

BUILDING WEALTH IN CHANGING TIMES



The Solari Report

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**How the Youngest
Generations will Contribute**
with Neil Howe



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C. AUSTIN FITTS: I am really delighted that Neil Howe could join us this evening. He's a historian. He's an economist, a demographer. He's best known for his work with William Strauss on social generations and generational cycles in American history and the implications to our future. He has authored and co-authored numerous bestsellers, including with Strauss *Generations*, *The Fourth Turning* and *Millennials Rising*.

I've read all of them. I recommend them to you highly. He runs Life Course Associates, which is a consulting firm in the Washington area that applies generational theories and cycle research saeculum research that helps institutional investors understand long-term trends and how the future may be different from the past. If you read Neil's books, his numerous studies, the work that you can find on his website he's very, very unique in his reach.

He can reach back through time and forward in the future. He can look at things from point of views of government, of companies, of institutional investors, of individual households. He can look at things from numerous cultures globally. So he can work at the highest policy level or at the most intimate level in terms of understanding the ongoing creation that happens between culture and economy. And it is a rare person who can really comprehend the full range of our human and financial ecosystems and think about them dynamically.

And so thats an invaluable person to have in the invention room as we address the challenges before us. So I cant be happier that he can join us on the *Solari Report*.

NEIL HOWE: Well, Catherine, that was an impressive introduction. I've got



something to live up to here.

C. AUSTIN FITTS: Well, we have a wonderful production team at the *Solari Report*, and they're all millennials, which is your term for the upcoming generation. And I can't tell you how excited that they are that you're going to be on tonight. And I think they're thinking, Oh, at last, somebody that can help explain to these older generations who we are and how to work with us. So we were very excited.

NEIL HOWE: They want someone to explain just how special they are, right so we all know that millennials are special. That's the first thing I tell people; They were special since the day they were born.

C. AUSTIN FITTS: Well, I think they are special, so I have a point of view on that. Well, tell us about generational theory, how you came to develop it, and then introduce us to the generations that we are and that we were working with.

NEIL HOWE: Well, it's a long story. I was working down as a policy analyst. I worked with Pete Peterson for many years writing books on entitlement policy and fiscal policy. And I came down to Washington. I met Bill Strauss, who had another career, actually. He founded the Capitol Steps. So they used to introduce us on stage, and they would say to Bill he's you know, they'd point to me. They'd say I'm historical, and to Bill they'd say he's hysterical. So that's how we would get introduced.

But seriously, the two of us worked on many books together, and the first one was *Generations*. It came out in 1991 really a very long book to do. It took us three years full-time both of us working on it because we had to reconstruct history from a completely different perspective as groups of people generations aging over time. So historians never do that. They talk about everyone does this in this year, 1851, and in 1852 they say what everyone is doing in that year. They never followed the same group, right?

They never followed the same group and find out what what collective experiences shaped its attitudes, shaped its behavior to explain how it



behaved between the time it was in its youth and the time it exercised midlife leadership or its style of midlife parenting. This is the generational look at how history works, and were all familiar with it in our own life, and we simply apply it to history and look at all the great secrets that unfold.

Why, for instance, the Civil War took place when the children of the time of the American Revolution you know, the John Quincy Adamses were old people, and how they saw themselves as the one generation that was present at the founding of the republic, and this great tragedy that they feared they would witness: the dissolution of the republic that they recalled in their childhood. And why that entailed them to behave certain ways, and why the generation born just after the American Revolution had such a wild trajectory.

You know, they were the transcendentalists. They were religious prophets and poets and radicals. They founded communes all over the northeast. They gave us the second-grade awakening, and then later on as elder leaders with Lincoln and Jefferson Davis, they took us right into our next great national catastrophe. Here's what I think of in my kind of nightmarish moments, and that is, What's the generation today that was born just after the last great catastrophe that doesn't remember it?

What's the generation that has no memory of World War II? Its boomers, right?

C. AUSTIN FITTS: Right. We are at the next prophets —

NEIL HOWE: And by the way, some historians call them the 60s and 70s America's fourth or fifth-grade awakening, depending on whether you want to start with John Winthrop or Jonathan Edwards. But they have been moralists all their life, and today they are elder leaders of America's culture wars red zone, blue zone and they've brought government in this country to its knees. Nothing is happening

“Why that entailed them to behave certain ways, and why the generation born just after the American Revolution had such a wild trajectory.”



anymore in Washington.

I live here, and its all just ground to a halt. We haven't had a budget in four or five years, and then at the monetary policy thats broken. Its just stuck on hold. We've got the accelerator all the way to the floor, and seemingly nothing matters anymore. So we have government now stewarded by elder boomers, and absolutely nothing works up here. And these are the patterns that I look at.

I look at these why is it that all of the great crises of American history World War II and the Great Depression, the Civil War, the American Revolution occurred just when those born right after the last crisis were elder leaders that is to say stewarded the country with no one older than them around? And I think there are lessons there are many other lessons about generational aging in history, but thats one of them.

And this led us to look at American history back in our first book not just as a sequence of different generations with very different collective personalities. But what we found is these personalities had a certain rhythm or pattern in how they appeared. These personalities wouldn't just appear randomly. Certain kinds of generations tend to follow other kinds of generations. And that led us toward the end of the book implicitly to a certain pattern of American history.

Four different types, basically archetypes of generations giving rise to four different kinds of moods recurring rhythmically throughout American history. And as you know, Catherine, we explored that later in a book that we did in 1997 called *The Fourth Turning*. And in *The Fourth Turning*, we predicted I mean, you read the book; you remember we predicted that sometime in the middle of the 00 decade America would enter a new season of crisis, and we called it a fourth turning.

We said, We've had these times before in American history; well have them again. And I will say one other thing; Im not totally negative about fourth turnings. You know, everyone says, Oh, crisis thats horrible. But fourth turnings can be great in some ways. We tear down old institutions, and we build new ones again.



C. AUSTIN FITTS: Yes, we have the winter so that we can have the spring.

NEIL HOWE: These are the winters of history, but its in the winter of history that we tear down everything that doesn't work and we build things that work. I mean, think about the Great Depression and World War II. They were horrible in some ways, but think about the generation that came of age during that period the G.I. generation, you know the greatest generation. And by the time that they were turning 40 and 50, they had created an America of interstates and suburbs, of nearly universal home ownership, union membership, a great equality of living standards and an affluence that no one dreamed of.

We were a world power. We were transformed through that fourth turning. And so fourth turnings are transformative; they are also very dangerous. They're very dangerous times, but through these times we go through public trauma and public rebuilding that are very unlike the other seasons of our history.

C. AUSTIN FITTS: Now, I just have to interrupt and read a quote from *The Fourth Turning*, because I do want to inspire people to read this. You write a chapter called The Fourth Turning Prophecy, and you say, Based on recent unraveling era trends now, remember you're writing this in 1997. Ladies and gentlemen, Neil is writing this in 1997. Based on or publishing this in 1997. Based on recent unraveling era trends, the following circa 2005 scenarios might seem plausible.

And one of them is an impasse over the federal budget reaches a stalemate. The president and Congress both refuse to back down, triggering a near total government shutdown. The president declares emergency power and Congress rescinds its authority. Dollar and bond prices plummet. The president threatens to stop Social Security checks. Congress refuses to raise the debt ceiling. Default looms. Wall Street panics. Quite extraordinary!

NEIL HOWE: That was pretty lucky. No one was thinking about that in 1997. We also I think we had four little examples of triggers. That was one of them. I think another one was a terrorist attack. Do you remember,



Catherine?

C. AUSTIN FITTS: Yes, I remember that, too. I think it was the Centers for Disease Control and Prevention announce the spread oh, no a global terrorist group blows up an aircraft. Yes.

NEIL HOWE: Yes well, yes, that was also —

C. AUSTIN FITTS: Portable nuclear weapons. Yes.

NEIL HOWE: What we were trying to do, of course, is — it wasn't the details of the crisis. Heres what people sometimes say. They say, Neil, I don't understand this at all. I mean, come on! Pearl Harbor it just happened! The Japanese attacked us, right? How does the cycle explain that?

C. AUSTIN FITTS: Right.

NEIL HOWE: Here is how we think of history. History accidents happen all the time. There are always events that happen, right. But some of them flare briefly and then they die out. Other events cause are like triggers or catalysts of the society waiting to change its mood, and it changes it permanently. So for example, it was the sinking of the Lusitania, and there was the Zimmerman telegram. They were huge provocations in 1916, 1917, but we didn't want to go into World War I.

We went very late. It was a highly controversial war, and as soon as the war was over America hated it. You know, by 1920, there was not a single soldier posted in any other country in the world. Thats how much we turned isolationist after that war. So we hated that war, and it didn't do anything to change us. But look at World War II. We voted almost unanimously to go to total war the next day, and we were totally a different place when that war was over.

And I would argue that was because our generational constellation had shifted. We were a country ready to do different things. And we try to explain why that is in our work.



C. AUSTIN FITTS: One of the things I remember about my fathers generation coming back from World War II, he knew people from every place and every walk of life. And there was a classlessness about how he approached the world because he had been at war and fought with men and women from every different walk of life and came back with a respect for all of them. So there was a kind of spirit and bond and commitment to meritocracy that you don't see now.

NEIL HOWE: You're absolutely right. And if you look, for instance, at most measures of inequality over the 20th century, it reached a peak in the late 1920s, it came down in the 30s, came down in the 40s, then finally reached its low point in the late 1960s just when that G.I. generation was retiring, right kind of the peak of its prosperity, beginning to move to Sun City and Leisure World.

And ever since its been rising again, and now its back where it was back in the late 1920s. And you don't think that that doesn't have a generational component. I mean the G.I. generation stood for one-size-fits-all benefits. They stood for radical equalization of wages through the union movement. Union participation today is back where it was in 1909 or something like that the 19-teens. So, you know and why?

“The G.I. generation stood for one-size-fits-all benefits. They stood for radical equalization of wages through the union movement.”

Because the generation that grew up many of them, of course, were the children of the greatest generation, which were the boomers were a very different generation. The G.I.s stood for community community above all. Community during war; they were the most uniformed generation per capita in American history. Community in the suburbs when they returned home every little box looked the same.

And then community when they moved into Leisure World; you know, they still all look the same, and they all you know, they all listen to Benny Goodman music and you know, this very kind of corny music. The boomers were very different.



C. AUSTIN FITTS: It was boomers and some silent generation I found you know, in the financial system, the leadership has been very, very committed to centralization of capital and sort of economic management of resources. Part of that is they're competing globally, and they're globalizing, but part of it is they don't have that same commitment to equality that was present 20 years before.

NEIL HOWE: Well, they don't. But you know, we deliberately rebelled against the regimentation of our G.I. parents. They gave us this middle class of similarity, of blandness, of conformity. We hated it! We wanted everyone to be different. And the awakening that we triggered, Catherine I mean, it was on our line. We were the ones coming of age during that period. We were catalysts, and there have been many awakenings in American history, and they've all issued in the same thing.

They've all ultimately issued in a much more individualistic society. This has been the product of every awakening of American history. And when did the awakening of the 60s and 70s end? The Reagan 1980s free agency, deregulation, tax cuts, everyone does anything they want. And the awakening that began over cultural issues about what you could dress and what words you could say you know, the kind of the Archie Bunker and *All in the Family* kinds of issues ended in economic liberation.

So it started in cultural liberation, ended in economic liberation, and as a result the boomers have been a generation particularly first wave to last of increasing income and asset inequality. And we see that very strong and I'm an economist, and I study this stuff, and I look at it, and boomers revel in their individuality. I mean, I go to the airport, and I see those red carpet lanes depending on what kind of card you have and how much money you have our parents, the G.I.s would have recoiled at that.

C. AUSTIN FITTS: Right. Well, and I think its fair to say that the cultural belief that anything goes combined with the federal budget has been a very bad cocktail.

NEIL HOWE: Well, it is, and of course its like we can have our Maypo, and we can have everything we want, and there are no rules. I do think that



boomers are cultural titans. And I will say one thing about boomers: boomers belong to a very different kind of archetype. Let me back up, Catherine, and just say something very basic, which I think everyone has to understand who's listening to me, and that is there's no such thing as a good generation or a bad generation. I firmly believe this.

Every generation has its purpose. In a sense, we need every generation to be the way it was at the time, right. It's shaped inevitably in certain ways by the circumstances in which it was raised, what we call its location in history. Boomers were raised at a time when they were practically they practically begged them to become individualists and free thinkers. Even their own parents built all these colleges that they could go out and ask why and tell them tell their parents why they built all the things they built, you know.

C. AUSTIN FITTS: Yes.

NEIL HOWE: And so boomers became that kind of generation, and as a result I often like to say that the fourth turnings of history, the great outer world crises, right is when society focuses on transforming the outer world. And the generations that come of age at that time we call the hero archetype, like the G.I. generation or like the Republican generation back in the 1780s and 90s. You know, the generation of Hamilton and Madison and Monroe and all those rationalists.

But there's another kind of generation, and that's what we call the prophet archetype, and they're the ones who come of age during the awakening. And these kinds of generations don't focus on rebuilding outer worlds. They focus on rebuilding the inner world of culture, values, art, religion, spirituality. They renew the culture. They renew values. And I do believe that's a great boomer strength. I mean, you look at music.

You look at movies. You look practically anywhere in our culture, it was reshaped in the 60s and 70s and 80s, and boomers still preside over the culture. Who do we bring on for the halftime in the Super Bowl? Tom Petty, Mick Jagger, these guys are pushing I don't know they're in their



60s or you know. I mean, come on! I mean, we are the elderly people today. I mean, the Rock Hudsons they're just, you know, aging.

Everyone can see that, and millennials are fine with that. Millennials go to summer camps to learn to do Led Zeppelin riffs and stuff, and they play Guitar Hero and Rock Band, and they love that! They love all that old stuff! Pop culture to millennials does not have the same relationship to them that pop culture had to boomers. For us, it was a religion, it was a serious cultural statement, and it also reflected a fundamental alienation from the values of our parents, which made us you know, which made it so important to us.

There's none of that with millennials today. And when I travel, Catherine, I often go and ask people, What's the iPod overlap in your family? So I ask them, How many songs so if you're in your 50s, how many songs on your iPod are also on your teen or 20-somethings iPod, and vice versa? You know, and when I first started asking that about ten years ago, people were saying, Oh, 20 30 percent same songs. Now people are saying, 50 60 percent.

C. AUSTIN FITTS: Really?!

NEIL HOWE: One boomer I asked said, Oh, they're all the same songs. We just kind of share them, you know.

C. AUSTIN FITTS: Really?!

NEIL HOWE: Midlife parents and their kids today, they wear the same brand name clothing. They email each other about the same movies. They talk to each other about intimate aspects of their life. We did not have iPods back in 1969 or 1973, but if we had had them, there would not have been a single song the same as our parents, right.

C. AUSTIN FITTS: Right.

NEIL HOWE: I think you can attest to that.



C. AUSTIN FITTS: Right well, my dad loved Nat King Cole and Dina Washington and all those folks, and I did, too, so there would have been a little bit. But you're right; he would not have had Jimmy Hendrix on his iPod, thats for sure.

NEIL HOWE: Yes and Im thinking maybe Jim Morrison wouldn't have been there, either, right? Yes.

C. AUSTIN FITTS: Right, right. Well, tell us about the millennials, because when I read *Millennials Rising*, I hadn't realized how much bigger the millennial generation is than the boomers. Boomers are used to thinking of themselves as the biggest generation, but thats not the case. We have a generation coming on now and coming of age now and coming into leadership who's bigger than us.

NEIL HOWE: I mean, the quantitative issue is, yes, they are bigger in absolute numbers. They are, however, the result of a much lower fertility range. Right? We have a much larger society. So they're not as big relative to the number of older people. You see what I mean?

“The quantitative issue is, yes, they are bigger in absolute numbers. They are, however, the result of a much lower fertility range.”

C. AUSTIN FITTS: Ah okay. True.

NEIL HOWE: They are, however, the product of the baby boomlet that began to occur in the late 70s, early 80s, and it just kept on going. The fertility rate rose through the 80s and 90s. And they followed, of course, Generation X. We define Xers as people born mostly in the 1960s and 70s. And remember, you know, I talked earlier about that creative awakening when boomers are coming of age, and we had social experimentation and family experimentation and all these crusades and so forth.

Okay well, boomers were coming of age into adulthood, but what generation were actually the kids who were being born and raised as little kids. Well, those would have been Xers, right? Well, Xers were the children of that era. And of course, because everyone was busy finding



themselves, they were the throw-away children of that era a time when children were well, schools were falling apart, families were breaking apart, people didn't literally didn't want to have children.

The fertility rate fell in the 60s and 70s. The lowest fertility rate in American history was 1976, you know, just a couple years after Watergate. So they were a small generation; people didn't want to have them, and the entire culture turned anti-child. You remember all those child horror movies you know, *Damian* and *Exorcist* and *It s Alive* and it was a horrible image of childhood.

And it was an era when children were given latchkey guides and self-care guides. I can go into a high school classroom today or a college classroom, and I could talk about latchkey kids, and todays millennial kids absolutely do not understand what Im talking about. Whats a latchkey kid? Every Xer I've talked to knows what a latchkey kid is. It means you are on your own; you cant trust anyone. Heres a guide: survive.

And of course, with Xers, that has led to amazing resilience and survival skills. They even in their 40s they still watch survivor shows and you know, that whole sensibility ages with them. But millennials are different. Millennials came along we think a good first birth year for the millennials was 1982. Suddenly, the boomers are settling down. All that family experimentation stopped. Everyone was into family values. There were these new minivans you remember them?

The family-oriented cars that were suddenly popular with bumper stickers on the back, Baby Onboard. None of that ever was for the Xers. All these special seat belts to protect these precious cargo and all kinds of things started changing. The whole child protection industry started at that time. Fathers present at the birth of their kids, the Lamaze movement a complete change in how children were seen cinematically and in the pop culture, right all those cuddly baby movies like *Baby Boom* and *Parenthood* and remember John Travolta and all those movies.

So everything began to shift, and millennials grew up as the special



children of parents who chose to have them. They didn't have them because they were accidents. They didn't have them because they were mistakes. And it created a very different generation growing up, of course, at a very different time. The other thing was, of course, the economy and society was a gradual period of prosperity. When was the stock market at its all-time low the Dow in real terms?

The first birth year of the millennials, right? Wasn't it 1982?

C. AUSTIN FITTS: Yes, it was yes.

NEIL HOWE: I think it was 82 or 83.

C. AUSTIN FITTS: Well, I remember the prime rate hitting above 17 or 18 percent.

NEIL HOWE: Yes, that was about a year earlier. But you know everything began to get better. And we had a few setbacks, but, you know, it was this slow rise. It was the great boom one of the great financial booms of American history coincided this new millennial generation. And by the late 1990s by the way, we call them millennial because the first of them graduated high school they were the high school class of 2000, right, so nice timing there. But right around that time, we began to notice some huge changes in youth, and we've continued to notice those changes since 2000 to today.

One of them is kind of the most remarkable, and I can say one of the most positive changes in youth, particularly considering the trends that the boomers and Xers put into place, was this across-the-board turning away of youth from personal risk-taking. And we saw this most dramatically in the crime rate. You know, it's amazing how little credit kids get today. The victimization rate and perpetrator rate for serious violent crime of late teens, early 20s, has fallen by about 75 percent since the mid early/mid 1990s when it peaked with Xers. This is probably the most dramatic decline in youth crime in American history. And you know, Catherine, we did predict that. I mean, you remember, in *Generations*? We talked about what kind of generation this would be.



Teen drinking is down. Teen cigarette smoking is way down. In fact, lone cigarette smokers are now with millennials up into their late 20s, early 30s, which is one reason why preterm births are now going down after rising for 30 years.

This is all good news. This is a generation that gets into traffic accidents much less. In fact, one of the problems with millennials for auto manufacturers is they don't like cars very much. The miles driven by under 30 for the last decade has been going down while its been going up for older people. Cars owned per capita is going down.

C. AUSTIN FITTS: Right and the TV-watching is going down.

NEIL HOWE: TV-watching yes of course, one of the reasons they don't have to drive is because they can see each other electronically. They don't have to go there in person. But theres one other thing. What is it has sold the brand of cars to boomers and Xers and even the silent generation with T-birds when they were young? Risk and independence. Risk and independence. What are the two things that just don't seem to resonate much with millennials? Risk and independence.

Take independence. The share of 25- to 35-year-olds living with their parents has doubled since 1980. It was going up before the great recession, and now its continued to go up of course, accelerating because of unemployment and so forth. Boomers and millennials are living together, those age groups, at a rate that we haven't seen since the late 1940s. And they actually get along pretty well in most cases. We've looked at a lot of opinion surveys. Pew and others have done a tremendous amount of work on this.

But it reshapes so many things; for instance, why you have to co-market to young people today with their family, with their parents. We talked to financial services about this. Forget the nuclear family; you have to go over the multigenerational family. And don't forget the silent generation that today often has all the money. I mean, they're setting up the college plans for the kids. They're funding the family vacations. We've never seen 70-plus so affluent relative to the 40-minus or the 30-minus.



C. AUSTIN FITTS: Right. Now, this generation you described the millennial generation you describe as being very I would say supportive of major institutions. And yet, if you look at what's happened in the last ten years sort of financially and the load of student debt they've taken on and what's happened in the economy, they're really struggling with a major economic challenge as a group.

NEIL HOWE: They are.

C. AUSTIN FITTS: And you also describe them as preferring long-term employment as opposed to entrepreneurship, and yet if you look at trends in automation, what's happening in the economy, entrepreneurship is the thing that is to me looks like it's most needed.

NEIL HOWE: Well, I mean, here's the difference. Boomers were the first ones to really sort of champion entrepreneurship you know, breaking away, saying, Just shove it, to your employer and all that. And the economy was generally pretty good for them. Xers really embraced it as a whole lifestyle. I mean, Xers I think will go down as one of the great generations of entrepreneurs in American history.

They're used to going it alone. They're used to just living off incentive pay and taking risks. This is the generation impelled to take risks, and they're good at it. And I think what's very interesting about millennials is you do see a lot of millennials setting up their own portfolio and doing their own businesses, but here's the big difference: millennials are doing it in order to get in the door and get a permanent job.

C. AUSTIN FITTS: Right.

NEIL HOWE: In other words, their goal is security and permanence, and they're doing entrepreneurship because they can't go directly there. It's a way of working into it, whereas boomers in their day wanted to work out of it. So I think that if you look at aspirations for millennials,

“Boomers were the first ones to really sort of champion entrepreneurship you know, breaking away, saying, Just shove it, to your employer and all that.”



they're not at all the same as the lifestyle they're living now. They want and in loco parentis employer. They love fringe benefits. We know that from all the surveys we've seen.

They love tax prep assistance and relocation — they love all that stuff. They want lots of feedback. They want mentors. They want they want people around them helping them, guiding them. They trust big institutions. One thing I think all Americans know by now is that they trust big government. I mean that's why they vote so heavily for Obama in 2008 and 2012. They think communities, institutions working together can help each other, and they would love older people to help them.

C. AUSTIN FITTS: One of the reasons I like the millennials so much is I find them in the workplace to be very good at collaboration, very good at teamwork. They're very into optimizing you know, they not only look at things from their own point of view, but sort of, What are the points of view of the other people on the team, and how do we optimize together? And I think part of it is they've grown up with information technology, and they're much more used to sort of networking and operating in network form.

But — and I think you describe this in *Millennial Rising* they're very focused on how. Lets get something done here, whereas the boomers will stand and squabble about values or philosophic points.

NEIL HOWE: Yes boomers always want to make a point. Boomers want to make a point. They want their viewpoint to be heard. Millennials are more about getting things done. I often say, To a boomer, the most important thing is who you are, whereas to a millennial its what you do.

C. AUSTIN FITTS: Right.

NEIL HOWE: And I think these are fundamental differences. In part, millennials are set in motion to this to sort of correct for the excesses of their own boomer parents. If you look at the way, for instance, they like to hear the news, they like it to be funny. They like it to be light, you



know. Its kind of Comedy Central. Its these very sort of mild shows late night they love that.

What they hate are the angry talking heads. So whether its on the left or right MSNBC or FOX News absolutely you ought to see the ratings on those shows for under 30. I mean, literally no one under 30 watches those shows. And one thing I have noticed when I see millennials getting together to work on a political platform or to discuss an idea is the one thing they hate most among their peers is getting mad at each other. Its like, you know, thats how you behave like your boomer parents, you know.

And so theres a huge premium let me give you one kind of trivial example, because I often go onto college campuses, and I meet boomer professors who say, Theres one thing about this generation I always love to have debate, you know kind of Socratic debate. I love to have two people take two different sides and rip into each other, and they cant get the millennials to do that. So the millennials will come to them, We really have to debate? Cant we just agree on a consensus plan and tell you why?

C. AUSTIN FITTS: So we need to basically replace all of our congress people with millennials.

NEIL HOWE: Well, we may be soon because I think maybe America will just usher everyone currently out of there and just put a whole new group in. We had actually predicted that millennials will be a generation of unusual political strength, partly because late-wave boomers and Xers are such a void politically in terms of political engagement, interest in politics, the high quality caliber of people running for office. So we think that millennials particularly given this huge trust deficit that voters will gladly usher this new generation into a relatively young age into relatively high positions of political power.

C. AUSTIN FITTS: One of the things that we talk a lot sort of internally in the team at the *Solari Report* is and I think it weighs heavily on all of us is all the divide-and-conquer politics we watch. And were constantly talking



about, How can we build alignment between men and women or different generations or different race or religion? And the divide-and-conquer politics has gotten extraordinarily draining. And part of it is every time you go through presidential campaign, it happens. But I see how much they just struggle with, Ugh, why do we have to do all of this thing?

And I think one of the reasons I was so glad to have you on the *Solari Report* is because I wanted to talk about in our own lives you know, we cant help whats on FOX News, but in our own lives, whether its in our families or in the workplace or in our communities or networks, how do we start to build those alignments between and we haven't talked about the homelander, which is the next one behind the millennials. But how do we start to get the boomers and the millennials aligning in a way that can bring about the most healthy kinds of results in a fourth turning? What do we do what do I do

NEIL HOWE: I think its getting every generation to participate with their strengths. I still think that boomers are a generation with a lot to give in terms of inspiration, values, standards, principles, vision. This is one thing that millennials really rely on boomers for. Thats why they're so millennials are still spellbound by boomer art and music and so on. They still find it amazing. The problem is we need to unclench the boomer fingers from the actual levers of power.

C. AUSTIN FITTS: Okay.

NEIL HOWE: Have them be visionaries; just get your hands off the actual machinery. You know, back up slowly, you know and I think Xers will be a brilliant generation for this era of crisis because they are so practical and pragmatic. They're used to taking risks. I think I very much trust Xers in power. We had a generation very similar to the Xers that later became known as the lost generation, born in the 1880s and 1890s who were the midlife leaders of World War II you know, the Eisenhowers, the Pattons, the Ridgeways, the Omar Bradleys the same kind of hard scrabble generation.



They knew everything bad that could happen, and they were just the right generation to be hands-on leaders, and I think we need to invite millennials as they mature you know, they're now their eldest are now passing 30 to harness all of that team energy and all of that optimism and confidence despite everything that's been happening to them economically, and build a better world create a new sense of community. And I think that will happen, and that spirit will become evidence late in this fourth turning season. And with any luck, our country is going to come out of this period this generation-long period a much brighter, more hopeful place.

“With any luck, our country is going to come out of this period, this generation-long period, a much brighter, more hopeful place.”

C. AUSTIN FITTS: One of the big challenges, of course you know, this all comes down to the federal budget, because so much of the U.S. economy at this point runs through the appropriations or contracts or regulations that emanate out of Washington. You know, you and I talked this week about the extent of the unfunded liabilities in that on the federal balance sheet. And part of that is a generational challenge between entitlements that have been promised, but are unfunded, and then younger generations coming up that are going to be called on to fund it as opposed to, for example, investing in infrastructure which many of us would love to see.

So all of these generational tensions, to me, come down to the federal budget and the questions and answers that have to be addressed in Washington over the next couple of years

NEIL HOWE: Yes, it's a terrible problem! Right now, the tax money that comes in goes to pay for entitlements you know, basically goes to individuals as checks, healthcare providers and creditors. And there's nothing leftover for anything that's appropriated practically. We borrow for everything else. And of course, it's being hacked, and it's being squeezed because we can't seem to cut anything that we personally get. I mean, that's why we've become a society of entitled individuals.



We can't actually cut anything that goes to any person, so we cut back on everything that we collectively build. You know, our parks and the weather service and civil service and, you know our defense is going to be cut horribly. If the sequester goes through and continues for the next several years, defense in about four years will be under three percent of GDP, which is lower than any year since Pearl Harbor. The size of the cutback and what this is going to do to the economy I think has not been fully realized.

With all this ecstatic joy that we missed the fiscal cliff, people don't realize that given what was the acronym ACTA ACTRA the tax hike that was passed plus the payroll tax cut plus the sequester is going to be about 60 percent of the fiscal cliff in terms of fiscal drag on the economy. I think just that in the short-term risk carries the strong risk of a recession. I mean, I'm not hopeful in the short term and the long term, I think there is so much truth that has to be faced that we haven't faced.

The difference between what all Americans alive today expect to receive from government and what they expect to pay to government has a present value of about \$100 trillion. And the Medicare and Social Security trustees calculate this every year. It is enormous. There is disappointment that has to be handed out. This is completely the opposite of the 60s and 70s and 80s when the government distributed pleasure.

Now government has to distribute pain, and I don't think we're still not ready for it yet, although I do say that it's very encouraging to see surveys show that deficit reduction and finally really getting serious about the deficit and the debt, even just allowing the sequester to go forward, is surprisingly popular to the American public at the moment.

C. AUSTIN FITTS: But to me, there's a huge cultural change. One day I was sitting in Washington when I had an investment bank there, and I looked at one of my partners who I realized had grown up on Montserrat, and I said, Ozzy, how come so many of my partners grew up on islands? And he said, Because when you're on an island, you see the connection between your behavior and sort of what happens, and you



understand that what goes around comes around, and you see that yourself as a player in the whole.

And he said, Americas so big that everybody just thinks, you know, I can go get mine, and I don't need to care about making the pie bigger. And what I find with the millennials is they're much more sensitive about understanding the relationship between what they're doing and whether its having a positive impact, you know, for the world as well as themselves. And if you sit in Congress, what you realize is we have a lobby process and a political process where everybody's focused on getting their and theres no concept of, Im also responsible to make the pie bigger.

And thats a huge cultural shift to get it an entire society to convert their cultural and economic model to the, Were all responsible for the whole, and we each need to contribute each in our own way.

NEIL HOWE: Well, it is yes. And I think we just for example, thinking of connectedness, Americas used to thinking of itself as the owners and holders of the worlds reserve currency. So we don't have to worry about the value of our money, right. Everything will be value to us. So and if theres a world crisis, even if we cause the crisis, well, our the value of the dollar will rise. I mean, its just de Gaulle Charles de Gaulle used to call this Americas exorbitant privilege. But it is amazing. I mean, it conditions how we Americans look at the world. There are no rules for us, right.

C. AUSTIN FITTS: Right. A couple questions from listeners. Let me just put them to you. You can see this one has not had the experience with the millennials I have. Neil, are they —he's talking about the millennials. Are they entrained by their public education to want the boundaries, or can they still inspire themselves out of the box? I want to know if they are ignorant slaves or even more aware than my generation that what works well is worth doing until they have to create even better solutions?

NEIL HOWE: Well, I don't know who's the generation of the person asking the question?



C. AUSTIN FITTS: I suspect this is a boomer.

NEIL HOWE: Well, you know, its interesting. One thing that I've noticed is and I do this a lot in the workplace, because people often ask me a lot of the big problems generational tensions are in the workplace, and you have these Xer managers and supervisors who are used to just knowing basically, their attitude is, When I came into the workplace, no one cared about it. I was just thrown, and I had to just figure it out, right. It was a school of hard knocks.

And the idea that millennials need structure and all this care and feeding is just despite the fact that it makes the job easier if they do it, they just cant do it because they temperamentally Its just not right; no one treated me like that! Some of this sense of unfairness and I think that very often I find and with Xers and particularly with boomers because, of course, boomers have children who are the age of millennials in the workplace, and that is that they always think their own children are the exception.

I get that every time I do presentations on this. They come up to me later, and they say, You know, my kid has all these characteristics. He's a team player. He's optimistic. He's sort of conventional. They go on and on about all these things, But I thought that generation was a complete mess and my child was a complete exception. I get that reaction a lot.

C. AUSTIN FITTS: Okay well, another question is, 'Where are the career and entrepreneurial opportunities going to be for all of us over the next couple decades?

NEIL HOWE: All of us meaning young people?

C. AUSTIN FITTS: Thats a tough one. Yes.

NEIL HOWE: Well, its interesting. I think almost by necessity, the biggest need is going to be in fact, its already opening up in those institutions with the oldest workforces, right, who are top-heavy with boomers, because now despite the fact a lot of boomers cant afford to retire and in fact, boomers now are just you know, the retirement age is steadily



ratcheting up now one little factoid, and that is that since the peak of employment in late 2006 or whenever that was sort of peak the economy has lost about 4 million jobs.

But this is what's interesting; it's lost 7 million under age 60, gained 3 million over age 60. One of the most amazing facts is employment over age 60 has been rising steadily throughout the great recession. Boomers aren't retiring. It's as simple as that, and so they continue to work.

However, obviously, many of them have to retire and will be retiring. And those are the institutions which will be sucking millennials in.

They just need to have people. I'm talking about manufacturing companies, extractive industry like energy and I'm also looking at government. This is one way in which we are going to have a precocious political generation because all of these government agencies particularly at the federal level have huge numbers of boomers. You know, the Xers never joined or were ripped out in the 90s, so all of these boomers are going to be retiring, and they have to hire millennials, and the GAO and many of the federal agencies have very aggressive policies now to get the best and brightest of this generation into government agencies.

And of course, millennials that's one of their top picks as seniors in college now. One of their top picks as a favorite employer is FBI, CIA, Peace Corps, Teach for America you know, all of these sort of public-oriented institutions.

C. AUSTIN FITTS: Right. Well, tell me, Neil, if people listening really want to dive in and understand the millennials, I had recommended *Millennials Rising* and then the PBS special, *Millennials: A Profile of the Next Great Generation*. Are there other materials that you would recommend they read?

“This is one way in which we are going to have a precocious political generation because all of these government agencies particularly at the federal level have huge numbers of boomers.”



NEIL HOWE: One thing they can go do, particularly as people who are busy in institutional investing, we do have one website of a service that we do offer to institutional investors, but there's a lot of information there that's biographical and I think you can get there are periodicals and videos and a number of things. It's certainly a huge bibliography of everything we've done on saeculum research. That's SaeculumResearch.com that's S-A-E-CU-L-U-M research.

Saeculum, by the way, is an interesting term that we use in the fourth turning to describe a natural lifespan, which is kind of original Etruscan meaning and the ultimate timer of some of these cycles that we see. And in there, you can sample I think some of our views on not just on the economy, but also we do a lot of work in demography. And some readers might be interested in a book that I did with Richard Jackson at the Center for Strategic and International Studies where I helped lead something called The Global Aging Initiative. We did a book called *The Graying of the Great Powers* in 2010.

C. AUSTIN FITTS: It's excellent. I just finished reading it.

NEIL HOWE: Well, I mean, if you want one-stop shopping on the total impact of global aging economically, culturally, socially and particularly geopolitically how it's going to change the world that's a nice place to start.

C. AUSTIN FITTS: Yes, it's very, very interesting. Okay well, last question, and one of the things we think about at the *Solari Report* a lot is, What can we do in our own way, whether it's with subscribers or families that we were working with, to really help them to help them prepare and work through the fourth turning? What are the actions we can each take in our own lives to do that? And any other thoughts you have on that would be appreciated, because I feel like we're all inventing the pathway together through this what's going to be an enormous change, and we're just at the beginning.

NEIL HOWE: Well, I think, you know, first of all, to realize that it's a time of trial, but also of great hope. This is the lesson in history, that rhythms



are things that you experience, and you try to participate. You don't try to deny things are going to happen, but you try to participate constructively in their outcome. Fourth turnings can have good or bad outcomes depending on how well we manage ourselves, and part of managing our behavior is understanding what our strengths are and how we can be constructive.

I think that for a lot of boomers and Xers thinking about their millennial kids, I think its to understand that their attributes the sense of collective specialness, this belief in teamwork, even the sort of sheltering that they've experienced, the surprising conventionality of their beliefs about risk-taking and how loyal they are to family although, obviously they're a generation that defines family a lot more broadly than older people but all of these things will be the foundation for the America after this crisis.

And I think that its very important for older people not to fight them, but to see that if you really understand what this generation is about that they represent those they represent the generation that is going to build a new America based on our values. You know, we boomers have created all these new values, but its the next generation. Its Barack Obama used to say this, right the generation of Moses versus the generation of Joshua. One generation thinks up the big idea, but its another generation that actually implements it, right that actually is let into the land of Canaan and actually builds the new society.

And I think thats the kind of contrast were talking about. Boomers are a great generation of vision and values, and their kids will be a great generation of builders who will in many ways reflect those visions just in the same way that the G.I.s built a postwar world to reflect the visions of FDR and Simpson and all of the titanic figures who led them through that crisis.

C. AUSTIN FITTS: The gentleman who asked the first question just sent in a message. He said, Duh, Im 53 boom, boom! Now, if he's 53, is he a boomer or gen-X?



NEIL HOWE: He's a late-wave boomer, yes.

C. AUSTIN FITTS: Yes, he's a late-wave boomer, okay.

NEIL HOWE: Sometimes coined Generation Jones for people born in the late 50s, early 60s. It was sort of the tail-end of the boom and the early part of the Xer, and it was an unusually difficult dazed and confused time to go through elementary school and middle school.

C. AUSTIN FITTS: Oh, I remember. I remember. Well, Neil, thank you so much for joining us tonight on the *Solari Report*. I am a great admirer of your work, and I appreciate it very much. And for the first time, I feel like I understand my own team at the *Solari Report*, so you certainly made a contribution to our communication with each other, and I can't tell you how much I appreciate it. Anything else you want to add before we close?

NEIL HOWE: Just congratulations to all the millennials who made this show possible, Catherine, and it's been a pleasure being here.

C. AUSTIN FITTS: Thank you.

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