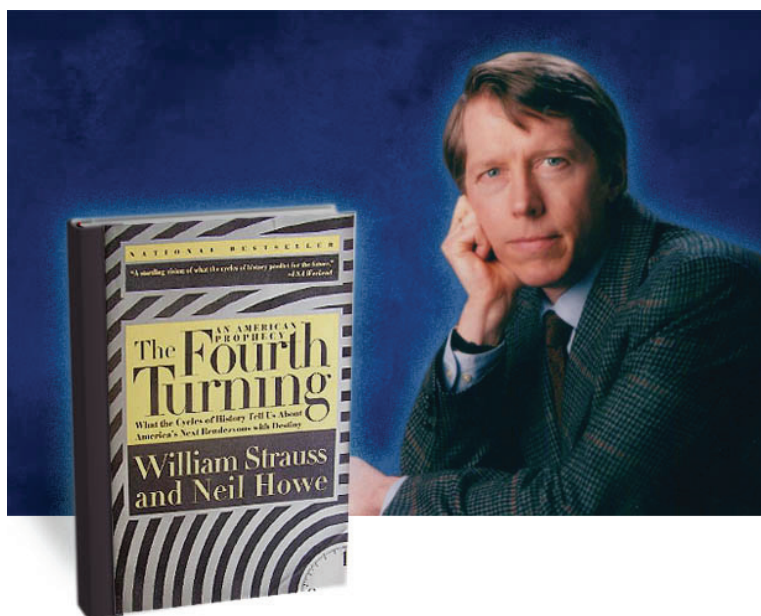


Into the Fourth Turning

A Casey Research interview with Neil Howe,
co-author of *The Fourth Turning*



A special report from the editors of
The Casey Report

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[The Fourth Turning](#) is an amazingly prescient book Neil Howe wrote with the late William Strauss in 1997. The work, which describes generational archetypes and the cyclical patterns created by these archetypes, has been an eye-opener to anyone able to entertain the notion that history may repeat itself. At the time the book was published, the Boston Globe stated, "If Howe and Strauss are right, they will take their place among the great American prophets." Read this visionary interview published in [The Casey Report](#), and see for yourself.

DAVID GALLAND: Could you provide us a quick introduction to generational research?

NEIL HOWE: We think that generations move history along and prevent society from suffering too long under the excesses of any particular generation. People often assume that every new generation will be a linear extension of the last one. You know, that after Generation X comes Generation Y. They might further expect Generation Y to be like Gen X on steroids – even more willing to take risk and with even more edginess in the culture. Yet the Millennial Generation that followed Gen X is not like that at all. In fact, no generation is like the generation that immediately precedes it.

Instead, every generation turns the corner and to some extent compensates for the excesses and mistakes of the midlife generation that is in charge when they come of age. This is necessary, because if generations kept on going in the same direction as their predecessors, civilization would have gone off a cliff thousands of years ago.

So this is a necessary process, a process that is particularly important in modern nontraditional societies, where generations are free to transform institutions according to their own styles and proclivities.

In our research we have found that, in modern societies, four basic types of generations tend to recur in the same order.

DAVID: The four generational archetypes. Can you provide a sketch of each for those of our readers unfamiliar with your work?

HOWE: Absolutely.

The first is what we call the **Hero** archetype. Hero generations are usually protectively raised as kids. They come of age at a time of emergency or Crisis and become known as

young adults for helping society resolve the Crisis, hopefully successfully. Once the Crisis is resolved, they become institutionally powerful in midlife and remain focused on outer-world challenges and solutions. In their old age, they are greeted by a spiritual Awakening, a cultural upheaval fired by the young. This is the typical life story of a Hero generation.

One example of the Hero archetype is the G.I. Generation, the soldiers of World War II, who became an institutional powerhouse after the war and then in old age confronted the young hippies and protesters of the 1960s. Going back in American history, we have seen many other Hero archetypes, for example the generation of Thomas Jefferson, and James Madison, and President Monroe. These were the heroes of the American Revolution, who in old age were greeted by the second Great Awakening and a new youth generation of fiery Prophets.

After the Hero archetype comes the **Artist** archetype. Artist generations have a very different location in history -- they are the children of the Crisis. For Hero generations, child protection rises from first cohort to last. By the time Artists come along, child protection reaches suffocating levels. Artists come of age as young adults during the post-Crisis era, when conformity seems like the best path to success, and they tend to be collectively risk averse. Artists see themselves as providing the expertise and refinement that can both improve and adorn the enormous new institutional innovations that have been forged during the Crisis. They typically experience a cultural Awakening in midlife, and their lives speed up as the culture transforms.

A great example of the Artist archetype is the so-called "Silent" Generation, the post World War II young adults who married early and moved into gleaming new suburbs in the 1950s, went through their midlife crises in the '70s and '80s, and are today the very affluent, active seniors retiring into gated lifestyle communities.



The third archetype is what we call a **Prophet** archetype. The most recent example of this archetype is the Baby Boom Generation. Prophet generations grow up as children during a period of post-Crisis affluence and come of age during a period of cultural upheaval. They become moralistic and values-obsessed midlife leaders and parents, and as they enter old age, they steer the country into the next great outer-world social or political Crisis. Boomers, for example, grew up during the Postwar American High, came of age during the Consciousness Revolution of the 1960s and '70s, and are now entering old age.

Finally there is what we call a **Nomad** archetype. Nomads are typically raised as children during Awakenings, the great cultural upheavals of our history. Whereas the Prophet archetype is indulgently raised as children, the Nomad archetype is underprotected and completely exposed as children. They learn early that they can't trust basic institutions to look out for their best interests and come of age as free agents whose watchword is individualism. They are the great realists and pragmatists in our nation's history.

The most recent example of the Nomad archetype is Generation X. This generation grew up during the social turmoil of the 1960s and '70s and are now beginning to enter midlife. They are the ones that know how to get things done on the ground. They are the stay-at-home dads and security moms trying to give their kids more of a childhood than they themselves had. Their burden is that they tend not to trust large institutions and do not have a strong connection to public life. They forge their identity and value system by "going it alone" and staying off the radar screen of government. It could be very interesting to see the rest of the life story of this generation, particularly as they take over leadership positions.

DAVID: Could you tell us the general age ranges of these archetypes now?

HOWE: One Hero generation that is alive today is the G.I. Generation, born between 1901 and 1924. They came of age with the New Deal, World War II, and the Great Depression. They are today in their mid-80s and beyond, and their influence is waning.

Today's other example of a Hero archetype is the Millennial Generation, born from 1982 to about 2003 or 2004. These are today's young people, who are just beginning to be well

known to most Americans. They fill K-12 schools, colleges, graduate schools, and have recently begun entering the workplace. We associate them with dramatic improvements in youth behaviors, which are often underreported by the media. Since Millennials have come along, we've seen huge declines in violent crime, teen pregnancy, and the most damaging forms of drug abuse, as well as higher rates of community service and volunteering. This is a generation that reminds us in many respects of the young G.I.s nearly a century ago, back when they were the first boy scouts and girl scouts between 1910 and 1920.

DAVID: Then following the Hero, we have the Artist, right?

HOWE: Yes. As I mentioned earlier, one example of that archetype is the Silent Generation, born between 1925 and 1942. This generation was too young to remember anything about America before the Great Crash of 1929, and too young to be of fighting age during World War II.

That 1925 birth year is filled with people like William F. Buckley and Bobby Kennedy, first-wave Silent who just missed World War II. Many of them were actually in the camps in California waiting for the invasion of Japan when they heard that the war was over. Part of their generational experience is that sense of just barely missing something big. Surveys show that this generation does not like to call themselves "senior citizens." They did not fight in World War II. They did not build the A bomb. They are more like "senior partners." Unlike G.I.s, they are flexible elders, focused on the needs of others. Many of them are highly engaged in the family activities of their children and grandchildren. In politics, they are today's elder advisors, not powerhouse leaders.

There is a new generation of the Artist archetype just now beginning to arrive. They started being born, we think, around 2004 or 2005. We did a contest on our website to choose a name for this new generation, and the winner was Homeland Generation, reflecting the fact that they are being incredibly well protected. So we are tentatively calling them the **Homelanders**.

This generation will have no memory of anything before the financial meltdown of 2008 and the events that are about to unfold in America. If our research is correct, this generation's childhood will be a time of urgency and rapid historical change. Unlike the Millennials, who will remem-

ber childhood during the good times of 1980s and '90s, the Homelanders will recall their childhood as a time of national crisis.

So, those are the two examples today of the Hero archetype, and two examples of the Artist archetype.

DAVID: What about the Prophet and the Nomad generations?

HOWE: There is only one Prophet archetype generation alive today: the Boomer Generation. We define them as being born between 1943 and 1960. Those born in 1943 would have been part of the free-speech movement at Berkeley in 1964, the first fiery class whose peers include Bill Bradley, Newt Gingrich, and Oliver North. The last cohorts of this generation came of age with President Carter in the Iran Hostage Crisis.

For the Nomad archetype, we again have only one example alive today, and that is Generation X. We define Gen Xers as being born between 1961 and 1981. Actually, there may be a few members of the earlier Nomad generation still around – those of the Lost Generation born from 1883 to 1900, but today they would be around 110. This was the generation that grew up during the third Great Awakening, the doughboys who went through World War I. They were the generation that put the “roar” into the “Roaring ‘20s” – the rum runners, barnstormers, and entrepreneurs of that period. They were big risk-takers.

DAVID: Is the Millennial Generation the next group up in terms of controlling or being a powerful force in society?

HOWE: It depends what you mean by a powerful force in society.

DAVID: Who is going to be in the driver's seat?

HOWE: Let me put it this way. The generation that is about to be in the driver's seat in terms of leadership is Generation X, the group born 1961 to 1981. In fact, we now have our first Gen-X President, Barack Obama, who was born in 1961 and who is in every way a Gen Xer, despite being born at the very early edge of his generation. His fragmented family upbringing, with his father leaving while he was young and his mother moving all over the world, is typical of the Gen X life story.

A telling anecdote from his biography is that, when he arrived at Columbia University, he spent his first night in New York sleeping in an alley because no one had arranged to have an apartment open for him.

His life story has a “dazed and confused” aspect. He made his own way against a background of adult neglect and lack of structure. It's interesting that he is the first leader in America to call himself “post-Boomer.” As a matter of fact, he talks regularly about how he intends to put an end to everything dysfunctional about Boomer politics: the polarization, the culture wars, the scorched-earth rhetoric, the identity politics, all of that. I understand a lot of people do not believe he can actually do this, but it's interesting that this is the rhetoric he chooses. That rhetoric is one reason why the vast majority of Millennials voted for him.

Obama is the opening wedge of Gen Xers who will assume very high leadership posts. They are not yet the senior generals in control of the military, but they are taking over the reins of government and, of course, the top spots in American businesses.

This generation is incredibly powerful on the business front, probably the most innovative and entrepreneurial generation our economy has seen in the last century. As young workers, they were largely responsible for reviving our productivity rate back in the 1980s and 1990s. Now, in their role as executives, they have been responsible for downsizing, cutting out bureaucracy, and maximizing productivity.

Given their preference to “go it alone,” however, they are not nearly as influential in other aspects of society, like religion or politics. This generation has had a lower voter participation rate in every phase of life that it has moved through than any other generation we have seen in this century. They also make up a smaller share of Congress, something between 15% and 20%. Boomers at the same age were close to 40%. And they have, by far, the lowest share of governors, senators, or house members for their age than any other generation we have seen in American history. In case it's of interest to your readers, on our website, we have a database of American leaders by generation that includes thousands of American leaders. It includes all those that have served in Congress or as governors since 1789.

DAVID: What's the website/URL?

HOWE: It is lifecourse.com. It is our business site, but under the Research tab, your readers will be able to access our database of American leaders broken down by generations. When they do, they'll see just how underrepresented Gen X is at this point. Of course, that will begin to change, going forward.

Returning to your question, however, when you asked which generation will dominate in the years ahead, Gen Xers will increasingly assume leadership roles, but Millennials will dominate young adulthood, and that is critical. We have found that, throughout American history, the generation entering young adulthood has always shaped our impression of where the country was headed. For example, when we think about where America was headed during the 1950s, we think of the Silent Generation, not the G.I. Generation that still dominated politically. The Silent best embodied the mood of the era: their earnestness, their risk aversion, their interest in insuring everything, their expertise and sophistication.

Likewise, when you think about where Americans thought they were going in the late '60s and '70s – it wasn't the Silent you thought about but the Boomers. And by the 1980s and 1990s, it was the Gen-X entrepreneurs and free agents, not the Boomers, who were seen as iconic to America's new direction, who were setting America's sense of what was fresh and new.

Consequently, we expect that America will increasingly look to the Millennials for a sense of what is fresh and new today. That's why it's important to spend time understanding this generation, from their sense of dedication to the community, to their trust in institutions, to their optimism, to their rejection of the culture wars.

DAVID: Among the many interesting points you make in your video *The Winter of History* was that people typically don't see the next generation coming. I was born in 1953 and can remember growing up in Hawaii as a pretty straight-laced kid, with crew cuts and tucked-in shirts and all of that. But then along came the 1960s, and it was like somebody had flipped a switch. As you point out, nobody in the 1950s would have predicted what happened in the '60s, with the hair and the music and the pot and the riots – everything just sort of exploded all at once. Likewise, at this point, we really

can't know just how the Millennials will change the world as they come through.

HOWE: We have seen time and time again that no one predicts these generational changes. For instance, back in the early '60s, important social scientists like Erik Erikson and Margaret Mead were talking a lot about the future of America. Yet not one of them saw the youth explosion that was about to happen because none of them were paying attention to generational shifts. It took everyone by surprise. Similarly, Generation X took everyone by surprise. In the late 1970s, we all knew that another generation was coming along. Everyone wondered what these post-Boomers – the little kids during Woodstock – were going to grow up to be like. The prediction was that they were going to be like Boomers, but more so. American Demographics Magazine predicted that post-Boomers were going to be even more ideological, more passionate about their causes than the prior generation -- that they were going to be a post-materialist generation.

That's why Generation X was such a surprise, with the hip-hop and the bling, and MTV, and the fascination with being a "material girl" or a "power tool" guy. The new direction of the next generation seems to be a surprise we never get used to.

DAVID: Before we go on, I want to make sure we communicate for readers new to your research the fundamental understanding of your work that has to do with how people view history itself. A lot of people look at the timeline of world history as being linear. But your research shows that it may be better to look at history as being cyclical, and that the appearance of the four generational types is somewhat predictable in that they repeat in the same order, again and again. The core thesis you have developed is that by understanding these archetypes, the order in which they emerge, and the societal impact they will likely have, we are better equipped to understand what is likely to come.

HOWE: When Bill Strauss and I first started studying generations back in the late 1980s, we discovered that generations, even neighboring generations, can be entirely different due to their different age location in history. They can have entirely different attitudes and behaviors, as well as a different self-identity, a sense of who they are and how they fit into the community and nation as a whole. That was our first big discovery. Our second discovery was that not only are generations very different, they tend to recur in a basic archetypal



pattern that follows in a roughly similar order over time. Our third discovery was that the same kind of archetypal pattern exists in many other areas of the world, and not just in the 20th century but in previous eras of history. We think it is an important way of looking at history in general.

DAVID: In addition to the characteristics of the various generational archetypes, your research has also focused on the concept of “turnings.” Can you discuss those?

HOWE: Yes. Each turning is an era of history, which is roughly the same 20-year length as a generation. During any given turning, all of the generations alive at the time fill one of the four phases of life -- childhood, young adulthood, midlife, and old age. The mood of that turning is determined by this generational constellation, as different kinds of generations fill each social role. For example, think how different it feels to have Boomer elders and Millennial youth, as we do today, than it did to have G.I. elders and Boomer youth in the 1970s. When each generation begins to age into the next phase of life, the national mood shifts, and a new turning begins.

Just as there are four generational archetypes, there are four turnings. The First Turning we call a **High**. The most recent American High was an era defined by the presidencies of Truman and Eisenhower and John Kennedy. Highs are periods in which institutions are strong and individualism is weak. During this First Turning, society has a strong collective consensus of where it wants to go, and minorities and individualists feel a little bit outside the mainstream. Vernon Parrington, the great American historian and gadfly, once called these the “great barbecues of American History.” These are the post-High periods when people feel they have to conform and to come together and enjoy a sense of community again after all of the problems and challenges they have overcome.

The period following World War II was the last American High. Before that there was also the post-Civil War High, called the Victorian High, the hallmarks of which were industrial progress and family stability. And before that, there was a post-American Revolution period called the “Era of Good Feelings,” when Americans felt good about themselves and wanted to gather together to enjoy life and prosperity.

Highs are followed by the Second Turning, which we call an **Awakening**. An Awakening starts out feeling like it is the high tide of a High. Everywhere you look, there are signs of public progress, and there seems to be no limits to prosperi-

ty. But just as everything seems to be going along beautifully, suddenly everyone tires of the social conformity and decides they want to rediscover their individuality. Everyone begins to wonder why they are sacrificing themselves for the common good. And they start striking out and demanding that their own personal interests be taken first.

America’s most recent Awakening period is sometimes called the Consciousness Revolution. It started in the mid-1960s and continued into the early 1980s. It was sparked by student riots and the Civil Rights movement and continued through to deregulation and the tax cuts. This entire period is seen as one of throwing off social obligations. Individualism was first felt in the culture, with people expressing themselves more freely in fashion, lifestyle, etc. But the individualism of an Awakening is also felt in the economy, as it was during the early Reagan years. This was the final stage of the Awakening when, as a society, we became much more tolerant of individual differences. Some people could get a lot richer, some people could become much poorer – that was okay. We didn’t need a monolithic middle class.

The Third Turning we call an **Unraveling**. A good way of thinking about the Unraveling is as very much the opposite of a High. In a High, institutions are strong and individualism is weak. In a Third Turning, it is just the opposite – individualism flourishes, while institutions are weak and discredited. This is a time when social authority feels inconsequential, the culture feels exhausted, and people feel bewildered by the number of options available to them. It is a time of celebrity circuses and a tremendous amount of freedom and creativity in our personal lives, but very little sense of public purpose.

The most recent Third Turning began in the mid-’80s with Morning in America, and continued through the ’90s. Previous periods of Unraveling in American history were also decades of cynicism and bad manners. Think of the 1920s, the 1850s, the 1760s. And history teaches us that the Third Turnings inevitably end in Fourth Turnings.

DAVID: Are we now in the final stage of the Third Turning? And what does a Fourth Turning look like?

HOWE: We are either in the late stage of a Third Turning or in the early stage of a Fourth Turning, which we call a **Crisis**.

A Fourth Turning is an era when institutions are suddenly proven ineffectual or are torn down to build something en-

tirely new. It is a time of enormous rebuilding of public, social, political, and economic life – usually in response to an urgent crisis or series of crises that seem to threaten our society’s very survival.

DAVID: Is it the crisis that causes the Fourth Turning?

HOWE: It is the generational lineup that causes the Fourth Turning. Fourth Turnings always occur as a Prophet generation enters old age, with Nomads entering midlife, Heroes entering young adulthood, and Artists arriving as children. As each of these generations age into the next phase of life, the national mood shifts, making a catalyzing event more likely to escalate.

We have seen that if history doesn’t provide a Crisis-catalyzing event, Fourth-Turning leaders will invent them in order to galvanize collective action and begin the process of reversing many of the Third-Turning attitudes. The culture begins to find a sense of purpose again, including propaganda that spurs people to coalesce around the same goal. Individualism gives way to a new sense of community. People begin to identify themselves with larger groups. We have seen this in previous Fourth Turnings, like the 1930s, which the historian Frederick Lewis Allen called the decade of community and belonging.

DAVID: It certainly seems logical that during a period of crisis, which is a hallmark of a Fourth Turning, people get afraid and band together to weather the storm, so to speak.

HOWE: It is logical, although you might find it interesting that in an Awakening, people get passionate and in some ways afraid too, but their instinct is just the opposite. Instead of banding together, they tend to get insular and to separate themselves from the community.

Of course, in an Awakening, the fear is not so much of material harm, but rather it’s more of a spiritual fear. I find it fascinating that the 1970s showed the fastest decline in the average number of persons per household of any decade in American history. No one wanted to live together. Couples were divorcing. Seniors were moving out to Sun City.

That’s very different today, by the way, with the multigenerational family making a comeback and extended families increasingly wanting to live together. We are returning to the era of the Frank Capra household, if you remember those movies

back in the 1930s, with big homes with a number of different generations living together.

The Fourth Turning has historically, at least in American history, always been a period during which we redefine in some essential way who we are as a nation. Certainly that happened during the American Revolution and during the Civil War, which changed the country from a collection of states into a nation. Likewise, think of the incredible changes in public institutional life that were wrought by the 1930s and early 1940s. Public life changed rapidly – our government’s relationship to the economy, humanity’s relationship to technology, America’s relationship to the world. Looking forward 20 years from the mid-1920s, no one could have imagined such incredibly rapid changes.

It is interesting that, while you can usually guess beforehand what the initial catalyst of the Fourth Turning will be, you can’t possibly foresee before the catalyst how the entire Fourth Turning will ultimately change the world. For instance, think of the stock crash in 1929. Or the decisive federal election that inflamed the polarized opinions of the electorate in 1860, with the Republican Party led by Abraham Lincoln winning the election. Or the Boston Tea Party.

Beforehand, one might have predicted these events as possibly Crisis triggering. But no one could have imagined where the Fourth Turning would lead America before it was over. No one could have imagined, in the late 1850s, that we were destined to fight the bloodiest war ever to occur in the Western Hemisphere -- or, in the late 1750s, that we were on a path to found an independent American republic.

For people trying to get a sense of this entire cycle, you can look at these turnings as seasonal. Like seasons, they tend to repeat in their own natural rhythm. These are not exact periods. This is not the realm of physics or astronomy, which you can measure down to the second. This is more like the realm of biological nature, akin to a heartbeat or the seasons of the year. The seasons of history inevitably happen, but the timing varies a little bit. They may come sooner. They may come a little later. Sometimes they are little bit more severe, sometimes a little bit less so. I think it helps to think of turnings that way.

Another thing that may help your readers understand the Fourth Turning is to think of Awakenings as a time when we reconstruct our inner world of values, culture, and religion,

including our ideals as a nation. The generations that come of age during Awakenings remain fixated on culture and values, on questions of right and wrong, for the rest of their lives.

For instance, we see Boomers as they grow older continue to rip into each other on these subjects more than anyone else. This is the generation of culture wars, and I'm convinced they will still be shouting at each other on radio talk shows into their 80s. In contrast, during the Fourth Turning, we will be reconstructing the outer world.

DAVID: Your new DVD, *The Winter of History*, focuses on the Fourth Turning that you say we are either in or about to enter. According to your research, the hallmark of the Fourth Turning is a serious crisis, which, as you put it, can end up being pretty bad or it can end up working out.

HOWE: Or it can be pretty bad and still work out.

DAVID: But one has to get through the Crisis. Looking at the world we now live in – and at Casey Research we spend a lot of time looking at the economy and investment markets – any number of the problems we are monitoring right now appear to be completely intractable. It's becoming apparent that there needs to be a completely new paradigm given how difficult it is to find a way through the challenges we are facing. Doesn't that pretty much sum up the situation going into a typical Fourth Turning?

HOWE: I think that's right.

DAVID: Also, we can't yet know whether we currently are looking at the worst that we can expect to see in the Fourth Turning or if there is something much worse coming down the pike. After all, the typical Fourth Turning lasts on the order of 20 years, so we would seem to be in the early days. Is there a pattern readers should watch for, that will give them some sense of how things might roll out from here?

HOWE: Typically, there is a catalyst that pushes society in a certain direction. This will normally be an event, plus a reaction to that event, that creates a new social mood. In the new social mood, things get worse, but not in a linear fashion. They may get better for a time and then get worse. In other words, it could have ups and downs like a rollercoaster, but gradually, the whole situation becomes increasingly dire.

DAVID: Do you think the credit crisis we are in right now is

the catalyst, with the reaction of the government being what pulls us further into the dire part of the Fourth Turning?

HOWE: I would not be surprised at all. I think the situation is serious. I think we are going to be in it for a long time. That's what a number of recent academic studies tell us about severe recessions that are both global and triggered by a crisis within financial institutions: these sorts of crises tend to be very long and take a long time to recover from.

DAVID: Some analysts think that we are nearing the bottom. Could this be true, perhaps because of the impact of technology speeding everything up? Maybe a Fourth Turning no longer requires 20 years to play out, but two?

HOWE: Technology doesn't change turnings or generational aging. Let me address a related question we often get asked: How can social moods or turnings predict or adjust for the random wild cards of history? You get attacked at Pearl Harbor. The stock market suddenly goes down. How do you account for these things?

What we like to emphasize is that, historically, what is most important is not the event itself but how we react to the event. To make this point, I often point to the sinking of the *Lusitania* and the Zimmerman Telegram, both of which occurred during the lead-up to World War I and which were extremely provocative. In the case of the *Lusitania*, there was a huge loss of American lives, and the Zimmerman Telegram revealed a plot by the Germans to organize nations against us. And yet, we still held off entering the war until very late in the game; we deferred, we compromised. And when we did enter, our involvement was extremely controversial. We entered World War I practically when it was over. Then after the war was over, we hated it, and a long period of isolation set in. In other words, it was a slow, compromised, somewhat ineffective, late, and unpopular venture.

In contrast, look at how quickly we responded to an attack on a naval base in the Pacific on December 7, 1941. We declared war the next day, not only on Japan but on Germany, which wasn't even involved in the attack. Well, Germany declared war on us, but the point is that none of the hesitation that had been present in 1916 or 1917 was present in 1941.

It seems as though the entire country felt like a different place than it had 20 years before, and I think what was different about it was the generational constellation. We had at that

time, in 1941, a Fourth Turning constellation of generations. We had a young-adult Hero generation that was incredibly involved in teamwork and wanted to get big things done, and we had an elder Prophet generation of idealists – a generation of Stimson and MacArthur, of huge egotists and sternly principled elders who would do anything to uphold their principles. This was what we were experiencing in 1941, and this is who sparked the Crisis reaction. I keep coming back to the point that it is not the Crisis event, but the reaction to the Crisis that matters most.

So early in a Fourth Turning, not only do we have generations in the new phases of life with new mentalities, but we also have a huge backlog of problems that we have not solved and that are getting worse. This creates the kind of perfect storm that we see on the horizon today.

Think about everything that's going wrong with our financial system today. Everything that's going wrong with Medicare and Social Security. These are all things that we have known about but which never really came to grips with. These are the sort of things that get dealt with in a Fourth Turning.

DAVID: And now we see a huge reaction in the form of this year's projected deficit. If someone had said even a couple of years ago that the U.S. government could run a \$2.5 trillion deficit, people would have said they are out of their mind.

HOWE: That deficit and other big moves by government signal we are already entering the period of rapid institutional transformation. The Fed and the Department of Treasury have not had so many new responsibilities thrust on them in the modern history of those institutions.

DAVID: And into the fray comes Obama, the FDR of our time.

HOWE: Totally expected. Obama is interesting because he is a Gen Xer, a Nomad archetype and not a Prophet archetype. Typically in a Fourth Turning, our most inspirational leaders tend to be either late-wave Prophets or early-wave Nomads, because they are just at the age of leadership. In the Civil War, for instance, Abraham Lincoln was a late-wave Prophet, but Ulysses S. Grant was a first-wave Nomad, and you could see the generational difference in their personalities. If you were going to identify one set of cohorts that historically have produced leaders who have made the decisive choices in Amer-

ican history, it would be late-wave Prophets/early-wave Nomads.

DAVID: So we have this rising tide of government. Yet many of our subscribers are not fans of big government – is that just a generational thing? Are they going to increasingly be swimming against the tide?

HOWE: I think a lot of people, particularly on the conservative side, tend to think of big government in a way that may not be appropriate in this new era, because they are drawing their definition of big government from the culture wars that began in the 1960s or 1970s. Yes, the Fourth Turning will be an era in which government is increasingly important, but it will not be the kind of big government your readers associate with Boomer-driven liberal ideology.

Maybe the best way to approach this is to talk a bit about the Millennial Generation. As I'm sure many of your readers know, the Millennials voted in large numbers, reversing the political apathy of Generation X. The Millennial Generation represents an enormous political surge compared to the ongoing relative disinterest of Generation X.

We think Millennials will be the next big political generation in American history. They'll fill the political vacuum created by Gen Xers and late-wave Boomers. They are already voting more. They are already running for office. There is an amazing story in the town of Muskogee where an 18-year-old became mayor. Two-thirds of this generation voted for Barack Obama. This is the only generation in which the majority of whites voted for Obama. In fact, if this generation had not voted, the electorate would have been almost perfectly tied between McCain and Obama.

Interestingly, we have not had a youth generation entirely deciding the outcome of an election since the G.I. Generation swept FDR into office in the 1930s. These young people want to take charge, they trust big institutions and want big challenges to be solved with political and governmental activity. History teaches that this is just the role they are meant for – the Fourth Turning will create a huge demand for those sorts of political and community aspirations.

DAVID: Does that mean that people who tend to be anti-big government are now going to be marginalized?



HOWE: Everyone knows about the new political engagement of the Millennials. And it is true that when it comes to the use of political power and to collectivizing the economy for community goals, this generation can be described as conventionally liberal.

However, it's important to understand that this generation does not fit neatly into the conservative or liberal labels, at least not the way older generations tend to understand those terms.

Every generation coming of age cuts across the political definitions that older generations invent. It's true that in the economy and in politics, the Millennials are a conventionally liberal generation that is more trusting of government than their Boomer parents (a complete turnaround if you remember the late '60s, when we Boomers did not trust government, while our parents did). But this generation is surprisingly conventional when it comes to the culture and to social norms and values.

As I pointed out earlier, this generation has been reversing the youth trends that began in the late '60s, showing a decline in youth dysfunction, a decline in youth crime, a decline in smoking and drinking in grades 8, 10, and 12, a decline in teen pregnancy and teen abortion. In many of these categories, records are falling, and we have never seen such low rates. In teen abortion and teen pregnancy, for example, there has been a dramatic shift, a 30% decline since Generation X.

So this is a generation that is surprisingly conventional. When surveyed about what they want to do with their lives, Millennials say they want to be good neighbors, they want to be good citizens, they want to have balanced careers. A record number, according to the UCLA Freshman Survey, said they want to get married and have children. If you ask them how they want to spend their free time, they say with their families. We have never seen a generation so close to their parents. There is a virtual disappearance of the generation gap today.

When it comes to social morals, in some ways they are a highly conservative generation. For instance, they are more likely than Boomers or Gen Xers to disapprove of abortion and extramarital sex. This generation is not pushing the edge in the culture at all. It is Boomers and Gen Xers that keep pushing the edge in the culture. We discuss the emerging political attitudes of Millennials -- everything from the gung-ho liberalism of their economic outlook to their bland conventionality

in the culture -- in a recent research paper I coauthored with Reena Nadler for the New America Foundation. It is called, "Yes We Can: Millennials as a Political Generation."

DAVID: In your DVD, you talk about the "iPod overlap," which I thought was quite interesting.

HOWE: Yes. This is representative of the fact that the teens and their parents talk about everything today. They talk about careers, about fashion. There is nothing out of bounds. What could be more different than the situation in the late '60s?

To help make the point, I like to do an informal iPod overlap survey, in which I ask teens and people in their 50s how many songs on their iPod are also on their kids' iPod or vice versa. The typical answer I get is that the two generations share 25% or 30% of the same songs. For a Boomer like myself, that is incomprehensible because, as a generation, we defined ourselves by the complete rejection of our parents' culture. Millennials do not define themselves that way at all. In fact, there is a remarkably complete acceptance of their parents' culture. The kids go to summer camps to learn to play Led Zepelin perfectly. They play Guitar Hero and Rock Band. They have enormous respect for so much of the culture and values of Boomers.

The key point is that Millennials represent a new archetype. This is not a liberal Boomer archetype or a conservative Boomer archetype, just younger. This is a Hero archetype. They have a completely different kind of collective persona. Although they are going to use government aggressively and use community aggressively, they are going to do it for purposes that will seem surprisingly bland and conventional to older people. Many conservatives will say, "refreshingly so."

DAVID: My partner, Doug, likes to smoke cigars and doesn't particularly like being told by various government regulations where he can smoke them. Is the up-and-coming generation going to wield the power of government to try to further create a perfect-world scenario?

HOWE: All generations will approach this question from different perspectives. For instance, Boomers in old age will have their own visions and dreams from the '60s and '70s -- whether liberal, conservative, or somewhere in between. Boomers will be thinking back to their own coming-of-age experience and how this Fourth Turning Crisis could offer them the opportunity to champion their world vision. They

will feel more empowered to do that than they feel today, because, as you pointed out, in our current mood we feel nothing can change, that everything is hung up in gridlock.

Likewise, Generation X's attitude will remain "Let's just get the job done." Generation X will be liberated by the fact that they have no strong political loyalties or political ties. They will be like a loose cannon on the deck of a ship. They will do things that will offend liberals and conservatives. That won't really bother them, because they never had much affinity with those parties. They will do things that are politically incorrect to one side or the other as befits their mood at the time and as befits their sense of what is practical and pragmatic. What counts with them is to do what it takes to get it fixed.

Meanwhile the Millennials will emerge as the special generation. Everyone will want to sacrifice for their needs. And if Millennials face a real emergency and if their future is at risk -- particularly if they are actually getting shot at or are in harm's way -- there's no way Boomers will be able to preserve their benefits. Not if preserving those benefits is seen as endangering the future of this special Millennial Generation of young adults.

Consequently, I think that in this Fourth Turning, we'll see a re-tilting of the budget and our entire political policy away from the old and back to the young. This always happens during a Fourth Turning. Our policy biases move back towards the family, towards investing in the future, and towards institutional arrangements that are good for young people.

DAVID: If this Crisis gets really bad, do you think Gen X and the Millennials will have the fortitude to cope, given that they have grown up with virtually no bumps in the road?

HOWE: I think they will. The same question was asked of the G.I. Generation going into World War II. If you look back, you will find there were a lot of psychologists who wondered at the time whether that generation could cope, and they did.

Remember, the G.I.s were famously protected. It was during their childhood that child labor laws were introduced and legislation was passed to keep them away from drugs and alcohol. They saw the introduction of protected playgrounds and were the first boy scouts and girl scouts. Adults wanted to protect them, carefully put them in uniforms and encouraged them to be civic achievers. They benefited from an enormous social movement during the Progressive Era that was dedicat-

ed to protecting children. Consequently, a lot of people wondered "Are these kids tough enough?" going into World War II. They were being asked to go up against Hitler and Tojo and others from the Lost Generation, the generation of hard knocks that had been through World War I. The parents of the G.I.s were tough, and they worried about the G.I.s' ability to cope. In the end, as we know, the G.I.s coped just fine.

Let me say definitively that there is no such thing as a good or bad generation. Every generation has strengths, and the flip side of these strengths are weaknesses. For example, one strength of Millennials is their talent for teamwork. They have totally transformed our digital technology away from the individualism of Gen Xers and Boomers and towards a new social community purpose -- Twitter, Facebook, GPS on your cell phones, and so on.

But on the flipside, people ask, "How well do they function as individuals?" Granted, they are really good in teams. But can they take individual risks?

The point here is that every strength has a weakness, but I suggest people change the way they look at it. Whether in your family life, or your workplace, or the nation as a whole, it's not important that every generation have every strength or do everything well. Instead, there is a division of labor. There is nothing wrong with having Gen Xers as midlife leaders continue to take those creative out-of-the-box risks and having Millennials do the jobs that require teamwork and trust, initiatives that have everyone following the big band. And society needs visionaries, which is a role that Boomer elders can fill.

This division of labor happens naturally throughout history and is in fact one way of understanding turnings. At any point in its history, society has all kinds of generations, but it feels completely different when those generations are at different ages. A society with elder "power elites" and young visionaries feels very different from a society with elder visionaries and young "power elites." The first is an Awakening, the second a Crisis.

DAVID: Large-scale wars seem to often arise during Fourth Turnings. The Civil War, World War II. How would you rate the odds of a war being part of this? Do you guys watch the civic global developments with an eye on that sort of thing?

HOWE: All of our total wars have been during Fourth Turn-

ings. As a social scientist, my effort is to describe what typically happens. Obviously I hope that war does not happen. No one likes to see or be around an era with tremendous destruction and loss of life.

I don't think it is necessary that there be a war. I think there may be other ways a society can go through an era of urgency. On the other hand, that mood of urgency and of being driven to do something extreme because history gives you no other option probably cannot be faked. In order for people to be mobilized, society does need the possibility, at least, of extreme danger. It's interesting in retrospect that so many of our Fourth Turning leaders have been accused of manufacturing or playing up the dangers. By contrast, in Third Turnings, leaders like to downplay the dangers, to communicate that things are okay. That we will negotiate a solution here. That it's not really a problem or that we'll worry about a problem next decade. In the Fourth Turning, the opposite psychology prevails, and so leaders will sometimes play up the danger.

DAVID: Let's move on to some of the investment implications. Starting with the question, if the Fourth Turning could last about 20 years, what will a person and investor have to do to be successful during the period?

HOWE: There are a number of approaches. Let me first just talk about the progression of a Fourth Turning, which we touched on earlier. Typically a Fourth Turning has a catalyst – something that sets off a chain of events and pushes society in a new direction. Things can then get better or worse, but they generally get worse. At the very least, the prospects of worse dangers arise as the Fourth Turning unfolds. That leads to a climax, in which problems that at first seemed separate all become linked to one another.

For instance, today we might see a number of individual problems – everything from global warming, to bank failure, and Social Security, and nuclear proliferation – and we see them all as very different kinds of problems. What typically happens in a Fourth Turning is that by the time of the climax, they are all seen as part of the same huge problem. At that point, the whole community unites to solve all problems together. This certainly happened with World War II. Consider that coming out of that war, we saw the birth of the U.N., Bretton Woods, the World Bank, the IMF – we wanted to solve everything.

Then, after the climax comes the resolution, a period when treaties are signed and the new institutional order is constructed. Up to that point, everything flows much more freely out of necessity, because we are making large changes very quickly. After the resolution, everything begins to set, and the new institutional order is cemented. After that, as the Crisis recedes and a new First Turning begins, it becomes much harder to effect rapid institutional change.

So that is the landscape of how things will roll out. Now one obvious change I think we have begun seeing in our current Fourth Turning is a huge push towards larger and stronger government.

Typically, a Fourth Turning is a time when government will be large. It is also typical that one political party will be dominant, and we certainly see that now. That may last for a while, though I'm not yet totally convinced it is going to be the Democratic Party. There still is a chance for the Republicans or some independent party to assume that role, but it would require a huge failure on the part of the Democrats and a sudden complete reinvention, including new personnel, in either the Republican Party or an independent party. That is possible, but I would say right now the odds are the Democrats will be the dominant party.

You are also going to see an end of international openness as America redefines itself nationally as a community. I think there are going to be further threats to free trade and growth of the opinion in favor of restricting migration, in particular immigration.

Another aspect of this growth in community is the importance – and this, I will say, has very important business implications – of being heard and represented in Washington and by your local political leaders. During the Third Turning, it was in the interest of any investor and anyone in any business not to be noticed by government, but rather to make your decisions in the free market, pocket your money, and move on. Now, however, you want to know and build relationships with people in power, because you never know when they will have the opportunity to do something for you – or do something to you.

Pragmatically speaking, as we move into an era of community and belonging, if you do not belong, your interests and your point of view are not going to be taken into account.

In the economy, we think there is going to be a period of very rapid structural change. Certain sectors are going to grow. We are going to see much more investment in security, in infrastructure, and in education, to the extent that we can afford it. And a lot of those things are going to be pushed by government.

But in the private sector we will see a push towards middle class – middle-class consumption, middle-class needs, and middle-class values. The rich and the poor will not fare as well. The rich obviously will be a target, given that, particularly for the populous minded, they represent a threat to the community. The poor will also no longer be catered to as much. But rebuilding the middle class will be an incredibly important part of the Millennial Generation's political agenda.

Part of the reason for this move back toward the middle class is the fact that Millennials come from Gen X and Boomer parents whose income has a very large spread, from poor to very wealthy. That was not the case when the Boomers were coming of age. In fact, when I grew up, the middle class was huge and monolithic, and adults had very narrow income and wealth distribution. The narrowest distribution of the 20th century occurred in the late '60s and early '70s, when the Boomers were in college.

Today, Millennials see their parents all over the place, rich and poor, and they see a middle class that is not monolithic but extremely endangered. This, combined with their community ethics, will spur them to rebuild a community with a tight middle class. One of our findings about Millennials was that there is very little difference in the political views of those from different socioeconomic groups, races, incomes, and educational levels. That was not the case during the late '60s and '70s, when there were big differences between rural and urban, college and non-college Boomers. We had the Wallace voters, and we had the socialists and the Weathermen. Boomers have always been a split generation politically.

By contrast, Millennials are going to show a much greater gravitational unity of views, which is going to push those views forward. As a businessperson or an investor, you have to ask yourself: Do your products or the products of companies in which you invest seem conventional, do they stand for the middle class, are they pro-family?

DAVID: Some of the things you mentioned as part of the

new world view – for example, the threats to free trade – have been shown by past examples of history to be likely to make the Crisis much worse.

HOWE: And they will.

DAVID: So, the point is that the Millennials do not necessarily have the answers, rather that they are just the ones that are going to influence the path society takes?

HOWE: When you talk to Millennials, you find that they are not protectionists. And let me say this as a side note, Millennials do not want to go back to New Deal America. Millennials have been raised as kids during the greatest eras of free markets and prosperity this world has ever known.

Millennials actually believe in the market. They believe in globalism. They believe in free trade. Interestingly, they are not a populist generation. Relatively few Millennials turned out for John Edwards during the 2008 Primaries. His big supporters were guys in their 40s and 50s.

Millennials do not want to punish the rich, as divisive, populist Boomers do. This generation wants solidarity, and they want everyone to contribute. Yes, they believe wealthy people should contribute more to level the economic distribution range and bring back the middle class. But whenever you tweak a question to ask, essentially, whether they want to punish the rich, they'll back away from it. Again, everything from the Millennials' point of view has to be positive.

DAVID: Yet lately we have seen all these headlines about the end of capitalism and that "we are all socialists now." You're saying that isn't being driven by the Millennials.

HOWE: No, that is not coming from the Millennials -- it is coming from Boomers, the inveterate culture warriors. Older generations, both conservative and liberal, tend to define Millennials based on their own established set of values and ideologies. They don't stop to see that this generation is coming with a whole new agenda that cuts across these categories.

It might help to think of the Millennials as capitalists, but they want capitalism with a public purpose. Through regulation, incentives, and social engineering, they want the markets to be orchestrated toward some end that we all want. But they do not want to stop markets with pointless regulations. That is not where this generation is coming from.

Let me say also that this generation has an extreme respect for expertise. In that sense, I think Obama has probably resonated well with Millennials. I am not a great believer in the “best and the brightest” myself necessarily, but the word “smart” among Millennials is now a good word. This is important to understand, because it means that when they create a new public sector/government/community orientation in the economy, they are not going to be stupid about it.

We also expect to see a new phase in the innovation cycle. Many people have written about the innovation cycle: how the economy goes through periods of invention, then innovation, then we choose one of those innovations and make it part of an infrastructure we all use, followed by a period of technological maturity. When I look at this literature, I see a clear lineup of turnings. The Second Turning, the Awakening, is the period of invention. The Third Turning, the Unraveling, is the period of unlimited and diverse innovation. Think of the dot.com bubble and all of the things we have done in biogenetics and nanotechnology in this most recent Third Turning.

Then, during the Fourth Turning, comes implementation. We pick the winners that can make all of our lives better, the innovations that every family should have, or which we are going to build under every street in America. In Fourth Turnings, society picks winners, and we use those winners to build new infrastructures. That may be another point to keep in mind as investors and businessmen.

The Civil War and its immediate aftermath was the final flourishing of the greatest railroad projects this country ever saw. And out of the American Revolution came the toll roads and the great canals. World War II brought about the roads and the interstate highway system and so forth. We create infrastructure projects in Fourth Turnings, and we organize the institutions that keep those projects going throughout the subsequent First Turning, the Post-Crisis era. And we expect to see this again in the years ahead.

We are beginning to see it already with Obama and his large-scale vision, whatever you think about it, for digitalizing medical records, and installing Internet across America, and building high-speed trains. I think the idea of having public goals and creating big things again resonates very well with Millennials in particular.

From an investor’s perspective, I would be looking at situations that line up with a build-out of security infrastructure and that tap into middle-class consumption. I can think of all kinds of companies that that would rule in or out.

Likewise, investors should be aware of the innovation cycle, of the fact that we are going to move away from diverse innovation and toward choosing winners. This dovetails very well with what I was saying about the need to know people in public power. Think about it. Who is going to be choosing winners?

Another thing to keep in mind is that we expect this to be a period of extreme market turbulence. Typically, Fourth Turnings can be marked by either inflation or deflation. They have overcapacity or undercapacity. They are never in the middle. When trust erodes, sometimes this causes deflation like we had in the ‘30s. That’s because people want to hoard their money. In World War II, the problem was inflation, and we had price controls, and rationing, and so on to try to deal with that.

I am not saying that is always the pattern of a Fourth Turning. I can imagine a Fourth Turning having other patterns. I will say that that is what happened before. I think the jury is still out on whether inflation or deflation is the biggest danger. I still see smart people on both sides right now, although certainly the inflation crowd is beginning to become stronger. We can be sure, however, that the next twenty years will be a time of obvious instability in either regard.

It is worth keeping in mind, too, that the household mood is going to shift. You are going to see increasing aversion to personal risk. There are crucial shifts among Millennial employees, who are thinking in the long term. They are much more likely than Gen Xers to ask, “How long is this company going to be around?”, and “Do I have the possibility of long-term advancement?”, and “What are my benefits?” The recession has accentuated these attitudes.

I would also mention how important your personal reputation will be in a Fourth Turning. In a Fourth Turning, much more is going to depend on how others see you. You are not going to be so independent. You may not be safe alone. You need to know whom you can count on and which people can count on you. Community norms will matter more. Teamwork will matter more. It is very important for families to allow their Millennial kids, and soon even their Homeland-

er kids, to participate in the kinds of teamwork-building and community activities that they themselves might not have been interested in.

Family is going to continue to strengthen, particularly, we think, the multigenerational family. People are going to find new purposes for all the extra rooms in their oversized houses. It stuns me when I hear employers speaking disparagingly about Millennials who are still living with their family, or of the closeness they have with their parents. Employers complain that these immature Millennials just cannot get away from their parents.

I look at it from a completely different angle: the rebirth of the multigenerational family. I think the rising share of Millennials that want to be near their parents as they grow older, or who are continuing to live with them, has many positives. For example, one way out of the worst fiscal crisis of our century, including finding a way to pay for the Medicare and Social Security of an aging America, may involve a large number of grown children deciding to live with their parents. I see some big win-wins here.

On the investment side, I also think it's important to diversify – never is that so important as in a Fourth Turning. And it is probably important to remain liquid. Personally, for about two years now, I have been largely in cash and benefited hugely given the recent crash. That is probably not quite as important now that the market is low, but you never know where it is going to go from here, and you do not know how long it is going to stay down. So I think diversification and liquidity are especially important now.

DAVID: You obviously deal with a lot of companies in your consulting firm. It seems to me that a lot of what has made America what it is has blown up or been shipped out to other countries. Manufacturing is now done overseas, and while we still lead in technology, the world is catching up. And the U.S. financial services industry has damaged its reputation internationally.

Are there industries you see moving to the forefront to pick up the slack in the economy? While you see government growing, it doesn't produce anything. So, thoughts on what's going to be the next big business?

HOWE: The government may not produce much; however, it does purchase a lot of what the private sector produces.

And, of course, it can also subsidize individuals to purchase things. They do exercise a healing power in certain instances. As for businesses that will do well, frankly, I think security is a good bet – industries involved in the national defense area.

Despite impressions to the contrary, when it comes to foreign policy and the war on terror, Obama is basically adopting – without claiming to do so – much the same policies as Bush on issue after issue. And if a nuclear bomb goes off anywhere in the world, not necessarily here, but for instance in India, Pakistan, North Korea, Iran – anywhere – the mood of the world would change overnight.

I don't think enough people have thought through how much that would just change everything on a dime. Can you imagine what would happen in the world's financial markets? Can you imagine what would happen to civil liberties? Even if such an attack doesn't happen here, I imagine we would still react by suddenly allowing house-to-house searches, tapping of phones, and so on. This speaks to the Fourth Turning mood.

You can talk all you want about civil liberties, but once people are suddenly afraid and they see, in that case, maybe a million dead, regardless of where in the world it occurs, our world would be just changed overnight, literally overnight. And when the dust settles, all the rules will be different.

On this topic, think about some of the new technological capabilities that are becoming accessible now to anyone. The new robotic trends in warfare, for example, which the United States is embracing. History has demonstrated that radical new technology in war always empowers the underdog, even if the innovation is triggered and pioneered by the dominant power. This is because it levels the playing field and suddenly diminishes the value of everything the dominant powers have invested in. For a thousand dollars, you can now go out and buy the components for a hand-held drone plane. You can weaponize it and target it anywhere.

In other words, we are now entering a realm in which people who do not like America are increasingly going to have the capability to do incredible things – I bring up nuclear warfare because it's one of the most dramatic scenarios. But remember how I said that when a Fourth Turning is first catalyzed, people can't imagine where the era is actually going to go.



DAVID: As we discussed earlier, war or something as dramatic as a nuclear attack are certainly not out of the question, if you look back at crises that have occurred during previous Fourth Turning periods. To be sure that we are fully understanding your view on the crisis aspect of what we are about to experience and to establish something of a context in history, I want to ask you another question.

At this point in time, I think it is safe to say that the average person now looks at the world and says, “Wow, what a mess” and “This is quite the disaster.” We have soaring unemployment, we have house prices falling with a year’s worth of unsold house inventory. We have the stock market off quite a bit and looking tenuous at best. We have wars in the Middle East.

But if I’m understanding you correctly, we are not very far into this Fourth Turning. So that the actual Crisis, the Crisis that is really going to test the mettle of humanity, if you will, is still very much ahead of us. Is that a fair statement?

HOWE: Yes, absolutely.

DAVID: On a scale of 1 to 10, if the worst it is ever going to get during the Fourth Turning would be a 10, where are we today?

HOWE: I would say 2 or 3.

DAVID: So what people need to understand is that there is much worse to come, but as with all the cycles in time, this too will pass.

HOWE: Absolutely. And let me just revert to one thing and then return to what you are just saying now. You asked about investment areas and investment advice. I cannot just do this systematically here, but if I were to invent a strategy for profitable investments in the Fourth Turning, I would not invest in any Third Turning trend, which is certain not to last. I would invest instead in every alternative to a Third Turning trend.

I mean, just go down the list. Think about the kinds of houses that we bought in the Third Turning, the active adult communities, the Silent Generation’s golden parachutes, and all that. I do not want to invest in those. That is not going to last.

Instead, what I am going to invest in are companies that renovate houses and do home improvement for all these Boom-

ers who will be aging in place, because they cannot afford to move.

I have written a lot about this, but Boomers do not really want to retire and move anywhere anyway. They want to get Gen Xers to bring services to them. Look for those Third Turning trends, some of which are already beginning to end. And then look for the alternative or replacement for that trend, and invest in that.

It is key to look at the economy in this new, nonlinear way. You look at how our society is changing, and then you identify the various places where the changing behavior of each generation is actually going to impact product markets. We did a piece on this, and your readers can probably find it somewhere online, in the Harvard Business Review in 2008. It was called the “Next Twenty Years,” and it basically looks at how every generation over the next 20 years is going to transform the next phase of life, what that will mean for politics, and products, and business, and so forth.

We are now working on another piece, which HBR will run in the fall, which does the same thing with turnings. The report will talk about the overall change in the social mood and the changing rules with which business will have to function in a Fourth Turning.

Let me now return to your big question, and I’ll close with this thought. We think of Fourth Turnings as a formidable time, a time of danger, a time of crisis, a time to be scared, a time whose most popular images are death and destruction. I think it is very important to keep in mind that a Fourth Turning is a time when society wipes away old ways of doing things so that new, better systems can be built.

This is what nature does. There is a winter, things die, seeds are planted under the ground, and the deck has cleared for new life to come forth. Just as nature needs to do that, society needs to do that. We occasionally have to clear away institutions, not only to make room for new ones, but also to create an atmosphere of new trust. That is what we no longer have today.

You were making that point earlier about how there is no social or political consensus. There is such complete dysfunction in the system now that we can’t make even modest incremental progress on any of the issues we face. In the Fourth Turning, we will solve those problems.

As history has shown time and time again, the process may be painful, but these periods are necessary. And the end result is that we enter a time when we can grow anew again.

DAVID: A final question. How confident are you that we are now entering a Fourth Turning? Or, put another way, that a Fourth Turning Crisis is about to happen/is happening?

HOWE: I am 75% confident that we are now entering a Fourth Turning. And, if we haven't entered it yet, I am 90% confident that we will enter it within the next four years. By that time, the generational timetable will indicate that we are long overdue.

Right after 9/11, I expressed very little confidence that we were yet hitting this shift. Not because the mood change wasn't dramatic – it was – but because the generations involved weren't yet old enough. Boomers weren't yet retiring, Gen Xers weren't yet taking over top leadership spots, and the Millennials were not yet coming of age. I felt the new mood would not sustain itself, and it didn't. Today, it's different.

Keep in mind, as well, that a Fourth Turning mood cannot catalyze from the outside in; for the most part, it must catalyze from the inside out. There must be a changing mood at home, at least as early as there is a changing mood toward our affairs abroad.

After 9/11, the worries were solely focused on foreign policy; at home, the “bread and circuses” mood remained largely intact. Today, however, we remain in a state of alarm over our geopolitical future – with two ongoing wars in Asia and multiple WMD threats – but we are now also experiencing a massive yet unpredictable shift in our economy, in our financial system, and in our national politics.

2008, after all, could ultimately rank as a historic “realigning election.” With this much going on, I think we have reached critical mass for the self-catalyzing chain of events that we describe as characteristic of a Fourth Turning.

DAVID: Thank you for your time, Neil.

HOWE: It's been a pleasure. ■

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