A Brief Perspective on the Role of Private vs. Public

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Unions, University, and the Emergent Middle Class in the Context of a Reagan Legacy

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> Once, when the sun was unassuming, the sky fell silent, and only birds flew high, the air was of a slightly different shade of blue. Down on earth was found a breed of men that openly spoke about being thy brothers' keeper…

Such are the reminiscent streams of thought which come to us as we wander around our current political landscape—"there once was a time: A time when long-term 'public' investment was held in high esteem as a core principle in maintaining the future of 'private' democratic values." This is the kind of language used today by the likes of Louis Menand ("Money Pol," *New Yorker*, March 19, 2012) whereby a landscape is resurrected and a species is allowed to flourish up until some catastrophic event. For Menand, the landscape was populated by righteous men, private-sector types who answered a call to public service—for instance, a hybrid of liberal-minded republican men of the Nelson Rockefeller type.

Then a catastrophic event took place with the emergence of a Ronald Reagan presidency, amounting to a proverbial death meteorite which would wipe-out an entire breed and replace it with a new species of men, a new breed which would espouse "private" to mean the "shining city on the hill," a seemingly autonomous creation detached from its own creators as little reference to a public having ever built a city would be mentioned. For Reagan, public denoted government, and government was to be dismantled at all costs. Of course, Reagan would herald a very narrow view of government anathema to that which sought to serve ordinary people—such cursed definitions of government certainly would never include the nurturing of a military industrial complex, as no other president has resided over such a period of government expansion when military expenditures are tallied.

The manner in which Reagan decoupled work rendered (private/edifice) from actual worker (public/individual) meant that his focus, by nature, would in direct proportion increase the balance of preservation of material wealth at the top while decrease personal welfare at the middle and bottom: people who held stocks in corporations,

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buildings and real estate would do increasingly well. No other president has played such a decisive role in shifting upward the distribution of wealth in our country over the shortest span of time—this decoupling remains today as one of the most disturbing pieces of the Reagan legacy.

And let's look at this legacy just for a moment. During Ronald Reagan's eight year presidency, the wealthiest one-fifth of American households (the American stock-holder) saw their incomes increase by 14%. At the same time, the poorest one-fifth saw their incomes decline by 24%, with the middle three-fifths of American families' income remaining essentially flat (with any increase being the pure result of a supplement due to wives going to work—from here on out, it would be a husband/wife tag-team income). That's right: despite massive inflation of the late 1970s and subsequent recession of the early 1980s, Reagan still presided over an emerging, albeit fragile, American middle class however buttressed by a two-income household.

But let's also recall that Reagan came in to office upon prior legacies whereby back-to-back generations had benefitted from "New Deal" policies brought to life under FDR. By mid-term elections of 1978 leading into the 1980 general election, a typical family had more than doubled their incomes from that of 1947 (inflation adjusted), with incomes at the bottom, middle, and top fifth percentiles raising together in one fell swoop. (Later, we'll compare such quintile projections—as based on an "individual's/ public" income—to what we will find regarding "corporate/private" growth, where we find increment in one fell swoop. There is no right-wall to speak of just yet).

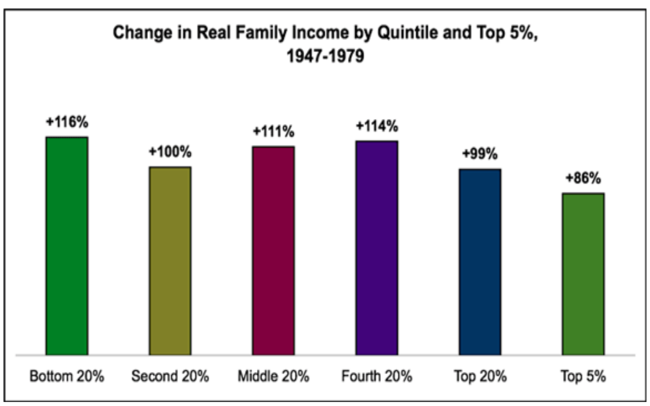

Table 1: (Source: Analysis of U.S. Census Bureau data in Economic Policy Institute).

This even leveling of economic growth would secure the middle class family for at least another generation before it would see its full demise under the Bush II legacy. But it is under a Reagan presidency that we see the beginnings of a real shift in the uneven distribution of wealth from earlier equitable redistributions of the 1940s through to the 1970s. What would accumulate as an uneven tsunami of distribution started as a single wave in the 1980s. Such water under the bridge would become the great and lasting Reagan legacy.

So, just how did redistribution work? Reagan did it by cutting income taxes (which were paid at a higher rate by the wealthy) while increasing payroll taxes (which were paid at a higher rate by the working poor and middle class). If this sounds like a familiar theme, it's because it is: the "Buffett rule" comes to mind. This allowed Reagan to shift the tax burden down the income scale. During the 1980s, the total effective federal taxation rate for the poorest one-fifth of American families (that group that saw its income decline by 24%) actually increased by more than 16%. By contrast, the effective taxation rate for the wealthiest one-fifth of families (the group which already saw a 14% increase) fell by 5.5%.[2] And this is only tax policy. When wages are examined, particularly CEO wage earnings, we find a similar wealth curve to the top. In 1975, a CEO would make 25 times what their average factory-floor worker would make. Today, as part of the Reagan legacy, the same CEO makes between 150 to 200 times more than their average worker. (With stock-options calculated, CEO earnings are "the sky's the limit").

The lingering effects of a Reagan legacy are in full view. The basic facts about the distribution and inequality of wealth we see in America are simply staggering. Even the staunchest 1980s Reaganite would be embarrassed by what we see today in the size and scope of the legacy's success and how it has greatly transformed what was already at that time becoming a fragile middle class. Perhaps dismayed by the sheer numbers, make no mistake about it, Reaganites rejoice at the fact that the spirit of the legacy is alive in well today. It is their solemn vision of the "American dream." Like-minded neoliberals continue the legacy by their unabashed American-style usage of patriotic tongue-lashing in support of such empty metaphors as *free-and-laissez-faire*, *private capitol*, *top-down*, and *pick-yourself-up-by-your-bootstraps* notions which all magically lead to the American myth—the lone urban cowboy, or what we might label as "American Exceptionalism." Make no mistake about it: all is in good working order for those who remain wedded to a Reagan legacy as our socioeconomic model.

However, for those of us who question the legacy, we use the same (embarrassing) numbers though to paint a very different landscape. For instance, Dean Baker (a CEPR economist)[3] writes that the top 1 percent sucked in more than 42 percent of the gains of economic growth over the last thirty years, and that the inequality gap has in fact doubled over the last three decades. The top 10% now owns 70% of all American assets. This translates in the bottom 90% sharing in approximately 30% of the nation's wealth. The disproportionate distribution indicates that most of the population has seen very little improvement in their standards of living over this period where there was otherwise an explosion of top 10% wealth. When breakthroughs in technology and increases in productivity are counted as positive by-products of top wealth, there is little excuse as to why the benefit should not have trickled down to the actual population.

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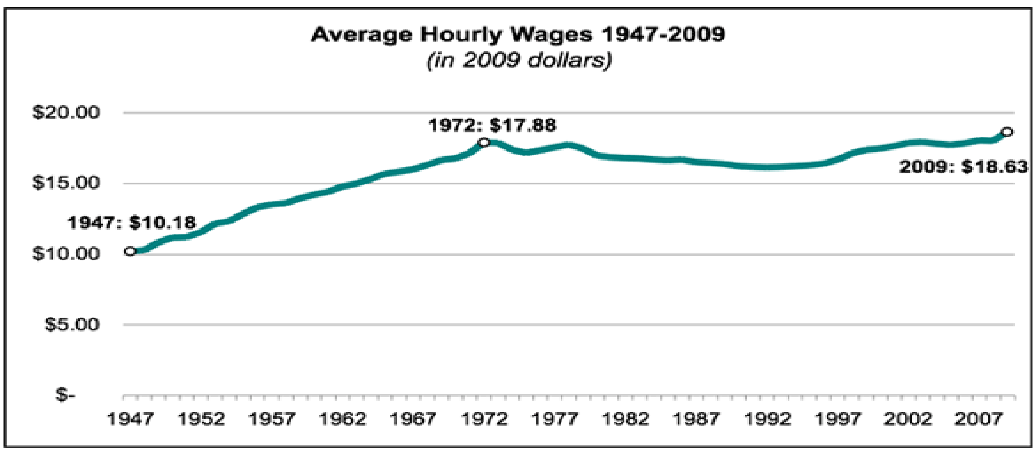
[2] Numbers taken from the Congressional Budget Office, "Congressional Study: Tax Progressivity and Income Distribution," 26 March 1990. CIS#H782-11.

[3] Dean Baker, (Center for Economic and Policy Research) "The Rent is Too Damn High," published on March 2, 2010 by Al Jazeera English.

Of course, one tenable argument is that the actual population has indeed benefitted since the general public is now able to purchase these products—notwithstanding the fact that most purchases made today are only allowed via liberal credit lines, as it turns out, and not as a direct result of the public's real purchasing power. But mere consumption doesn't seem to increase core standards of living in meaningful ways when debt-to-savings (or debt-to-real-wages) ratios align so negatively against the individual consumer. In fact, today, there is good reason to be suspect of any dubious claim that there continues to be a strong American middle-class purchasing power, even when we include the Walmartization that's taken place across the country, easing inflationary pricing. A more sobering note is that when mere incomes are taken into account in the form of average hourly wages, the purchasing-power (sans credit) has rather been depleted since 1982, with some latter gains coming on the heels of a Clinton administration.



Tables 2, 3: (Source: Analysis of U.S. Census Bureau data in Economic Policy Institute, Congressional Budget Office).

In the more robust years, from 1947-1979, the American Economy did see an incline and easing bell-curve in Median Family Income whereby the incomes of the bottom, middle and top rose together, with the growth of the middle fifth of the median family income ahead of the top 5% by close to 30%. Indeed, these were strong purchasing-power years. Such were the years of the *kitchen debate* between, at that time, Vice President Nixon and Soviet Premier Khrushchev over American home gadgetry and how the domestic industry would spawn American consumerism, proving how the American growth model would eventually out-pace that of the U.S.S.R. We could say the cold war was hot in the kitchen. Nixon was correct on at least one point—that there was a healthy American middle class at this time which could actually purchase such items, as 1950s credit accounted for very little in the way of purchasing power. These were the golden years which made-up the emergent middle class. Beginning in 1980, however, the *bell-curve* turns into a *right wall* with the top 20% upper-class tripling their incomes over the middle fifth, and where the top 1% saw astronomic gains of well over 176%. Any economic model that is based solely on credit consumption with little savings, as is our middle class at this current time in our history, is a good ingredient for economic disaster and social unrest.

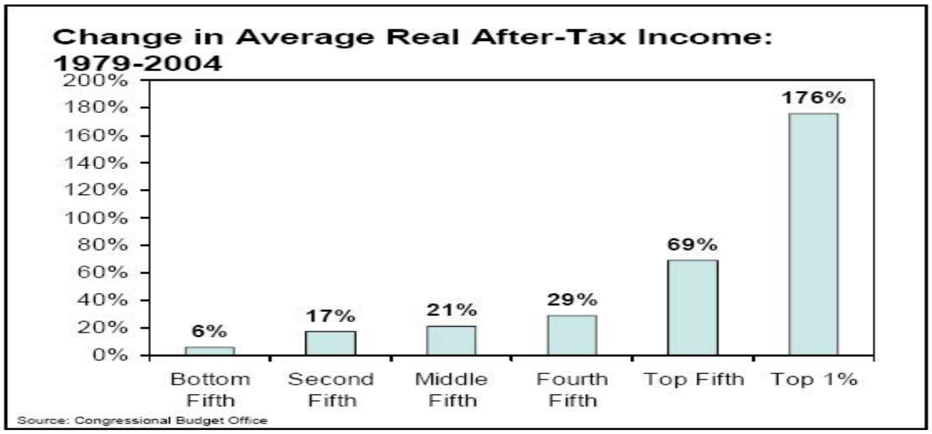
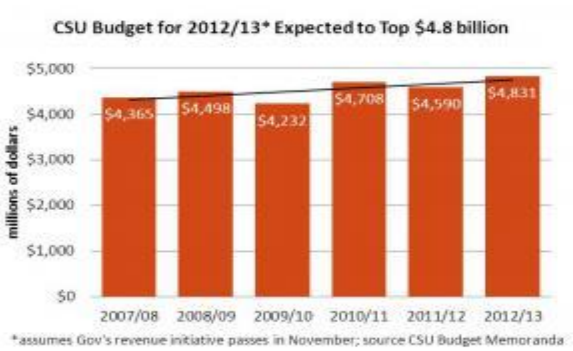


Table 3: the right-wall of wealth.

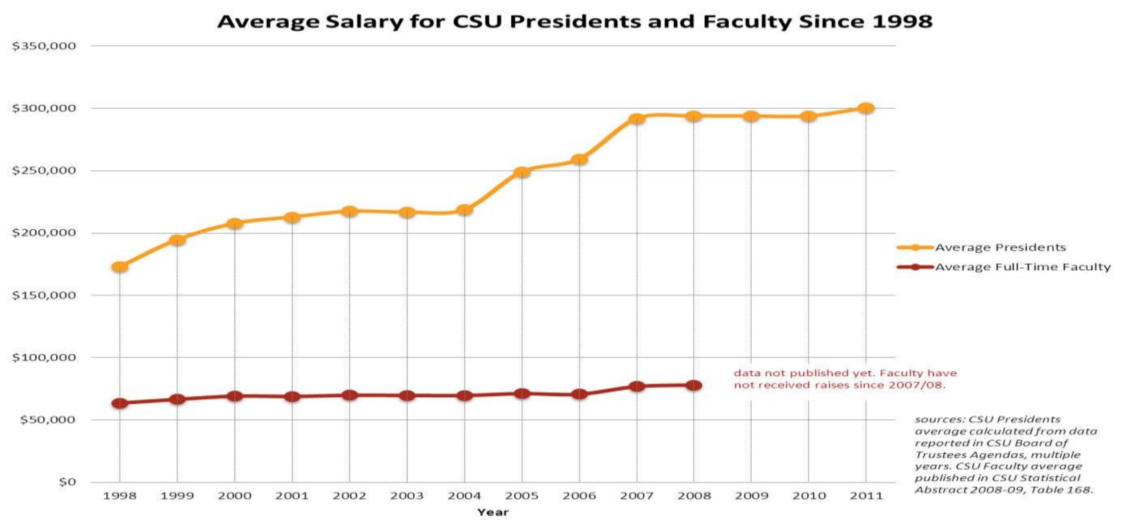
What is of interest about such graphs is that when you imagine large budgets of "private" corporations, such as California State University (CSU)) as cyborg individuals, as the U.S. supreme court has recently ruled, the spreads mimic the kinds of growth real breathing "public" people saw prior to Reagan (Table 1) (cf. CSU table inserts below). However, it rather seems the malediction of equating corporation to people was not always the case, and the numbers bear this out. Prior to Reagan, when companies along with their budgets grew, it grew in step with people. The thirty years prior to Reagan would see the top 1% of the population take in just over 20% of country's economic gains with the top 10% owning roughly 35% of all American assets. Recall this relatively even distribution is consistent with what we saw in Table 1.

We are all too familiar with such embarrassing wealth of numbers these days: since 1980, the current state of our economy has seen productivity gains in access of 80% with the incomes of the top 1% increased to over 240%. And today, corporate profits are at their highest share as a percentage of the economy in almost fifty years. All these present and past ostensive gains in productivity and wealth as indicative of top-heavy budgets apparently have had no "trickle-down" effect on the actual people behind the productivity, most of whom have seen their overall average wage remain essentially flat (and falling) for much of the past thirty years. We could call the likes of these unbalanced tables for what they are: "Reagan's dream."



The CSU is doing quite well as a business model, with some individual campuses keeping cash-flows as high as $171 million (in the form of unrestricted net assets). When individual faculty compensation is projected, a rather different picture emerges, with a flat growth and/or decline of faculty salaries (adjusted for inflation).

When top 1% CSU management is projected, we find the right wall of redistribution of wealth, with some CSU administration salaries exceeding $400,000 dollars per year. Over the 10 years from 1998 to 2008, the average salary of CSU campus presidents grew from $173K to $294K, a 70% increase. On the other hand, the salaries of full-time faculty over that same only grew from $64K to $78K, a 23% increase. The rate of inflation for that period was 32.1 % so faculty wages effectively went down while President wages went up at more than twice the rate of inflation.



There are other outstanding Reagan legacy issues worth noting. Taking a cursory glance back in time, sifting through layers of what had been built-up by prior administrations previous to Reagan—even by staunch republican administrations that were, in domestic terms, "liberal minded," such as the Nixon administration—we see that a myriad of what had been labeled under Johnson as "Great Society" measures and legislations begin to be dismantled under Reagan despite their strongly held public support. The great communicator apparently never got the word on such surveys of public opinion. In spite of the targeted alignment of his massive 1981 tax cuts to grand reductions in regulatory programs and spending such as on welfare, healthcare, education and environmental protection agencies—all such programs that the president would group under "big government" and that, again, would have to be dismantled at all costs—the general public nonetheless continued to maintain very high levels of public support for such government spending. Ironically, it would rather be Reagan's extraordinary build-up of military expansionism—that which he undoubtedly believed held the greatest support by the people—which received the least support of the

American people. Such held views reached their apex in survey after survey upon Reagan's exit. In other words, people were less persuaded by Reagan when he left office than when he took office—so much for the grand communicator and his high level of rhetoric to the American public. Of course, it very well may be the case that is was under Jimmy Carter that public opinion had turned against government spending and that Reagan was simply riding the wave of anti-big-government sentiment carried over from the previous four years. (Such surveys were compiled in 1993 by George Edwards, curator for the Presidential Data Archive and director of the Center for Presidential Studies at Texas A.&M. University under a sponsored program entitled "Presidential Rhetoric").

It's too often missed that it was under Nixon that the American citizenry received the benefits of the clean-water act, federal wage-price controls, food-stamps for the needy, unionized regulations such as the Occupation Health & Safety Administration (OSHA), as well as a host of other job security measures. Such government and regulatory programs which sought to stave off inflation and keep a strong middle class was financed by two important top-down measures: (i) the removal of the gold-standard that saw a 10% drop in the value of the dollar in relation to our trade partners' currency, which stimulated export growth (coupled with tax on imports), and (ii) a tax-rate policy for those making over $200,000 a year (in 1970 dollars) to between 77%-70%, with long-term capital gains of between 36%-27%. (Today, the share of profits being paid in taxes is near its post-World-War II low, while the aforementioned share of corporate profits remains at all-time highs). Not the kinds of tax numbers we have grown accustomed to with any contemporary neoliberal republican. But Nixon embraced a sort of progressive Keynesian economics, at least to a degree which sustained the kinds of growth projections we have grown accustomed to seeing of a middle class—where real family median incomes would outpace inflation from the late 1960s into the mid 1970s.

It wouldn't be until 1982 that a significant drop in real median income would occur and where the beginning of the right-wall distribution of wealth would begin. Such measures today wouldn't even make it to the floor of a liberal congress for rejection, let alone be initially promoted via bully-pulpit by any contemporary sitting president as politically "left" or as "labor friendly" as one (still) believes Obama to be. Obama would have no dog in these fights. Such is one leading indication of just how far politically rightward the country has shifted since Nixon—which was an already right-leaning government to begin with. So, where have all the liberal-minded republican minds of the Rockefeller type gone? They are currently nowhere to be found. This new species of Reaganites would do their utmost to tear at the very fabric of society whenever they viewed society as deemed reliant upon the role of government.

> In current Mitt Romneyan lingo, this "tearing at the fabric of society" could be easily recast and euphemized as "creative destruction," to borrow a private-equity/leveraged-buyout phrase which sits so nicely within the Bain Capital lexicon. Of course, such creative destruction would only be aimed at the middle-class/labor-union components of our society and never at the top-class/lobbyist. Most people who step away from a current Romney

campaign speech come away with the insidious feeling that labor unions are the real internal enemy.

Reagan would go on to fire over 11,000 (individual) striking air-traffic controllers in 1981, whereby bringing our public national air space into disarray over the next decade. The very notion that a management (let alone the U.S. government) can permanently fire people who go on strike is tantamount to saying that workers don't have the right to strike, even after binding arbitration and neutral fact-finding has successfully concluded in agreement with labor. Reagan would move forward in reducing the universal mission statement long held by our public educational system by strongly advocating private and religious school vouchers while, at the same time, weakening federal budgets for public mainstream education. Other attempts would prove fruitful with the weakening or complete removal of government environmental regulations carried over or grandfathered in from Nixon, Ford and Carter. The one central theme that reappears in all the above instances is that such concepts were seen as traditional roles mandated by the government in order to benefit ordinary people—such a government horrified Reagan (especially when such themes and mandates might be co-opted by labor unions). Such building-blocks towards an alternative legacy, a legacy "by the people, for the people" would have to be stripped away at any price.

But it's too easy to keep the blame-game on Reagan. For it was under Clinton's administration that we saw Free Trade (NAFTA), an otherwise acronym for Unfair Trade. It was with Clinton that we witnessed really for the first time the high level of foreign national involvement in the undercutting of the American labor-force, with Obama continuing the trend with the removal of over 600,000 public-sectors workers. This was openly achieved by NAFTA's endorsement allowing for subsidy injections of any Free-Trade member to its specific national industry. Such subsidies would amount to multi-billion dollar injections leveled against their NAFTA competitor, thus creating an uneven playing field from which the American worker would never recover. The classic case in point here was during the 1990s when Japanese cars were being dumped on American soil, much to the chagrin of Detroit. Recall, it was under the Clinton administration that we saw the removal of the banking "Glass-Stigel" act—a gem piece of legislated created under Roosevelt and successfully maintained up until Allen Greenspan got his hands on what until then was the quintessential regulatory fire-wall protecting public banking from private investment. (The recent JP Morgan Chase two billion dollar bet gone bad comes to mind, but too many other bad bets could be equally cited. It's sure that the Chase number will most likely triple in the coming months).

It similarly just takes a cursory glance back a little further to a different time and to a different breed of men to reflect upon the likes of a Martin Luther King Jr. and his march alongside striking garbage collectors (a solidarity march with workers of all ethnic backgrounds and where I am reminded of Ghandi's great Salt March to the sea). It was not so much that King favored a cleaner "shinny city on the hill" more than the next guy, but that he understood the building (of a clean city) could not be decoupled from the builder (who worked and lived in the same city). By decoupling work from worker, as Reagan did, and as is often inherently done with abstract compensation schemes (which rarely side with the worker), it becomes much too easy to forget about the social contract that underwrites all workers and their personal relation to their work and to undo the very fabric which motivates a collective people's will to work toward a common interest. Let me impress upon you that these are not communist-socialist themes, but rather true democratic themes.

Similarly to Menand, let's reset the time for our piece to the 19th century, when social contracts between the classes were discussed in ways which seemingly reflected a real attempt to improve upon the welfare of the less fortunate, and of the state. During this time, such social contracts would not only be philosophized, but would soon enough be called upon to act as aristocracies one by one toppled across Europe. This new fabric of society would involve a semiotic relationship between the emerging rich and the lower working-classes. It was from out of this time that Alexis de Tocqueville came to study a slightly different version of Democracy we call America (American Exceptionalism). One of the striking aspects that always attracts me to Alexis's writing (*Democracy in America*, 1840) is the manner in which he holds in contrasts, between Europe and America, two very different workable concepts of individualism (private) and the principles of self-interest (public). (I like to bundle the concepts of "self-interest" as correlating to "public"). As these twin core principles would find their roles and defining status as the *modus operandi* behind any workable democracy, it should be of no surprise to the reader that we as a nation are still split over their import—it is what has shaped our current debate about the reaches of *public* government into the lives of the *private* individual and whether or not such intervening actions constitute as benefit or infringement upon a democracy.

As I type here, U.S. Supreme Court arguments are being tossed around regarding national healthcare and whether or not a democratic (public) government can mandate a (private) citizen to buy something that is essentially offered exclusively by a private sector.[4] Note that a Nixon healthcare package would have had a government public option in it, not exclusive to a private sector. But these are long gone liberal ideas. Although all past forward-looking healthcare bills would undoubtedly come to fail, it is of interest to note that Obama's tentative passage of his healthcare is so much more privatized and to the right of what a Nixon package would have delivered—yet another signal as to how far to the right we have come as a nation over the past forty years. But, what exactly do we mean when we say individual/private and self-interest/public? How exactly is self-interest seen as public when the term itself seems to denote the idea of an individual/private self? What seems to be wanting here in our discussion is some working definition that brings self-interest/private in line with public interest, and to delimit how precisely this interface works in ways which captures the urgency expressed in much of de Tocqueville's writings on early American Democracy.

Almost a hundred years later, in 1932, Benedetto Croce would also write of these same core principles of *private* and *pubic*, as the world would step into the dark heart of the depression, that—

> "…In all parts of Europe, we are witnessing the birth of a new consciousness, a new nationality—for nations are not, as has been imagined, 'data of nature' but

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[4] The June 28th Supreme Court ruling has now up-held the Affordable Healthcare Act passed under the Obama first term administration.

> 'results of conscious acts'…" Where such conscious acts of a few (our policy makers) would carry a disproportionate impact on the positive health of the many[5].

Croce spoke on behalf of this new conscious as a private undertaking, with its benefits being borne on the public at large. For Croce, it would only be from out of such "conscious acts" that a society could be formulated whereby a social contract between the privileged few and the working/middle classes would forge a semiotic relationship, where the health of one side becomes interwoven with the health of the other. All involved with such an experiment knew full well that such a relationship would hold only insofar that it would be seen as self-serving for all involved (for all the classes)—namely, whenever an equilibrium of stability was reached between the classes insofar that all held a certain stake to see their particular investments continue and grow in society, then a threshold to revolt would raise to such an untenable point that no rational man would venture to risk revolt given laws of diminishing returns. In plain terms, revolts are suppressed by social stability of the middle class, and conversely brought-on by extraordinary grievances of the middle class. This axiom is one of de Tocqueville's greatest contributions to democracy. It is his lasting legacy.

If it is "conscious acts" which formulates a society, then let's take a casual glance at what the nature of these acts are today. As an instructive exercise, let's examine what is currently happening on our university and college campuses across the nation as well as how this spills-over onto our streets. College campuses serve as a good starting point for social reporting—they are the canary in the coal mine as they play a unique role in functioning as a microcosm to society. Today, while students on campus are being pepper-sprayed across the state (UC-Davis, Santa Monica City College, just to name two), and people on the street are being baton-whipped, those at the top stare down from glass towers. It's difficult to know how many at the top sympathize with what's actually happening below—sure, the top 1% have their own problems, stress points (even the Madeoffs[6] of the world have their problems—before they get caught that is), but when there is a certain proportion at the top, say the 1 %, who completely lose touch with the middle class and their daily strife, that's when the individual turns to extreme self-interest and greed and where otherwise good men turn against the better interest of the community. And let's not forget the timely slogan championed by Hilary Clinton "It takes a village." The concept was used in connection to child raising, education and welfare, but it can readily be applied to the health of a fledgling democracy. Elizabeth Warren has come out with her own slogan, equally manifest: "No man has gotten rich by himself." There is no lone urban cowboy myth here. Indeed, it takes a village to become rich: a public infrastructure (to move goods), an educated work-force (to produce goods), the purchasing power of a middle class (to consumer goods), etc.

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[5] The article "Of Liberty" (Benedetto Croce, October 1932) was written for *Foreign Affairs*.

[6] Some might take offence of the Madeoff reference. I am sorry. But when 42% of the nation's wealth is currently being redistributed to the top 1%, well, in my view, that's a ponzi scheme. We may all agree that democracies hold no place for ponzi's, nonetheless, they remain among us.

In fact, if one were to add the combined long-term benefits of *Education* and *Research & Development* (R&D), stemming from both the public and private[7] university systems as well as the larger military apparatus (too, a public entity), one would quickly disclose the fact that such pay-offs actually make-up close to 80% of long-term stimulus and growth for the entire U.S. economy. Wealth production is not stagnant, but is constantly being generated anew—by Apple i-pods, new green technologies, renewable energies, etc. The day China takes over the U.S. in creativity and innovation will be the day the U.S. seeds China as the world economic leader. There is little fear at the moment the U.S. will lose its competitive edge in this soft-power arena; however, there is no longer much room to be complaisant. Whenever we cut education and R&D for short-term pay-offs, what we are doing as a country is chipping away at our future economic prosperity while allowing China to play catch-up. Whenever an individual American is steered via clever marketing into investing more in one's daily food consumption over investing long-term in our children's education, what we as a country are in fact doing is "eating our children."

For example, the "total inflation by decade" rate has only seen modest increases (has doubled on average) of just over 121% spanning the last four decades starting with 1980. The Consumer Price Index (CPI) has likewise kept pace with purchasing power whereby 1980s dollars has essentially doubled in 2012 dollars. So core CPI inflation numbers, which include staples such as food, have essentially been in lock-step with purchasing power (with the help of the aforementioned Wal-martization easing inflation on goods brought over from China). This leveling has protected the American as consumer. However, when we turn our attention to "food for thought" in the form of education, rather than "food for bellies," what we find is an extreme right-wall increase—to the extent that American university tuitions have sharply increased nearly 600% (six times) since 1980 (again noting that purchasing power since 1980 has remained fixed at just over double at 121%). What are we to make of such extreme inflation when it comes to knowledge over food? It seems rather than invest in long-term prosperity via the education of children across generations, we are more apt to simply go out to dinner and splurge. We indeed are cannibalizing our children. But we have been steered into it by policy. Let's call the carnival for what it is—yet another vignette of "Reagan's Dream."

And for those of us who wish to claim that such inflation is healthy since it is quite in keeping with Adam Smith's notion of the indivisible hand which leads to self-regulated open markets—viz., the idea being that the private individual receiving the education should "flip the bill" since it is "only" the individual who will reap the benefits of the education (and no one else)—well, I would argue, then the notion of "reaping the benefits" is not well understood. This myopic view of private over public can only survive as long as the misconception persists that there are no wider social gains made by having an élite educated population. In other words, in the eyes of such beleaguered

[7] There are in all actuality no "private" universities in America when one calculates the amount of "public" government cash injections which go into the pockets of the university/faculty either via US Grants such as the National Science Foundations and military grants which get directly fed into such elite "private" schools as MIT and Caltech. I could tell you a favorite University of Notre Dame story of mine here associated with how the U.S. Navy actually saved the university from closing their doors during the war—the level of respect the two football teams hold for each other is part of the legacy of Notre Dame.

"individualists," the boom of the middle class we witnessed in post-World War II held no correlation to the levels of investments made in public higher education, as promoted by say the GI bill. Anyone growing up in that generation knows this is simply not true. In fact, a strong case can be made that it was the result of such long-term investments in education that allowed for the middle class to flourish (of which the 1950s-1960s would be the golden years). And both groups: those educated and those not would rise in one feel swoop together in the formation of the middle class. A kind of cohort collectionism would emerge such that both sides of the education divide would similarly "reap the benefits." But in respect to short-term, short-sighted and oft-cited American "patriotic" business models, such long-term investment themes go untold in the executive boardrooms, at the power-point presentations, at the end-of-the-year bonus celebrations.

Sure, good governance must be enacted top-down. But it can't stop there. It must be not only informed by but inherently linked to bottom-up democracy. Once this link to good governance is severed, then otherwise good people with a clear social compass begin to turn inward and become self-serving, opportunistic and altogether detached from a society of which they from a part. Such myopic inward narcissism on the part of the 1% is what has spawned both the "tea party" movement (of a private/religious zeitgeist) and the "occupy movements" (of a public/secular zeitgeist). When the bootstraps which tether the top to the middle and working class are snapped, we all together enter into a kind of free-fall and those who act on impulse, out of deemed self-interest, secretly know that these easy pickings which have sustained the affluent class for so long will soon enough become all too ephemeral. And so, eventually, a kind of panic ensues where every man acts for himself. This is what is happening today.

What is the nature of this instability today? Let's examine what exactly has been the result of "conscious acts" achieved over the past few decades, leading to the economic melt-down we are witnessing today. In socio-economic terms (and this by no means makes an exhaustive list), we have witnessed via top-down policy decisions: 1) Union-busting measures, 2) Job-depleting outsourcing, 3) Unfettered globalization, 4) a shift of technology with preference to cyborgs over people, all of which have led to 5) the systematic dismantling of the American middle class. When these above ingredients are stewed into the pot along with an already fanatic American hypnotic reverence for the "American myth" of extreme individualism and hyper-mistrust of collectionism, a dangerous brew is indeed reached—whereby (in the words of Keats):

"…the seed of some trouble is put into the wide arable land of events."

Of which I might add: "Seeds which sprout Isolationism, Nationalism, and Fanaticism."

We could take each of the five points in turn. But such stories have an all too familiar ring. For instance, with regards to *Union-busting measures to job depletion*, one can easily compare president Obama's campaign rhetoric of high-spirited promises to help the middle class and contrast that with what has actually taken place in his administration. Despite legislative action early-on to address real grievances, e.g., the Lilly Ledbetter Pay Act of 2009, the Obama Healthcare package, TARP bail-out of auto-industry, (though started under Bush presidency), there has also been too much silence on other crucial issues regarding, for example, China's unwillingness to adhere to "fair-play" practices regarding their admittance to the WTO[8] (where U.S. exports—inherently conjoined with U.S jobs—have grown to over 468% since 2000, depleting our American middle-class work-force (this is not to mention the massive import trade deficit)), our own domestic right-to-work state policies which have attempted to isolate the few individual workers we have left from collective bargaining (with Governor Walker acting as head cheer), and minimal wage policy and other basic labor union grips over free trade agreements).

Most recently House Majority Leader Republican Eric Cantor has shamelessly come out calling for the bottom 40% of the poorest Americans to pay more taxes, in effect in order to allow huge American (off-shore) companies to continue with their tax loop-holes. What are we to make of the fact that such announcements do not make front news from the Obama administration? Even with respect to the saving of the U.S. auto industry, Obama was slow to react to Southern Republican members' along with Mitt Romney's open endorsement to let the industry fail—perhaps with their hope that the multi-billion dollar industry would close-up shop in unionized North and resettle in non-union Dixie South, where Wal-Mart is the working model of the day and where good ole boy Cantor would be more than happy to tax the working poor to the last drop. Certainly, a Wal-Mart auto would be price competitive with any NAFTA Korean/Japanese counterpart if the U.S. doesn't have to pay those in America who build the car—a perfect example of our aforementioned public to private wealth distribution model.

Or, we could examine current attempts by top-down management of American Universities to override faculty unions and to realize their seemingly love affair with online education—where virtual classes become a wall of monitors with students appearing as info-encrypted bubble heads. Of course, such a model leads to outsourcing not only of the student but of the professor as well, not to mention the potential outsourcing of intellectual property rights associated with curriculum development, etc. Such outcomes are the best of all Dixie worlds. Historically, without the traditional role unions have played in balancing these executive/management illusions—as management lobbyist work hard for their side, so too must labor unions work for their side—there is every reason to believe that America would never have been able to form a middle class.

If nothing else, labor unions have forced the top 1% to be mindful of their base. Again, I recall Elizabeth Warren's clarion call for balance. It goes without saying that without labor unions and the checks & balances they impose on bargaining, the Dixie-land model is what we would have of our nation, of our children. We would be a very

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[8] Someone was asleep at the switch when China quietly entered into the World Trade Organization (WTO) back in 2000 because the switch caused more than 2.8 million American jobs to be lost between 2001 and 2011. Perhaps we as a nation were too occupied by 9/11: whatever the case may be—perhaps naïve speculation of a Chinese emergent middle class becoming the great market savior for U.S manufactured goods (which now seems highly unlikely given most big-ticket industries have moved to China) or whether the lure of the mindless Globalization engine was too much to simply say "No' to—we now find ourselves as a nation that can no longer employ its middle class.

rich but lop-sided banana republic. We don't have to look too far for such models—our backyard neighbor just to our south comes to mind.

The American citizen understands in pragmatic terms that in order for anyone to do well (himself included) a certain amount of his own wealth has to circulate downward so that people and democracy can flourish, with capitol moving upward to replenish top capitol. Such an economic flow-chart is the bible for democracy, not some old scripture of virtue. As editor Gideon Rose writes in his Jan/Feb 2012 Foreign Affairs piece—

> "The political scientist Harold Laski long noted that with the mass of men having come to political power, the challenge of modern democratic government was providing enough solid benefit to ordinary citizens to make its preservation a matter of urgency to themselves."

It was well understood at the time that only when men feel impassioned by participating in the system at large will they then become more opportunistic in investment and enterprise. But in order to allow the lower classes to participate bottom-up, they had to have something worth protecting, just as the rich had something worth protecting—the poor and middle classes had to see themselves as rich too, as something worth protecting (at least beholden to their mind's eye). So, in a sense, the American attitude towards self-interest was less about top-down sacrifice (in abstract terms) than it was about substantively preserving what an individual owns onto himself (bottom-up). The American model replaced lofty moralist virtues (of an English persuasion) with more down-to-earth pragmatic ideologies. Hence, in the American view, a threshold of private ownership for the masses was critical in order for a public democracy to emerge—otherwise, historical class strife would again bear its ugly head scattering the whole democratic experiment to the winds…

As I finish writing this piece, another 2.6 million people have slipped into poverty in the United States, with another 46.2 million people living below the poverty line. This is the highest number ever in the 52 years history the bureau has been tracing such figures (as determined by the Census Bureau), and just as the U.S. House of Rep. (though unlikely to pass the senate) approved sweeping legislation to cut an additional $310 billion from the deficit over the next decade —much of it from programs for the poor—and shift some of that savings to the Pentagon to stave off automatic military spending cuts scheduled for next year (NY Times, May 10, 2012).

For those of us who are somewhat suspect of how numbers can be philosophically counted, mind another census finding—one using the so-called Supplemental Poverty Measure (SPM)—which counts the American poverty level as reaching more than 146.4 million (or roughly 48% of the total American population). The SPM considers poverty as those who live with incomes at or below twice the poverty level, a standard much more in line with other first world nation measurements (based on SPM Government Census data (November, 2011)). And if one ever ventured a thought that the American middle class might somehow be shielded from poverty due to their prevailing home-ownership, one only needs to look at another equally disturbing statistic: 1 in 3 (more than 30%) of all American homeowners are underwater, and 15% of all underwater homeowners owe more than double the current value of their home (based on Zillow Negative Equity Report (2012)).◘

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