Disillusionment in the 1990’s

The changing social and economic conditions of the 1990s are turning this into the decade of disillusionment. Millions of baby boomers who grew up in a world that fed and nurtured their expectations are facing a world much different than the one in which they were raised. This crisis of disillusionment could also be called a crisis of “broken promises,” since the boomers came to expect that they would in adulthood be privileged to enjoy the fruits of the American dream. Instead, they are tasting the bitter fruit of despair and disillusionment.

The seeds of these circumstances were sown in earlier decades. During the 1980s, they took root and grew, creating a different set of circumstances for this generation in the 1990s.

Leading-Edge Versus Trailing-Edge Boomers

Although these circumstances have affected all baby boomers, they have hit one segment of the boom much harder than the others: the trailing edge. The members of this generation, born during the boom’s later years (1955-1964), have not fared as well as their older brothers and sisters. The reason is simple; they were born later.

Psychologist Kevin Leman has written about the effects of birth- order in a single family. The oldest child tends to be serious, responsible, even driven. The youngest child tends to be more carefree—sometimes even the family comic. The order of birth in a single family can often be a great predictor of personality traits.

Paul Light, in his book *Baby Boomers*, observes that “generations may be subject to the same kinds of birth-order effects that social psychologists find in families.” Just as the first-born in a family receives a disproportionate amount of parental attention and nurturance, so first-born boomers received a disproportionate amount of societal attention and privilege.

The leading edge boomers were the first to college, the first to the jobs, and the first to the houses. In the American “first come- first serve” economy, the leading edge found better jobs, better opportunities for career advancement, and better house prices. The trailing edge found just the opposite.

For example, take house prices. A couple that bought a house before inflation and interest rates increased would be better off financially than a couple that bought a house with an inflated price. The leading edge bought houses before the prices went through the roof. They invested in an appreciating asset. By contrast, the trailing edge bought (or tried to buy) houses that were already inflated. Often just coming up with the down payment was difficult if not impossible.

In general, the earlier someone was born, the better are his or her chances of succeeding in the economy. Anyone who doubts the trend need only watch the devastating impact these economic forces are having on the generation following the baby boom. Many “baby busters” cannot find a job that pays them enough to enable them to leave their parents’ home. Buying homes of their own seems like the impossible dream.

Actually the seeds of this current disillusionment were sown in the 1960s and 1970s. These later-born boomers were not reared in the optimism of the Eisenhower and Kennedy years. Camelot was an historical footnote. During their “Wonder Years” they experienced the assassinations of John Kennedy, Martin Luther King, Jr., and Robert Kennedy. They grew up during the Vietnam War. They saw anti- war protests on nightly television. Leading-edge boomers saw their idyllic visions unravel in the late 60s, but they still retained their childhood memories of a world of affluence and optimism. By contrast, trailing-edge boomers growing up in the 1960s saw a different world—a world of shattered dreams and discordant images.

While older boomers grew up in relatively stable families, younger boomers saw the divorce rate climb to unprecedented levels. Television shows about traditional families like the Andersons and the Cleavers were replaced by sitcoms about single parents like Julia and blended families like The Brady Bunch.

By the time boomers hit the job market, wages had stagnated. National attention on a potential energy crisis, an Arab oil embargo, and governmental attempts to control inflation made a bad economy worse. Prime entry-level jobs were hard to find and chances for career advancement seemed slim. Inflation peaked at 18 percent in 1979, and unemployment reached 11 percent in 1982—the highest level since before World War II. These certainly were **not** the "Wonder Years."

Yet through the 1980s, boomer optimism buoyed spirits that perhaps tomorrow would be better, like it had been for their parents. Mom and Dad struggled through the Great Depression and survived World War II to build a better life. Boomers hoped that the same would be true for them. But, for many, better never came, and they are facing an impending crisis of disillusionment in the 1990s.

Yuppies and Yuffies

Social commentators, always looking for new acronyms to describe portions of the population, dubbed these boomers "Yuffies": young, urban failures. Just as the name "yuppie" lacked demographic precision, so also the term "yuffie" is imprecise. Nevertheless, the term reinforces a point made in previous programs. Not all baby boomers are yuppies. Just the opposite. Most baby boomers are coming face-to-face with disillusionment and downward mobility. Definitions used in 1985 to describe yuppies and yuffies illustrate the point. Yuppies were defined as 25- to 39-year-olds who live in metropolitan areas, work in professional or managerial occupations, and earn at least $30,000 if living alone and $40,000 if married or living with someone else. Using that definition, there were only four million yuppies in 1985—constituting just 5 percent of all baby boomers.

Yuffies were defined as baby boomers making less than $10,000 a year. Although that definition seemed much too restrictive in terms of income, it still defined a full 40 percent of the baby boom generation. In 1985, yuffies were roughly eight times as numerous as yuppies.

In the 1990s the trend is continuing. A generation reared with great expectations must now come to grips with the reality of downward mobility.

Home Bittersweet Home

While the American dream has meant different things to different people, certainly one of the most universal, deeply-held parts of the dream has been owning a home. A Roper Organization survey in 1989 reported that nearly nine out of ten adults listed “a home that you own” as part of the life they would like to have. This was nine percentage points ahead of a happy marriage and fourteen points ahead of a car or children.

Not only is home ownership part of the American dream; it is part of the American fantasy. A nationwide survey by Spiegel Inc. found that one out of ten Americans fantasizes about the “house of their dreams” every single day. The dream house has four bedrooms, three bathrooms, two fireplaces, seven closets, three televisions, four telephones, and is a short stroll from the beach. Other amenities include a media/entertainment center, an exercise facility, a library, a spa/whirlpool, a home office, and an indoor/outdoor pool.

If this characterization of American home fantasies is even close to accurate, no wonder more and more boomers are facing a crisis of broken promises. The American economy simply did not deliver. The dream of owning your own home is a relatively recent one. In 1946— the year the baby boom began—the majority of Americans were renters. Yet within one generation, more than two-thirds of Americans became home owners. The boom generation, growing up in the midst of this significant transition, came to see home ownership as a right rather than a privilege.

But the housing crunch in the 1970s began to change that perception. When the baby boom generation headed out into the world upon graduation, they found stagnant wages and increasing house prices. Both phenomena were due to the size of the baby boom generation. American couples could create millions of babies every year during the baby boom, but the American economy could not create millions of new jobs and millions of new homes in the 1970s. The sheer size of the generation was only one reason for rising home prices. The living patterns of this generation exacerbated the problem. Three lifestyle patterns are especially relevant. First, baby boomers left the nest earlier than any other generation. Many left for college and never returned home but instead began looking for homes of their own. Second, boomers stayed single longer. Unlike their parents, who married early and then purchased houses, boomers in the 1970s often bought houses as singles, thereby creating an even greater demand on the housing market. Finally, boomers had higher divorce rates. This trend also created more demand for housing than would have occurred if they had assumed the lifestyle of their parents.

These three patterns converged to increase demand on housing. From 1960 to 1980, the total number of households grew by at least 10 million each decade. To put this dramatic increase in perspective, the rate of increase for households was three times faster than that of the population as a whole.

Another reason for the increased cost of home ownership involved the changing perception of a home as an investment. The tax advantage of owning a home in the 1970s and early 1980s was compelling. When the federal income tax was first enacted in 1913, “interest on indebtedness” was exempt. Therefore, a home owner receives a mortgage-interest deduction—effectively a tax subsidy for owning a house rather than renting an apartment. On the other hand, a renter must pay for his apartment with after-tax dollars, and any return from his savings is subject to taxation.

Suddenly, people who would not have normally considered owning a house (singles, couples who preferred apartment living, etc.) were buying homes in record numbers simply because they were good investments. During the late 1970s and early 1980s, net increases in home owner equity were more than three times larger than total personal savings out of income.

Soon the frenzy became a self-fulfilling prophecy. Rising home prices seemed like a good way to beat inflation. The increased demand drove prices even higher, spurring even more demand. According to one writer,

> *They bought and sold homes like traders in the pork- belly pit. It was the 1980s, and hundreds of thousands of baby boomers, two-income-couples with ready access to credit, were buying New York real estate.*

Taken together, all of these factors worked to price many couples out of the housing market. To illustrate the impact, compare the difference between buying a new home in 1949 and buying a house in the 1980s. In 1949, a 30-year-old man purchasing a median-priced house only needed to commit 14 percent of his income. A new “Cape Cod” house in Levittown, New York, went for just $7,990.

By 1983, the convergence of the various factors already mentioned radically altered the equation. Now a 30-year-old man needed to commit 44 percent of his income to meet the carrying charges on a median-priced house. That same year, 65 percent of all first-time home buyers needed two paychecks to meet their monthly payments. The demographics of first time home buyers in 1989 further illustrate this point. The median home price for first-time buyers went over the $100,000 mark (actually $105,200) in that year. The average first-time buyer was nearly thirty-something (29.6), and most first-time buyers (87%) needed dual-incomes to qualify. The prospects for a typical renter to become an homeowner are discouraging. Apartment rents stabilized during the late 1980s, but at record high levels. Only four out of ten young renters had sufficient income to qualify for the mortgage on a median “starter house.” Coming up with a down payment was no easier. According to Harvard University’s Joint Center for Housing Studies, even with a 10 percent down payment mortgage, only 20 percent of white renters and 4 percent of black renters can afford a typical starter house.

Careers in Crisis

Although boomers saw their parent’s salaries and job opportunities increase, this has not been the case for them. Wages stagnated in 1973, thus reducing boomer earning potential. By the end of the 1970s, *Fortune* magazine estimated that baby boomers had effectively lost ten years’ income when compared with the earnings of the generation just preceding them.

In the 1970s and 1980s, many couples were able to cope with declining wages by living off two incomes. Many middle-class couples compensated primarily due to the strength of the wife’s increased income since men’s earnings remained relatively flat during this period. But even the wife’s additional income could not forestall the economic impact on families. Young families with two paychecks today earn about the same as a couple that lived only on the husband’s salary in the 1970s.

The problem intensified in the 1990s. The size of the boom generation caused part of the problem. The resulting discrepancy between job supply and job demand first affected the number of entry-level positions that baby boomers could find.

Now boomers find themselves competing for increasingly scarce management-level positions. As one rises in the corporation, the number of management positions decreases as the corporate pyramid narrows. In the early 1980s, economists were writing about the presence of too many people vying for too few management-level positions, causing a bottleneck at the middle management level. Changes in the corporate world throughout the 1980s exacerbated the problem. “Downsizing,” “streamlining,” and “merging” are just a few of the terms used to describe the twisting of the corporate pyramid into an almost unrecognizable polygon. Driven by the twin goals of improving productivity and enhancing a company’s ability to compete, major corporations have eliminated whole levels of middle and upper management.

This generation often finds itself facing two dismal prospects: career plateauing and the potential of a mid-life layoff.

Belt-tightening measures in the 1980s forced employees to be content with lower wages and smaller wage increases. One research economist predicts that “Salaries will probably barely keep up with the cost of living and taxes….I think we’re looking at very modest wage increases in the 1990s.” For a generation raised on high expectations, the reality of lower wages and fewer and smaller increases can lead to disillusionment.

Although the conclusion may seem like bad news for society as a whole, I believe that it is good news for the church of Jesus Christ. This generation has effectively turned its back on the gospel, in part because it has had it so good. Boomers didn't feel like they needed anyone or anything. Now that they are coming to grips with discouragement and disillusionment, they may be more open to the gospel. If that is so, then churches and individual Christians can use the trends in our society to maximize their influence for Jesus Christ.