

Monuments To Optimism

POSITIVE MOOD INSPIRES
DEVELOPERS TO GAMBLE



From Your Editor

Dear Socionomics Premier Members,

It's Vegas, baby! The Sin City skyline tends to get brighter when positive mood reigns. Our cover story this month, adapted from the winning paper in the 2021 Socionomics Foundation scholarship competition, brings you that socioeconomic tale. As you read it, consider how casino resort construction—along with dozens of other human activities—can serve as an indicator of the extremity of the social mood trend.

The story of Las Vegas is also a powerful illustration of the value of socioeconomic timing. Resort developers commit hundreds of millions, sometimes billions, of dollars—often in borrowed money—to erect these modern-day monoliths. Time it right, and the project will reap the benefits of a supportive social mood trend. But socioeconomic reveals why it's so much easier to time it wrong and overcommit resources to huge projects just when the good times are about to go away. A socioeconomic perspective can help developers

and lenders alike to assess risks better and have a stronger chance to succeed when they take a gamble on the Strip. To illustrate that point, check out a speech from yours truly at the 2014 Social Mood Conference, available at this [link](#). It'll give you the background you need to get the most out of this issue.

Elsewhere, you'll read about other top entries in the scholarship competition, along with numerous socioeconomic nuggets that the students uncovered in their quest for the prize. Plus, you'll discover what Qatar, Queens, London and Austin, Texas have in common; the socioeconomic significance of an invisible art pioneer's reemergence in the cultural zeitgeist; and what's motivating a pair of artists to enter a race to place art in outer space.

Happy reading,



Matt Lampert
Editor

On Our Radar



Novelists Serve Up a Dystopian Diet—A recent article in The Wall Street Journal (WSJ) said prize-winning novelists and others have “turned their sights on dystopian, grand-scale fantasies.” Examples cited by the publication include Sequoia Nagamatsu’s *How High We Go in the Dark*, which involves a 30,000-year-old Arctic plague that is released from melting permafrost. NPR’s Natalie Zutter said the book’s characters include a young man who works at a euthanasia theme park. His job is to place terminally ill kids on a roller coaster that will kill them before the plague does. Elsewhere in the novel, people gather in VR online chat rooms to make suicide pacts, and a pig that gains consciousness realizes its only purpose is to be an organ donor. In *The*

Candy House, by Jennifer Egan, a tech guru develops technology that allows people to access all their memories and to share them in exchange for the memories of others. Egan describes the consequences of the technology, including people who track and exploit desires. Another example of the trend toward dystopia is Hanya Yanagihara’s *To Paradise*. Goodreads describes the setting for one section of the book as a world “riven by plagues and governed by totalitarian rule.” Medical treatments “come at a terrible cost” and people long for an earthly paradise but gradually realize it cannot exist. “Whatever is driving the mysterious convergence of cultural forces, the possibilities for dystopian fantasies and highbrow science fiction have opened up,” WSJ said. But there is nothing mysterious about this trend. The July 2021 issue of *The Socionomist* said dystopian works tend to appear around major stock market peaks and during the negative mood trends that follow them. Depending on social mood, we could soon see a parade of other books with bleak outlooks of the future.



Pakistan’s Prime Minister Faces Shifting Political Headwinds

In recent weeks, Pakistani Prime Minister Imran Khan has been waging a war for his political life. Members of his party deserted, giving strength to his political opposition. A rift developed between Khan and Pakistan’s powerful military, which supported his election four years ago. And Khan came under fire for his foreign policy decisions. He reacted to the attacks against him by holding a huge rally in the capital city of Islamabad—an effort to show that he still had the public’s support. He blamed his political problems on the U.S., which he accused of seeking to oust him. And in the face of a no-confidence

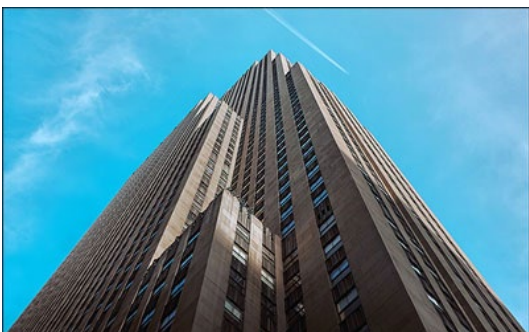
vote that he was likely to lose, he blocked his political opponents by dissolving Pakistan’s National Assembly and calling for new elections. Opposition leaders challenged Khan’s actions before the country’s Supreme Court, which announced no timeline for its decision. Analysts worry that if the court takes a long time to rule, the country will be plunged into uncertainty about its political future. Research by socionomists shows that a society’s perception of its leaders is regulated by social mood, and Pakistan’s Karachi Stock Exchange continues to trade below its 2017 high. Thus, even if the court allows Khan’s call for new elections to stand, he may not be able to rally enough support from voters to keep his political hopes alive.



Tensions Mounting on the Korean Peninsula

— U.S. spy satellites have spotted new tunnels under construction in North Korea at a site where the country has conducted previous underground nuclear tests. Nikkei Asia said North Korea is accelerating its nuclear missile development “at an unprecedented rate” and continues adding to its stockpile of more than 40 nuclear warheads. It said North Korea now appears to have nuclear missiles capable of striking Japan, South Korea and even parts of the United States. North Korean leader Kim Jong Un defended his weapons development program as a means of countering “threats and blackmails by the imperialists.” The May 2015

and May 2018 issues showed North Korea’s history of embracing friendlier foreign relations amid positive mood while adopting a more pugnacious international posture amid negative mood, as reflected by trends in South Korea’s primary stock index, the KOSPI. The KOSPI has lost about 20% from its high last year. Negative mood also appears to be pushing South Korea toward a more aggressive stance. Recently, the country conducted its first successful solid-fuel rocket launch, which is a major step toward space surveillance capability. Yonhap News said South Korea is also moving to develop radar-evading drones, low-Earth orbit satellites, high-energy laser weapons and other cutting-edge defenses. South Korea’s defense minister warned his country’s missiles can “accurately and swiftly strike any targets in North Korea.”



Record-Breaking Structures Planned for Three Nations

—Mood remains elevated elsewhere, and it continues to fuel plans for large building projects. Recent examples include a proposed Madison Square Garden Sphere in London. The Guardian said the structure would be “as wide as the London Eye and as tall as Big Ben” and feature “the biggest and highest-resolution LED screen in the world.” The MSG Sphere would be the largest concert venue in the United Kingdom, with a capacity of 21,500 people. In the U.S., a new 74-story tower in Austin, Texas could become the state’s tallest building.

The development is set to start construction on Red River Street in the coming months. Its cost is estimated at \$520 million. The push to build record-tall structures is also evident in New York City, where excavation is set to begin for Queens’ tallest building. The potential 811-foot-tall tower will be located on Jackson Avenue in the Court Square district. And in Qatar, the government has announced plans for a structure known as the Lusail Museum. Dezeen said the museum will house “the world’s largest collection of Orientalist paintings, drawings, photography, sculptures, rare texts, and applied arts.” Space in the four-story building will total 52,000 square meters (560,000 square feet). In addition to galleries, the proposed museum will include an auditorium, a library and learning spaces.

Students Use Socionomics to Size-Up Social Trends in Scholarship Competition

By Matt Lampert

The first “electric carriage” came out more than 130 years ago, so why are investors only now enthusiastic for electric autos? How can an asset rise more than 23,000,000% and then retrace all its gains in a day? What makes the Hulk an appealing bear-market superhero? These are some of the questions that college students asked and used socionomics to answer as they competed in the Socionomics Foundation’s fifth annual scholarship competition.

The 2021 contest drew 41 entries from students in Professor Dennis Elam’s classes at Texas A&M University-San Antonio and Professor Peter Atwater’s classes at the University of Delaware and the College of William & Mary. The socionomics community sends a big thank you to Professors Elam and Atwater for their work to introduce socionomics to the next generation. Each student submitted a research paper that applied socionomic theory to a topic of their choice.

“Every year, I’m amazed at the variety of submissions,” said Professor Elam. “Just when I think I’ve seen socionomics applied to everything under the sun, a student will come up with a topic that truly blows me away.”

Connor McLaren-Finelli, a sophomore at the College of William & Mary, received the \$1,000 scholarship for his paper on social mood’s influence on casino industry trends. Upon learning that he won the award, McLaren-Finelli said,

Thank you to the Socionomics Foundation for their generosity. I had a lot of fun researching and writing the paper. I learned a lot through the process, not just about trends in gambling and confidence, but also about social mood in general. Professor Atwater’s class has really helped shape how I view the world and allowed me to recognize patterns and trends that I otherwise would never have noticed.

Following are summaries of McLaren-Finelli’s prize-winning paper and a collection of noteworthy submissions from each class.

College of William & Mary

Rolling the Dice—When are entrepreneurs most likely to go “all in” on the construction of casino



Connor McLaren-Finelli

Winner’s Spotlight

Scholarship recipient Connor McLaren-Finelli has long had a passion for financial markets. “I did a project on the stock market in 8th grade. I started trading and built my first portfolio in the process,” he explained.

Now a sophomore at the College of William & Mary, McLaren-Finelli studies in the Raymond A. Mason School of Business and plans to major in finance. He spent the past summer on an internship at a commercial bank in his hometown of Sacramento, California. He returned to the bank over winter break to pursue a project related to Treasury yields and credit spreads.

When he’s not studying or pouring over stock charts, McLaren-Finelli enjoys reading, sports, hiking and going for walks with his Australian doodle, Minnie.

megaresorts? Consistent with earlier socionomics research, Connor McLaren-Finelli found that such monuments to optimism are most likely to be erected amid periods of positive social mood. The paper surveyed casino development in the U.S. from the early 1900s, with an emphasis on the past 30 years in Las Vegas. McLaren-Finelli observed that media commentators were apt to extrapolate trends, thereby missing opportunities to sell developments near major peaks and to acquire developments at deep discounts at major lows. The paper also considered trends in gambling legislation, finding that periods of negative mood were more likely to be associated with the

loosening of gambling restrictions while periods of positive mood were more likely to be associated with the tightening of such restrictions. Socionomists have observed a similar tendency with respect to marijuana legislation. (See Chapters 70-72 in *Socionomic Causality in Politics* for details.)

Pitching Pints—Socionomics can help advertisers to craft campaigns that capitalize on the social mood trend and resonate with their audience. Jessica Horner studied how ice cream advertisers had shifted their messaging strategy with trends in social mood across a hundred-year period. Horner found that positive social mood trends were associated with technological innovation, novelty products, increased product differentiation, and an increased emphasis on lower-calorie and other healthier ice cream options. Trends toward negative social mood, on the other hand, were associated with higher fat content and increased emphases on feelings of indulgence, abundance and comfort. Ice cream marketers should consider a hearty spoonful of this paper’s insights.

University of Delaware

In Style—Socionomists have studied social mood’s influence on fashion since at least Robert Prechter’s 1985 report, “Popular Culture and the Stock Market.” Before that, George Taylor in the 1920s and Ralph Rotnem in the 1960s wrote about linkages between women’s fashion, the economy and financial markets. Despite this wealth of research, M.J. Cicchinelli managed to make numerous new observations in a century-long survey of women’s fashion trends. Among them was this nugget:

In October [1935], McCall’s Magazine published an illustration titled ‘Evening Dresses,’ with rich colors highlighting ‘sinuous femininity with a natural waist and skirts flaring out slightly at the ankle.’ Although the dresses were long, they were cut in the back to still show skin, the beginning of a weird mix between the low hemlines theorized at low confidence points, and the amount of skin theorized at high confidence points.

Indeed, 1935 fell in the middle of a soaring rally in the Dow Jones Industrial Average from 1932-1937. The fashion trends of ’35 reflected the transition in social mood from the depths of the Great Depression to a renewed feeling of friskiness born of the surging positive mood trend.

Medical Breakthroughs—Social mood shapes trends in technological innovation. Abigail Fischer examined

manifestations of this relationship in the field of organ transplants. The paper emphasized a series of transplant “firsts” in a pair of positive mood periods, the 1950s to mid-1960s and the 1980s-1990s. The former period boasted the first human kidney, stem cell (HSCT), lung and liver transplants, along with the first organ transplant from a brain-dead patient. The latter period sported the first intestine, living-donor liver, laparoscopic living-donor kidney, and combined lung, heart and liver transplants, along with the first split liver transplant, which allowed two patients to receive viable parts of a single liver. Fischer also found that government agencies and non-profit groups grew more supportive and accommodating of transplants in periods of positive mood.

Texas A&M University-San Antonio, Spring Semester

TV Trends—Calling all network executives, Jessica M. Garcia studied traits of popular television shows over seven decades and, consistent with prior socionomics research, found that the most successful shows were in sync with the social mood of their time. She noted how the lighthearted comedies and westerns that were popular in the bull market of the 1950s to mid-1960s gave way to more socially-conscious programming after social mood turned negative and a bear market unfolded from 1966-1982. (For more on this theme, see our October 2013 issue.) Another of the paper’s gems was a comparison between the 1950s positive-mood television portrayal of Superman as a character motivated by truth, justice and honor and the 1970s-early 1980s negative-mood television portrayal of the Hulk as a character motivated by rage, revenge and lapses in anger management.

Taking It to the Streets—The wave of social unrest in 2020 was an unmistakable manifestation of negative social mood. Karissa Mitchem described how the mood trend created an environment that was conducive to protests and other developments that upended the status quo. Elsewhere, the paper drew on Alan Hall’s research in *The Socionomist* to understand recent movements toward authoritarianism and conflict around the globe, as well as movements that oppose authoritarianism.

Texas A&M University-San Antonio, Fall Semester

Pop Goes the Bubble—You might think that people would learn to avoid asset bubbles after centuries of financial booms and busts, but history shows that humanity is just as susceptible as ever to the allure of investment crazes when mood grows elevated. Daniel Gonzalez reviewed the financial follies of

the Dutch tulip mania and dot-com bubble before exploring recent action in meme stocks, NFTs and cryptocurrencies. The paper included a fascinating vignette about a cryptocurrency inspired by the Netflix show *Squid Game*. The coin's value exploded from 1.2 cents to \$2,861.80 in a week before giving up all the gains in 24 hours.¹ Gonzalez pointed out that the coin, which had no official relationship with the show or its creators, was subsequently hit with accusations of fraud. Socionomists have observed a greater susceptibility to fraud among investors when the optimism of positive social mood blinds them to dangers that may have otherwise been more apparent.

Sleuths—Spies have been a part of U.S. national defense strategy dating to the days of George Washington. Thomas Dresch's paper reviewed major developments in U.S. intelligence operations, with an emphasis on the 20th and 21st centuries. Dresch pointed out that the Office of Strategic Services was created in 1942, the year of a Cycle-degree stock market low under the Elliott wave model. The Central Intelligence Agency was created in 1947, two years before a major market low on a PPI-adjusted basis. Socionomists have observed that investor protection

laws are often passed after a crash, to try to prevent a market decline like the one that had recently ended. Dresch argued that the timing of the CIA's creation evinced a similar pattern, as the government created the agency to try to prevent a war like the one that had recently ended.

Are You the Next Socionomics Foundation Scholarship Recipient?

Submissions are open now for the 2022 Socionomics Foundation scholarship competition! If you're a socioeconomically-inclined undergraduate or graduate student at a U.S. university, the Foundation would be delighted to receive a submission from you. Papers that apply socioeconomics to any topic are welcome. There are no formal length or style restrictions, though successful papers are typically around 10 double-spaced pages, state a clear socioeconomic thesis, present relevant prior socioeconomics research and historical evidence to support the thesis, and make a forecast. The winning student will receive a \$1,000 scholarship sent to their university account. Send your submission to foundation@socionomics.org by November 24, 2022.

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Participants

Listed below are the students who participated in the 2021 competition and the topics they analyzed in relation to social mood.

College of William & Mary

Mac Ambler – New York Yankees baseball
Sara Curtiss – Television technology and programming
Paul Han – Automobile trends
Jessica Horner – Ice cream popularity
Peter Kim – NFL draft
Susannah Matthews – Enrollment in foreign language studies
Connor McLaren-Finelli – Casinos
Shelby Munford – Colors used in presidential campaign logos
Hannah Saad – Men's fashion
Skyler Seets – U.S. political party platforms
Paul Velasco – Development of the hip hop music genre
Ellie Wess – Physical fitness

University of Delaware

M.J. Cicchinelli – Fashion
Shannon Conway – NFL draft
Amelie Dass – Hip hop popularity and lyrical sentiment
Lauren Dorsey – Movie themes
Markos Duey – Automobile design and environmental regulation

Marissa Edelstein – Conspiracy theories
Abigail Fisher – Organ transplants
Paige Metzler – Social media
Alex Obando – Horror movies
Elaina Rivera – Contemporary Christian music
Ngoc Tran – Women's movements
Michael Viggiani – NFL expansion
Erica Wray – Architectural styles

Texas A&M University-San Antonio, Spring Semester

Larissa Cortines – Financial herding
Ashley Flynn – Social attitudes towards vaccines
Jessica M. Garcia – Popular television shows
Sungho Hong – Car trends
Clint C. Irle – Cryptocurrencies
Louis Martinez – Sports betting
Karissa Mitchem – Authoritarianism
Staci Simmons – Declining popularity of movie theaters
Anne Margret N. Tran – Dot-com bubble and GameStop short squeeze
Linh Ly Vo – Covid-related policies

Texas A&M University-San Antonio, Fall Semester
 Sara Araiza – The Great Depression vs. the flash depression of 2020
 Thomas Dresch – Intelligence operations

Daniel Gomez – History of the phrase “come and take it”
 Daniel Gonzalez – Asset bubbles
 Katherine Mendoza – Contemporary economic trends
 Lacey Stratemann – Electric automobiles

All In: Positive Social Mood Gives Investors the Confidence to Bet Big on Vegas

By Connor McLaren-Finelli

Adapted from portions of “All In on Confidence,” the winning paper in the 2021 Socionomics Foundation scholarship competition

No matter what, “the House” always wins. While that may be true at the roulette table, I was curious how gambling and casinos weathered the ups and downs of social mood trends in America. Did they thrive in eras of negative social mood as people sought an escape from reality and a chance to win money, potentially helping to alleviate their economic woes? Or did positive social mood coincide with a booming casino industry and an increase in big spenders and risk takers? To answer these questions, I examined the casino industry in the United States with an emphasis on the past 30 years in Las Vegas.

A Case in Point

The construction and opening of many large, luxurious casino resorts in the 1990s occurred simultaneously with rising societal confidence. A positively trending social mood led to a booming economy and set the stage for unprecedented growth on the Las Vegas Strip. Bellagio, Excalibur, Luxor, Mandalay Bay, MGM Grand, Monte Carlo, New York New York, Paris, Treasure Island and the Venetian all opened on the Strip during the decade. The confidence that developers showed in constructing these giant resorts mirrored the confidence of stock market investors who concurrently sent prices catapulting higher in the dot-com mania. As mood became more positive, people felt better and looked for more exciting and maybe

even more reckless ways to spend money. The casino industry was a huge beneficiary.

Trends in the creation and expansion of large Vegas casino resorts move mainly in sync with social mood. To illustrate, let’s examine the story of a casino that has served as a good proxy for social mood and as a contrarian indicator for coming industry trends. That property is Las Vegas’ Hard Rock Hotel and Casino.

Figure 1 shows major events in the Hard Rock’s history on a chart of our benchmark sociometer, the

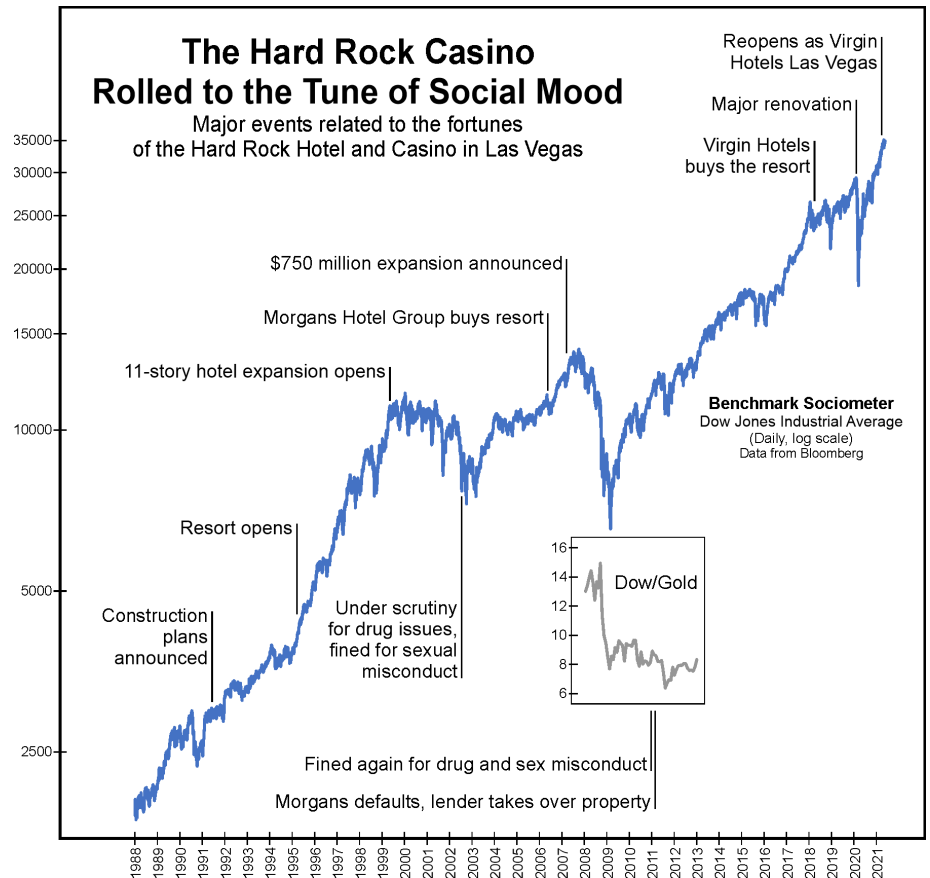


Figure 1

Dow Jones Industrial Average. Located two blocks east of the Strip, the creation of the resort began in June 1991 with plans announced to build a hotel and casino where just a restaurant had stood.¹ These plans were further developed during a period of positive social mood, as the United States exited a minor recession and its blistering bull market in stocks accelerated higher. The Hard Rock was completed and opened in 1995, one of four casino resorts to do so in the Vegas area that year.²

As positive mood waxed, the Hard Rock announced plans for a new 11-story hotel tower. A sense that good times would continue in perpetuity likely contributed to the decision to expand. Positive mood imbues speculators and companies alike with a heightened sense of control over the future and feelings of certainty. Yet the new tower opened in May 1999, just in time for the all-time peak in Dow/gold, another important sociometer.³ The bursting of the dot-com bubble followed in 2000, and 2001 would bring the end of what was then the longest continuous U.S. economic expansion on record.⁴

Socionomists know that negative mood trends are associated with an increased appetite for scandals, with the potential for elevated scrutiny of those who were successful during the prior positive mood trend. The Hard Rock was no exception to this tendency as social mood grew negative in the early years of the new century. In July 2002, the resort agreed to pay a \$100,000 fine resulting from a Nevada Gaming Control Board investigation into public sex acts at the property's nightclub.⁵

The resort faced three further complaints from the Nevada Gaming Control Board over its advertising

practices, which the board alleged implicitly condoned cheating and drug use on the property.⁶ The Nevada Gaming Commission dismissed two of the complaints as social mood became more positive in 2004, and the Hard Rock settled the remaining one later in the year.^{7,8}

As the positive mood trend accelerated, so did the fortunes of the Hard Rock and its owners. In May 2006, the owners announced the sale of the resort to Morgans Hotel Group for \$770 million.⁹ After the deal closed the following year, right at the top of a roaring bull market, Morgans released plans for a \$750 million renovation and expansion.¹⁰ Similar to the 1999 expansion, the move represented an extrapolation of the trend toward increased demand.

That assumption would prove ill timed, as the mood behind the global financial crisis wiped away stock values all over the world and put the brakes on the expanding economy. As a negative social mood trend unfolded, confidence plunged, and Las Vegas fell on hard times. As a local newspaper described it, this period would be a “disastrous experience” for the resort's new owners.¹¹

The property's troubles grew acute in 2011 as Dow/gold approached a low in a major correction. (See inset in Figure 1.) In January, state gaming authorities fined the Hard Rock \$650,000 for alleged drug transactions and sexual misconduct on the property.¹² By the following month, the resort had defaulted on its loans, and Morgans agreed to relinquish its interest in the Hard Rock to its lender.^{13,14}

But from negative mood extremes, trends in the opposite direction begin. The positive mood behind another roaring bull market would lift the Hard Rock's prospects. In March 2018, a group led by Virgin's Richard Branson bought the resort.¹⁵

On February 3, 2020, the new owners began a \$200 million renovation.¹⁶ As with the prior renovations and expansions in 1999 and 2007, the major project would signal an incoming surge toward negative mood. The Dow Jones Industrial Average would peak just nine days later and begin its swiftest descent from an all-time high on record. When renovations finished in March 2021, the resort reopened as Virgin Hotels Las Vegas, thus drawing an end to the use of the Hard Rock Casino brand on the property.¹⁷

[*Editor's Note:* The Hard Rock Casino brand's exodus from Sin City may be short lived. In December 2021, as the positive mood trend neared another crescendo, Hard Rock International bought the Mirage Hotel and Casino for just over \$1 billion.¹⁸ The deal still must



Welcome to the Rock: The Hard Rock's signature guitar sign greeted patrons at the Las Vegas resort's entrance.

Source: Farragutful, Wikimedia Commons

clear regulatory approval. If successful, it would bring the Hard Rock Casino name from the prior off-Strip location to a prime piece of real estate in the middle of the Vegas Strip. The new ownership group, which is unaffiliated with former owners of the off-Strip location, has unveiled plans to build a guitar-shaped hotel tower and to rebrand the Mirage as the Hard Rock.¹⁹ The persistence of positive mood would give the project the best chance to succeed, while a shift toward negative mood would likely lead to its peril.]

Extrapolation Traps

There are specific phrases that, when they become common, can almost always be seen as red flags of an approaching extreme in trend. At positive mood extremes, these phrases often involve a belief that “this time is different” and invoke a feeling of invincibility that can be expected when “us, everywhere, forever” mindsets abound. Consensus beliefs that a trend “can’t be stopped” or “shows no signs of slowing” are often a contrarian indicator that the exact opposite has become much more likely. Whether we consider the public’s conviction in ever-higher technology stock prices in 1999, real estate prices in 2005, or cryptocurrency prices in 2021, a widespread belief that something will persist forever tends to be a good indicator that the trend is closer to its end than its beginning.

Casino developers and media commentators are not immune to this tendency to extrapolate. Extremely positive or negative content in headlines and news articles can help to reveal the extremity of a trend. For instance, a September 2006 article that reported on Pinnacle Entertainment’s purchase of the Sands—the smallest casino in Atlantic City—and an adjacent property for \$270 million coincided with a major high in national real estate prices.²⁰ Pinnacle then demolished the Sands in October 2007—the month of the Dow’s high prior to the global financial crisis and Great Recession—to make room for a planned multibillion dollar resort.²¹ The resort was never built, and Pinnacle sold the property for \$29.5 million in 2013, the year after the low in national real estate prices.²² Each move reflected extrapolation at or near an extreme in trend.

Similarly, a May 2011 article about Las Vegas becoming “the new Detroit,” which compared the casino industry to the American manufacturing Rust Belt, coincided with the year of a major low in Dow/gold.²³ (See Figure 1 inset.) The fortunes of Las Vegas would reverse to become brighter in the years thereafter as confidence rose and people resumed taking a chance in the city’s casinos.



Back to Life: Business on the Las Vegas Strip began to pick up as positive mood waxed in the years after the global financial crisis and Great Recession. This photo shows a traffic-jammed Las Vegas Boulevard in 2012.

Source: FF23-fr, Wikimedia Commons

At the other end of the trend, a December 2019 article with the headline “2020 to be a banner year for Las Vegas hotel expansion” reported on the plethora of resort construction and renovation projects underway in the city, as developers extrapolated the surging positive mood trend.²⁴ 2020 would be a record-breaking year, just in the opposite direction of what developers and commentators had anticipated. Social mood swiftly became negative, the stock market plummeted, the economy tanked, a pandemic swept the globe, Vegas resorts sat dormant for a time, and the city saw the lowest number of tourists in more than 30 years and the biggest decline in visitors on record.^{25,26}

Place Your Bets

The success of casino resorts, like many businesses, seems to follow changes in social mood quite closely. This result somewhat surprised me, as I thought extreme lows in societal confidence would lead people to gamble in an attempt to escape their reality and potentially turn a little bit of money into a lot. Yet casino resorts, in fact, tend to attract more patrons when societal confidence is high and people are more inclined to take a gamble. Such people may be engaging in gambling more for the thrill than for any practical reason.

As displayed in the case study of Las Vegas’ Hard Rock Hotel and Casino, major casino expansions should be watched as potential contrarian indicators of an impending shift toward negative social mood. Overall, the casino industry and social mood have an intricate relationship that is worth exploring beyond just Vegas resorts to include casino resorts in other locations, non-resort “locals” casinos, additional forms of gaming such as scratchers and lotteries, and innovation regarding new ways to go “all in.”

Building Binge

By Matt Lampert

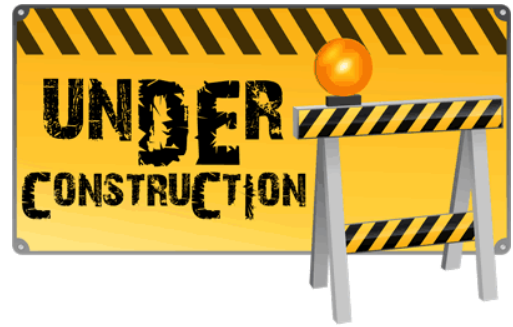
In June 2021, Resorts World Las Vegas became the first new casino resort to open on the Strip since the Cosmopolitan in 2010.²⁷ The Cosmopolitan, like the massive City Center development down the street, was greenlit during the tandem real estate and financial manias of the mid-2000s decade, only to see itself completed after those bubbles had burst. Poetically, Resorts World is located on real estate that was home to another mid-2000s project, Echelon Place, whose developer pulled the plug in 2008 prior to that resort's completion. With the subsequent bull market of 2009-2020 in the books, a resort finally sits finished on the property.

Months before Resorts World's completion, two other major manifestations of the 2009-2020 positive mood trend opened their doors. Allegiant Stadium, a \$2 billion development home to the relocated Raiders NFL franchise, opened in time for the spectator-less kickoff to the 2020 football season.²⁸ And in October 2020, Circa became the first new casino resort to be completed in downtown Las Vegas' Fremont Street district in 40 years.²⁹

As positive mood waxes once again, cranes are on the move in Las Vegas. Builders are back on site at the Fontainebleau Hotel.

The resort has been under construction off and on since a positive mood extreme in 2007 and, after being sold multiple times, is now back in the hands of one of the original developers with a new partner. Other projects remain in the works or are on the drawing board at various locales across town, some left over from the 2009-2020 period and others new, like Hard Rock International's recently unveiled plans at the Mirage.^{30,31}

If social mood stays positive, look for more major construction projects to be announced and for those that have been announced to get off the ground and make progress toward completion. If mood were to become mixed, look for a reduction in project announcements, delayed groundbreakings, construction stalls, financing troubles and for plans to be scaled back. If mood were to become decisively negative, look for development problems to intensify further, with a greater risk of defaults and for some projects to be suspended entirely. At each stage, construction manifestations on the Strip will be useful tools that can help to confirm or challenge assessments of the social mood trend's extremity.



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Mood Riffs

By Chuck Thompson

Air and Dust for Sale

Our July 2021 issue reported on artist Salvatore Garau's sale of an invisible sculpture. It turns out that Garau had a predecessor in the bull market of the 1950s-1960s whose art has now captured collectors' attention. Sotheby's is planning to auction a receipt for an invisible artwork issued by French artist Yves Klein, whose last projects included "Zones of Immaterial Pictorial Sensibility," which he sold from 1959 to his death in 1962. Klein's Zones were nothing more than empty spaces that buyers could "purchase" in exchange for a weight of pure gold. Buyers were given receipts that they could keep or burn in a ritual

between themselves and the artist. Those who kept their receipts included Jacques Kugel, who bought one of Klein's immaterial zones in 1959 for 20 grams of gold. When Kugel's receipt hits the auction block, Sotheby's expects it to bring up to one-half million euros, or about \$550,000.¹

The optimism associated with positively trending social mood drives up the value of collectibles and can fuel high prices for unusual items. Another such offering, this one from Bonhams auction house, involves specks of microscopic moon dust, which auction experts expect to sell for up to \$1.2 million. The specks came from a bag that astronaut Neil Armstrong used to collect samples from the moon in July 1969.²



Out of this World: Jeff Koons is creating a series of artworks that he hopes to see installed on the moon.

Source: Bengt Oberger, Wikimedia Commons

The Space Race Goes Artistic

And speaking of how positive mood fuels fascination with art and space, U.S. artist Jeff Koons is creating a series of works that he hopes will become a permanent installation on the moon. Koons is known for his metallic balloon dog sculptures. He plans for his moon art collection to be launched from Florida's Kennedy Space Center in a transparent, thermally coated miniature satellite. In sync with the positive mood trend, each lunar sculpture will have its own NFT, which will be sold to raise money for a charity.³

But just as positive mood fuels space races between countries trying to reach the moon and beyond, it is fueling similar competition between artists. Koons is in a race for space with painter Sacha Jafri, who recently said he's going to send the first authorized artwork to the moon. Titled *We Rise Together—with the Light of the Moon*, the artwork is engraved on aerospace-grade aluminum gold. It is scheduled to be launched later this year with NASA's Commercial Lunar Payload Services initiative.⁴

Duped by a Scoop

Elsewhere on the NFT beat, two 20-year-olds allegedly conned collectors out of \$1.1 million in a scheme involving ice cream-themed art. In January, the men launched an NFT collection called "Frosties" that included more than 8,000 ice cream scoop cartoon characters. The collection sold out within an hour, apparently capitalizing on the popularity of other NFT collections such as CryptoPunks and the Bored Ape

Yacht Club. Investors in the project were supposed to receive access to a number of perks, including a related metaverse game. In addition, they were supposed to have rights to 'breed' new Frosties from existing characters. However, the Frosties creators allegedly shut down their website and transferred the funds into their own cryptocurrency wallets. They were arrested in late March. Artnet News said such scams are known as "rug pulls," in which individuals advertise an NFT but stop working on the release after collecting investors' money.⁵

Damian Williams, U.S. Attorney for the Southern District of New York, said the defendants "promised investors the benefits of the Frosties NFTs, but when it sold out, they pulled the rug out from under the victims, almost immediately shutting down the website and transferring the money." IRS Special Agent Thomas Fattorusso said the same rules that govern investments in real estate developments govern investments in NFTs. "You can't solicit funds for a business opportunity, abandon that business and abscond with money investors provided you," he said.

Positive mood impels investment manias and renders investors more vulnerable to be taken by opportunistic fraudsters. Cryptocurrency scams totaled \$2.8 billion last year, according to Artnet. It said the Frosties collection serves as a warning that "while the metaverse represents countless new business opportunities, it also opens the door to new types of fraud."⁶

Military Embraces Inclusion

The Marine Corps has announced relaxed uniform changes that allow longer hair, more nail color options and different color socks. The Corps said the goal of the changes is to "positively impact diversity, equity, and inclusion."⁷

Positive mood is fueling the trend toward inclusion, which is also evident in a new Army fitness test that replaces standards created in 1983. Military.com said the most significant change to the six-event test is that it's no longer meant to prepare soldiers for combat. Instead, it will be a general fitness assessment. And it will also have different scoring standards for men and women across different age groups.⁸

A Coming EV Revolution?

Last year, BBC News said many industry observers "believe we have already passed the tipping point where sales of electric vehicles (EVs) will very rapidly overwhelm petrol and diesel cars."⁹ Volkswagen

subsidiary Electrify America has installed more than 670 EV charging stations across the U.S. It plans to have more than 1,800 charging stations with more than 10,000 chargers in the U.S.¹⁰ and Canada by 2026. CEO Giovanni Palazzo said the company's effort to reinvent the look and feel at many of its charging stations will "meet and exceed the expectations of customers moving from a gas-powered vehicle to an electric lifestyle."¹¹

The February 2019 issue said hopes for new technologies rise when social mood is trending positively. But we also pointed out that optimistic tech forecasts were on a collision course with reality. Economist Mark Paul, with Florida's New College, said the average EV transaction price in February was more than \$60,000—almost \$15,000 higher than the average for all new vehicles. In addition, there is a shortage of the silicon chips needed for EVs. Efforts to ramp up chip production in the U.S. will take years. And the Breakthrough Institute's Zeke Hausfather noted, "Even if you were to wave a magic wand and ban gas cars being purchased in the country from today forward, it would take around 15 years for the entire fleet to be converted into electric."¹²

Look for a more realistic view of EVs' future if social mood shifts to negative. It is during such trends that enthusiasm for technology can turn to skepticism or outright distaste for innovations that were the focal point of optimism during the positive-mood trend.

Consent for Cannabis

"It is clear prohibition is over," said U.S. Representative Ed Perlmutter before the House passed a bill to end the federal ban on marijuana.¹³ The bill removes federal criminal penalties for individuals who grow, possess or distribute marijuana. It also expunges nonviolent marijuana convictions. A companion bill is expected to be introduced in the Senate. Last year, a Pew Research poll found that 31% of Americans want cannabis legalized solely for medical use and 60% want it legalized for both medical and recreational use. Currently, marijuana is legalized for medical use in 37 states, including 18 that also allow recreational use of the drug.¹⁴

The May 2021 issue cited U.S. Representative Earl Blumenauer, founder of the Congressional Cannabis Caucus, who said "the table is set for full legalization" of marijuana. Blumenauer pointed to a strong base of support in the House and the reduced influence

of Republican Mitch McConnell in the Senate. He also said cannabis advocates were in their strongest position ever.

But in order to overcome a filibuster, passage of a bill in the Senate will require the support of all 50 Democrats plus 10 Republicans. Will the legislation pass? If not, its supporters needn't get discouraged. As we noted in the July 2009 issue, legalization of marijuana at the federal level will have the best chance to occur during a negative social mood trend like the one that ended prohibition of alcohol in the 1930s.

The Apology Wave Continues to Crest

By Glenn Corey

Socionomists have identified contrition—particularly on the part of the government for past wrongs—as a positive mood tendency. The August 1995 issue of *The Elliott Wave Theorist* explained, "in bear markets, anger, fear and the urge to destroy overcome the social conscience. Remorse, on the other hand, is a bull market trait born of inclusionist impulses." The June 2019 issue of *The Socionomist* updated our chart of major political apologies dating from the 1950s and observed that apologies were "sprouting like weeds in springtime" as positive mood surged.

Contrition can take the form of a public apology or, more subtly, some action, such as the restoration of lost property. An example of the latter occurred just recently. A CNN article from early April reported, "Native American tribe gets its land back after being displaced nearly 400 years ago."¹⁵ The article said that the Rappahannock Tribe reacquired 465 acres of sacred land in Virginia. Consistent with the optimistic social mood, high-level government officials, including Secretary of the Interior Deb Haaland and U.S. Fish and Wildlife Service Director Martha Williams, were present to celebrate the tribe's reacquisition of the land.

Glenn Corey is a freelance copy editor who lives in North Canton, Ohio, and the author of the book [How to Get a \\$150,000 Liberal Arts Education for Free: 100 Books to Help You Better Understand Yourself, Others, and the World You Live In](#), available on Kindle.

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¹ Historical data from Coin Market Cap. Retrieved from <https://coinmarketcap.com/currencies/squid-game/historical-data/>.

ALL IN: POSITIVE SOCIAL MOOD GIVES INVESTORS THE CONFIDENCE TO BET BIG ON VEGAS

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Five Tenets of Socionomics: 1. Social mood motivates social actions, not the other way around. 2. Social mood is endogenously regulated, not prompted by outside forces. 3. Social mood is constantly fluctuating according to a hierarchical, robust fractal called the Wave Principle. Robust fractals are patterned but quantitatively variable. 4. Social mood is unconscious and unremembered. 5. Waves of social mood arise when humans interact socially. The process appears to be related to the herding impulse.

Applying Socionomics: Socionomics explains shifts in the character of social events. It is not a crystal ball for forecasting specific social or individual actions. Some social actions—such as buying and selling stocks—express social mood almost instantaneously. Others—such as economic and political actions—lag substantially due to the varying times it takes for people to implement decisions made under the influence of social mood. Leading actions can be used to forecast lagging actions. There is always a mix of positive and negative actions in society, but their quantity and intensity vary with social mood. Extreme expressions of social mood tend to occur near the end of a major positive or negative trend. The breadth and intensity of expressive social actions correspond to the degree of the largest wave that is ending. Conventional statements of social causality are backwards. For example, leaders and pop stars do not influence social mood; waves of social mood influence which leaders and pop stars society chooses and how their performance is perceived. Large groups cannot act independently of social-mood impulses, but individuals can learn to act contrarily to impulses arising from social mood.

For more information about socionomic theory, and for our latest offerings, visit our website, www.socionomics.net.