

Part 4: Shelby's world

Now it's Shelby's turn

The opportunity before her
is tempered by questions
of security and her own choices.



Shelby has four grandfathers.

This is not the regulation number. In the normal course of events, each of us is supposed to have two. No more, no less. Shelby, who's 8 years old, has four because both her parents are "children of divorce."

Google this phrase and you'll come up with 228,000 references on the Web, including www.childrenofdivorce.com. It's a serious condition.

Divorce is usually associated with loss. Loss of family. Loss of security. Loss of stability. Loss of a parent. If the child grows up troubled, he or she can join an adult child-of-divorce support group.

But that's for the first generation. For the second generation, divorce can mean a gain in family, a gain in security and a gain in stability. Think of it as the secret silver lining of divorce. (Just don't expect to find it in every divorce cloud.)

In one family's 20th century adventure — through wars, social and personal upheaval, and vast technological change — this is the culmination of four generations: a suburban Dallas couple managing to surround their children with a rare depth of care and nurture. And four sets of grandparents.

Thus far in her life, Shelby enjoys more security than the previous three generations did. That's the case on two levels — her immediate family circumstances and the level of institutionalized security provided and expected by society. But the greatest public debate in her eight years has been the perceived erosion of that security, physical and financial.

In the dawn of Shelby's century, the only certainty is that she will have more choices — and be forced to make more choices — than any previous generation.

You can't spend much time with Shelby and her parents without getting a powerful sense that family is important. And you can't spend much time with Shelby, or her brother and sister, without understanding why.

Shelby is tall, willowy, pretty and blond, like her mother. She's also disciplined, polite, a good student and a competitive gymnast.

She has grown up without violent movies or violent television.



Boyd Monaghan

More women will graduate from college than men by the time 8-year-old Shelby, a competitive gymnast, comes of age.

In Shelby's house, nothing is solved by rough behavior. If something is shouted, the response is, "Use your indoor voice." If screams are tempting, the response is, "Use your grown-up words."

Some might argue that Shelby lives in an artificial world, a peaceful, suburban, churchgoing world where respect has displaced violence. Her parents would say this is the world they choose.

It may not be the entire world, but it is their world. In their tiny part of Lewisville, Texas, it is at least as real as the world of TV.

The question that weighs on her parents is this: How can they help Shelby navigate the larger, meaner and less reliable world beyond her family?

The question may not have an answer.

Love and nurture

Someone visiting a family gathering would occasionally see two of Shelby's grandfathers talking with each other. One is married to Grandmother Carolyn. The other *was* married to Grandmother Carolyn.

To confuse things a bit more, there are two grandmothers named Carolyn, since the first man to marry Carolyn went on to marry another woman named Carolyn.

So far, Shelby has given all of this little thought. Each day she ignores it, she wins another victory for true family.

We don't get to choose our biological families. We do, eventually, get to choose our families of love and nurture.

When she becomes a young woman, Shelby will be just as capable of listening to the radio, carrying on a conversation and putting on makeup, all at the same time, as the women who charmed her great-grandfather Robert.

If she makes a good choice, she can avoid spending her years with a man who is slow to appreciate these sublime qualities.

Advances for women

Shelby's great-grandmother Joanne lost one parent to tuberculosis and another to alcoholism and was raised in a sanitarium. Her grandfather Bobby lived an isolated, vulnerable existence in his first nine years of life, thanks to war, poverty and, again, alcohol. Her father, Steve, endured the losses of the "children of divorce" and the harsh realities of globalism.

As older generations do, her family is trying to shield her from anything resembling those experiences.

In addition to more security, Shelby has more opportunity than the previous generations.

Joanne, born in 1920, lived in a world of harshly limited opportunity and education. Carolyn grew up in a time when women were expected to be nurses, teachers or secretaries, "the nurturing vocations."

Shelby will come of age in a period when more women graduate from college than men and more women are getting advanced and professional degrees than men.

Only 15 women were among the 834 members of Bobby's 1962 graduating class at the Massachusetts Institute of Technology. Today the president of MIT is a woman.

It's progress, for Shelby individually and for most but no means all American children. The progress has been slow over the last 85 years and four generations, but it's real.

It's also delicate, something Shelby could undo for herself with a careless decision or misplaced trust.

America may be similarly careless with the security it provides her. But for now, the nation seems to be doing quite well, thank you.

Time, not money

In the end, our lives are about time, not money. We exchange some of our moments, hours, days and years for the money we need.

In this respect, the 100 years that ended in 1997, the year Shelby was born, are incredible.

Dallas Federal Reserve Bank economist Michael Cox and writer Richard Alm demonstrated this in the bank's 1997 annual report.

They took prices of common objects from an 1897 Sears catalog and priced them in terms of work in 1997. The real measure wasn't dollars. It was what it would cost today if today's worker spent the same amount of time, at today's wages.

In 1897, an industrial worker had to work more than three hours to earn the 50 cents to buy a 26-inch carpenter's saw. If he exchanged the same amount of time for a saw a century later, the saw would cost \$44.53.

It doesn't.

An aluminum bread pan that cost 37 cents in 1897 would have to be priced at \$32.95 in 1997 to require the same amount of work.

Mr. Cox and Mr. Alm show us, as the late economist Julian Simon pointed out in much of his work, that virtually everything costs less today when its acquisition is measured in our most precious commodity, time.

Of course, we could spend \$2,221.90 (or more) on a bicycle today, but we'd have to work at it. And it wouldn't be anything like the bicycle in the 1897 Sears catalog. It's also possible to spend at least \$311.69 on cowboy boots. Just visit a Lucchese store.

But there are plenty of alternatives for much less. Today, the old "good, better, best" of Sears fame has been replaced by good, better, even better and six varieties

100 YEARS OF EASIER MONEY

The Dallas Fed took 1897 prices from a Sears catalog and calculated how many hours it took to buy items. Then they calculated what 1997 workers would earn in the same number of hours to show that it takes less time to buy things 100 years later.

Item	1897 price	1997 work-equivalent
1-pound box of baking soda	6 cents	\$5.34
100 pounds of 16d nails	\$1.70	\$151.39
Garden hoe	28 cents	\$24.94
26-inch carpenter's saw	50 cents	\$44.53
13-inch hammer	42 cents	\$37.40
9-inch steel scissors	75 cents	\$66.79
Aluminum bread pan	37 cents	\$32.95
Ironing board	60 cents	\$53.43
Telephone	\$13.50	\$1,202.23
Men's cowboy boots	\$3.50	\$311.69
Men's socks	13 cents	\$11.58
Ladies' hose	25 cents	\$22.26
200-yard spool of cotton thread	2 cents	\$1.78
Webster's dictionary	70 cents	\$62.34
One dozen pencils	14 cents	\$12.47
250 manila envelopes	35 cents	\$31.17
1-carat diamond ring	\$74	\$6,590
Upright piano	\$125	\$11,131.76
Bicycle	\$24.95	\$2,221.90
Baby carriage	\$10.25	\$912.80

SOURCE: Dallas Federal Reserve Bank

of downright incredible. The “up” part of the buying scale continues to find new pinnacles.

That’s due in part to improvements in Americans’ overall standard of living. But it’s also due to the widening gap between the working classes and the very wealthy.

Tech accelerates

Meanwhile, in Shelby’s future, the rate of technological change is likely only to accelerate.

In a recent paper, “The Law of Accelerating Returns,” entrepreneur and computer scientist Ray Kurzweil argues that we’ll see 20,000 years of progress in the next century, all based on exponential growth in computing power. Skeptics should consider the implications of this projection:

“[S]upercomputers will achieve one human brain capacity by 2010, and personal computers will do so around 2020. By 2030, it will take a village of human brains (around a thousand) to match \$1,000 of computing. By 2050, \$1,000 of computing will equal the processing power of all human brains on Earth. Of course, this only includes those brains still using carbon-based neurons.”

Count up the social changes that were sparked by 1960s teenagers listening to rock ‘n’ roll on their new transistor radios. Then multiply.

More technology, more change. More information, more choices.

Life decisions

As we face these choices, we’re all going to confront a nasty reality that reflects the major difference between this century and the last: We are our own worst enemy.

After centuries of hiding behind harsh external issues such as disease, plague, hunger and an abundance of natural disasters, it is now clear that decisions we make and actions we take in our personal lives are the biggest influence on what happens to us.

Recall that as recently as 1920, life expectancy at birth in America was less than 60 years, that one baby in 10 died, that others would succumb to tuberculosis, whooping cough, polio and diphtheria. All would be innocent victims.

But that was then. Today, in this brave new world, the causes of death are radically different.

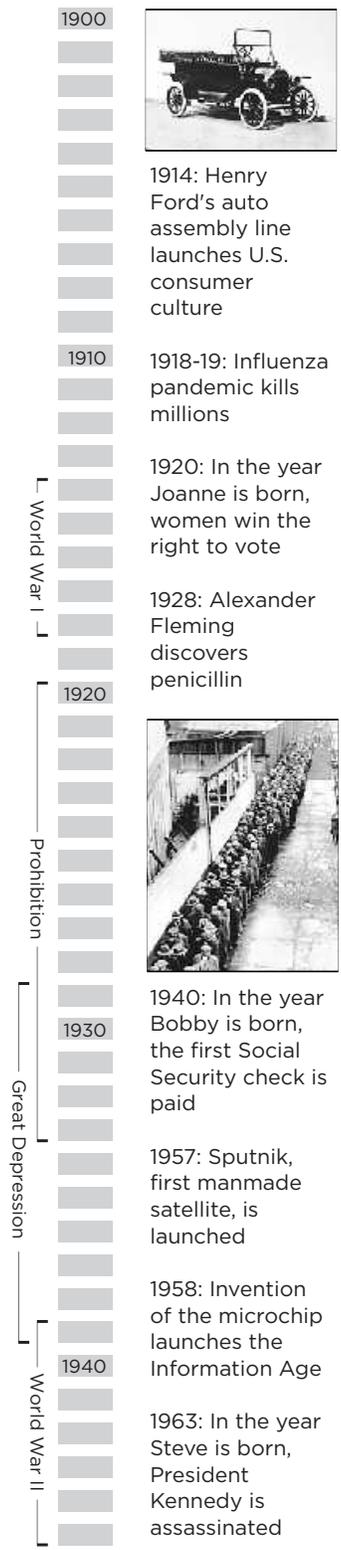
A recent article in *The Journal of the American Medical Association* examined the conventional listing for the leading causes of death. It provided a new interpretation based on the root sources. It found that the leading cause of death in America wasn’t heart disease or cancer.

It was the use of tobacco that leads to heart disease and cancer.

What was the second actual cause of death in America? Poor diet and physical inactivity.

Read the conventional list — led by heart disease, cancer and stroke — and it appears we are poor, hapless creatures too frail to survive.

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Read the recast list, and an awkward fact jumps out. Only one of the nine leading causes of death is natural! Microbial agents, such as influenza and pneumonia, ranked fourth.

Everything else, including toxic agents such as pollutants and asbestos, was the direct result of poor or careless decision-making in the wealthiest, most technologically advanced society the world has ever seen.

That brings a single question to mind: What are we doing to better prepare our children and grandchildren for the world in which they will live?

Not much.

Smoking and sex

Today you're more likely to see a smoker in a group of teenagers than in a group of retirees. The rising incidence of obesity in children has been well-publicized. We also train our children to drink through advertising.

One study estimates an average teenager has seen 75,000 alcohol advertisements. Another noted that many children identified a Budweiser ad as one of their favorites. Still another study found that alcohol consumption among teenagers rises directly with advertising expenditures. It's not a pretty picture.

That's before you consider our national impotence on the drug front, the competitive sexuality of clothing for 13-year-old girls and the relentlessly sexual content of daily television. It all has an effect.

According to Advocates for Youth, a group whose goal is to help young people make responsible decisions about their reproductive and sexual health, teenage pregnancy is nine times more common in the United States than in the freewheeling Netherlands and four times more common than in France.

The same lack of parental and societal nurture is reflected in the comparative statistics for sexually transmitted diseases. Young men and women in the United States are much more likely to be infected with HIV than those in Europe.

The syphilis rate among American teenagers is three times the rate in the former East Germany and six times higher than in the Netherlands. The figures are even worse for gonorrhea: An American teenager is an incredible 74 times more likely to have the disease than her counterparts in France or the Netherlands.

Sadly, this is occurring as there is increasing evidence that bacterial infections of all types are becoming resistant to antibiotics.

Less secure

But at least we've provided for our children. Right?

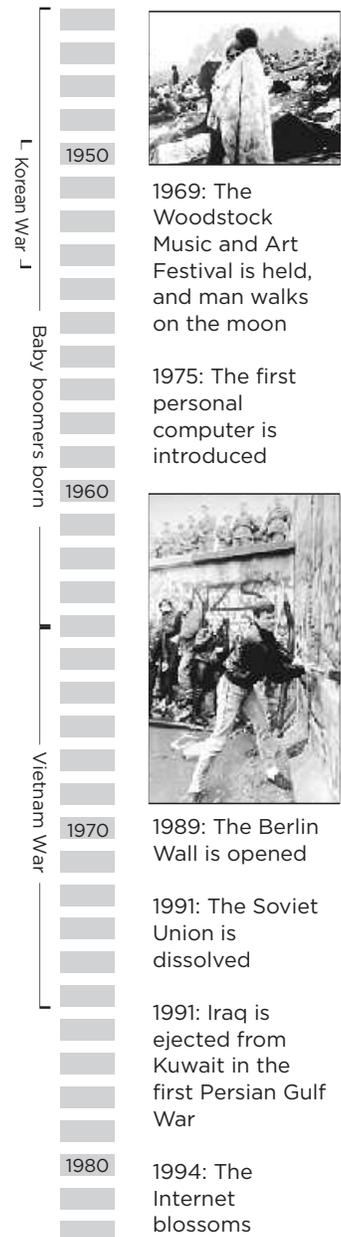
No. It's a fair bet that Shelby's generation won't be as financially secure as that of her four grandfathers.

The institutionalized security that became part of Bobby's life is now in retreat.

Whatever the fate of President Bush's Ownership Society, historians are likely to label the next 50 years as the Great Reneging.

They will do this because every single piece of institutionalized security — Social

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Security, Medicare, Medicaid, employee health insurance, pensions — is either in retreat, being downsized or finagled away by legislation.

Total the estimated unfunded liabilities of the federal government over a long horizon, and you come up with \$72 trillion — \$11.1 trillion in Social Security and \$60.9 trillion in Medicare.

Since Bobby was born in 1940, our government has promised to pay out benefits that exceed the \$48.8 trillion net worth of all American households. The \$48.8 trillion figure is the most recent Federal Reserve estimate of consumer net worth, everything we have created since the Plymouth Colony.

If it were possible to sell every asset owned by the collective adult population and contribute it toward the promises of care that the government has made, we would all be broke and Shelby's generation would still be left to shoulder a remaining debt of \$23.2 trillion.

The promises may be kept to Shelby's four grandfathers, but they won't be kept to Shelby.

She will be more responsible for her own financial security and will have to make the correct choices to guarantee it.

Four forces

With all this in mind, here are four forces that are likely to shape Shelby's life between now and 2078, which matches her life expectancy.

Global violence: When it comes to politically inflicted death, the world is no less dangerous than it was a century ago: Witness the ongoing genocides in Africa, suicidal turmoil in the Middle East and political instability of South America. In addition to conventional government conflicts, we now have rogue governments, terrorist pseudo-governments and gangster governments — the drug-funded warlords.

Part of the cause: The technology for the deployment of death and violence has never been more widely available. Or less costly.

If it now takes fewer minutes of labor to buy a loaf of bread, it also takes fewer minutes of work to buy a brick of bullets or a blob of plastic explosive.

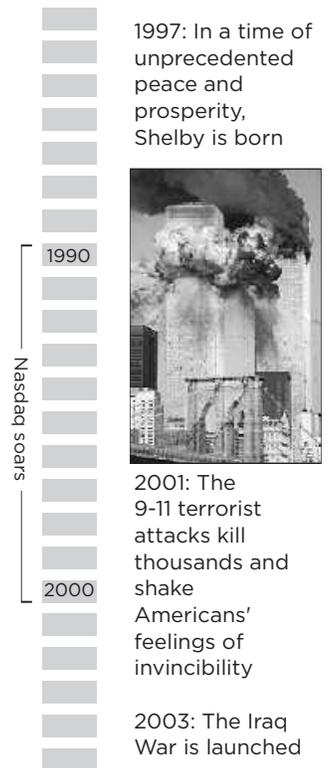
Economic security: Rapid globalization offers incredible economic advantages to corporations and individuals even as it rends our social contract.

In particular, it is destroying the structure of institutional security built over the last 70 years. It is limiting medical care benefits to employees, limiting wage increases for millions of American workers as they compete with manufacturing and service workers abroad and threatening the ability of states to cope with changing needs.

A vulnerable family or household would logically save more and borrow less, but Americans are doing the reverse, borrowing more and saving less. Shelby and her generation will have the tough task of learning how to consume less and save more.

Demographic transition: Barring apocalyptic change from disease or global violence, the biggest change during Shelby's life will be the transition from a rising

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population to a shrinking population, an event foretold in birth rates around the world. We are only a few years or decades away from a shrinking population in Europe and Japan. China will follow.

Meanwhile, children like Shelby suffer from the same impasse that caused the revolution of 1776 — taxation without representation. Politicians of both parties make promises to the older generations that can't be kept with income they don't have.

Most of the burden will fall on Shelby. She won't even be able to vote for 10 years.

It won't be surprising if her generation votes both parties out of existence.

Public health: This is the sleeper issue.

Some experts fear that the Fleming Age — the period when antibiotics appeared to control or virtually eradicate the diseases that took so many children a century ago — may soon be over. The microbes may gain the upper hand once more. Once-defeated global scourges may return.

Life expectancy in Africa is expected to decline for decades due to the AIDS epidemic. There is fear that avian flu may mutate into an easily communicable form far worse than the Spanish flu of 1918-19. Forms of antibiotic-resistant tuberculosis may be spreading.

Even as expensive individual medical treatments are making it difficult to fulfill promises of health care, the same expenses are preempting public health spending. Shelby and her generation are the likely victims.

If the wide world of grown-ups got a report card from its children, it would probably have four Fs.

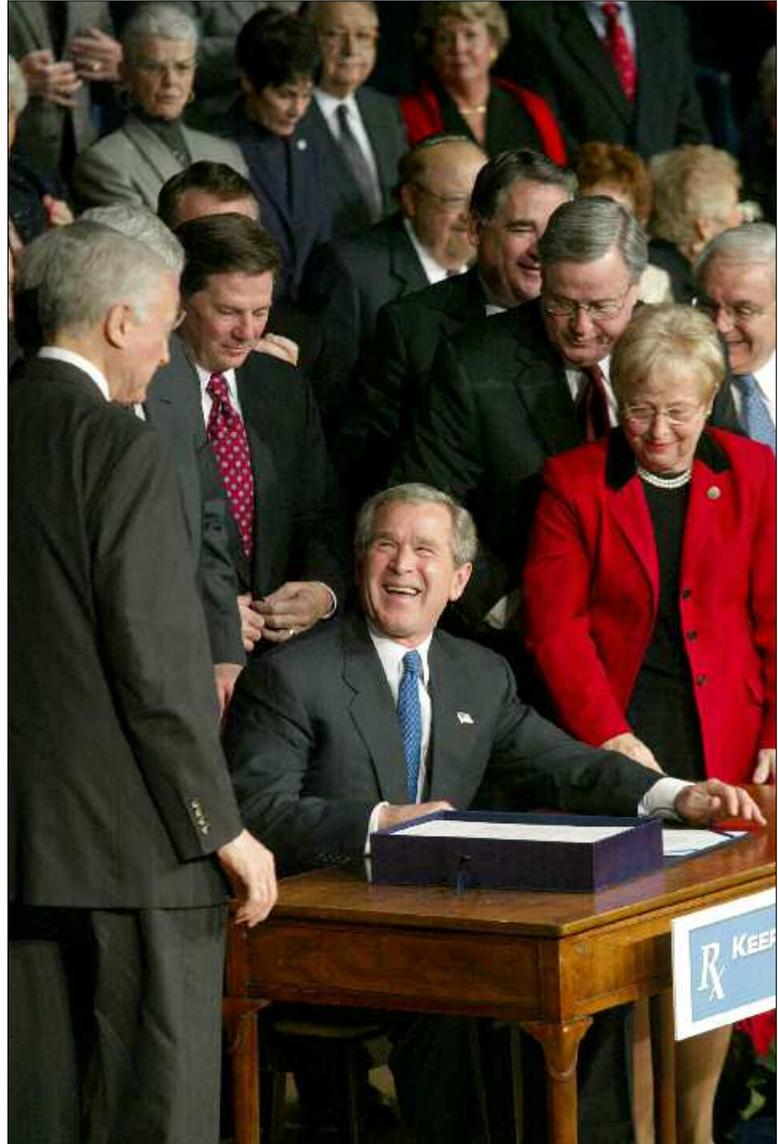
Nine rules

Will this story have a happy ending?

Absolutely — for some of today's children. For others, not. In every generation, there are winners and losers.

Whatever happens in the outside world, Shelby's path to success and security in America will always depend on the choices she makes.

Whatever happens in the outside world, the quality of her future can be traced



FILE 2003/New York Times

President Bush signed the Medicare bill in 2003. Unfunded liabilities threaten the program's long-term future.

to nine simple rules.

Eight of those rules appear in *Getting Rich in America* by Dwight R. Lee and Richard B. McKenzie:

1. Think of America as the land of choices.
2. Take the power of compound interest seriously.
3. Resist temptation.
4. Get a good education.
5. Get married and stay married.
6. Take care of yourself.
7. Take prudent risks.
8. Strive for balance.

Note that this isn't Internet rich, oil rich or plain filthy rich. It's life rich.

The last rule is in *Aging Well*, by Harvard psychiatrist George E. Vaillant.

Entrusted with the task of gleaning messages from three studies that followed people from childhood through old age, he found only one reliable predictor of being happy and well in old age.

9. Avoid tobacco. Avoid excess alcohol.

All four of Shelby's grandfathers will pray until the day they die that she follows those rules.

Scott Burns, known to his family as Bobby, is a financial columnist for The Dallas Morning News.

LINKS

Dallas Fed figures on change from 1970-1990 found in "These are the Good Old Days" report, 1993

<http://www.dallasfed.org/fed/annual/1999p/ar93.html>

Cox and Alm Economic History reports

<http://www.dallasfed.org/fed/annual/index.html>

The 1918-1919 Influenza pandemic

<http://www.stanford.edu/group/virus/uda/>

Statistical Abstract of the United States, 2000-2004

<http://www.census.gov/prod/www/statistical-abstract-04.html>

Statistical Abstract of the United States, 1999 Century figures

<http://www.census.gov/prod/www/statistical-abstract-us.html>

Manufacturing Wages in the Twenties

<http://eh.net/encyclopedia/article/Smiley.1920s.final>

U.S. Life Expectancy History

<http://www.infoplease.com/ipa/A0005140.html>

U.S. Government Debt

<http://www.publicdebt.treas.gov/opd/opd.htm>

Infoplease U.S. History Timeline, 1900-1949

<http://www.infoplease.com/ipa/A0903596.html>

Infoplease U.S. History Timeline, 1950-1999

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Animated Atlas U.S. Timeline

<http://www.animatedatlas.com/timeline.html>

History Channel Timeline

<http://www.historychannel.com/timeline/index.jsp?year=1920>

Smithsonian Institute American History Timeline

<http://www.si.edu/resource/faq/nmah/timeline.htm>

Scott Burns' Web site

<http://www.scottburns.com>