

CYCLES OF DEPRESSION

THE COMING ECONOMIC EARTHQUAKE by Larry Burkett (1994)

A NATIONAL BEST-SELLER

The chapter tracks the history of economic depressions that occurs every 50 to 60 years:

- Late 1830's
- Post Civil War & Great Depression 1880's
- The Great Depression (1930's)

Realizing that there are only a few data bears no certainty of the period or cycle; but what is certain is that “the longer the interval between downturns, the more severe the eventual economic slump.” As though a natural force of pressure, the more suppressed the force by time, the more intense the pressure and, finally, the release.

Some might propose that controls are now in place to ensure that a depression cannot be repeated, but Larry suggests that this proposal is “faulty”. He writes:

The only conclusion that can be drawn is that we have the ability to delay the inevitable and lengthen the time between major cycles. The controls we have are adequate to alter, but not to stop, the direction of our economy.

Still, “to delay the inevitable correction only makes the problem worse.”

In 1994 (or the publication of this book), Larry discusses the \$4 Trillion of national debt and its effect on the future of our country, the economy and the next depression. In the current and much more severe circumstances, the economy remains in what some describe as a slow recovery. Interest rates are being kept exceptionally low while the federal government continues to operate at a record budget deficit and debt. The accrual of debt and the inflation brought to bear is causing an erosion of the middle class.

In this trend toward insolvency, foreign creditors or investors could stop lending money and, if so, would necessitate the “monetizing of debt” by the Federal Reserve; that is, the printing or circulation of more money – which will cause an increase in the rate of inflation. From the last chapter, some sense of hyperinflation was presented in the brief story of Germany in the 1930's.

