In the pages that follow, readers will be asked to suspend belief in one of the most widely-held ideas about how the world works. Conventional wisdom has it that collective social events—the outbreak of war, the popularity of a certain film, a shift in political ideology—cause a population to feel a certain way about their future. Here we argue just the opposite: The way a population feels is what shapes events. Moreover, there is no feedback from those events to the overall social mood. In short, events don’t matter, at least insofar as what causes a group to feel one way and not another about its prospects for the future. This is the distilled essence of the case made here for understanding the way the world really works. Now let me say a word or two about how and why I came to write this book.

About 20 years ago, I was writing a book on prediction and explanation in science. One of the chapters in that volume was devoted to the forecasting of stock market price movements. As background for that chapter, one of the people I contacted was legendary analyst Robert Prechter, who is most well known for his work on the so-called Elliott wave principle for modeling the movement of stock prices.

Over the years I stayed in contact with Prechter, and discovered that as an outgrowth of his work on the Elliott wave principle he was developing a theory of how the beliefs a population holds about the future biases the types of collective social events that were more or less likely to occur. He called this line of investigation “socionomics” and summarized the argument in...
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I followed closely the subsequent development of socionomics by Prechter and his colleagues at Elliott Wave International and the Socionomics Institute, and was continually amazed at how their line of reasoning as to why events unfold the way they do and not some other way. Their arguments provided what to my eye was a much stronger and more convincing approach to understanding human affairs than the conventional wisdom noted above.

Now that I’ve spent a decade living with these ideas and given at least a hundred lectures around the world on the matter, it seemed time to gather together a summary of what I’ve learned and put it down in book form. My goal here is to present the case for what one might call “social causality” as opposed to “event causality” (although any mention of the term *causality* with its strong whiff of determinism is an automatic red flag). A primary purpose of this book, then, is to make the case for socionomics. Let me say a bit more about what the reader can expect to see in the pages that follow—and what will not be seen.

First of all, the book is a work of advocacy and exposition in support of an hypothesis, what I call the Central Hypothesis of Socionomics. As a work of advocacy the book is definitely “opinionated,” as one reviewer of the manuscript not-so-charitably called it. But who would have ever thought otherwise? After all, opinionated is what “advocacy” means, if it means anything. So I make no apologies for that.

The book is also a call to arms for a deeper research program aimed at generating more evidence to validate or reject the Central Hypothesis. Right now, it’s simply an hypothesis. The book provides as much ammunition as I can muster to support it. So I make no apologies for not presenting the case for the opposition. One thing this book definitely is not is an academic monograph, where custom demands arguments be presented on both sides of whatever fence the book is straddling. So do not expect to see a case presented here for the conventional wisdom. This book is solely to argue the case for the loyal opposition.

Let me add that I have deliberately written the book in a style very different from the passive, third-person voice so typical of scholarly treatises. This is to make the material as accessible as possible to as wide an audience as possible, as well as to dispel the notion that the only way to expose ideas of substance is to wrap them up in language as incomprehensible as possible.
Another thing this book is not is a treatise on stock market price forecasting. While stock price movements play an important role in the story told here, the story is not about stocks, it’s about people. Stock price movements show up only insofar as they are a convenient measure for fluctuations in the mood of a population. So the book is no more about stock prices than a treatise on thermodynamics is a book about thermometers.

A quick scan through the book will show there are many, many graphs. Don’t be alarmed. These charts are the same type you see in the financial pages every day in the newspaper. I’ve only annotated them by inserting different social, political, economic, military or other events at the times when they occurred. So don’t be put off by these graphs. They are the “picture” that’s better than a thousand words.

OK, now for the good part. It’s both a great pleasure and a duty to acknowledge the many friends and colleagues who helped support this work over the past decade with their time and generous comments. For fruitful discussions and suggestions, in no particular order, I thank David Lane, Leena Ilmola, Blake LeBaron, and Jeff Johnson.

The book you hold in your hands has had many incarnations, and numerous friends took time away from pressing daily activities to generously read one or another of those many versions of the manuscript and provide detailed comments and suggestions. For these efforts way beyond the call of friendship, I thank Michael Loescher, Tor Nørretranders, Greg Benford, Ed Binkowski, Gordon Graham, Scott Reamer, Peter Kendall, Rex Cumming, Christoph von Braun, Sally Smith, and Norbert Jesse. I want to express “double thanks” in this regard to my longtime friend Olav Ruud, who kindly volunteered his services as the mythical “target reader” for this book, conscientiously sending me line-by-line comments on the text, as well as suggesting numerous changes in the graphics in order to make the book far easier to understand for a general audience.

Kudos of the first degree are also due the book’s editor, Angela Lahee, who took on a project that many editors would have thought was way too much trouble. It’s that kind of courage and support that every author of unpopular and/or unconventional ideas wants and needs.

Most of all, I thank Robert Prechter for his wise counsel and continuing support, as well as for the many remarkable graphical depictions of socioeconomic examples, bringing life to arguments that would otherwise have been made in much drier and far less comprehensible terms.
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Finally, readers who would like to send comments, questions, and/or see updates and discussions of the ideas presented here are invited to visit the book’s Web site at www.moodmatters.net.

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