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## Why A 7 Year Economic Cycle: Boom, Stabilization, Recession Depression?

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### Opinion Article

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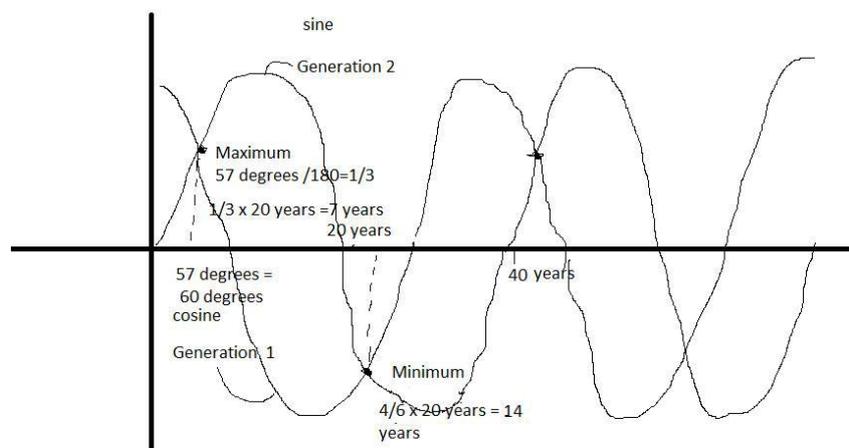
#### ABSTRACT

Here is a brief paper that answers the question as to why there is a 7 year economic cycle. The answer lies in demographics.

### INTRODUCTION

If you have wondered why the economy goes in cycles of boom to depression every 7 to 9 years, the answer lies in the demographic trend of competing generations.

It takes 21 years approximately to get married (21-25 years old), but the children are generally born over a 10 year cycle (25-35). This means that there are two competing generations that are countercyclical. At times they line up positively you have a boom, and when they negatively you have a depression. Note the sketch of the sine and cosine curve <sup>[1,2]</sup>.



The maximum output is when sine = cosine at 57 degrees. This is approximately one third of a generation of say 21 years. Therefore you have a boom at 7 years cycles.

Also note the minimum coincidence. It lies at 237 degrees which 4/6 or 2/3 of 40 years. This equals 28 years (or twice 7 years). So the cycle of boom to depression lies in demographics.

## **CONCLUSION**

In the construction industry, it is well known that there is a 7 year cycle in the economy. This phase shift of marriage and birth of children is why?.

## **REFERENCES**

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