INTRODUCTION TO THE WAVE PRINCIPLE OF HUMAN SOCIAL BEHAVIOR

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In the 1930s, Ralph Nelson Elliott (1871-1948) discovered that price changes in stock market indexes produce what is in essence a fractal. The market forms a limited number of patterns (i.e., movements as defined by certain characteristics) called waves, and these patterns appear at each distinct degree of trend. The waves at each degree form the components of those of the next higher degree. Elliott called this phenomenon "The Wave Principle." The essential form is five waves generating net movement in the direction of the one larger trend followed by three waves generating net movement against it, producing a three-steps-forward-two-steps-back net progress. Because the basis of the essential form is a repeated 5-3, the numbers of waves at different degrees reflect the Fibonacci sequence. This model has produced a substantial documented success in both accounting for and forecasting stock market trends. Stock market indexes are important because they record man's valuation of his own productive enterprise. The fact that this valuation follows a pattern indicates that there is a single essential cause of that valuation and/or the enterprise that underlies it. One might speculate that the limbic system, which houses a herding impulse, may shape and cause the pattern. Further, there is evidence that the intricate Fibonacci-based pattern of mood change produced by the social interaction of men is the underlying engine of man's trends of social progress and regress. The relationship of the pattern to Fibonacci mathematics suggests that the Wave Principle is another manifestation of a type of growth pattern found throughout nature in processes of growth and decay, expansion and contraction.

Topics to be addressed in the speech include the possible biological basis for such a phenomenon, the human characteristics and attributes that waves appear to reflect, the connection between social mood and events and its direction of causality, the aspects of history and culture that relate to the trends of social mood, and the influence, if any, of outside forces.