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Living Large in the New Millennium

We are the first stage since the dawn of civilization in which people dared to think it is practicable to make the benefits of civilization available to the whole human race.

Arnold Toynbee (1889–1975)

At first glance, the new millennium has brought us more of the strife and uncertainty that haunted the 20th Century. This perspective, unfortunately, has been shaped largely by gut-wrenching headlines: roller-coaster financial markets, corporate bankruptcies and malfeasance, international political and economic crises, sporadic terrorism, and environmental degradation, to name a few. For many, our liberal free-market system *feels* seriously broken. Yet behind the daily media assaults, monumental, positive forces are transforming the world—largely for the better.

This book explores the ways in which life is changing and improving, providing greater wealth and opportunity for more people than ever before. Such prosperity is altering not only the material world, but also human needs, values, and virtually every aspect of life. Many social upheavals in rich, middle-income, and even poor countries reported in the media reflect the current warp-speed changes in global lifestyles. While such historic changes do indeed create painful adjustments, make no mistake: The world is wealthier today than it has ever been.

Measured by virtually any yardstick, you are—whether or not you know it—*wealthy*.

This is particularly true for any college-educated American. Yes, we Americans must work, but not as our grandparents or great-grandparents did to eke out survival minimums of food, clothing, and shelter. We still work to eat, but today, it's for food we *desire*, not the minimum calories needed to survive. Our choices are vast, from fresh organic vegetables and exotic fruits from around the world to prepared microwavable meals. We also work to eat out, whether it's at a diner, an Outback Steakhouse, or a trendy Zagat-rated restaurant. Americans now spend almost as much money dining out as we spend eating at home.

We still work for clothes, but not simply to cover our naked bodies. We want to wear the *right* clothes, whether they're from Old Navy, Eddie Bauer, the J Crew catalog, or a chic boutique. We don't buy basic shoes; we buy Nike Air Jordans, Timberland boots, or Gucci loafers. We want new, stylish wardrobes every year, and most of us discard clothes well before they're worn out.

We still work for shelter, but more for nesting in houses or apartments that we own, or will own when our mortgages are paid. We work to live in taller high-rises with views, prettier suburbs with better schools, or luxury condominiums with health clubs. We work to live in gated communities, to have vacation homes and time-shares, to renovate or add on, to decorate and redecorate from IKEA, Pottery Barn, Crate & Barrel, or Horchow.

Perhaps most importantly, we work to entertain ourselves when we're not working. We work to buy Sony's largest and flattest television, theater tickets, the best sports or movie packages on satellite TV, Dell's newest Pentium computer, Madonna's latest compact disc (CD) or download, and Barbie dolls, BMX bikes, and X-Boxes for our kids. We work to relax and read *Forbes* or *Entertainment Weekly* and watch rented videos from Blockbuster. We work to sun at the beach, fish at the lake, gamble in Las Vegas, fly to Hawaii or Disney World, take a cruise, or maybe sightsee in Europe. Many work not to own just any car, but to buy a second or even third car, or to upgrade to the latest Lexus or Jeep.

These trends underpin my definition of wealth in the new millennium: freedom. Freedom from hunger, from disease, from short lives, from illiteracy, from debilitating physical labor, from poor housing, from shabby clothing, and not unimportantly, from boredom. It is this physical and psychological wealth—or freedom—for

which all humans strive. While this wealth has largely been concentrated in a handful of Western economies, wealth has grown around the globe: There are 1–2 billion people alive today whose lifestyle exceeds anything kings and queens dreamed of 150 years ago, and another 2–3 billion only a generation or two behind.

A key driver of wealth has been the historic migration in labor from back-breaking agriculture toward industry and services.

Having spent more than 15 years working with developing countries, I can say that these trends are altering life in Asia, Africa, Latin America, and the former Soviet Union, in some ways, more than in the West. For example, India's middle class is more than twice as large as the entire Canadian population. China, the world's most populous country with more than 1.3 billion people, now doubles its economic output every 10 or 12 years, or 3 times faster than the U.S. By 2030, China could easily have a consuming middle class the size of the entire U.S. population.

Current living standards in most of the world—including much of Asia, Latin America, and the former Soviet Union—have risen dramatically beyond those of the 19th Century, and a formula for meeting humans' basic needs has been found. Yes, much of the world lives on less than \$5 a day. And tragically, there are still over 1 billion people who live in abject poverty—on less than \$1 a day. But striking progress has been made over the last 50 years, and recent World Bank studies project true abject poverty will halve by the year 2020.¹

One of the key drivers of wealth has been the shift in labor away from back-breaking agriculture. Two hundred years ago, almost all of humanity toiled 16-hour days, 6 or 7 days a week, just to feed, clothe, and shelter themselves. Few people lived past 60, and many died at birth or early in childhood. But improved pre-natal and maternal healthcare and education have boosted life expectancies, and better nourishment has bolstered the underlying health of all people. In fact, there has been a larger leap in worldwide life expectancy over the past century than at all other times in history, combined.²

As economies move away from agriculture toward industry and services—as first seen in the West—economic output, or Gross National Product (GNP), expands dramatically, triggering profound lifestyle changes (refer to Table 1–1).³ For example, in Kenya, where 80% of the labor force is in agriculture, GNP per capita is a mere

Table 1-1 The Nature of Labor and Wealth in the New Millennium

Country	Kenya	India	China	Egypt	Mexico	Poland	Hungary	Taiwan	Spain	Canada	Australia	U.S.
<i>GNP Per Capita (\$000, p.a.)</i>	0.35	0.44	0.75	1.3	3.8	3.9	4.5	12.0	14.1	19.2	20.0	29.2
<i>% of Labor Force in:</i>												
<i>Agriculture</i>	80	60	50	34	17	19	8	8	7	4	5	3
<i>Industry</i>	7	18	23	22	27	32	35	37	31	22	21	23
<i>Services</i>	13	22	27	44	56	49	57	55	62	74	74	74

Sources: *The Economist*, *CIA Factbook 2002*.

\$350 per year. In Spain, where less than 10% of the population farms, GNP per capita is 40 times higher. Keep in mind that only 5 generations ago in America, it took 19 farmers to feed themselves and just 1 non-farmer. Today, one American farmer harvests for 200 non-farmers, not only in the U.S. but also for export markets.

As wealth is created and the ability to satisfy basic needs increases, individual and community values shift. These values underpin how societies are organized, from economic philosophies to politics, religion, family, culture, education, and the environment. Money does change everything.

Shedding light on these complicated economic, political, and social trends requires a holistic approach, combining seemingly unrelated fields of basic science, demography, sociology, psychology, economics, history, popular culture, and mass media. At the core of my wide-ranging, multidisciplinary exploration of how wealth changes the human condition is the concept of a hierarchical values system. Societies with different needs will, ultimately, promote different values. A married couple in Peru that needs to feed their family on \$3,000 per year will not be interested in the latest Maytag dishwasher that captures the attention of a couple making \$50,000 per year in Peoria. Simply stated, what a particular group of people needs to physically, emotionally, and psychologically sustain itself ultimately shapes its value system and way of life.

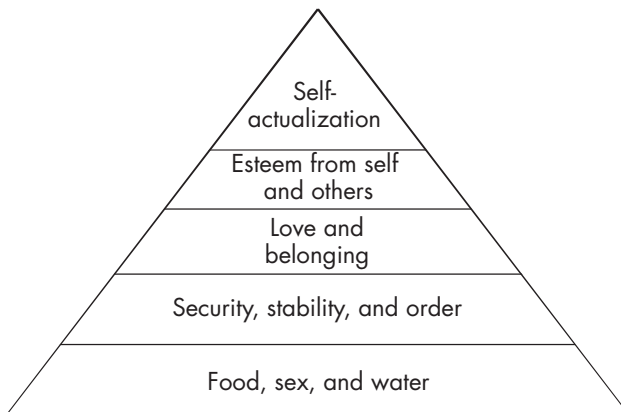
With this focus on human motivation, I am proposing three broad classifications of modern existence: Biological, Material, and Experiential. These categories correlate generally to annual per-capita GNP levels: perhaps up to \$2,000 per annum for Biological

societies, \$2,000–50,000 in the wide Material range, and \$50,000 and above in Experiential-trending populations. However, these terms are meant to encompass broader measures of socio-economic progress than pure output and income, such as education and health levels, gender and minority participation, and leisure time. Where a particular society falls in my framework is an important indicator and driver of the lifestyle and value transformations we'll discuss.

This division of life into three categories is, of course, a conceptual device. There are no simple or absolute categories for complex social, political, and economic development. There are few countries that fit neatly into just one of these classifications; all three exist in every society to some degree, although the number of Experimentals in Ghana or Biologicals in the U.S. is relatively small. In fact, the uneven mix of these three groups *within* and *between* countries may lead to some of the most significant conflicts for the world in the coming decades.

During my career on Wall Street, I have seen the limits of studying development in traditional financial terms. What drives progress is far more complicated than cold economic theory; this is why my framework draws heavily from motivational psychologists and social scientists. In the 1960s and 1970s, personality theorist Abraham Maslow popularized the notion of a hierarchy of human needs: All people have a rough pecking order of wants. Such needs are arranged in a motivational ladder (see Figure 1–1), requiring satisfaction of needs on the lower rungs before those on the top rungs.⁴ This provides an interesting starting point to discuss my three classifications of societal development.

Figure 1–1 Maslow's pyramid of human needs.



THE BIOLOGICAL PHASE

First, all humans must satisfy their physiological and safety needs, which correspond roughly with Maslow's bottom rungs. Such needs are unbelievably powerful. Imagine not eating or sleeping for a couple of days, or being stranded in a snowstorm; all other non-survival needs would be blocked out. For the average American, meeting such basic "Biological" needs is not an everyday challenge. But for some 2–3 billion people around the developing world, the next batch of calories is still a prime motivator to work.

Once the subsistent needs are met, humans crave security and order. Without such stability, planning for the future and creating widespread wealth are virtually impossible. One only needs to look at war-torn parts of Asia, the Middle East, and Africa to see how economic growth is stunted by a variety of physical and political instabilities. While everyone has higher needs and aspirations, physiological imperatives tend to shape behavior, values, and social institutions in Biological societies.

In places where people now live on \$1–5 a day, life is not much different from how it might have been in the U.S. or Europe some 150–200 years ago, before the Industrial Revolution. These Biological economies tend to be agrarian, with long days spent toiling in fields. Life expectancy in these countries is among the world's lowest, ranging from 40–65 years, versus nearly 80 years in the richest countries. Short life expectancy is also linked to infant mortality rates, which are typically between 30–90 per 1,000 births, versus 5 in the U.S. As a result of high infant mortality, birth rates tend to be greatest, along with family size. The average Biological household is roughly twice as large as the average in wealthy North American or European countries, with maybe 3–4 children versus 1 or 2, and with grandparents sometimes living under the same roof. Literacy rates, too, are low in Biological societies—often less than 50%, and large segments of the population are never formally educated. Women are often second-class citizens, legally and culturally, and minority rights rarely exist.

Biological economies tend to be statist, or centrally managed, with frequent government intervention, and geared toward meeting only basic human needs. Often, these impoverished societies can be dominated by religious beliefs that reinforce the value of order, structure, and predictability. Sometimes religious groups control government, like the Taliban did in Afghanistan. Biological populations tend to be organized in small communal units that stress

conformity and tradition, with social and economic mobility virtually nonexistent. In the societies, democracy often takes a backseat to autocracy.

In short, how a society's needs are met determines the values of that society, and Biological governmental and community networks are organized primarily around survival principles. Countries characterized as largely Biological might include Haiti, Kenya, and Bangladesh. However, some more populous, stratified countries like India and China also have large Biological-oriented segments.

THE DAYS OF OUR LIVES

While a woman in the U.S. is waking up to go to Starbuck's before work, her counterpart in Ghana may be collecting firewood to make the morning's breakfast. A South Korean woman may be heating breakfast over the stovetop when her cell phone rings.

So begins the day of different women in Biological, Material, and Experiential societies. While there are no countries that fall completely within one category, certain parts of the world are more representative of each phase than others. Ghana, with an annual GNP per capita under \$400, is almost entirely Biological; South Korea has elements of all phases, but generally falls into the Material; and the U.S.—though largely Material—has large segments that have entered the Experiential phase.

Ghana: The Biological Day⁵

For a woman in Ghana, the day consists largely of work: Each day she will spend 25 minutes collecting water and 43 minutes collecting the firewood needed to heat the water and prepare meals. She will walk 48 minutes to work because the country lacks the basic infrastructure to provide for buses and bicycles. Like most of the population of her sub-Saharan African country, she farms for a living. Indeed, the nation's domestic economy continues to revolve around subsistence agriculture, which accounts for 36% of GNP and employs 60% of the workforce, mainly small landholders. She makes just over \$1 a day.

Each morning, she wakes before sunrise and prepares breakfast by the light of a kerosene lamp. The house lacks electricity, a telephone, or a TV. During the day, this woman and her husband will work in their cassava field a few kilometers from their hut of mud walls and thatched roof. She will carry her baby on her back all day. After a lunch of yams, she will walk 28 minutes to the nearest mill to have the cassava ground. If it is market day, she will

spend 2 hours and 8 minutes regardless of weather to walk to the market to buy the things the family cannot produce and to trade their surplus. If someone in the family falls seriously ill, it is unlikely that they will see a trained doctor; only one-quarter of the population has access to such healthcare. Long-term malnutrition stunts the growth of 31% of Ghanaian children. This woman has five young children. The two eldest attend primary school, but are unlikely to go on to secondary school. Only 1 in 3 children are in school for any given age group—this number has declined from the 1980s when enrollment rates were higher. Female children have even less opportunity than males; adult female literacy is about 75% of the male rate.

GHANA at a Glance:

Output per capita:	\$340
Life expectancy:	61
Calories per day:	2,237
Adult literacy (male/female)	80/62%
Fertility rate:	4.2
Phones, fixed and mobile (per 1,000):	18
Computers (per 1,000):	3

Like most of its neighbors, Ghana suffered from serious post-colonial political instability and experienced nine changes in government and four military coups between 1957 and 1983. Today, Ghana is a constitutional democracy with an elected president. While there have been charges of corruption and dubious political practices, the country is moving toward greater openness and political participation. In fact, compared to its sub-Saharan neighbors, Ghanaians enjoy relatively high levels of political freedom, though most do not vote. A large portion of the population is

Christian, but traditional religions and rituals are still important and Islam is practiced by 13% of the population.

While social progress is being made in Ghana, at the present rate of growth, it will be two decades before a significant Material middle class develops. Even then, a majority of the population will still live in the Biological phase.

THE MATERIAL PHASE

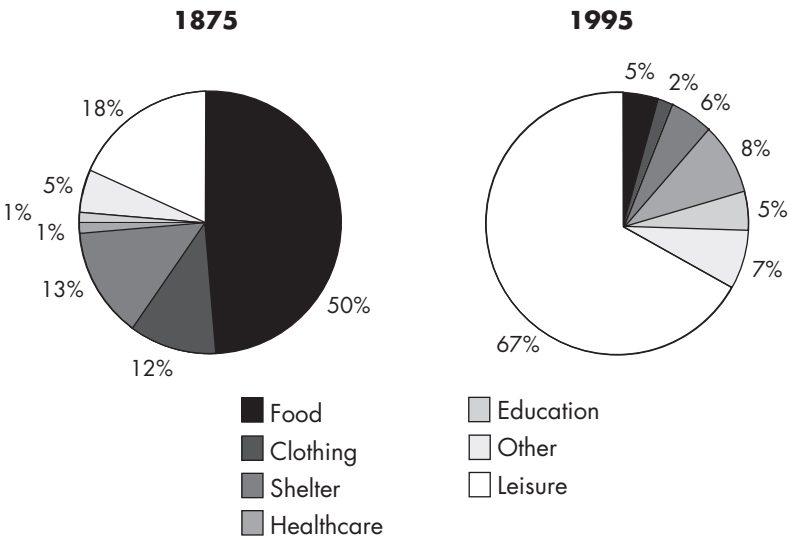
This stage begins to evolve when large segments of a population move from subsistence agriculture to factory and service jobs. The Industrial Revolution ushered in this phase in the West, raising productivity, and promoting the mass production of goods, new economic efficiencies, and the advent of true markets. This migration from farming has a profound impact on people’s lives, as the amount of time and income spent on necessities falls precipitously, providing people the new opportunity to enjoy *leisure*. This is the great legacy of technology and industrialization: People produce

more in less time and come away from work with more disposable income and time to spend it.⁶

As personal income grows beyond what's necessary to cover basic food, clothing, and shelter, work becomes intertwined with social and status-linked needs. Figure 1–2 shows that as societies move from agriculture to manufacturing and services, income grows and people net more leisure time and money to consume nonessential items. In 1875, when more than 95% of Americans farmed, only 18% of income was spent on leisure. By 1995, leisure spending ballooned to 67.5%, with less than 3% of Americans engaged in farming. Over the same period, the percentages of income spent on food, clothing, and shelter fell dramatically.⁷

Economist and author Paul Zane Pilzer argues that once basic biological and security imperatives are met, people are thrown into the realm of *alchemic demand*, a phase that neatly describes how economics and human needs are joined at the hip. Pilzer believes that 90% of what is consumed today in wealthy countries like the U.S. is unnecessary for Biological existence, but satisfies alchemic “quantity” and “quality” demands. A “quantity” demand is the want for more of what one already has: more food, another pair of jeans, an extra CD player. Indeed, the demand for a second or third item—like a telephone or car—is often greater than the demand for a first one in wealthy countries.⁸

Figure 1–2 The changing pattern of the consumption composition of American household spending, 1875 and 1995.



However, demand for increased quantity is often capped by *Engel's Law*: One can only eat so much regardless of income.⁹ Once well-fed and clothed in a moderately wealthy society, people want *better* food and clothing versus more. This creates what Pilzer calls “quality” demand. There are entire industries and movements built on quality demands, segmenting products and services beyond imagination. As Pilzer observes:

A typical middle-class American couple would have little interest in buying a third Chevrolet to add to the two they already own. But they might jump at the chance to get rid of one of the Chevrolets and upgrade to a BMW. A young executive whose closet is filled with eight \$400 suits would probably have little interest in purchasing a ninth one. But he might jump at the chance to purchase a new \$800 designer suit.¹⁰

In Material societies, people tend to focus on status and esteem needs, since they are no longer struggling to meet the physiological needs described earlier. In countries where large middle classes are developing, communal values tend to weaken while individualism grows stronger. Simultaneously, secularization of economic and political institutions occurs. With greater freedom from concern over survival necessities, Material populations begin to consider the possibility of controlling their own destiny, which may translate into greater democratic tendencies. Material life in the new millennium is dominated by the desires for status, recognition, and the freedom to live a life of choice.

Don't underestimate the far-reaching importance of these social needs. In his seminal book, *The End of History and the Last Man*, Francis Fukuyama calls the universal need for esteem, or “recognition,” the greatest and most misunderstood motivator in history. Indeed, while such social needs manifest themselves economically in where people decide to work and what they buy, Fukuyama wisely notes that these needs ultimately create demands for democracy and liberal economics—for a strong popular voice as to how government will operate. While democratic yearnings are not limited to rich populations, they are suppressed, often severely, in countries where subsistent needs are not readily met. As a result, greater popular political participation and a tendency toward democratic governance characterize the Material phase.

Material governments and institutions are built to foster economic growth and wealth creation. They become more bureaucratic

and centralized than those in Biological societies, and are focused less on supporting traditional community units. A significant feature of Material societies is the separation of traditional religious structures from everyday functions and institutions. This evolves when secular conventions—versus holy scriptures—become life’s rule-book, ultimately creating “civil” society with personal and property rights codified by laws and regulations, and enforced by an impartial justice system.

Material segments come away from work with more disposable income and free time to spend it.

Depending on the country, life expectancy in Material societies is averaging 70–80 years. Minimum daily caloric intake is not a problem for most; in fact, obesity might even become more prevalent, as in the U.S. Literacy rates often range between 60–99%. Family size tends to be smaller than in Biological countries, and there are better medical and health practices. Urbanization trends are well-established, and suburbanization is increasing in higher income Material countries.

Some countries newly entering the Material phase still have large segments of Biological populations, like Mexico, Brazil, Russia, Poland, South Korea, and Malaysia. Middle-stage Material countries include Spain, Israel, Taiwan, and others countries with \$10,000–20,000 per-capita average incomes. Material populations dominate wealthier countries like the U.S., Great Britain, Japan, and Germany. Indeed, most of these nations are more than two-thirds Material.

SOUTH KOREA: LIVING IN THE MATERIAL WORLD¹¹

Halfway around the world from Ghana, a woman in South Korea has awakened to an alarm clock and a quick shower. She may prepare breakfast for her family (two children and her husband)—possibly rice, fruit, and vegetables or kimchi (Korea’s staple spicy cabbage dish)—over her stovetop and wash the dishes under warm tap water, or perhaps in a small dishwasher. She will take public transportation to work. While more and more Koreans are buying cars, most do not have one. Like most Koreans, this family lives in a high-rise apartment building in a major urban area.

This woman works in a bank. Just over half of South Korea’s economy is in services. She makes over 40 times what the woman in Ghana makes each year, and uses her disposable income on a variety of goodies. A movie ticket in South Korea costs over \$6,

dinner for two at an average restaurant will be \$25, and a pair of designer jeans will cost \$40.

While this woman's grandmother probably could not read and write, a rapid program of industrialization and economic advancement implemented in the mid-20th Century has boosted Korea's primary and secondary enrollment rates to almost 99%. The woman holds a bachelor's degree from a local university, and she has studied English since grade school. Her husband, an engineer for a large electronics company, works long hours and makes more than twice what she does. Her two children—a boy and a girl—will most likely attend college and find jobs in the service sector.

The daughter loves to chat with friends on the Internet. She recently upgraded her cell phone for a newer, flashier model with changeable color cases. She seems to constantly be typing messages and will run off during dinner when her phone beeps, indicating an incoming message. Korean women are reported to be Asia's most active and sophisticated Internet chat users. They have affordable and fast Internet access through computers and through their mobile phones.

Along with the rapid rise in education and economic opportunity, South Korea has undertaken a concerted effort at government reform. The president and National Assembly are elected by popular vote. Koreans enjoy relative political freedom. The state is highly secular and religious authority plays little, if any, role in public life.

SOUTH KOREA at a Glance:

Output per capita:	\$8,600
Life expectancy:	73.2
Calories per day:	2,717
Adult literacy (male/female):	99/96%
Fertility rate:	1.7
Phones (per 1,000):	433
Computers (per 1,000):	153

THE EXPERIENTIAL PHASE

Generally freed from economic and social hardship, some wealthier societies have large populations that are increasingly focused on psychologically rooted needs: the Experiential phase of greater personal fulfillment.¹² At this level, the desired quantity and quality of material accumulation have been achieved and individuals look outside of the traditional social structure to find purpose and meaning in their efforts.

No country has a majority Experiential population yet, but there are growing numbers in the U.S., Canada, Western Europe (particularly Scandinavia), Japan, and Australia. And as mentioned

above, there are small segments of Experientials in virtually all countries, particularly in highly populated Biological societies such as India and China, as well as in dozens of Material-dominated countries. It should go without saying that everyone yearns for individualized, personal fulfillment, but economic circumstances often determine whether Experiential needs are pursued or lay dormant.

The University of Michigan's *Human Values Survey* highlights the connection between wealth, personal well-being, and the search for greater self-expression. There is a direct relationship between output per capita and the Michigan's Subjective Well-Being Index. Simply stated, higher output countries almost universally have more "satisfied" populations, although of course that does not mean wealthy individuals have problem-free lives.

Experiential people put less faith in traditional political and religious institutions and concentrate more on their own physical, mental, and spiritual fulfillment. In countries with growing Experiential populations, traditional government recedes into the background as people choose to participate in activities that fit their individual values and needs. The rise of tourism, the booming "wellness" industry (including everything from nutritional concerns, fitness, and cosmetic surgery to advanced medicines), and a growing interest in non-traditional spiritual practices (which may include new religious movements, or NRMs) are examples of this. Ironically, another Experiential trend is the "simplicity" movement, in which people drop out of the Material phase, believing that "less is more" in terms of achieving happiness. Having reached a level of economic security unprecedented in the world, these people are rejecting the purely material world in their search for greater holistic fulfillment. Echoing Maslow's "self-actualization" stage, Ronald Inglehart notes that once all physical and material needs are sated, people often place higher priority on self-expression than on pure economic effectiveness.¹³

AN EXPERIENTIAL SLICE OF AMERICA¹⁴

A woman in an Atlanta suburb wakes to National Public Radio on her clock radio. On her way to work (she drives a new Toyota hybrid, gas/electric car), she stops by the local Starbucks to get a skim milk latte and low-fat muffin. She works in marketing for a multinational corporation and earns almost \$70,000 each year in salary and bonus. She has both a bachelor's and master's degree

from major American universities. Her husband is a corporate lawyer and makes more than \$100,000.

At noon, this American woman attends a yoga class at the company gym. She grabs a made-to-order sandwich from a nearby shop and often eats at her desk. She leaves work a few minutes early to make it to her son's T-ball game. The family's nanny (from Mexico; she is teaching the kids Spanish) will pick up the little girl from her private Montessori kindergarten. After the game, the family will eat at a nearby Japanese restaurant.

When the family needs groceries, they no longer shop exclusively at a supermarket or Wal-Mart. Instead, they frequently opt for a small, local shop where produce is organic and meats are hormone-free. The family recycles all bottles, cans, and plastics each week, as mandated by town ordinance.

Once home, the boy will log online to research a school project. The father will watch his favorite TV show from the night before—saved on Tivo. The mother will relax with a glass of California Merlot and will read a book on Costa Rica. The family is planning a vacation there next month. They will spend one week learning about sustainable rainforest tourism, including a camping trip into the jungle.

U.S. at a Glance:

Output per capita:	\$29,240
Life expectancy:	80
Calories per day:	3,157
Adult literacy (male/female):	100/100%
Fertility rate:	2.0
Phones (per 1,000):	661
Computers (per 1,000):	459

Both parents are active in causes that are important to them: environmentalism and education. They serve on the board of a large environmental group and make large campaign contributions to local candidates promising to make changes. As wealthy Americans, their political and social freedoms are unrivaled in the world.

The two children will almost certainly go to college, and maybe even spend a semester abroad. Both are encouraged to excel in school, sports, and extracurricular volunteer activities. The family does not participate in any organized religious activities though the mother is from a Christian background and the father is Jewish. The children are educated about these beliefs, but are not encouraged to subscribe to either. It will be their choice when they are older.

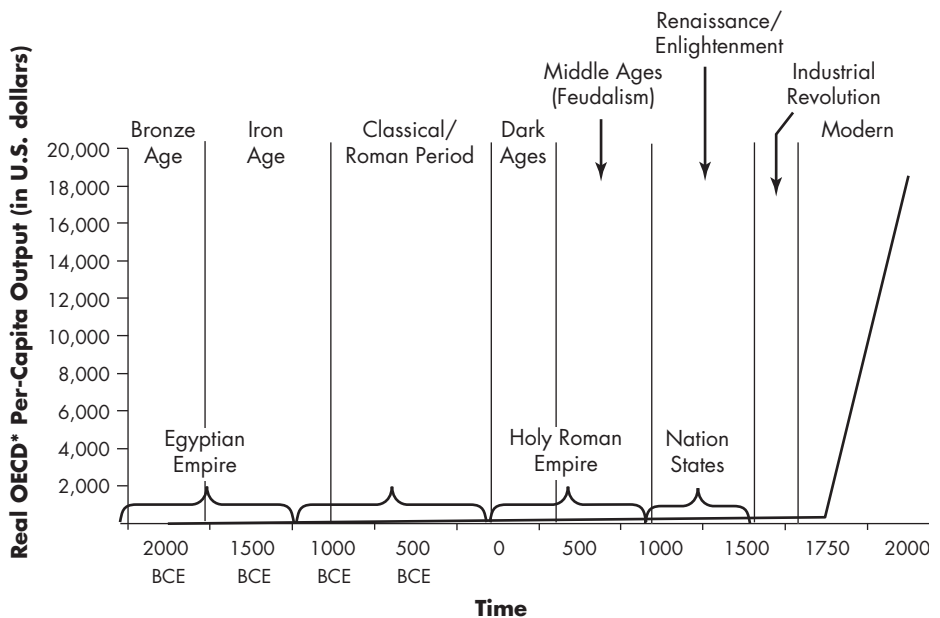
GOING FORWARD

Money Changes Everything begins with a historical overview of the world's shifting economies, followed by an investigation of how wealth is being created today. The remaining chapters will examine

how specific aspects of the human experience—government, family, religion, education, leisure, and the environment—are being transformed by prosperity. Most chapters will include a chart like Figure 1–3, showing the economic growth and historic changes that have occurred within each chapter’s area of focus.¹⁵

From my lucky perspective as a 21st Century American, wealth creates freedom: freedom to choose how one spends one’s time on earth. And because I see wealth increasing around the globe, I am unabashedly optimistic. But I am also realistic; I understand that wealth creation is not always fair or equal. Comparative advantage and free trade—the main engines of prosperity—are philosophies that inherently divide and segment people; not everyone gains evenly under them. The fact that some countries are split into my three phases within their own borders highlights this inequality. Moreover, it should not be overlooked that some 2000 privileged families in the world control more assets than the 2 billion poorest. Wealth creation is a tide that lifts most boats, but it certainly raises some higher and faster.

Figure 1–3 Wealth and human progression, 2000BCE–2000CE.



*Organization for Economic and Cultural Development

Table 1–2 Framework for Understanding Societal Development

	Biological	Material	Experiential
Economics	Steady-state, less-diversified agrarian or mineral-oriented; poor efficiency; some oligopolis; limited capital formation; largely essential goods; small middle class; vulnerable to external shocks	Market-oriented, more diversified mix of agrarian, industrial, and services; greater efficiency; some capital market formation; mix of essential and non-essential goods; less vulnerable to external shocks	<i>Laissez-faire</i> markets; highly industrial and service-oriented; little agriculture; great efficiency; high capital market formation; non-essentials very important; large domestic market, less vulnerable to external shocks
Government	Autocratic, possibly totalitarian; questionable voting and democracy; poor tax collections; limited legal system	Greater democracy, parliamentary; greater tax collection; improving legal system	Fully tested democracies; functioning accountable parliaments; reliable tax collection; fully enforceable, tested legal systems
Religion	Traditional and prevalent; possibly fundamentalist; still important sphere in government and culture	Becoming more secular; traditions fading; church less important in society; formal attendance and belief down; traditional values questioned	Very secular; formal religion less prevalent; formal churches less visible; rising spiritual and/or "self-actualizing" needs
Family	Larger, with high birth rates; multigenerational homes; largely heterosexual households; some female and child labor	Medium-sized, with modest fertility rates; single-generational homes; largely heterosexual, married households; growing female labor, and declining child labor (if any)	Small-sized, with low or negative birth rates; dispersed generational households; mix of single and marrieds, heterosexual and homosexual households; full female workforce; protective child labor laws
Leisure/ Culture	Traditional, religious, fundamental; little money spent on culture consumption; rural, but urbanizing; indigenous versus cosmopolitan	Traditions fading; secular cosmopolitanism growing; expanding income spent on leisure, entertainment, and sports; widespread urbanization, declining rural life	Secular, cosmopolitan; focus on work objective; high amounts spent on leisure, entertainment, and sports; urban and suburban, with little rural population

Constituencies not yet engaged in the wealth process, often illiterate and living under despot regimes, maintain traditional values at odds with those treasured in wealthy nations. The intellectually dynamic, free-market, democratic, secular lifestyle that usually accompanies greater affluence often can be despised and thought of as wanton, sacrilegious, and shameful by non-participants. Ironically, many technologies that have helped create wealth can be used to disseminate hateful propaganda or can even be fashioned into weapons to attack richer democratic societies, a risk that has greatly increased in the last three decades. The tragic terrorist attacks of September 11th are a stark example of this.

This is why everyone, everywhere should be concerned about wealth creation and globalization. It should be clear that a sagging Japanese economy, or a surging one in China, or a politically unstable African continent, or rising Islamic fundamentalism, or global warming trends resonate across all borders and affect all lives. The needs, values, and lifestyles of every society affect many abroad, and not always positively.

My objectives in *Money Changes Everything* are to demonstrate that wealth is a multi-dimensional concept, and that prosperity is altering human needs, values, and lifestyles around the globe—first in the West, and now for billions elsewhere. Not every person or every society will welcome these changes, and some may reject them completely. There will be many who adopt them, but might not benefit much from them in their own lifetimes. This book will show why these monumental forces should be understood, humanely and intelligently managed, and universally embraced.

Table 1–2 outlines a framework for understanding societal development.