

The Five Life Decisions

How Economic
Principles
and 18 Million
Millennials Can
Guide Your
Thinking

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Making Choices

We all make choices in life. The hard thing is to live with them.

THE WORDS (2012)

From the time you get up in the morning, you begin to make choices—about what to eat for breakfast, what to wear, and on and on. A lot of these decisions are pretty trivial. But now and then, one of them is really important, and it can impact you throughout your life.

This is a book about five big decisions that you'll face. Three of these choices have a lot to do with how and with whom you spend much of your adult life. The other two help define your capabilities, so they have a profound effect on the other three. While these are not the only big decisions you'll face, we'll focus on them because they have lifetime consequences for you and because they are interconnected. As we discuss these five, you'll see that a lot of what we consider can be useful to you in making other decisions as well.

Now, this isn't a book that tells you what to choose for any of these five life decisions. Sorry. It might, at first, seem nice if someone came along and told you what to do, how to do it, when to do it, and so forth, and relieved you of having to make choices. But when you think about it, that sounds like a terrible circumstance, since how can someone else know what's right for you? Oh, they can give you some useful advice, and this book will do that too. But since you, not them and not me, live your life, experience your activities, make your friends, feel your pleasures and your pains, no one but you can make the choices that are best for you.

That's really what it means to be an adult: to have the authority to make your own choices and the responsibility to live with them. As a child, your parents, teachers, and maybe others made a lot of choices for you. But as you become an adult, you get to define (or at least in-

fluence) your own boundaries and frame the choices as you wish, and then when you've made choices, you, not anyone else, have the opportunity and the obligation to carry them out and live with them.

Choices are so common, we often don't even realize we're making them. Because many are trivial, we don't spend a lot of effort making them. And because many are routine and repetitive, we develop rules of thumb or habits that allow us to make them almost without thinking. Some decisions, however, are pivotal, a big deal, and worth a lot of time and effort.

For now, let's begin with a piece of good news: a lot of the decisions you'll have to make probably don't really matter all that much, so don't fret over them. People may have suggested that some choices are really important that are in fact not all that critical. Take, for example, the choice of which college to attend. If you've decided to go to college and have what it takes to go, just which of quite a large number of schools you select (or that select you) really doesn't make a big difference.

Some schools will be wrong for you—too hard, too easy, too big, or whatever, so you'll want to give the choice some serious attention. But so long as you're selecting from a pool of reasonably appropriate schools, the choice of what college to go to is not so important. The experiences you'll have at one or another will be different, of course, but you can't know ahead of time which will be best or most valuable or most pleasant. Whom you pal around with when you get there, which courses you end up taking, which teacher you get for one or another class, and how diligently you apply yourself to the intellectual and social experiences at your school have a lot more to do with what you get out of college than which school it is you attend. We'll come back to this in the next chapter. However, the decision about whether or not to go to college, as we'll discuss in chapter 2, is a really important decision, one that can make a big difference in your life.

Here's another piece of pretty good news: in many of the big choices in life there's not a single "right" choice with all others being "wrong." Instead, there are better choices or poorer ones, there are some pretty foolish ones or dangerous ones to be sure, and some that are especially appealing—but very seldom is there a uniquely perfect selection. Perhaps there are absolutes in the principles that

guide your life and define who you are, but when it comes to selecting this or that level of schooling, job, partner, or whatever, you'll do well to explore your options, come to understand them, and to make a sensible choice by selecting one of the better ones. But don't lose sleep over finding one perfect answer.

Why can't we just avoid making choices? There's just one simple reason: scarcity. You and I have limited resources—limited money, limited time, limited talents, and limited patience. Limits all over the place! If it weren't for scarcity, you could have it all ways, and you wouldn't need to make a choice at all. But since you do face scarcity and do have to make some big choices that can have long-lasting influence, it is a good idea to figure out how best to make wise ones. That's what this book is designed to help you do.

Since choices are so varied, you shouldn't expect to find a simple formula or a single strategy that always produces a good choice; that would trivialize the challenge you face as you consider your decisions. Instead, what you can hope to do is have a framework that gives you some guidance, enables you to consider the important elements of that choice, and helps you avoid overlooking any of these really important elements. That's what we're aiming for here. We'll learn some concepts that will be a big help and explore some facts that can shed some useful light on one or another of the alternatives.

WHAT'S IN A CHOICE?

A good choice will reflect several things: it will reflect your *values*, your *preferences*, your *capabilities*, and your available *opportunities*. That's probably true about most of the choices you make, big and small. Like, what's for lunch? Your values can influence whether you will want a healthy lunch or not; your preferences play a big role in influencing whether it's a salad, some protein, or chips; and if you don't have much cash or credit, your limited capability may be a big factor in your "choice" of what to have for lunch and where to have it. And then, if there's not a shop nearby or a fridge to raid, your preferences and your cash won't matter all that much, so the available opportunities can also define your choice.

Your *values* influence how you behave (or they aren't really the

values you live by) and what you want to achieve. There are some values that are pretty universal, like living your life with integrity and having respect and compassion for others. Different religions and various ethical principles teach values that can guide your life, but you are the boss here. You, not some philosopher or your parent, can determine your values and your personal commitment to the principles and beliefs that guide your life.

One of the fun and frightening aspects about becoming an adult is that you will want to consider what values you will live by, what truly matters to you in terms of your own self-esteem, your sense of your deeper self. This can be fun, since talking about your values with friends and people you respect can help clarify what does matter to you. It can also be frightening because, in a sense, your values really do define who you are.

Values aren't innate; you aren't born with them. You've been raised in a family that has some specific values, and because these values are familiar and because you may have seen them serve your family well over your lifetime, you'll probably be inclined to adopt them. But you must decide if those values are the ones you want to guide your behavior as an adult.

Preferences are another of those four elements involved in all your choices. Preferences are not as important as your values; they can change a lot depending on your circumstances at the time. The things you like and the things you don't like are part of your preferences. It's often hard to know where they actually came from. You'll know, however, that you like one sort of music a lot more than another or, say, that your interest in one sport or athletic activity is a lot stronger than that of your friend or your sister. One reason there's so much advertising around is that companies make an effort to inform you about a product and to persuade you that it addresses your preferences.

Preferences vary a lot in their intensity. You may have a preference for action movies over romantic ones, but it might be only a slight edge for this over that. Other preferences can be intense and can really motivate you to take one action or another.

These two elements—your values and your preferences—essentially tell you what you're aiming at, what you're after, what your objec-

tive is when you make a choice. If you didn't have any preferences or didn't consider any values important, you couldn't really make a real choice about anything, from your lunch to your life's work, since it wouldn't matter to you if you had no preferences. Values and preferences give you direction. They define your objective. That's a start.

The third element involved in your choices is your *capability*, and that's got a lot to it. One set of capabilities reflects your resources. Money matters. Your access to money is a crucial factor in making some of the choices we'll discuss (and it is a key objective when we consider others). A very different set of capabilities are your skills: the knowledge you've acquired and the personal attributes you bring to the table, like your personality, energy, and appearance. Again, some of the choices that we'll be focusing on—schooling and health habits, especially—greatly influence these capabilities.

The fourth element is your *opportunities*—the options from which you make your choices. You may have been told that you make your own opportunities, and, indeed, that can be so, but only to a degree. There's a reality out there. You were born at a particular time, grew up in some specific location (or several places), and are facing these life decisions in the context of some particular time and space, with options that are good or not so good. Recognizing and assessing the value of the opportunities you have, and understanding what opportunities you are not likely to have, are all part of making sensible decisions that we'll explore in this book.

But you have a lot to do with how well or how poorly things turn out: three of the four elements of your choice are embedded within you, and only one, the opportunities you confront, is outside yourself. That itself can be energizing. While you can't do it all on your own—and if the opportunities aren't there, it doesn't make a lot of difference how "capable" you are—a lot of what matters is within your control.

All of us have heard stories about someone who has had just incredibly bad luck but who picked themselves up, making the most of a bad situation, and turned things around despite setbacks. Everyone will have setbacks in their life. We all meet with disappointment. It's been said that what determines how successful you are in life has a lot more to do with how you handle those disappointments than

how you respond to the good things that come along. So get ready to overcome the bad events and to take advantage of the good ones—you will certainly confront both.

Even if you're aware of these four elements (your values, preferences, capabilities, and opportunities), decisions can be difficult. Throughout this book we'll consider choices that are important because they can have a big influence on your life. So, yes, making choices can be somewhat scary. Also, while many of these decisions can be changed later, there's usually a cost to doing so. And when a choice really can't be undone, the stakes are high.

Another reason a lot of choices are so hard is that you often don't know exactly what will happen if you choose one option or another. Uncertainty is a pain. But since it keeps showing up when you think about the sort of decisions we'll talk about, you've got to figure out how to deal with it.

Still another reason some choices are so difficult to make is that they are often interconnected with other important decisions. That makes decision making all the more complicated. What you decide about one choice can affect what you'll want to do about another. Then you won't really know how the first one turns out before you'll face a couple more related choices, which adds to your uncertainty.

Of course, whatever you choose, a lot of stuff happens. Sometimes it may seem that you don't really have any good choices or, for that matter, any influence over how your life goes, no matter how carefully you plan. But even if you can't control everything—and you certainly cannot—it makes a lot of sense to consider your options and to make a choice, even when you can't know everything you'd like to. Punting or avoiding a choice because it's hard is almost never a smart strategy.

The good news is there is some guidance that can help you with these choices, even though it is not the case that this book, or for that matter any advice or guidance from anyone, can tell you what you ought to do. Again, your best choice depends on your values, your preferences, your capabilities, and your opportunities. You run your life, not your parents or your friends, not your teachers, mentors, pastor/priest/rabbi, or anyone else. You. It's your life—it's yours to

make the most of, and it's you who will suffer when things go wrong or float in the clouds when things go well.

A pretty good word for this aspect of adulthood is “sovereignty”: independent authority and the right to govern oneself. Since you have sovereignty over yourself, you should be skeptical when anyone seems to think they can offer you easy answers to some of these life choices—guidance, yes, suggestions, of course, but answers, no. Be careful about accepting anyone else's answers as your own.

Now, of these four elements of choice, we'll focus most of our attention on your capabilities because some of the bigger choices you'll face will help determine just what your capabilities are. We'll also emphasize some of the opportunities you have. By contrast, your values and your preferences will not be a focus here—they lie outside the boundaries of this book, despite being really important to the decisions you make.

That's where the concept of sovereignty comes in. We won't explore where your values come from, and we will only address one preference in particular, something we'll call your time preference, which has a lot to do with the choices we will be discussing. Since we're emphasizing how to make sensible decisions, all four elements will play a role, but most of the concepts we'll use relate to your capabilities and opportunities. And the facts we'll explore are facts about outcomes, not about those basic values or preferences.

THE TOOLS IN THIS BOOK

What we will do in this book is focus on two useful tools: concepts and facts. The *concepts* offer guidance about what to consider when you are facing some of these big decisions. These will be based on what some call the science of choice arising from the fact of scarcity. You don't have to know the science to be able to take advantage of the help it can provide you, just as you don't need to know a lot of biochemistry to take advantage of the prescription medicine your doctor suggests you take. We'll try to benefit from some of the insights of that science but not worry much about where the ideas come from. (A glossary at the back of the book will give you some definitions and

names for some of these concepts; if you are especially interested in any of them, there are also suggestions of where you might look them up.)

The second tool, the *facts*, has value if you think knowledge about how others have handled the choices you face might be helpful. Knowledge is affirming and empowering. It can be downright comforting to know what others have decided about these same choices. Together with the concepts, the facts will suggest some of the things you might want to consider and show you the range of options you may have. The facts will also tell us how many people chose one thing or another, and in some instances we will see how those choices worked out for them.

We can get the facts in a couple of ways. For most of the topics discussed, there are general government statistics that are quite informative, and I'll cite a few in each chapter and indicate where you can get more information if you're interested.

Additionally, there's a source of information we'll use that's based on an enormous effort that the federal government, through the U.S. Department of Labor's Bureau of Labor Statistics, has undertaken. It is an ongoing study of the choices made and the resulting outcomes of a large group of people, namely, Americans born in the five-year interval 1980–1984. On January 1, 2000, they were all 15 to 19 years old, so we can call them “Teenage America at the Beginning of the Twenty-First Century.” They are often called Millennials, but we will just call them the “1980s Cohort” (a “cohort” is just a group defined by the individual members having something in common—in this case, all those born in a specific five-year interval).

If you are near your early twenties, this 1980s Cohort is just enough ahead of you in age that the choices they made can be instructive. Their choices have, by now, resulted in them likely being your boss on the job, or your rabbi, priest, or minister if you have one, or maybe your teacher, mentor, caseworker, or whatever, and maybe your older cousin or neighbor. So it's interesting to see what choices they made, and in some instances we can also see some of the consequences resulting from those choices.

We don't need to have information from everyone in the cohort to know a lot about their choices and to know it quite accurately. That's

the beauty of what we call scientific sampling: a correctly drawn sample from a much larger group, with a careful collection of information, can tell us a lot, very accurately, about the whole group. In our case, we have a scientifically drawn sample of about 9,000 people, and this tells us something about the 18 million people in the United States born in that five-year interval.

The sample was drawn in 1997, and the men and women in the sample have been willing to be interviewed every year in a face-to-face, hour-long interview. If you want to look it up online, the sample is known as the National Longitudinal Survey of Youth, 1997, or “NLSY97.” The purpose of the survey was to see what the people in that birth cohort—all 18 million of them—have been up to in terms of their schooling, their employment and earnings, their family life and other major activities and interests. In each chapter of this book, we will make use of this information about the choices these people made as we consider the big decisions you will be facing. There is also an appendix at the back of the book that tells you a lot about the backgrounds and family circumstances of the 1980s Cohort.

LEARNING HOW TO APPLY THE TOOLS

We’ve got a lot of exciting ground to cover. You’ll bring your values and preferences, and we’ll discuss the capabilities and opportunities that are relevant to five important life decisions. You’ll see that some concepts will be useful in addressing many decisions you’ll confront. But not all the concepts are relevant to every choice, of course, and one of the things you may hope to develop is a sense of when one of these concepts is or is not useful in thinking about some decision you face. I’ll try to help you develop that sense.

It is quite likely that you have already made a decision, at least a tentative decision, about one or another of the choices we’ll focus on in the chapters that follow. That will be helpful, actually, in a couple ways. For one thing, some of the concepts we discuss may have been part of your thinking when you made the choice you made. If so, it can be clarifying to have the concept developed further here so you can use it more effectively in the future. If you did, in fact, incorporate that concept or idea as you made your decision, you will be in

great shape to understand its usefulness. Then, if one or another of the concepts introduced here is something you hadn't thought to consider when you made your choice, it is all the more important to come to know that idea, to incorporate it into your thinking in the future so it can be of use to you.

The big decisions we consider in the chapters ahead are ones all young adults face and that will, somehow, get made. You will be making important choices for much of the rest of your life, right up to your old age—if you are so lucky. The scarcity that necessitates choice doesn't go away. Getting good at making decisions and bringing a little more wisdom and good sense to those choices is well worth some effort. Let's now turn to the first of the five life decisions.