down.”

In this case, wave IV discord foreshadowed the coming extreme polarization of Supercycle wave (II), which led to the American Civil War.

Historians associate the 1850s—the second leg down of Supercycle (II)—with the Authoritarian Decade in Great Britain, Austria and Prussia. In *Europe Reshaped 1848-1878*, J.A.S. Grenville writes:

The decade of the 1850s presents an extraordinary contrast to the turmoil of the ‘hungry forties’ … . The state was paternalist and authoritarian.

The authoritarian impulse was not limited to those countries. In the United States, Lincoln suspended the writ of habeas corpus, which allows appeal against unlawful imprisonment, and dismissed the states’ understanding that they could secede from the Union at will. In France,
Napoleon III revived and extended Napoleon I’s authoritarian nationalism. His police state tactics—spies, arrests, political trials and restrictions on freedom of speech, assembly and the press—“provided the old ruling classes of Europe with a new model in politics” (A History of Western Society, McKay, Hill, Buckler).

Later, Cycle wave IV of Supercycle (III) brought the initial rise of the authoritarian left via the Bolsheviks in the 1917 Russian Revolution. To a lesser degree, it also brought authoritarianism to the United States. Sociologist Robert Nisbet wrote:

The West’s first real experience with totalitarianism—political absolutism extended into every possible area of culture and society, education, religion, industry, the arts, local community and family included, with a kind of terror always waiting in the wings—came with the American war state under [President Woodrow] Wilson."

In Liberal Fascism, Jonah Goldberg detailed that during the late teens, the Wilson Administration censored, harassed and threatened the American press. In Abrams v. United States (1919), the Supreme Court upheld a sedition verdict and a sentence of 20 years in prison for five Russian immigrants who tossed anti-American leaflets from the windows of buildings in New York City. The government also imprisoned U.S. citizens for verbalizing opposition. For example,

In Waterbury, Conn., a salesman was sentenced to six months in jail for remarking that Lenin was “one of the brainiest” of the world’s leaders."

The larger decline of Supercycle wave (IV) brought more extreme authoritarianism. Millions of Russians died as a result of Stalin’s collectivization of agriculture and Purges. Fascists seized power and began militarizing Italy, Germany and Japan. Authoritarianism increased in America as well, but less so than in other countries. HSB (p. 284) observes:

One manifestation of [the] mood extremity was the increased enrollment in and disruptive activity by the Communist Party in the U.S. In contrast to the German experience, however, the most extreme political forces never achieved political control … “
The Franklin Delano Roosevelt administration flirted with dictatorship, redistributed wealth and made extraordinary efforts to “pack” the Supreme Court.

The next major bearish period, Cycle wave II (1945-48), echoed Supercycle (IV). It launched the careers of two of history’s most notable authoritarians: Kim Il Sung of North Korea in 1948 and Mao Zedong of the People’s Republic of China in 1949. Kim imposed isolation and economic deprivation on North Korea. Mao’s authoritarian Great Leap Forward (1958-1961) led directly to the largest famine in history. This particular Mao program came during a bull phase in much of the world. But Mao’s subsequent and more overtly violent Cultural Revolution (1966-1976) came during Cycle wave IV. It killed as many as 30 million people.

Just before Mao began his bloody Cultural Revolution in China, Nicolae Ceaușescu assumed power in Romania. The year was 1965 and a long bull market (Cycle wave III) was nearing an end. Early on, Ceaușescu enjoyed popular support for his independent nationalism and challenges to Soviet dominance. But as Cycle wave IV matured, Ceaușescu began to emulate the totalitarian systems of China, North Korea and North Vietnam. He expanded government control into many areas of Romanian life, outlawing contraception and divorce, for instance. He starved Romania’s economic growth and controlled the media to create an idealized and heroic public image of himself.

In 1975, with Cycle wave IV still under way, Pol Pot led the Cambodian Khmer Rouge movement to power, imposing agrarian collectivism, civilian relocations, slave labor and executions. His genocides killed as many as 2.5 million Cambodians.

In Iran, the shah’s increasingly despotic reign ended with the even more authoritarian Islamic Revolution in January 1979. A few months later, Saddam Hussein used security forces to assume control of the government in nearby Iraq and quickly suppressed all political opposition. In 1980—as wave IV was finally grinding to its end—Saddam invaded Iran. The eight-year conflict, among the longest and deadliest wars of the 20th century, ended in stalemate, with estimates of up to 1 million dead.

Such actions are among the fruits of major declines in social mood.

Resurging Authoritarianism Today

Another bear market began in 2000, and authoritarianism is waxing along with it.

Liberal democracies, which feature constitutional protections of individual rights from government power, have risen in concert with the Dow Jones Industrial Average since the early 1800s. That trend appears to be faltering. Figure 3 is from the February 2010 issue of The Elliott Wave Financial Forecast (EWFF), which observed:

Just as stocks struggled higher in the 2000s, the number of liberated democracies slowed dramatically. A slight tick down, from 90 to 89 “free” countries in 2009, confirms what we said here last month: The social effects of the bear market are mostly still to come. … According to Freedom House, 2009 was “marked by intensified repression against human defenders and activists in 40 countries.” It was the fourth straight year of increased repression, “the longest stretch of civil rights setbacks” in 40 years.9

Freedom House is an international organization that researches and advocates democracy, political freedom and human rights. Its director of research, Arch Puddington, wrote “Civil Society Under Threat,” published in the spring 2009 issue of Harvard International Review. It begins with this warning:

After several decades of consistent progress, the state of global freedom has entered a period of stagnation and possibly even decline … . Among the principal targets of the new authoritarianism is civil society. The result has been a notable reversal for freedom of association throughout much of the world.10

After a long trend toward positive social mood, authoritarianism’s popularity hit bottom in the 1990s, when the Soviet Union collapsed and political scientist Francis Fukuyama proclaimed “the universalization of Western liberal democracy as the final form of human government.” Now, just a decade later, authoritarianism is resurgent.

Redefining Freedom

Both Russia and China have histories of extreme authoritarianism, and both countries are now attempting to recast democracy as a blend of free markets and authoritarian politics. British historian Timothy Garton Ash calls
authoritarian capitalism “the biggest potential ideological competitor to liberal democratic capitalism since the end of communism.” A June 2009 Foreign Policy Magazine article, “Authoritarianism’s New Wave,” describes the countries’ impressive new global media tactics:

Today’s authoritarian regimes are undermining democracy in updated, sophisticated, and lavishly funded ways … . The Kremlin has launched Russia Today, a multimillion-dollar television venture …. Beijing has reportedly set aside at least $6 billion for these media expansion efforts.11

Meanwhile, many liberal democracies themselves are becoming increasingly authoritarian. In October 2001, President George W. Bush signed the USA Patriot Act, giving law enforcement officials unprecedented access to Americans’ telephone and electronic communications. The Bush administration itself has been widely criticized for suspending habeas corpus and employing torture in offshore prisons such as Guantanamo Bay and Abu Ghraib.

The British think tank Adam Smith Institute reports that the U.K., a nation with less than one percent of the world’s population, possesses one quarter of the world’s security cameras. Ironically, Britain in February introduced a new law—Section 76 of the Counter-Terrorism Act 2008—that can send those who photograph police to jail for 10 years. The advertising campaign, available on YouTube—encouraging citizens to feel secure under the surveillance. In a more recent example, the popular British radio show TalkSport broadcast a government anti-terrorism advertisement—available online, Internet surveillance systems, satellite surveillance and security system that will include ID card registers, Internet surveillance systems, satellite surveillance, automated exit-entry border systems operated by machines reading biometrics and risk profiling systems.13

Some authoritative tragedies begin this way. Robert Gellately, author of The Gestapo and German Society: Enforcing Racial Policy 1933-45, writes of his surprise upon reading a collection of 19,000 Gestapo files that Nazi officers were unable to burn before the Allies arrived:

I had found a shocking fact. It wasn’t the secret police who were doing this wide-scale surveillance and hiding on every street corner. It was the ordinary German people who were informing on their neighbors …. business partners turning in associates to gain full ownership; jealous boyfriends informing on rival suitors; neighbors betraying entire families who chronically left shared bathrooms unclean or who occupied desirable apartments.12

Electronic Freedom

A Princeton University Internet expert says, “The inconvenient truth is that authoritarianism is adapting to the Internet age” (St. Louis Today, March 4, 2010). In addition to providing governments a cheap online channel for distributing propaganda, the Internet makes it easier for them to spy on their own citizens. Here are just a few examples.

In February, U.S. President Barack Obama extended three provisions of the Patriot Act, allowing the government “to obtain roving wiretaps over multiple communication devices, seize suspects’ records without their knowledge … and conduct surveillance of someone deemed suspicious” (Christian Science Monitor, March 1, 2010). The Obama administration also recently unveiled a new computer intrusion detection system called Einstein 3 to guard against cyber attacks. The Department of Homeland Security insists the system does not compromise privacy: “No agency traffic is collected or retained by US-CERT unless it is associated with a cyber threat.” As cyber threats increase with the bear market, however, so will the private information associated with them, likely widening Einstein’s scope.

Also in February, the French National Assembly passed a bill to “allow unprecedented control over the Internet ... a new level of censorship and surveillance” (Der Spiegel February 17, 2010). The bill creates “one of the toughest censorship regimes of any robust democracy in the Western hemisphere” (Ars Technica, February 17, 2010).

Google Inc. notes, “The number of countries that censor the Internet has grown from a handful eight years ago to more than 40 today.”

Broad Expressions of Authoritarianism

The European Union is considering expansive new control measures:

Civil rights groups are worried about a new EU proposal that would enhance a ‘dangerously authoritarian’ European surveillance and security system that will include ID card register, Internet surveillance systems, satellite surveillance, automated exit-entry border systems operated by machines reading biometrics and risk profiling systems.

The Council of the European Union’s February 15, 2010 Draft Internal Security Strategy reflects the fearful mood and the desire to control:

The Union must create a safe environment in which people in Europe feel protected. Furthermore, the necessary mechanisms must be put in place to maintain high security levels,
not only within EU territory, but also as far as possible when citizens travel to third countries or find themselves in virtual environments such as the Internet. 

In Spiked-Online on February 23, 2010, Frank Furedi, sociology professor at University of Kent, describes authoritarianism in science:

The treatment of peer-reviewed science as an unquestionable form of authority is corrupting the peer-review system and damaging public debate.

Furedi cites examples of corruption, such as the medical journal Lancet’s serious mistake linking the MMR vaccine to autism and the University of East Anglia’s “Climategate” emails:

In numerous areas, most notably in climate science, research has become a cause and is increasingly both politicized and moralized.

In a TV milestone, authoritarian submission has become entertainment. A French TV documentary/experiment called “The Game of Death” tested the ease with which contestants become torturers, apparently shocking a man—actually, an actor—to death as the audience cheered.

[Eighty one] percent of the participants obeyed the sadistic orders of the television presenter … . One contestant interviewed afterwards said she went along with the torture despite knowing that her own grandparents were Jews who had been persecuted by the Nazis.

This show’s 15 participants appeared to display a higher degree of authoritarian submission than those in the famous 1961 Milgram experiment, which was conducted during a bull market. Milgram measured the willingness of participants to obey an authority figure who instructed them to deliver electric shocks to test subjects. Sixty two percent of participants inflicted the strongest possible shock. The Milgram results seem high, but in the recent “Game of Death,” the group delivering a supposed deathblow is one-third larger. The show’s producer said, “[Future] television can—without possible opposition—organize the death of a person as entertainment, and 8 out of 10 people will submit to that” (Time.com, March 17, 2010).

And finally, keep an eye on the progress of a little-noticed U.S. Senate bill introduced on March 4 by Senators John McCain and Joe Lieberman. The “Enemy Belligerent Interrogation, Detention, and Prosecution Act of 2010” says:

An individual who is suspected of being an unprivileged enemy belligerent shall not … be provided the statement required by Miranda v. Arizona or otherwise be informed of any rights that the individual may or may not have to counsel or to remain silent … . An individual, including a citizen of the United States, determined to be an unprivileged enemy belligerent … may be detained without criminal charges and without trial for the duration of hostilities… .

This legislation would explicitly deny citizens the three core legal rights of the American judicial system: the right to a Miranda warning (“You have the right to remain silent”), the right to legal counsel, and the writ of habeas corpus, a fundamental human right that dates to the Magna Carta in 1215 and is now enshrined in the U.S. Constitution.

The Road Ahead

Socionomics suggests that today’s expressions of authoritarianism are occurring at the beginning of a much larger trend. Part II of this study will explain the psychological source of authoritarian expression, examine ongoing trends we think will accompany rising authoritarianism, and make forecasts to that effect.
Part II: The Source of Authoritarian Expression, And The Road Ahead
By Alan Hall

Sociologists typically study authoritarianism within a left-right political spectrum. But as we showed in Part I, a society’s authoritarian impulse is rooted in social mood. Our socionomic Nolan chart illustrates how a bearish mood can push a society with very low interest in authoritarianism into a significant authoritarian/anti-authoritarian conflict.

Part I showed that over the past 200 years, the world’s most notorious authoritarians rose to power or committed their worst atrocities during or soon after bear markets. Our Authoritarian survey chart plots the Dow against the appearance and activities of such tyrants as Joseph Stalin, Adolf Hitler, Mao Ze Dong, Pol Pot and Saddam Hussein.

Part II of this study explains the grassroots sources of authoritarian desire, and forecasts key trends that will accompany rising authoritarianism.

Who’s Our Daddy Now?
Social mood declines generate increasing fear. As society becomes more fearful, many individuals yearn for the safety and order promised by strong, controlling leaders. In such environments, autocrats can rise to power via popular demand or coups d’état. Either way, fear creates the conditions under which such individuals gain control.

“Authoritarianism and Economic Threat: Implications for Political Behavior” by Edward J. Rickert finds that when people feel threatened and vulnerable, they are more likely to submit to authority. They are also less tolerant of and more aggressive toward other groups and dissenters. As Robert Prechter showed on pages 227-233 of The Wave Principle of Human Social Behavior and the New Science of Socionomics (HSB), these are classic bear market behaviors.

Bob Altemeyer, author of The Authoritarian Specter, notes that some individuals are more likely than others to welcome authoritarianism. He writes in his online book, The Authoritarians:

Authoritarian followers … are in general, more afraid than most people are … A person’s fear of a dangerous world predicts various kinds of authoritarian aggression better than any other unpleasant feeling … We do have to fear fear itself … Fear can increase submission as well as aggression.19

As HSB (pages 149, 174) explains, the survival-oriented portions of the brain respond strongly to fear. The emotion overwhelms rational thought, alters individuals’ perceptions, and causes people to bond with in-groups and become hostile toward out-groups. The desire to belong to in-groups becomes most intense during a negative mood trend. Figure 2 in Part I shows that history’s most prominent displays of collectivism (in Russia and China) and group submission (in Nazi Germany) follow large-degree bear markets.
Altemeyer found that predisposed followers of authoritarians are willing to behave aggressively on behalf of those authorities, especially when they believe the authorities will sanction punitive action against some out-group. He notes that predisposed authoritarians are prone to:

… sloppy reasoning, highly compartmentalized beliefs, double standards, hypocrisy, self-blindness, a profound ethnocentrism, and … dogmatism that makes it unlikely anyone could ever change their minds with evidence or logic. These seven deadly shortfalls of authoritarian thinking eminently qualify them to follow a would-be dictator.20

Herding’s Role in Authoritarian Submission

The 1960s Milgram experiment, mentioned in Part I of this study, shows that herding influences individuals’ willingness to submit to authority. Milgram assigned participants three roles. An authority figure—the experimenter—led the team. He directed the teacher, the experiment’s unwitting subject, to dole out tasks and punishment (electric shocks) to another participant. This person—the learner—was an actor who pretended to attempt the tasks and suffer shocks when he failed.

Milgram recorded the subject teacher’s responses to the experimenter’s orders. One scenario seated the subject with two planted teachers. When the planted teachers disobeyed the experimenter and refused to continue increasing the punishment, 90 percent of the subjects joined their peers and disobeyed the experimenter. But when the two planted teachers submissively continued shocking the learner, 92 percent of the subjects also delivered the top voltage.

The experiment shows that 90+ percent of people will submit to the pressure of an authority when they see their peers doing so. The reverse is also true:

When an individual wishes to stand in opposition to authority, he does best to find support for his position from others in his group. The mutual support provided by men for each other is the strongest bulwark we have against the excesses of authority.21


When people are uncertain about the relative values of available options, they typically default to a herding impulse … . When humans do not know what to do, they are impelled to act as if others know.22

The Authoritarian Progression

Based on the evolution of authoritarian regimes in the past and what we observe in society today, it is logical to expect the progression from social fear to authoritarianism to unfold in roughly the following fashion:

A general bearish fear of the future causes people to coalesce into groups with polarized views on the authoritarian/anti-authoritarian issue. These disparate groups exclude all messages that contradict their opinions. Cass R. Sunstein, in a 2001 essay in The Boston Review, notes the growing power of information consumers to “filter” what they read or see. He writes, “Insulation from alternate views breeds increasing extremism.” Socionomists, however, would say increasing extremism breeds insulation from alternate views. Aspiring authoritarian and anti-authoritarian leaders alike use exclusionary propaganda to leverage this tendency. Leaders encourage their groups to see other groups as threats; actions escalate in a quid pro quo.

As society’s consensus diffuses into fearful discord, authoritarianism gains footholds. The majority of people see each authoritarian step as merely temporary, necessary inconveniences—small freedoms traded for promises of safety. As fear increases, society makes ever-larger concessions. If a negative trend in social mood is large enough, blatantly authoritarian leaders emerge and promise security. They attract support as well as strident
opposition. In most cases, we can’t say which side will ultimately prevail. One gauge of a society’s fear may be the degree of surveillance proposed, implemented and/or resisted. For example, neighbors spied on neighbors in Nazi Germany, the USSR and elsewhere. We want to avoid those countries where the authoritarian expression is strongest. George Orwell would agree.

Here are several specific forecasts and examples that typify the authoritarian trend generated by the deepening bear in mood:

**Governments will shut down sections of the Internet**

A government that feels threatened by its citizens usually clamps down on the information flow. This makes the Internet a prime authoritarian/anti-authoritarian battleground. In November 2009, the Italian Interior Ministry requested that Google, owner of YouTube, remove a video showing high-school boys in Turin, Italy, taunting a boy with a mental disability. Google complied rapidly, but on February 24, 2010, Italy convicted three of the company’s executives for violating Italy’s privacy laws. The judgment “could have sweeping implications worldwide for Internet freedom” by setting a new precedent for regulation and control of the Internet, according to The New York Times.

With its authoritarian past, China should be a leader in the decline of information freedom. Beijing repeatedly pressured Google to censor its search results in the country; finally in January the search engine shut down its Chinese website altogether. In April, Bloomberg reported that China is continuing its campaign to intimidate information providers:

> China passed amendments to its state secrets law that requires the nation’s telecommunications carriers and Internet companies to assist authorities with investigations of leaks … . [The changes are] aimed at making people, companies and organizations more responsible for protecting state secrets.23

Paranoid governments have plenty to worry about. For example, Wikileaks, a whistleblower website, illustrates how an unfettered Internet undercuts governments’ ability to control information. The website publishes sensitive or secret files submitted anonymously. Among the content posted to date are the U.S. military’s operating manual for the Guantanamo prison camp, and more recently, a video of U.S. helicopter pilots killing Reuters journalists in Iraq. Once such incendiary content is on the Web, other sites mirror it almost immediately, thwarting governments’ abilities to force the material back into secret. The days of unrestricted whistleblowers on the Web are numbered.

**Reliance on indebted governments will become a flashpoint in the authoritarian debate**

Americans’ reliance on government is at an all-time high, according to The Washington Times (March 2): “For the first time since the Great Depression, Americans took more aid from the government than they paid in taxes.” The extreme optimism of a Grand Supercycle peak in social mood generated huge, unsustainable government spending in many countries. That debt is fueling anger as the bear market progresses. Many citizens already feel dependent on the government and vulnerable to its every decision. Such social stresses will impel both authoritarian policies and opposition to them.

**Governments will continue to curb economic freedoms**

The Grand Supercycle mood peak produced near-anarchies of no-rules, anything-goes economics. In 1999 the hottest dot-com companies had no products, no earnings and high “burn rates” of cash. In 2006 the government encouraged no-money-down, no-collateral mortgages for unqualified homebuyers. Society had trended to an extreme view of economic “normal.” That trend has reversed. The August 2009 issue of The Socionomist forecast that governments will raise taxes and redistribute wealth. Other efforts to deal with economic crises—from bailouts to regulation to confiscation—will compound the loss of economic freedom. In 2002, Conquer the Crash described one likely action in the United States:

> It is easy to imagine such talk in the next crisis, directed at requiring wealthy people to forfeit their retirement savings for the good of the nation. [The government] need merely assert, after a stock market fall decimates many people’s savings, that stocks are too risky to hold for retirement purposes. Under the guise of protecting you, it could ban stocks and perhaps other investments in tax-exempt pension plans and restrict assets to one category: “safe” long-term U.S. Treasury bonds. Then it could raise the penalty of early withdrawal to 100 percent. Bingo. The government will have seized the entire $2 trillion—or what’s left of it given a crash—that today is held in government-sponsored, tax-deferred 401(k) private pension plans.24

This scenario may yet materialize. A Fidelity Investments review of 11 million accounts found that the average 401(k) fund balance dropped 31 percent from its peak by the end of March 2009. The U.S. Treasury and the Labor Department have devised a plan to “promote the conversion of 401(k) savings and IRA accounts into annuities or other steady payment streams.” The February
17 Investor’s Business Daily explained what this plan means:

In plain English, the idea is for the government to take your retirement savings in return for a promise to pay you some monthly benefit in your retirement years. They will tell you that you are ‘investing’ your money in U.S. Treasury bonds. But they will use your money immediately to pay for their unprecedented trillion-dollar budget deficits.25

**Authoritarian/anti-authoritarian court battles will increase dramatically**

A well-timed new documentary, “The Most Dangerous Man in America,” recounts one of the most successful anti-authoritarian actions of the past century. During the height of the Vietnam War in 1971, American military analyst Daniel Ellsberg released 7,000 pages of secret, war-related documents later dubbed The Pentagon Papers. Ellsberg faced 115 years in prison but went free because of government misconduct against him. Since the 2000 peak in social mood, however, many governments have expanded their power. Ellsberg recently said, “The Patriot Act and related legislation have the effect of legalizing most of the actual crimes against me by [former U.S. President] Nixon.”

Bloomberg’s lawsuit against the U.S. Federal Reserve is a more recent challenge to authority. It seeks to ensure that the public is “informed of how the Fed is safeguarding the public’s money.” Similar suits by Fox News and The New York Times confront a powerful alliance of Wall Street banks and the Fed. On May 11, after 17 months of litigation, the U.S. Senate passed a scaled-back provision for a one-time audit of the Fed’s economic crisis response programs. Rep. Ron Paul wrote, “While it is better than no audit at all, it guts the spirit of a truly meaningful audit of the most crucial transactions of the Fed.”

**Authoritarians will continue to use the fear of terrorism to institutionalize a culture of surveillance and control**

Australia has not seen a significant terrorist incident since 1978. Yet Prime Minister Kevin Rudd recently declared that his country “had become a target for terrorists and it is under ‘permanent’ and increasing threat … . Australia will start taking face scans and fingerprints from visitors from 10 ‘high risk’ nations.” (Daily Telegraph, February 23, 2010)

Real acts of terrorism will lead to much stronger responses. Last year, the U.S. Homeland Security Department said that private aviation “does not present a serious homeland security vulnerability requiring the Transportation Security Agency to increase regulatory oversight.” Following Joseph Stack’s February 18 airplane attack on IRS offices in Austin, Texas, however, the TSA is proposing background checks for everyone boarding private jets. New regulations target 15,000 private business jets that “could be used effectively to commit a terrorist act” (USA Today, February 19, 2010). Private plane flights are drawing other scrutiny as well. Since 2000, universities, businesses, churches and companies concerned about security or competition have used a little-known federal program to remove their flight records from the FAA database in order to hide them from the public. The April 8 USA Today described a successful 15-month effort by ProPublica—an independent investigative journalism group—to obtain the FAA’s list of aircraft whose flights have been removed from its database. Fasten your seatbelts and raise your tray tables; the era of secret flights is over.

The recent Times Square car bomb failed to explode, but imagine the public and government response if it had detonated. A single successful U.S. car bomb or improvised explosive device (IED) would expand airport-like security measures to a far broader landscape. The Department of Defense is already preparing for this eventuality. Its February 2010 Quadrennial Defense Review Report (QDR) says:

- The QDR directs a series of enhancements, including … domestic capabilities to counter improvised explosive devices.26

Domestic anti-IED capability will require even more surveillance and restrictions on travel freedom, a potential that socionomists saw coming. The October 2003 *Elliott Wave Theorist* made a series of forecasts “based upon the conjecture that social mood is about to accelerate toward the negative within a Grand Supercycle degree decline.” One of those forecasts reads, “The U.S. will require internal travel papers.”

**Governments will increasingly employ technology to monitor and control their citizens**

The U.S. government is pushing hard for unfettered access to cell phone records and GPS data. It is also fast-tracking the use of miniaturized sensors that monitor and report motion, temperature, chemistry, biological changes and power consumption. The tiny computers are increasingly pervasive and mobile. A New York Times article describes advances in “Smart Dust” technology such as Hewlett-Packard’s “‘Central Nervous System for the Earth,’ a 10-year initiative to embed a trillion pushpin-size sensors around the globe.” Other data-gathering projects use cell phone sensors to “calculate an individual’s personal environmental impact.” Under the right regime, such a program could expedite consumption- and population-control efforts. (See “A Socionomic Study of Eugenics,” *The Socionomist*, November 2009.)
Authorities will use new tools acceptable to a broader swath of authoritarian-leaning individuals

In the past, authorities frequently met civil disobedience with nightsticks, water cannons and tear gas. Later they progressed to rubber bullets and pepper spray. Television exposed authoritarian violence in the civil rights struggle, sparking nationwide civil rights demonstrations and riots from 1963 to 1970. Authorities suffered bad publicity again in the 1991 Rodney King police beating. In 1993, the Branch Davidian siege in Waco, Texas, escalated into televised violence that killed 76 people, more than 20 of them children. Polls later showed that the majority of the American public believed the federal government had engaged in serious misconduct. Former U.S. Attorney General Ramsey Clark commented, “History will clearly record, I believe, that these assaults on the Mt. Carmel church center remain the greatest domestic law enforcement tragedy in the history of the United States.”

Authorities have changed their tactics but not their intent. A March 2010 Harpers Magazine article describes huge advances in “non-lethal … media-friendly” crowd-control technology:

- Electrical weapons that shock and stun;
- Laser weapons that cause dizziness or temporary blindness;
- Acoustic weapons that deafen and nauseate;
- Chemical weapons that irritate, incapacitate or sedate;
- Projectile weapons that knock down, bruise and disable; and
- An assortment of nets, foams and sprays that obstruct or immobilize.

The author says this arsenal is the result of what “appears to be the first arms race in which the opponent is the general population.” As social mood continues its decline, more of that same general population will approve the use of such weapons.

Radical actors will attack authority; some will gain hero status

When Joseph Stack flew his fuel-loaded plane through the window of that IRS office in February, he committed—to our knowledge—the United States’ first domestic suicide bombing since the Bath School disaster in 1927. Stack’s online manifesto attracted anti-authoritarians and inspired “Facebook shrines to his martyrdom” that are similar to accolades for suicide bombers in the Middle East. One Facebook fan compared Stack’s patriotism to that of George Washington. The New York Times reports that “Politicians, including the newly minted Tea Party hero Scott Brown, were publicly empathizing with Stack’s credo.” In a Fox News interview, Brown said, “People are frustrated. They want transparency … . Certainly no one likes paying taxes, obviously.” According to the AP, deep animosity toward the IRS is a trend:

- Threats against IRS employees have steadily increased in the past five years, climbing from 834 in fiscal 2005 to 1,014 threats in 2009, according to J. Russell George, the Treasury Department’s inspector general for tax administration.

Recent suicide bombings in Iraq, Pakistan, Afghanistan, Somalia and Russia represent radical challenges to authority in those countries. The 2010 riots in Greece, Thailand, Iran, Kyrgyzstan, and Indonesia expressed similar defiance.

Authorities will become wantonly repressive

The October 2003 issue of The Elliott Wave Theorist listed a number of forecasts. Here is one more:

- Terrible secret activities that we could not even imagine will take place, some to be revealed only years or decades later. (It was revealed decades later that the U.S. government [allegedly for the greater good] conducted syphilis experiments on citizens beginning in 1932, the year that the Supercycle wave (IV) bear market bottomed.)

Authoritarian actions often lead to a kind of ratcheting up of responses. For example, the bear-market authoritarianism of the Wilson era ushered in Prohibition and, in turn, soaring rates of alcoholism. Federal officials then responded with what the chief medical examiner of New York City called “our national experiment in extermination” when they ordered the poisoning of industrial alcohols, known ingredients of illegal spirits. The public largely supported the program, and by the end of Prohibition, according to Deborah Blum, author of “The Poisoner’s Handbook,” it killed an estimated 10,000 people, all in the name of protecting the public.

In the 1970s bear market, U.S. and Mexican governments sprayed the pesticide Paraquat on marijuana fields. The U.S. government then tried to deter marijuana smokers by publicizing the threat of poisoning.

Authoritarians always claim that they are acting for the good of the people, but it is never true.

Authoritarianism is a Recognizable Trend

Alan Greenspan famously said, “It’s impossible to know that you are in a bubble when you are in one.” Years hence, someone will say something to the effect that it is impossible to know you are in an authoritarian trend when you are in one. We disagree on both counts. Socionomics provides a map of where society has been and where it likely will go. Map in hand, you can watch for signs along the way and seek the safest path.
Most economists, historians and sociologists presume that events determine society’s mood. But socionomics hypothesizes the opposite: that social mood determines the character of social events. The events of history—such as investment booms and busts, politics, population, and even peace and war—are the products of a naturally occurring pattern of social-mood fluctuation. Such events, therefore, are not randomly distributed, as is commonly believed, but are in fact probabilistically predictable. Socionomics also posits that the stock market is the best meter of a society’s aggregate mood, that news is irrelevant to social mood, and that financial and economic decision-making are fundamentally different in that financial decisions are motivated by the herding impulse while economic choices are guided by supply and demand. At no time will the Socionomics Institute make specific recommendations about a course of action for any specific person, and at no time may a reader, caller or viewer be justified in inferring that any such advice is intended.