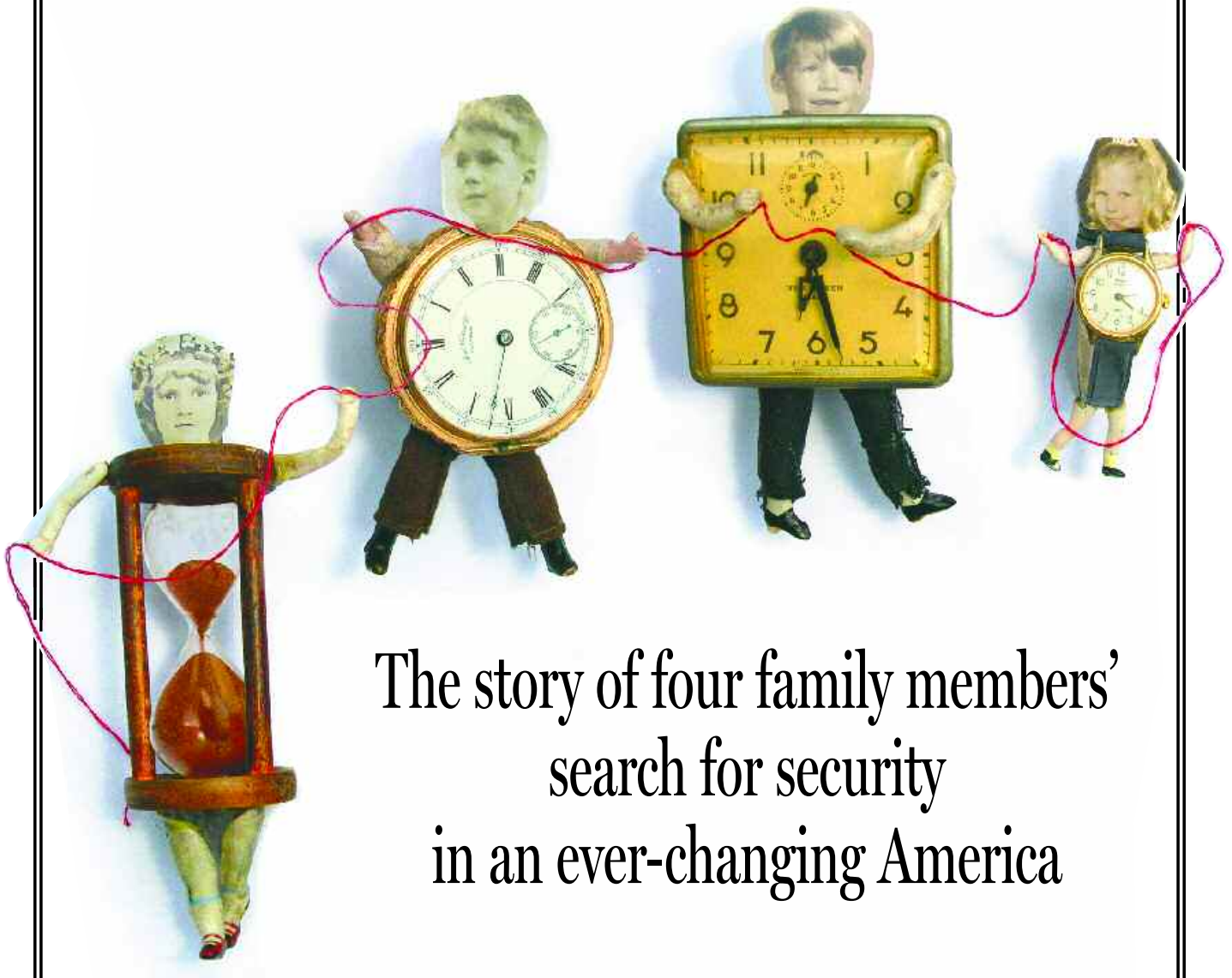


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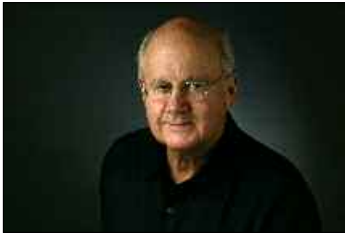
# American Generations



The story of four family members'  
search for security  
in an ever-changing America

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### ABOUT THE AUTHOR



Scott Burns has been a financial columnist for *The Dallas Morning News* since 1985. His column appears Sunday, Tuesday and Thursday in Business. This series ran in the *News* on four consecutive Sundays, starting Sept. 18, 2005. To read more of Mr. Burns' insights, go to [www.scottburns.com](http://www.scottburns.com).

### ABOUT THE SERIES

American Generations tells the story of four family members in an ever-changing America. They are real people with real struggles, joys and tragedies. Their stories illustrate the hastening changes in American life in the 85 years since 1920, amid our unwavering quest for personal security.



#### **PART 1: Joanne's Story — Lost Child to American Princess**

Born in 1920 — World War I is over. Women get the vote. Automobiles have become affordable, thanks to the assembly line and easy credit. The nation is poised for amazing improvements in public health and life expectancies. But the Depression is just ahead.



#### **PART 2: Bobby Stays in the Ring**

Born in 1940 — World War II is starting, and companies compete to offer better pensions and health benefits. Social Security pays its first check. After the war, the GI Bill ushers in an age of unprecedented prosperity and a baby boom. Home mortgages become easier to get, and suburbs are invented. Fueled by rock 'n' roll played on transistor radios, social attitudes begin to change.



#### **PART 3: Steve Reaches for the Sky**

Born in 1963 — The Vietnam War, the Cold War, the Generation Gap, assassinations, a stagnating economy, high divorce rates and a growing media culture contribute to the Great Negativity. Yet we are wealthier than we've ever been, can travel to the moon and stand on the verge of decades of peace.



#### **PART 4: Shelby's World**

Born in 1997 — America is even wealthier and more powerful, but a threat of global terrorism is emerging. Meanwhile, the country has largely worked through its social upheavals. But seniors' health and retirement benefits threaten to bankrupt the country. Never before have people been able to — or had to — make more choices that affect their health and financial security.

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SCOTT BURNS' AMERICAN GENERATIONS



Part 1:  
**Joanne's  
story** From lost child  
to American princess

How far have we come in our quest for greater personal security? American Generations follows four members of the same family — **Joanne**, born in 1920; **Bobby**, born in 1940; **Stephen**, born in 1963; and **Shelby**, born in 1997 — through the 20th century. Their successes and trials could be the story of all of us — buoyed by rising prosperity, medical advances and more individual freedom, but challenged by fresh national problems and our own human frailty.

**T**he same life can have many versions. What you hear depends on what is told and what is excluded. Joanne's story is notable for its malleability — how easily the selection of events could have made it an American romance or an American tragedy.

In that way, the story of her family could be the story of all of us. Tracing the arc of 20th-century America, she and her descendants have pursued — and achieved — ever-greater degrees of financial and physical security. And yet each successive generation faced new, enormous challenges.

Joanne was born in 1920, the year women won the right to vote. It was also the beginning of Prohibition.

She was the first child born to Charlie and Rose.

Rose, a proper American, had seen Charlie, a young Irish jockey, riding at Pimlico. She fell in love with him.

She followed Charlie through his riding career. She survived his alternate career as a flyweight boxer. She even learned to live with his later work, delivering whiskey to speak-easies in Baltimore.

Although most people associate Prohibition with violence, Joanne did not. She liked to tell stories about accompanying her father to make deliveries, and we can speculate that Charlie must have been very confident.

Then again, Joanne probably never saw her father as others did. One look and you knew he was a man you didn't want to cross.

A horseshoe-shaped scar sat symmetrically across the top of his forehead. His flattened boxer nose gave his nostrils a bullish flare. His ears were strangely mangled. And his flat-



Scott Burns

**The life choices that Joanne made illustrate the development of the nation. Life now is more complex, and the chances for happiness — and misery — are greater.**

knuckled fists broadened his hard-skinned hands.

Charlie would rather punch than talk.

Rose died young, of tuberculosis. Joanne and her brother, Bill, who both tested positive for tuberculosis, were raised in a sanitarium run by nuns.

Or at least that is the story Joanne told. The truth may have been tougher, because Charlie drank. He also had a weakness, or need, for opiates. No one could survive the punishment his body had taken without something to deaden the pain.

It worked, but at a price. Charlie spent much of his life in the streets, showing up in Joanne's life with new promises, then disappointments. He lived into his mid-60s, a significant achievement for a long train wreck of a life.

### A pivotal time

At her birth, Joanne's America was almost unbelievably different from today's.

For one thing, it was 10 times as dangerous just to be born in 1920. The infant mortality rate was greater than 100 per 1,000.

Among the poor, the odds were even worse: One baby in six would die within a year of birth. Today the infant mortality rate has dropped 93 percent, to about seven per 1,000.

In 1920, more people died of tuberculosis than of cancer. Typhoid fever, malaria, measles, scarlet fever, whooping cough and diphtheria also loomed large.

The two preceding years, 1918 and 1919, brought a pandemic of influenza that killed millions of people worldwide. It has taken nearly a century for a threat comparable to the 1918-19 Spanish flu to emerge, the H5N1 avian flu virus.

Not until 1928 did Alexander Fleming discover penicillin, the first antibiotic.

In the first 80 years of the last century, death from acute diseases fell more than 98 percent, thanks to antibiotics and vaccines.

Joanne didn't know it, but she was on the cusp of the first generation of Americans who could influence their health as much by personal decisions as by the conditions of daily life.

For a white woman born in 1920, life expectancy was only 58.5 years, about two years greater than the life expectancy for white men and nearly 12 years greater than the life expectancy of women of all other races.

While a significant racial gap still exists, it has been much reduced. Indeed, the expansion of life expectancy in the last century may be the single largest difference between the generations.

Consider these figures. In 1940, Joanne's son Bobby was born with a life expectancy of 62.8 years, an improvement of 6.5 years since 1920.

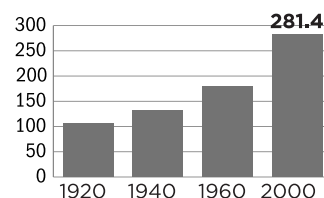
Stephen, born in 1963, came into the world with an expectancy of 67.5 years. And Shelby was born in 1997 with an expectancy of 79.9 years.

The increase in life expectancy created the institution of retirement, the world of Sun Cities and the dark horizon of nursing homes as those who once died young now outlive their minds, their bodies, or both.

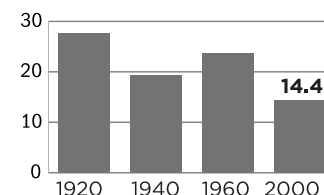
But Joanne would not have that luxury.

## OUR CHANGING AMERICAN LIFE

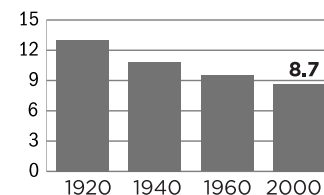
U.S. population in millions



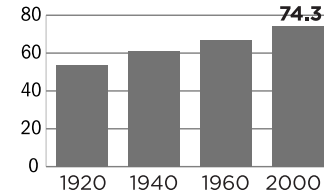
Birth rate per thousand



Death rate per thousand



Male life expectancy at birth



SOURCE: U.S. Census Bureau

## Ups and downs

When she graduated from high school, Joanne left the safety of the sanitarium. She went to work for a family, as many Irish girls did.

Then she met Robert, a recent college graduate and the only son of a prosperous engineer. Robert's father had helped install electric power plants across the country for American Electric Power.

A beautiful and naive young woman, she married quickly — but not quite quickly enough. Conception wasn't immaculate, but it was immediate. Her first son, Bobby, was born in 1940, just before her 20th birthday. The marriage didn't last.

Like Joanne's father, Robert drank. Toward the end of World War II, he joined the Merchant Marine, leaving Joanne to fend for herself and her son. When he returned in 1947, they divorced.

Life was not easy for a single mom who never received child support. She worked as a secretary. It was difficult to make ends meet. At one time she rented attic rooms in a house with no indoor plumbing.

When things were most desperate, she and her son shared a room in a rooming house. They cooked their meals on a hot plate in a whitewashed basement room next to the coal bin. She knew she had reached a real low when she had to take her son's penny collection, all of \$2, to get through the week.

Later, Joanne met George, a chemical salesman who had grown up poor and Catholic in Brooklyn. He was getting a divorce in Reno. In the late 1940s, when the traditional family was still the norm, the Nevada city was the epicenter of American divorce.

George — tall, powerfully built and successful — seemed to be everything Joanne's first husband had not been.

## A new nation

Attitudes about divorce were just beginning to change.

When Joanne was born in 1920, 60 percent of the population at least 15 years old lived as married householders. Only 1 percent said they were divorced. Questions about cohabitation simply weren't asked.

A recent Census Bureau report now shows that living alone is the most common living arrangement in America, accounting for 25.6 percent of all households.

Some see this positively, saying that modern affluence opens more choices. Others, like Robert Putnam and his book *Bowling Alone*, see a breakdown in community and increasing isolation.

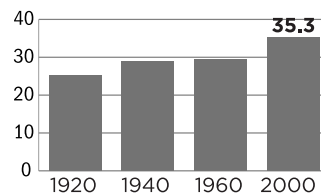
America was younger back then, too.

According to historian David Kyvig, in 1920, 51 percent of the population of 106 million was 24 or younger, the median age was 25, and only 4.5 percent of the population was 65 or older.

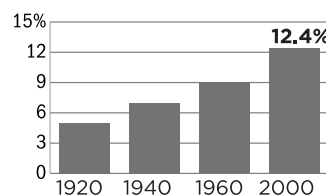
By 2000, the census showed the median age had risen to 35, and 12.4 percent of the population was older than 65.

## OUR CHANGING AMERICAN LIFE

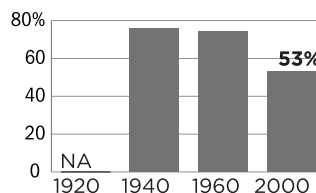
### Median age



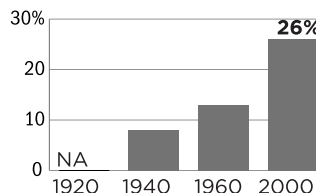
### Percentage 65 and older



### Percentage married



### Percentage living alone



SOURCE: U.S. Census Bureau

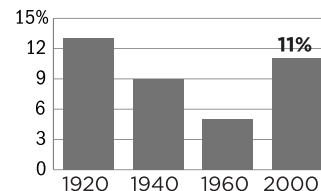
The census of 1920 identified 89.7 percent of the population as white, 9.9 percent as black, and a trace element of 0.17 percent as Asian. (Hispanics were included in the white population.)

Despite waves of immigration, 87 percent of the population had been born and raised in the United States. Immigration restrictions put in place in the '20s made that a high-water mark for foreign birth.

In 2000, by contrast, whatever the worry about our borders, particularly with Mexico, 88.9 percent of our population was born and raised in the United States.

## OUR CHANGING AMERICAN LIFE

Percentage foreign-born



SOURCE: U.S. Census Bureau

### Starting over

Nearly broke from George's divorce settlement, alimony and child support, Joanne and her second husband started their marriage in a small New Jersey garden apartment.

While George had no assets, he still had his ambition. It was fierce.

Over a period of years, he taught himself finance, partnered with another man to start a plastics company and built it into one of the largest producers of vinyl plastic in the country.

In the process, he took the company public and became wealthy. He added to his wealth by arranging financing deals for small chemical companies.

George was ahead of his time in using Wall Street. He helped float junk bonds before they were called junk bonds. He was doing mezzanine financing before Michael Milken reached puberty.

George hungered for the trappings of wealth. If he didn't have the money, he borrowed it.

The first sign of wealth was a yacht. It was followed by a large house in Westfield, N.J., a second home at the Jersey shore, boats for the three new sons, full-time household help, a driver and jewelry from Harry Winston.

Joanne, the poor Irish girl, was now regularly mistaken for another Irish girl who became a princess, actress Grace Kelly.

Visits to New York always included stays at the Pierre, the Plaza or the St. Regis. She joked that she wanted at least one of her sons to go to Harvard because she liked the ladies room at the Harvard Club. (She got her wish.)

By 1961, George had appeared on the cover of *Chemical Week*. By 1962, Joanne's favorite story was about taking the yacht Joanne IV to Hyannis, Mass., tying up at a marina slip and plugging in the phone. It immediately started to ring.

"Who is this?" a surprised voice asked.

"This is Joanne, aboard Joanne IV. With whom am I speaking?"

"This is the White House, ma'am. You are in President Kennedy's slip."

### Easy money

Despite the borrowing undertaken to finance World War I and the employment upheaval that followed it, by 1920 the government was running a surplus of \$291 million, which grew until the Great Depression hit in earnest in 1931.

Joanne was born into a world of relatively simple pay-as-you-go government. Social Security and Medicare did not yet exist. No one had to consider future liabilities.

Without Social Security there was no employment tax. The income tax itself, passed in 1913, affected only a small number of Americans and provided only about one-fifth of federal revenue.

Although the original income tax had ballooned to rates as high as 73 percent (on incomes over \$1.5 million), there was no tax on taxable income under \$2,000. The vast majority of workers paid no income taxes.

Skilled male workers in manufacturing industries earned an average of \$29 a



Hulton Archive

**Henry Ford's assembly lines changed industry, and the availability of credit made it easier for a new class of Americans to afford a car.**

week, unskilled men earned \$22 a week, and female production workers earned \$15 a week. (Yes, \$29, \$22 and \$15 *a week*.)

Henry Ford had brought the cost of the original Model T down to \$300 by 1920, a price that put it in range of millions of workers. But another event really opened the door to mass ownership — consumer credit.

In 1919, General Motors and DuPont created General Motors Acceptance Corp. for financing automobile purchases. By 1920, DuPont had purchased 28 percent of GM stock and forced out the man who created it, William Durant. From then on, consumer financing soared.

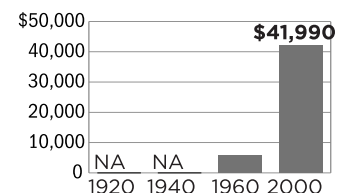
By 1926, three-fourths of all GM auto purchases were done on credit. Instead of being a big, unmanageable purchase that few could afford, owning a car became a matter of monthly payments.

The same monthly payment opened the world of trade-ins and annual model changes, creating a world of fashion rather than the single lifetime purchase of a durable vehicle that Henry Ford had envisioned.

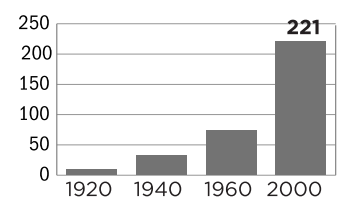
Still, cars were a rarity. So were many other things we take for granted. Today, when we measure the scope of a natural disaster, one of the first statistics cited is the number of homes left without electricity. In 1920, although commercial

## OUR CHANGING AMERICAN LIFE

Median family income



Millions of motor vehicles



SOURCE: U.S. Census Bureau



electricity had been around for about 40 years, 65 percent of all homes still lacked electricity.

That means two-thirds of the population used candles or kerosene for light and iceboxes for food, and could not have used (even had they been invented) most of the appliances we take for granted today. Sixty-five percent of households did not have telephone service.

### Drugs' influence

It was a different world — except for one possible parallel.

The Volstead Act ushered in 13 years of Prohibition. It also created a new criminal industry — the production and distribution of alcoholic beverages — and unexpected opportunity.

“Young, ambitious men,” historian Kyvig writes, “who because of their immigrant background found it difficult to obtain jobs or advancement in legal occupations, saw opportunity, profit, and no disgrace in bootlegging.”

Only 10 years later, one-third of all federal prison inmates would be Prohibition violators.

Some things don't change.

In the year 2000, according to Human Rights Watch, 22 percent of those in federal or state prisons were there for drug convictions. Federal, state and local spending for the “War on Drugs” is now estimated to exceed \$50 billion a year, with most of it spent on prisons rather than rehabilitation or treatment.

Despite that, drugs are available on playgrounds throughout America, and the average pizza delivery driver has a better idea of where the crack and crystal-meth houses are than the Drug Enforcement Administration does.

All of these economic and social trends would affect Joanne's descendants throughout the American century. But the spread of narcotics would have a particularly insidious influence.

### Pursuit of happiness

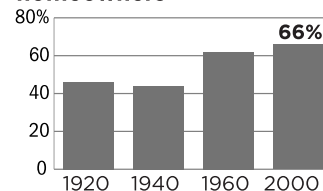
Inside its glamorous exterior, Joanne's life was getting darker and darker. She had three more children, and each birth was followed by a serious depression, anger, suicide attempts and long psychiatric hospitalizations.

She made light of the hospitalizations, joking that she met some of the nicest people there.

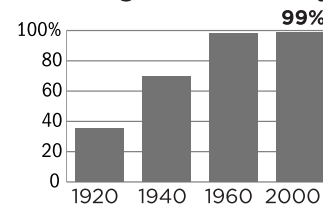
In fact, she felt powerless. Everything in her life was

### OUR CHANGING AMERICAN LIFE

Percentage who were homeowners



Percentage with electricity



SOURCE: U.S. Census Bureau



Library of Congress

**Prohibition, a forerunner of the “War on Drugs,” created a new class of criminal — and opened the door to wealth for ambitious young men.**

out of her control and unreal. She started to drink. Her doctors were generous, providing her with pills to sleep, pills to calm her and pills to help her wake up.

She never believed that the wealth that surrounded her was real. She was certain it could disappear at any moment.

Had she lived, she would have learned she was right. The wealth did disappear.

But she didn't live. At 52, she learned she had breast cancer. Exactly five years later, as she was ready to cross the fateful five-year mark for being cancer-free, the doctors found a spot on her liver. She was dead six months later, at 57.

She left behind her husband of nearly 30 years, four healthy, college-educated sons and, eventually, six grandchildren. The sons all took very different paths — a university professor, a golf pro, a tugboat captain and a financial columnist.

Joanne's is a true American story. America is the land of opportunity. But that doesn't mean it's the land of milk and honey.

Over the years, her son Bobby— the one with the \$2 penny collection — has thought of his mother's story many times. It could, he says, be something from a John O'Hara or James Michener novel, a big story about life in America. It could also be a story noir, like a Eugene O'Neill play or a William Faulkner novel.

But most of the time he just wishes she could have been happy.



Scott Burns

**Joanne was 19 in this photo. The next year, she would give birth to her first son, Bobby.**

*Scott Burns is the pen name of Robert Milton Clark Burns Jr., who was known to his mother as Bobby.*

SCOTT BURNS' AMERICAN GENERATIONS

**Part 2: Bobby Stays in the Ring**

# If 'X' is 1940...

During Bobby's lifetime, social upheaval has factored into economic expansion. But unknowns bedevil the boy who found himself through algebra.



One of his first memories is recorded in a scrapbook picture. The boy, nearly 7, is barely tall enough for his chin to touch the bar. He is drinking soda from a short beer glass. Father, drinking the harder stuff, snapped the photo. The Devil Bar, as Bobby called it, had a large bronze bust of the devil at one end, its eyes illuminated with dim red lights and head slowly swiveling.

If you stayed at the bar long enough,  
as Bobby and his father did, there would be a recurring moment,  
about once an hour, when the devil stared straight at them.

The year was 1947. America had emerged from Prohibition, the Great Depression and World War II. It was beginning the biggest economic expansion in its history, a technological revolution and a baby boom. Bobby knew none of this from his perch on the barstool. But he and his generation would be the beneficiaries.

For Bobby, real life began with the discovery of algebra.

It was a near-religious experience. The idea that relationships could be symbolized and that mathematics was a language of symbols and operators changed almost everything.

In one mystical moment, Bobby saw that all of life was symbolization, all the way down.

A science fiction reader, he decided mankind would need more than a barnstorming pilot for a trip to the moon. It also would require an engineer. He would be both.

He learned to fly at 16, working a full day at the local airport for each 30 minutes' flying time.

For a while, he thought he could kill three birds with one stone by attending Annapolis, West Point or the new Air Force Academy. He could do his service as a pilot and study engineering without having to pay for college.

He scratched that plan when he decided the military academies weren't strong enough in math and engineering.

He would need to go to MIT.

With the launch of Sputnik in 1957, Bobby's plan and timing seemed perfect. A humiliated country called for engineers. The space race was on!



Scott Burns

**Young Bobby, nearly 7, drinks birch beer in a bar with his dad.**

## Aftershocks

In 1940, when Bobby was born, America had been nominally at peace. But it would soon be at war, in one form or another, for nearly half a century.

Bobby was born as the Battle of Britain raged in Europe. The Japanese had invaded China and sacked Nanking. The attack on Pearl Harbor and America's entry into World War II were only a year away.

By the end, America's war dead numbered a blissfully small 400,000, compared with the 50 million people killed worldwide in the struggle against fascism.

The aftershocks of World War II, by contrast, will remain with us well into the current century, in the form of the baby boom and America's failing system of retirement funding.

Mind-boggling technological advances were another byproduct.

Ask most Americans to name the biggest (and most frightening) advance to come out of World War II, and you're likely to hear about the atomic bomb. In fact, the war massively accelerated other developments.

Managing the flow of men and equipment on two vast fronts required new tools. Operations research was one result, now often recognized as "supply chain management."

Similarly, work on decoding encrypted messages by Claude Shannon, Norbert

Weiner and others led to modern information theory. Its applications are now fundamental in telecommunications, networks, linguistics and genetics.

Communications issues also drove the creation of the transistor by William Shockley in 1948, and that, in turn, led to the creation of the first integrated circuit by Jack Kilby at Dallas' Texas Instruments in 1958. (It is also credited to Robert Noyce, working separately, at Fairchild Semiconductor.)

By the early 1970s, Intel had developed the integrated circuit into a computer on a chip — the brains behind micro-computers, high-definition televisions, robot vacuum cleaners and the Internet.

We take the ubiquity of these inventions for granted today. We routinely under-



FILE 1941/Associated Press

**The battleship USS Arizona belches smoke as it topples over into Pearl Harbor in 1941.**

estimate the impact of their continuing development on the future.

### Possible homicide

In 1958, with this brave future ahead of him, Bobby's life blew up.

He had spent the summer between high school and college driving to a mental hospital to see his mother. After multiple suicide attempts, she had spent most of the year "away." But as summer ended, she came home.

Two days later, the phone rang. A woman said Bobby's father was dead in Los Angeles, a possible homicide. He had been found in the street with severe damage to his skull. He had lived for a week in a coma.

Bobby knew little about his father, despite the bar time they'd shared and exchanges of letters since. He knew his father was an alcoholic, that he had an ironic sense of humor and that women seemed to like him a lot, lack of employment notwithstanding.

One unsolicited letter had advised Bobby to appreciate the miracles that women could perform, such as talk, listen to the radio and put on makeup at the same time. It would be years before Bobby understood.

Bobby and his uncle were on a plane to Los Angeles the next afternoon, thanks to the generosity of his stepfather, George.

Even today, Bobby can't tell you the hardest part of that trip. But the L.A. morgue is a top contender. Just before entering, he realized he didn't know which would be worse — being able to identify his father or not being able to.

His uncle identified the body.



Scott Burns

**Bobby's father, Robert, died in 1958, leaving a box of machinist tools, a hoard of photos, and a list of 21 women's names.**

### Coping skills

A few days later, Bobby, still 17, was in his first physics class at Massachusetts Institute of Technology.

He had returned from L.A. with a box of machinist tools, a hoard of photos and a list of 21 women's names he had found among his father's papers. His mother was No. 3; the woman who'd called was No. 21.

His careful plans no longer made sense. His mother, worried, sent him a random supply of drugs — Miltown, Dexamil, Benzedrine. She even sent a little Thorazine.

Faced with a probable genetic destiny of substance abuse, Bobby decided to be

scientific: He'd try them all. If any took, he'd know his fate and get on with it. If substance abuse wasn't his fate, well, he'd have to figure that out.

### On the road

American society was changing quickly.

When Bobby's mother, Joanne, was born in 1920, radios weren't widely available. Airplanes were for thrill-seekers.

By her 40th birthday, in 1960, nearly every household had a television set, and the next generation of thrill seekers was planning rocket trips to the moon.

Technology was also changing social attitudes.

In the 1940s, families gathered in the living room to listen to the radio, a floor model stuffed with vacuum tubes that amplified the signal. The programs kids listened to were the ones Father wanted to hear.

Before the integrated circuit, in 1954, another product came out of Texas Instruments that would change the world: the pocket radio. Now kids could walk around and listen to what they wanted to hear. Their new role models were rock 'n' roll stars and disc jockeys.

They read Jack Kerouac, watched Marlon Brando and imagined new social structures.

Fortunately, sex, the early alternative to television, was becoming much safer.

Venereal diseases such as syphilis and gonorrhea, scourges of the 19th and early 20th centuries, could be cured with a few shots of Alexander Fleming's penicillin.

Infections plummeted in the 1930s, reflecting widespread improvements in public health.

The change was the first pillar of a global sexual cornucopia.

The second pillar was the introduction, in 1960, of the first birth control pill.

The third was changing attitudes.

Sex, drugs and rock 'n' roll — let the '60s begin.

### IV-F: Aviator

In 1962, after four years of identity crisis and armed with a degree from MIT, Bobby was sure of little.

He knew he was an unlikely candidate for the Supreme Court or the Oval Office.

And he was a dismal failure as a substance abuser. His drug was lucidity. Genetic destiny, he would later learn, had gone into remission for a generation.

Bobby believed that his paternal grandmother, widowed in Arizona, had never accepted his mother or his birth.

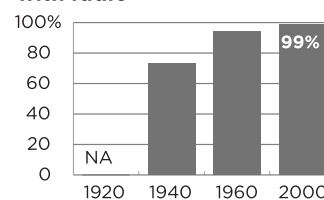
The postcard he sent announcing his graduation was found on the floor of her house, delivered after she had died of a stroke.

With no will and no other heirs, her estate went to Bobby by default. It was a small fortune.

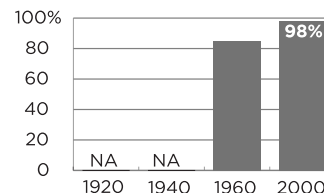
So Bobby declined a graduate fellowship and made a pact with a friend. They would apply to the Sorbonne. If they got in, they would live in Paris in the manner

## CHANGING LIFE IN AMERICA

Percentage of households with radio



Percentage with television



SOURCE: U.S. Census Bureau

of Hemingway or Fitzgerald.

And what if they didn't get in? Well, they would join the Army. It was 1962 — the Cuban missile crisis was about to become history, and Vietnam was warming up. Fortunately, the Sorbonne sent letters of acceptance.

In 1963, though, Bobby returned to the States to enlist.

"Don't forget to tell them your mother attempted suicide seven times!" she called out as he left for his physical. He did just that, also including on the medical history form two known generations of alcoholics and his program of drug experimentation.

The Army rejected him. When his new Selective Service card arrived, it inexplicably listed a new classification: "IV-F: Aviator." For years Bobby joked he would be called when there was a need for kamikaze pilots.

Ironically, thousands of Bobby's contemporaries returned from Vietnam with the drug experience that probably kept him from going.

Bobby returned to Boston. He began working as an assistant to a weapons consultant and wrote reports on communications technologies, the market for mini-missile submarines, hand-held radar, etc.

Most of his classmates were involved in similar efforts. In the midst of the Cold War, one even worried about a "peace scare."

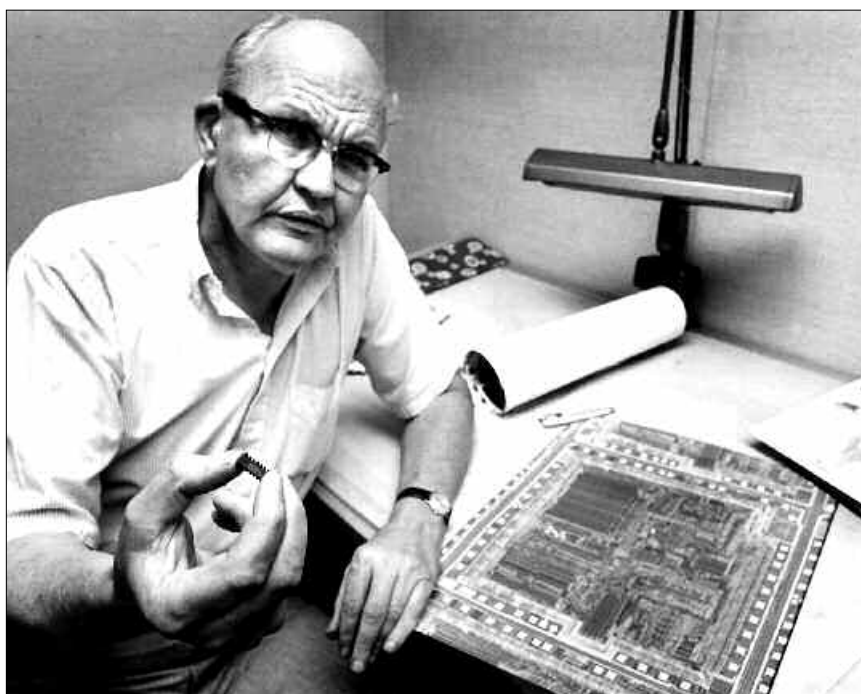
### America invests

The GI Bill of Rights, better known as the Servicemen's Readjustment Act of 1944, helped 2.4 million veterans attend colleges and universities, provided school training for 3.5 million more and supported on-the-job training for an additional 3.4 million in a period of seven years.

Although intended only to help returning veterans find jobs and adjust to peacetime, it may have been the largest single investment in "human capital" in history.

The GI Bill educated the generation of scientists, including Jack Kilby, who helped send man to the moon and create the Internet and the generation of lawyers who argued the civil rights cases of the 1960s.

With the high-paying jobs they couldn't have imagined before the war, the veterans bought homes in the suburbs, gave birth to a baby boom and gave their children transistor radios for Christmas.



FILE 1982/Staff photo

**Jack Kilby is credited as one of two inventors of the integrated circuit, which he developed at Texas Instruments in 1958.**



It was an amazing turnaround from 1940, when Bobby was born.

Then, people were suffering from the loss of their savings in the bank failures of the Depression. Many had also lost their homes. Only 43.6 percent of households owned a home in 1940, down from 45.6 percent 20 years earlier.

Today, by every measure, we are richer, more secure and better educated than we were in 1940. Incredibly, though, few Americans believe they are secure.

Today, as during the Depression, it is possible for the rich to become not rich or even poor. It is possible for educated, middle-class people to become jobless and poor — it just happens in different ways.

### Movin' on up

Bobby's life improved when he met his first wife.

Her parents lived in a Boston townhouse. Her father collected art. Her sister had gone to Radcliffe. She could trace her family back to a famous 1676 massacre in Framingham, Mass.

He never dared inquire about mental illness in her family. Besides, love cures all.

They were married in 1965. Their first son was born a few years later, their second two years after that. For a few years, everything was magnificent.

Bobby bought a house across the street from his in-laws, traded stocks while working on projects, bought a summer cottage with his trading profits and landed a job at a prestigious Cambridge consulting firm.

He even bought an estate near the cottage, borrowing against his stock holdings.

He had figured out that owning real estate was good, particularly when inflation was greater than 3 percent. If the stock market went down, his equations told him, rising real estate prices would probably compensate.

### Home wealth

The year 1940 had begun what may be the greatest redistribution of wealth in history, some of it by intention, some by accident.

The shock of the Depression (and the fear of communists) had brought the New Deal and the creation of safeguards that simply didn't exist in 1920.

Savings were insured. Home mortgages were lengthened to 30 years and insured by government. Down payments were reduced.

Working Americans soon learned that almost every dollar spent on a home mortgage was magically transmuted into home equity. They took money out of one pocket for a mortgage payment, but it magically reappeared in another pocket as rising home value.

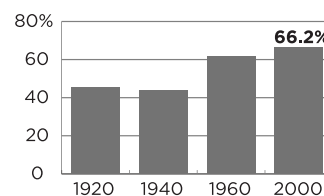
By 1960, nearly 62 percent of all households owned their homes. The combination of inflation, regulated savings institutions and homeownership had created a safe way to build wealth.

### Crashes

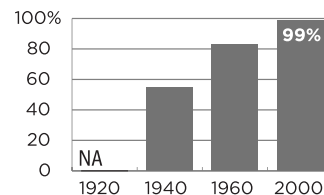
There was one problem: The market crash of 1973-74. It was way beyond anything Bobby had anticipated. It nearly put him down for the count.

## CHANGING LIFE IN AMERICA

Percentage of households owning homes



Percentage with indoor plumbing



SOURCE: U.S. Census Bureau

A neighbor whose car collection had provided the yellow Rolls-Royce for the film *The Great Gatsby* was foreclosed on. His cars were sold at auction.

Bobby realized that the only reason his bank didn't liquidate his fallen stocks was that many others, including large institutions, were in worse shape than he. The bank knew that if it acted, it was all over.

But the financial drama was overshadowed by a personal event.

Bobby's older son, nearly 6, disappeared one morning.

He and his wife searched the entire house. They finally found him hiding in the basement. He told them creatures were visiting his room and telling him he was not going to be able to grow up.

That may have been his son's first psychotic episode.

Bobby and his wife got the boy into therapy and special-needs programs.

Meanwhile, after Bobby's mother died, his stepfather asked him to join the board of directors of his publicly traded company, a \$50 million collection of metal, plastic and rubber factories.

Ever the deal maker, George had arranged a public offering for a small plastics company and had walked away with a major stake, the chairmanship and control of the proxy machinery.

"If you want to be in the race, you have to have a horse," George said.

Unfortunately, George was better at borrowing money than at management.

At the first board meeting, Bobby had to vote to close a rubber factory in Ohio. The write-down put the company in violation of its bank agreements. The directors anted up \$250,000 in new equity.

Some of the money came from Bobby, who was realizing that being a corporate director might not be a walk in the park.

A year later, the rubber factories were still in the red. The company needed capital again. Although the factories were in New York, Ohio, Pennsylvania and Georgia, the financing came from Dallas — in the form of a \$500,000 private placement.

Less than 60 days later, the company announced a \$1.3 million inventory adjustment. In short order, the Dallas investors sued for rescission, the auditors gave a qualified opinion, and the stock was delisted from the Nasdaq. His stepfather might go to jail.

In spite of all that, George failed to act. The directors were frozen with indecision. Bobby wrote a letter to the board with an analysis of each division and its capital productivity, or lack of same.

The letter enraged his stepfather. They agreed to meet at Rockefeller Center, in the corporate attorney's law library. Bobby arrived first. He sat close to the door, in case things got violent.

### High noon

His stepfather arrived and sat on the opposite side of the table.

"You can't write letters like that," he said. "I don't know whether I have five sons or six."

"I don't feel sorry for you. You're the only father I've got," Bobby answered.

The two men argued for nearly an hour and a half. George was cornered. But in the end, he realized he had put himself there. Bobby hadn't.

As they went downstairs, Bobby worried that his stepfather would never talk to him again. He was wrong.

"They do really nice sandwiches down here," George said. "Shall we break bread?"

When they left, Bobby had a better idea of what fatherhood was about. At times it could be awkward and silent. But it was stunningly constant.

Three months later, Bobby's hopes of seeing his stepfather retire quietly were dashed. George had borrowed from the company without the directors' knowledge and had loans against his stock. He was removed as an officer and director.

At an airport departure gate, a tear rolled down George's face. He put his hand on Bobby's.

"That was some sandwich we had, wasn't it?"

Bobby was left with the task of explaining to his brothers what had happened. It would have been awkward under any circumstance, but George had announced his intention to leave at least \$1 million to each of his boys. It wasn't going to happen.

### Go west

Two years later, in 1985, a career opportunity brought Bobby to Dallas. He left his family behind while he settled in to his new job and scouted the best school arrangements.

But the full move never happened. Two months later, his wife was clinically depressed. At the end of six months, she filed for divorce. Two months after that, she was in a mental hospital.

Bobby offered to pre-sign a completed divorce agreement that would assure long-term alimony and split the marital estate. He offered it in the hope of bringing his wife to Texas and dealing with the issues as a couple. He knew that she feared — as any woman would — a Texas divorce.

She never moved to Texas. The divorce was complete in late 1990, the process having lasted longer than some marriages.

Bobby had to learn to date again. He wanted to avoid a replay of the venereal circus of Harvard Square, so it wasn't easy.

Relationships at 50 are a lot more difficult than at 25, Bobby realized.

"It's the hormone-to-identity ratio," the algebra lover liked to say. "When you're 20, it's nearly infinite. Who you are hardly matters. What matters is finding a plausible excuse to get naked. But at 50, the hormone-to-identity ratio is less than 1. You're actual people."

### Aging well

In January 1940, the year Bobby was born, a woman named Ida May Fuller received the first Social Security retirement check. It was for \$22.54.

The check launched the receiving end of a desperately needed retirement system.

*When they left, Bobby had a better idea of what fatherhood was about. At times it could be awkward and silent. But it was stunningly constant.*

Without it, the combination of Depression losses and vast improvements in public health and life expectancies would have littered the country with indigent people who could no longer work.

Other social supports were created as unintended consequences of World War II.

Competing for a limited number of workers but constrained by wage controls, wartime employers had increased benefits. Pension plans and health insurance, rarities in the 1930s, became common by the late '40s.

The life expectancy of a newborn male in 1940 was only 60.8 years. That's less than the 65 years required to qualify for Social Security at the time.

This meant that more than half of all newborns were not expected to live long enough to collect their first Social Security check.

Men who survived to 65 could expect to live another 12.7 years.

Today a newborn male has a life expectancy of 74.1 years at birth, and a 65-year-old man can expect to live an additional 16.3 years. These are enormous, wonderful changes.

But they aren't free. If people live longer in retirement, they will all need more money.

The money comes from higher employment taxes. In 1940, the combined employer/employee payroll tax was 2 percent of earnings up to \$3,000 a year. That's a maximum of \$60 a year, of which \$30 came from the employee.

Today the tax, including 2.9 percent for Medicare, is 15.3 percent of earnings up to \$90,000. That's a total of \$13,770.

It's not enough because our life expectancy continues to lengthen. The realities endanger the support system that was forged in the Depression and World War II.

### Second chances

Longer life expectancies also mean second chances.

Two friends of Bobby's had been talking for years about a woman they knew. "You'd love her," they'd said, "but she's married."

Finally, when her marriage ended, the two were introduced.

Relationships may be difficult at 50, but that's not the same as impossible. The couple married in 1995.

To their daily amazement, they have lived Happily Ever After. Both thank God for the miracle of maturity, for finding enough patience to experience true and gentle love.

They have also learned that two earning adults can do amazing things, including create economic security in only a decade, without the benefit of a public offering.

They did this in spite of continued pummeling from life events. Much of that pummeling has been natural — the deaths of her parents, Bobby's stepfather and a stepbrother. These events have been balanced by the marriage of two children and the birth of five remarkable grandchildren.

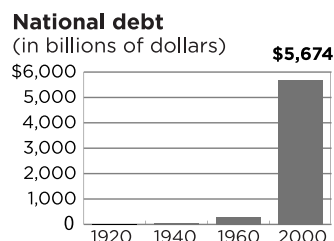
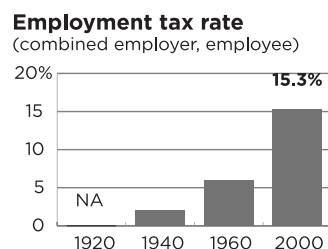
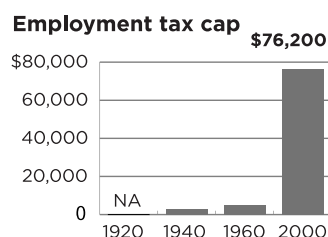
The hardest punch was learning that the substance abuse remission was only for one generation. It returned for Bobby's older son. Despite seeing several friends die



FILE 1955

**Ida May Fuller, shown here in 1955, was the first beneficiary of recurring Social Security payments.**

### CHANGING LIFE IN AMERICA



SOURCE: 2005 U.S. Budget

from drug overdoses, the son pursued life as a drug omnivore.

It would be nice to believe this is rare, but it is not. Among those diagnosed with serious mental illnesses, fully 80 percent “self-medicate.” They take whatever comes along because many believe, as Bobby’s son did, that they have a special capacity.

His older son died of an overdose of morphine pills on Christmas Day 1998. He was 30.

### **In the ring**

Now “getting in the ring,” as Bobby puts it, is harder some days than others. Neither our hearts nor our minds are prepared to survive our children. Quite simply, they would rather not.

Bobby thinks of his grandfather Charlie often. He remembers being ashamed of him for being drunk and falling down.

Then he recalls a day when he saw Charlie differently. He was proud at how many times his grandfather got up.

He feels blessed by the kindness of memory. He knows that everyone — his grandfather, his father, his mother, his stepfather, his son — did the best they could. They didn’t get to choose their weaknesses. They didn’t get to select their fears or pick their battles.

They led turbulent and faulted lives in America, where it is said that some of the streets are paved in gold — but the real treasure is freedom.

*Scott Burns is the pen name of Robert Milton Burns Jr., who was known to his mother as Bobby.*

SCOTT BURNS' AMERICAN GENERATIONS

**Part 3:  
Steve Reaches  
for the Sky**

# For Steve, an indirect route



The certainties at this boomer's birth in the '60s weren't so certain at all.

Our lives are unpredictable. Circumstances that would lead most people to imagine comfort and stability have a way of simply ending.

There may be no explanation. There may be many.

So it is with the baby boomers. On the surface, those born between 1946 and 1964 seem to have sipped their way through life, drinking the nectar of the postwar boom. The truth, of course, is more complicated.

Most people would think that Stephen, born into a serious Christian family just before Christmas 1963, grew up in a haven of calm even as the larger world filled with turmoil. But his cocoon would shatter, too.

Steve was born a month after the assassination of President John F. Kennedy.

That was followed by the assassinations of Martin Luther King Jr. and Robert Kennedy. The decade ended with the shooting death of Kent State students, who were protesting the Vietnam War, at the hands of their own National Guard.

Before Steve had lived through a decade, a war had ended in frustration and shame, and President Richard M. Nixon had resigned in scandal.

Steve's mother, Carolyn Jo, had been a student at Texas Woman's University. If students were ranked by their seriousness from 0 to 100, she would have scored 110. She took as many courses as she could each semester and went to school during the summer. She was intent on graduating in three years and was easily smart enough to do it.

She was also charmingly unaware of being a beautiful young woman. She focused on becoming a public school math teacher, with an occasional sidelong look at a new field, computer programming.

Her Sunday school teacher, a doctoral student at Dallas Theological Seminary, had a better idea. She should be his wife. He proposed, and she accepted. In what seemed a blink, she had become a mother and a college graduate before she was eligible to vote.

More important, she was in Grand Rapids, Mich., living the life of a suburban mother, the wife of a rapidly rising editor of Christian books, first with the Moody Bible Institute and then with Zondervan.

As you might expect, Steve's parents weren't in the Timothy Leary crowd, using LSD to "turn on, tune in and drop out." They missed Woodstock in 1969. The probable overdose deaths of Jimi Hendrix in 1970 and Jim Morrison in 1971 didn't cause a ripple in their household.



FILE 1963

**Steve was born a month after the assassination of President John F. Kennedy.**

Looking back, Steve describes these years as a period of calm that set many of his expectations. His family lived in a nice house in a suburban neighborhood with tall trees. The neighbors had professional jobs or owned businesses.

Although his father's work remained mysterious to him, Steve liked his father's train collection and soon became interested in everything mechanical — particularly if it had wheels or wings.

He thought he might like to be a pilot. A neighbor introduced him to dirt bikes. Blessed with good coordination and a high threshold for physical pain, he quickly became a very good rider.

### The binary whirlwind

Outside Steve's household, as turmoil roiled America, the computer revolution was rolling.

The year Steve was born, Marvin Minsky's *Steps Toward Artificial Intelligence* was published, and Digital Equipment Corp. introduced the first mini-computer, the PDP-8.

A year later, Gordon Moore coined what became known as Moore's Law, the idea that the number of transistors on a microchip would double every year, vastly increasing computing power while reducing its cost.

To understand our era, you need only plumb the implications of Moore's Law.

By the time Steve was 6, the Defense Advanced Research Projects Agency had launched the first version of the Internet.

By 1975, when he was 12, the first personal computer, the Altair 8800, was introduced. It had 256 bytes of memory.

In 1977, Apple Computer introduced the Apple II. VisiCalc, the first spreadsheet program, spread personal computers across business desks throughout America.

In 1984, when Steve was approaching his 21st birthday, Apple introduced the Macintosh with bitmapped graphics and 128 kilobytes of memory. It had 500 times the power of the original Altair 8800.

Today the typical notebook computer has 500 megabytes of memory, 4,000 times the memory of the original Macintosh.



Scott Burns

**Steve became interested in everything mechanical — particularly if it had wheels or wings.**



Apple Computer

**The Apple II was introduced in 1977. The same year heralded the arrival of the first spreadsheet program, VisiCalc.**



## Child adrift

Steve had only one difficulty: school. What started as discomfort and restlessness turned to annoyance and indifference.

He learned new concepts quickly, but letting his teachers know what he had learned was really hard. He was excited about learning things almost everywhere but school.

Then the calm period of his childhood ended: His mother left his father. After two children and more than 14 years of marriage, she had to find out who she was and what she wanted.

The only thing she knew for certain was that no matter how spiritually wrenching, no matter how much it went against all her training and beliefs, she couldn't stay in the marriage. She returned to North Texas, where her parents and brothers lived.

Having discovered that she liked interior design much more than mathematics, she started a design business and opened a related retail store.

Steve found himself alone and adrift in Plano High School.

"It was probably six months before I felt I had any friends. I felt like a misfit," Steve says today. "There was no place to ride dirt bikes.

"I think I started having friends when I starting playing football. That helped a bunch. But not enough. Michigan isn't a big state for high school football, so I wasn't ready for Texas, where it's the world. I stopped before senior high."

He still didn't like school.

## The Chili's family

In his junior year, Steve found something many teenagers seek out — a surrogate family.

His was a new restaurant called Chili's. He worked at No. 11 in Plano. He remembers Larry Lavine, the mercurial founder, and his easy sense of humor.

"It was really a big family at that point," Steve remembers. "We were only serving burgers and chili and soft tacos. It was still a close-knit family."

Asked about flying, Steve will tell you that he can't remember a time when he didn't want to be a pilot. It just got lost somewhere. He had even thought about the Air Force Academy but realized he would have had to work a lot harder, a lot earlier.

"I was at Chili's on and off for 15 years. There were friends, parties, and we all



Brinker International

**The Chili's restaurant chain emerged in the '70s and '80s. Steve worked at location No. 11 in Plano.**

looked out for each other. I saw a lot of historical events happen right there on television, like the day the Challenger exploded, the start of the first Iraq War and the eruption of Mount St. Helens.”

College never happened.

Some might say that Steve drifted through his 20s. Others might say that it takes men longer to mature today and that most try to put off maturing as long as possible, whether it requires years of college and graduate school or a decade of bartending at a chain restaurant.

The only thing certain is that Steve’s attitude toward his surrogate family started to change. One reason may be that Chili’s changed.

After it became part of Brinker International, Steve felt that a corporate culture took over. Chili’s was becoming a major business, on its way to more than 1,074 outlets in 24 countries.

It wasn’t a family anymore. He didn’t want to stay. His friends were starting to leave.

The question was where to go? What to do?

### Tech boom

In 1990, researcher Tim Berners-Lee developed hypertext markup language, the code structure behind the World Wide Web. The Internet blossomed across the planet in 1994, starting a new era of information technology, computing and data transfer.

While it created an economic boom in America, it also laid the foundation for economic disruption. In countries such as India, the Internet now allows people to take jobs formerly done in America, and their middle classes have begun to surge much as America’s did after World War II.

By 1997, when Steve’s daughter, Shelby, was born, a computer was powerful enough to beat the world’s best chess player, Garry Kasparov.

Arguments about the possibility of artificial intelligence continue, but Steve and his contemporaries were facing a new world.

### Making choices

Steve wanted to make something of his life. He wanted to move up, to live in a house like his father’s in Michigan. He was annoyed that the career tests he took had always suggested he would be fine in a low-level job.

He knew he could do more. He just didn’t know how.

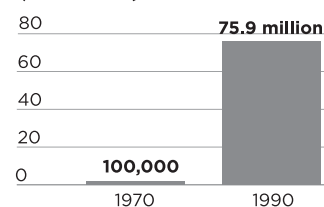
The first glimmer of light came from a family friend who did educational testing. She found that Steve had extraordinarily high cognitive ability but limited language skills.

Our school systems, public and private, are run by highly verbal people for highly verbal people. They recognize little else.

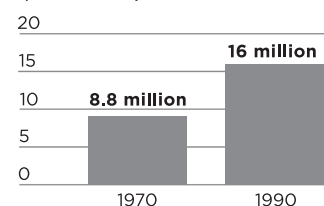
Like millions of others, Steve could excel, but it wouldn’t happen in school. They would always be asking him to dance on his wooden leg.

## TWO DECADES OF GAINS

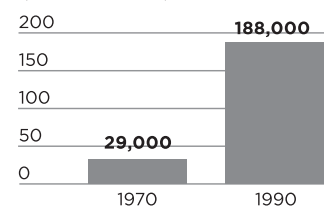
People using computers  
(in millions)



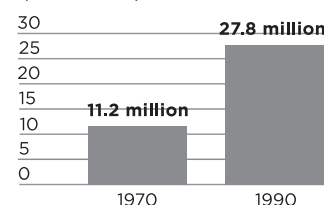
Recreational boats owned  
(in millions)



Adult softball teams  
(in thousands)



Recreational golfers  
(in millions)



SOURCE: Dallas Federal Reserve Bank

Doing something with his life took on a new dimension when he met Jennifer. Although she was 10 years younger, he often felt she was the more mature of the two. (If she thought so, she was also mature enough not to let him know.)

To get her to marry him, he needed to change. He needed a future.

He sold his dirt bike, an impulse purchase. He sold his Saleen Mustang, an object of deep affection. He cleaned up his credit. He balanced his checkbook.

They married in Dallas. The ceremony was performed in a modern Catholic church. Bobby, who had married Steve's mother and become his stepfather that year, noted how different this church was, how love and acceptance had replaced the shaming and relentless admonition that had so wounded Bobby's own mother and stepfather.

### A new life

With a little help from family, Steve and his wife became homeowners shortly after Shelby was born.

"Once Shelby came, it changed my life," Steve says.

You can almost hear the muscles flex as he says it. You can see intention that will not be stopped.

After the birth of his son, Dylan, Steve decided he was going to do what he had always wanted to do.

He would learn to fly. He would be a pilot.

He signed up for the aviation program at a community college. Through a friend, he found a job at SevenBar, a privately owned charter and medical flight service company at Love Field. Steve had said he would do anything — anything — just to be near planes.

At SevenBar, they saw his intensity. They also saw that he was self-motivated and would require minimal supervision. They told him what needed to be done and when it needed to be complete, and set him loose on a very flexible schedule.

Two years of hard work and top grades later, Steve had his commercial pilot's license. He took his first flight as a commercial pilot in the second seat of a King Air turboprop.

While the engine and airframe flew through the air, modern flight also put it in cyberspace. Air traffic control wouldn't be possible without thousands of computers. Nor would GPS navigation or the displacement of traditional instruments by large LCD displays.

Steve thought he was on his way. In school, he had learned about the demogra-



Pat Hall

**Steve sits in the pilot's seat of a Cessna Citation II owned by SevenBar, a Love Field-based charter service.**

phy of airline pilots, discovering that the military was training fewer and fewer and that a demographic bulge of pilots would soon be retiring from commercial airlines, opening thousands of new seats over the next decade.

The future was bright with opportunity.

That was spring 2001.

### Fill the glass

If we could select our year of birth, any of the last 40 or 50 would be a great choice.

Although those who favor the half-empty glass continue to find reasons the world is headed for a bad ending, it remains that more Americans have more choices about what to do and how to live than any other society in the world or in history.

We could do better, of course. But having room for improvement isn't the same as apocalyptic disaster.

In the '60s, the angst squad worried about automation and the disemployment of practically everyone.

In the '70s, the worry battalion focused on global environmental collapse. They also worried about the possibility we might suffer from "future shock" — change that was overwhelming.

In the '80s, the dour ones were divided. Some pondered the collision of two decades of sexual freedom with HIV. Others worried that Japan would buy all our golf courses.

In the '90s, instead of focusing on the joy of global economic liberation, the crank corps saw only the downside — the emerging threat of a billion new foreign competitors willing to work longer hours for a fraction of the pay.

Today, once-honored goals are increasingly seen as enervating problems. A good example is *The Paradox of Choice: Why More Is Less*, in which author Barry Schwartz explores a wonderful new problem — that many are overwhelmed by a plethora of choices.

This is what some call a "Cadillac problem" — we forget, while fretting about the worn windshield wiper on the Cadillac, that we've got a Cadillac to fret about. Not to mention shoes and feet.

### Light in the clouds

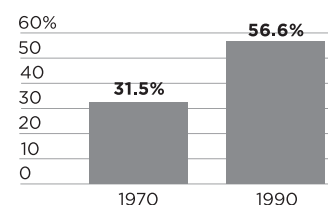
Fortunately, two Dallas researchers have spent more than a decade providing factual glimpses into exactly how our lives have improved in a period most know from suspect memory rather than history books.

Economist Michael Cox and writer Richard Alm, both at the Dallas Federal Reserve Bank, and neither a Pollyanna, regularly demonstrate the power and dynamism of our economy. They also tell us what it means in our daily lives.

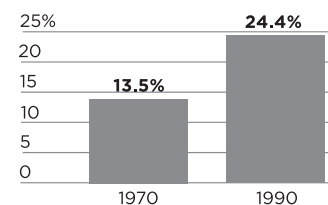
Perhaps their greatest challenge, undertaken in the bank's 1993 annual report, was demonstrating that the 1970-to-1990 period — when Steve was growing from

## TWO DECADES OF GAINS

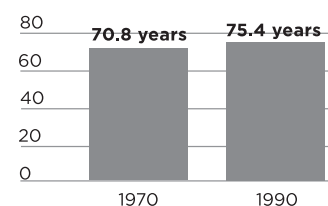
Women in the workforce



People with four years of college



Life expectancy at birth



SOURCE: Dallas Federal Reserve Bank

a 7-year-old child to a 27-year-old young man — was amazingly positive when compared with the usual litany of Bad Things.

That litany includes the after-effects of the war in Vietnam, the first OPEC oil shock, the stock market crash of 1973-74, the stagflation of the late '70s, the oil and real estate bust of the '80s, the spread of HIV and the slowing growth of wages.

In spite of all this upheaval, the average workweek declined from 37.1 hours to 34.5 hours, the number of retirees climbed from 13.3 million to 25.3 million, attendance at symphonies and orchestras ballooned from 12.7 million to 43.6 million, and the average size of a new home grew from 1,500 square feet to 2,080 square feet.

Most of these figures have continued to grow and improve in the last 15 years.

### More freedom per life

Some will dismiss these measures as crass materialism, as more evidence that we have collectively run amok. A closer look shows expanding possibilities and improvement in all aspects of our lives.

What Mr. Cox and Mr. Alm show is that we:

- Spend more time learning.
- Enter the workforce later.
- Leave it earlier.
- And live longer in retirement.

That isn't crass materialism. It's a better quality of life.

It's the reason thousands of immigrants, legal and illegal, undertake incredible journeys to start a new life in America. They want to pour the foundation of hope for their children, just as Joanne, Bobby and Steve have been intent on doing for theirs.

Since 1950 alone, our lifetime hours at work have dropped from 94,389 to 69,509. Our working at home has also declined, from 81,474 hours to 59,800 hours.

What has expanded?

Our waking leisure: It has ballooned from 216,854 lifetime hours to 308,368 hours, the beneficiary of a longer childhood, a longer retirement and a shorter workweek.

This leaves us with an awkward question:

If the reality is this good, why don't we feel a lot better?

One answer is simple but subtle: We are the victims of our expectations, not our realities. We live in an environment of constant expectation-setting and expectation-manipulating.

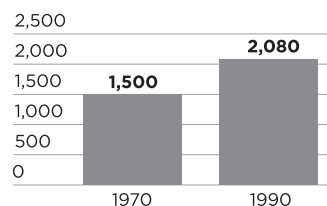
It is possible, even if you have satisfied most of your material wants, to feel that there is something wrong with you for not wanting more.

In fact, one of our choices is to choose less.

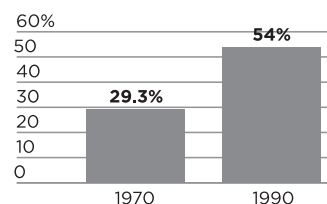
Another answer is simply confusing: In today's global society, your future can change at any moment.

## TWO DECADES OF GAINS

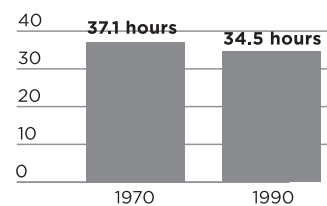
Average square feet in new home



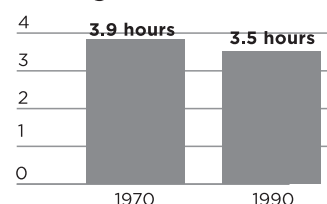
Households with two or more vehicles



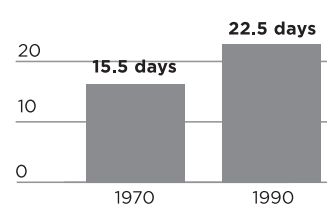
Average workweek



Average daily time working in the home



Annual paid vacation and holidays



SOURCE: Dallas Federal Reserve Bank

Given America's late 20th century history of secure jobs, pensions and health insurance, having your job outsourced to a foreign country can shake your trust in America to its foundation.

And then there's global terrorism.

### Since that day

The future for Steve and everyone else changed on Sept. 11, 2001.

Shortly after, many people lost their jobs. Many others went to war.

The aviation industry is still reeling. Airlines are going bankrupt. Pilots are furloughed or terminated, and their pensions are reduced. Even today, four full years after the terrorist attacks, no one knows what the future holds.

But there are hopeful signs. Steve's monthly flying hours bottomed nearly a year ago and have expanded regularly since. He is checked out for flying his first jet. He even has a favorite passenger: Sen. Kay Bailey Hutchison.

He will point out the silver lining in the aviation cloud: While commercial airlines are consolidating and reorganizing, the world of small private jets is poised for a boom.

A major local company, he notes, was thinking of getting rid of its flight department. After 9-11, it decided to keep it.

In addition, a new generation of small, fuel-efficient jets, starting with the Eclipse 500, is about to be launched and, with it, a nationwide corporate air taxi service.

In America, when one road ends, another opens up.

Steve walks through this difficult world of choices with eyes open. While others debate the content of the glass, the man who hates to talk will reach for the glass. He will quench his thirst.

At 41, Steve's greatest certainty in life is his wife, his family and the need to provide for them.

He hopes to give his children as much education as they can stand.

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



CARMEN TAYLOR/Associated Press

**The World Trade Center towers in New York were attacked on Sept. 11, 2001. The attack shattered Americans' sense of security.**

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](http://www.childrenofdivorce.com). It's a serious condition.

**D**ivorce 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.

All in all, there has been progress, for Shelby individually and for most but by 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.

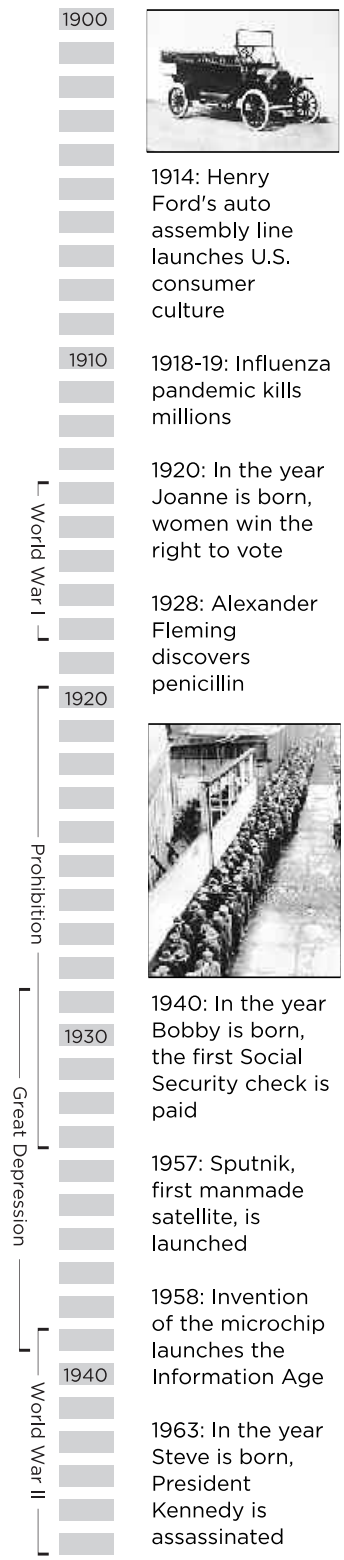
A recent article in *The Journal of the American Medical Association* examined the conventional listing for the leading causes of death. It provided a new interpretation based on the root sources. It found that the leading cause of death in America wasn’t heart disease or cancer.

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.

## AMERICAN GENERATIONS



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?

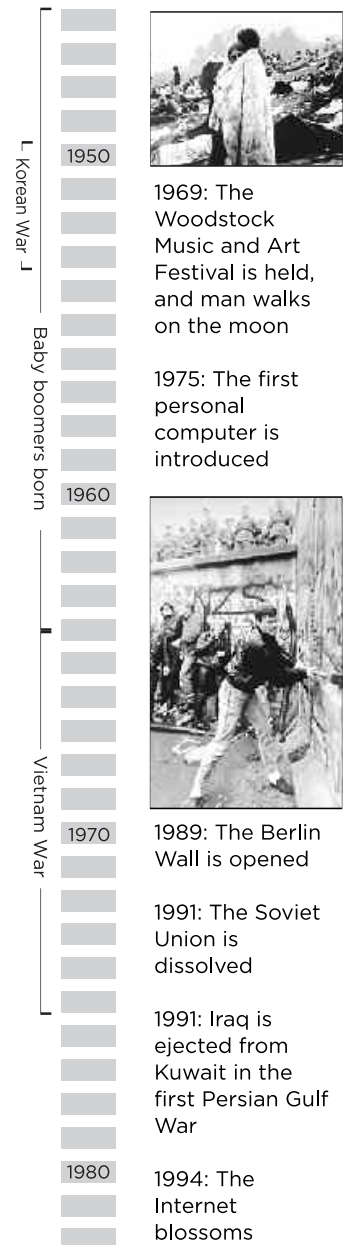
No. It's a fair bet that Shelby's generation won't be as financially secure as that of her four grandfathers.

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

## AMERICAN GENERATIONS



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.

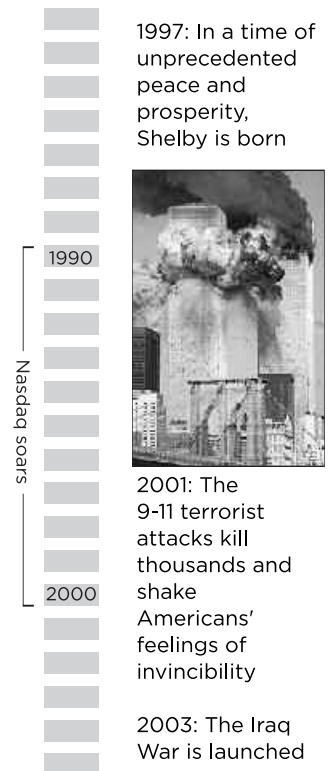
**Economic security:** Rapid globalization offers incredible economic advantages to corporations and individuals even as it rends our social contract.

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 F's.

### 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 drug bill in 2003, adding to the debt burden of the younger generation.**

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

Log on to [www.scottburns.com](http://www.scottburns.com) for live links to these sites.

**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**

<http://www.infoplease.com/ipa/A0903597.html>

**Infoplease U.S. History Timeline, 2000-**

<http://www.infoplease.com/ipa/A0903598.html>

**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>