Neil Howe – The Pandemic and the Fourth Turning
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This article is based on a presentation from John Mauldin’s 2020 Virtual Strategic Investment Conference, which is being held from May 11 to 21. To register for this conference, click here. The Strategic Investment Conference was just approved by CIMA and CFP for 14 hours of continuing education credits.

Neil Howe foresaw a global crisis that would upend society. He didn’t know it would be a pandemic, but, throughout his career, he has been predicting a “fourth turning” – an event that would reshape societal norms and usher in a new generation of leaders.

Howe spoke on May 15 as part of John Mauldin’s 2020 Virtual Strategic Investment Conference. He is an author and consultant.

Howe’s fourth turning is based on his study of cycles or rhythms in history.

In the late 1980s, he worked with Bill Strauss to study how generations had interacted in the post-WWII era. Generational upheaval was a big issue in the 1960s and 1970s, during the Vietnam era, but had died down by the 1980s. They realized that there were permanent differences in generations, and there was a recurring pattern going back to the 17th century – an archetype.

His research has gained popularity recently, partly as a result of its adoption by Steve Bannon, the former chief strategist for President Trump. Howe did not mention Bannon in his talk.

According to Howe, a generation lasts about 20-25 years and ends in a turning. Four turnings together constitute a period, which lasts from a crisis to a crisis.

Some of the great turning points, or periods, in history have occurred during the length of a lifetime, from the American Revolution to the Civil War to World War II. Some of those turning points have also been “great awakenings” that have revitalized our culture and changed paradigms within art, music and religion.

Howe described the current period, which had its first turning in the late 1940s and lasted until the 1960s. That was a time characterized by institutions that were strong, and society had a solid consensus of where it wanted to go. Using a seasonal analogy, Howe likened that time to the spring.

The second turning – the 1960s and 1970s – was the summer, when people wanted to shed that conformity. The Boomer generation came of age. We became a more individualized society, Howe said, and shed civic responsibilities.

The fall season was the late 1980s to early 2000s. It was an “unraveling,” he said, and the opposite of the first turning. Institutions were despised and untrusted, he said, and there was “no faith” in civic organizations.

The fourth turning – the winter season – is the crisis era. It started in 2008 with the global financial crisis and now we are “at it again,” Howe said. It will extend until 2030, but the 2020s will be the climactic decade.

The fourth turning will end when the Boomer generations retire from public life and leadership. Millennials will become the new leaders, according to Howe.

Fourth turnings tend to be driven by wars, but Howe said he did not know whether the current pandemic could substitute for a war. The last fourth turning was in the 1930s, when we were overwhelmed by the Depression and then World War II.
It all came together as a single problem – winning the war – one that could be solved through national unification.

Periods of globalization and openness are great for commerce and innovation, Howe said, but are also great for pathogens. It happened in Ancient Rome and in east Asia, when the Mongols move to open up trade led to the spread of the bubonic plague. Infection vectors opened. The Spanish flu came at a time when travel became cheaper and more practical.

Pandemics are not completely random in when they show up. We are relearning that lesson, according to Howe.

Fourth turnings also tend to be times when crises are solved, rather than during more peaceful, upbeat times, Howe said. Social Security, for example, was passed in 1935, at the depth of the Depression. They also are times when creativity thrives. Societies make their most committed, long-term decisions at times of crisis.

A number of institutions emerged following WWII, like the IMF and World Bank, which signified a more institutionalized societal structure.

Age-bracket inversions are signs of upheaval. In the U.S., those supporting tighter lockdowns are the millennials – by double digits, according to Howe, even though they are the least likely to die from the virus. Boomers support state-controlled, localized restrictions.

Millennials are opting against their own interest, according to Howe.

Howe sees a top-down, institutional solution to the problems we face, but was optimistic about the prospects for strong leadership in the U.S.

With two 70-year olds contesting for the U.S. presidency, Howe said that Trump is not a fourth-turning leader. He is stuck in the third turning, unable to adapt the persona of the “grey champion” who galvanizes younger generations to act. The alternative is “Sleepy Joe,” he said, who wants to “pretend that Trump never happened and go back to the Obama years.” Democrats, he said, support Biden only because he is not Trump. “Very few are excited about him as a choice, including the millennial generation.”

The interesting question, according to Howe, will be Biden’s vice presidential choice, considering his age and likelihood of running for a second term.

To successfully emerge from the fourth turning, we need a leader who will galvanize across generations – young and old, Howe said.

China is experiencing a fourth turning, with pressure to establish itself as a world power. That is coming from many younger Chinese. Many of the more popular populist leaders across the globe get their support from younger people, Howe said. That type of age-bracket inversion is symptomatic of a fourth turning.

All of the English-speaking world is in the same cycle. The problem with Europe, especially since the financial crisis, is that its leaders, like Helmut Schmidt, were children of World War II. They wanted to make sure there would never be another war on the continent, which is why the EU was created. But they are disappearing. Even the Boomers, like Angela Merkel, are fading away. Howe said the next generation of younger leaders could be fatal, if for example, they follow the frugal example of the Nordic states.

Will we end up with a larger, more intrusive and more authoritarian government after the fourth turning? Governments always tend that way in eras of crises, according to Howe. What we have now in America is a government that consists of quasi-contractual deals – like Medicare, Social Security and pensions – between the government and individuals. But the rest of the government, which serves a civic purpose, is fairly small. We will see a transformation, led by millennials, to defund those entitlements and grow the civic side of government. That is a bigger challenge than what the GI generation faced after World War II, he said, when government was much smaller.

We will default on promises to older generations explicitly (i.e., not through inflation), according to Howe. Inflation will, however, deflate our fiscal deficit.

Boomers will not resist changes to entitlements as strongly as the GI generation did, through organizations such as the AARP. The GI generation was unified by its post-World War II experience. There is no such unification among the Boomer generation to resist cutbacks.
The lengthening of human lives has extended the duration of the cycle, but the 2020s will still be a decade of new trends that are counterintuitive. Howe said that the themes that will emerge will include community, authority, durability, equality, borders and convention.

The accelerated growth of household sizes, as generations combine to live under the same roof, will lead to more shared activities. There will be a contraction of services we pay for in the economy, as we barter among ourselves for services, and do things like make our own food. We will be paying other people less and do more things ourselves, he said.

COVID-19 will strengthen the household sector of the economy, and more generally will lead to people doing more things themselves.