

Another decade, another demonstration of timeless truths

COMMENTARY: SCOTT BURNS

Saturday, Jan. 2, 2010

I've been writing a newspaper column since January 1977. That's 33 years, 29 of them for syndication. It has definitely not been the same year, repeated 33 times.

But there are patterns. And there are rules. There are things that you need to do if you want to get by, let alone do well.

So think of what follows as the CliffsNotes from the past 5,000 columns.

- There is always a crisis. Now in my 70th year, I can't remember a single year that was uneventful. Whether it was the challenge of Sputnik, the liberation provided by birth control pills, the Vietnam War, the OPEC oil embargo, the S&L collapse and crisis, the first microcomputers, the arrival of AIDS, the endless discussion of tax cuts or tax increases, the energy bust of the '80s, the market collapse of 1987, the fall of Soviet communism, the rise (and decline) of Japan, the dot-com boom, the Asian economic bust, the millennium scare, the housing bubble, the financial bust of 2008 or worry about the end of the world in 2012, you can't talk about human existence without talking about one crisis or another. It's what we do.
- There is no free lunch. But there are some great deals. Many "free" lunches are offered, but there is always a hook because everyone is selling. We seem to have only two roles. We're either selling, or we are possible customers.
- Although a free lunch might be no bargain, the abundance of offers means we get some really great deals. I'm still thrilled that I can fly where I want, when I want, at very reasonable cost, that supermarkets are filled overflowing with wonderful foods, and that the Internet is an amazing cornucopia of human activity.
- We have to take care of ourselves and those we love. No one else will do it for us. Not our government. Not the companies that employ us. If we expect less, we'll do what is necessary. We need to get on with it. We need to stop hoping that someone else will take care of us. They won't.
- We must save. The only way to avoid the need for saving is to die very young. Since most of us will probably die old, saving is a necessity. So start, already.
- Debt can be useful, but it's not an honor. Having credit may be a privilege, but it's no status symbol. It's just a way someone else can make a buck. So we should borrow only when necessary and pay it back ASAP.

- In investing, expenses always count. The sales force wants us to believe otherwise because our expenses are their lunch or Mercedes payment.
- Simplicity works, complexity fails. We want to believe otherwise, but the financial services industry has proved, again and again, that complexity leads to disaster for everyone but them — and often for them, as well.
- Human creativity and energy are abundant. It's common for conservatives to worry that taxes will sap incentives, etc. In fact, creativity is a far deeper drive than anything that can be steered by tax policy. That doesn't mean we should have high taxes or gigantic government. It only means we should not underestimate the ubiquity of our drive to create, do better, do faster and do more.
- The wonderful curse of success. Our greatest act of denial is believing that there are no consequences for getting the longer lives we've wished to have for centuries. The greatest global financial crisis, the one we are just beginning, stems from a simple reality: Human beings have gained a year of life per decade for more than a century. If we live longer, we'll have to pay bills longer. That means saving and investing more.
- We're changing for the better, ever so slowly. Technological change may be faster than social change. But 48 years ago, there were only a handful of women in my class at the Massachusetts Institute of Technology. Today, the president of MIT is a woman. Women now account for half or more of all students in college and professional schools. Yes, large divisions remain, but we live in a far more open society than we lived in 25 or 50 years ago.

We can do better. Lots better. And we will.

Live long, prosper — and may your tribe increase.

Questions about personal finance and investments may be sent via e-mail to scott@scottburns.com.

Courtesy of JB Goodwin