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### **Then and Now; Affluence and Conflict**

As a country, no doubt America is wealthier now (2015) than in the post-World War Two period from about 1947 to 1970. Yet Americans don't feel wealthier and they don't feel better. Even discounting sappy nostalgia, in the 1950s and 1960s, Americans felt secure and felt cooperative. We felt we were all in it together, being in it together was good, America as a whole nation was going to good places, and everybody would go along. Now, Americans feel insecure and competitive. We are not together; every single person has to look out for him-herself; America is floundering; we have to make our own success even if America flounders; and we have to make our own success even if, by saving ourselves, we hurt the nation. If our nation really is wealthier, how can Americans feel this bad way? What happened? Is there any way we can use our wealth for better ends?

This essay does not answer all those questions but it is a start. I go into more details in another essay on American economic history after World War Two, but I don't give answers there either. These essays give some basic facts and give my point of view. This essay is not much more than two lists. The lists explain themselves. We need to use our own minds to think beyond the lists. The treatment here is idealized into "good old days" versus "bad now days" but not so much as to be unrealistic or useless.

I do not use statistics even when they might make the job easier for some readers. Each statement can be supported by statistics and other formal means. If we allow half-a-page of statistics for every point, I would have to add at least fifty pages. Even with the statistics, I doubt the argument would be more persuasive. If I ever have the time and energy, I will do some of the statistical legwork and present it elsewhere.

#### **PART 1: THEN**

-The industrial capability of the rest of the world other than America had been destroyed in World War Two (WW2). America was the only industrialized nation in the world. For about two decades, every other nation had to buy our goods.

-We made fairly good quality goods for the money. Cars are better quality now than then but the price was a less comparatively for what you get.

-A house then cost less than \$10,000, sometimes much less.

-The population was about 140 million people.

-For reasons that I explain elsewhere: The natural persistent rate of (structural) unemployment in fairly advanced capitalist countries worldwide is about 10%. This rate includes people who want to work and have skills to work but can't find a job anyway. In contrast, America has a persistent rate of (structural) unemployment that varies from about 4% to 10%, less than the world average. But America still does not have 0% unemployment, that is, full employment. America has people with skills and desire who still can't find jobs.

-During the prosperous times of the 1950s through 1960s, America often came close to actual zero (structural) unemployment, that is, full employment.

-Not only could anybody find a job who wanted a job, but almost everybody could find a good job. Almost every family could find a job so that a couple could raise a family, buy a house, and take a small vacation every year.

-If one person (usually the husband) could not raise a family with only his-her job, then two people together could raise a family if at least one in the couple had a good job, and even two people with any job stood a good chance of raising a family successfully.

-At the time, a "good" job had enough wages to provide for spending beyond the essentials and had some medical benefits and had some retirement plan other than Social Security. An almost ideal job had wages above the necessities and had medical and dental benefits for the whole family.

-A "good" job did not have to have full medical and dental benefits. A job could be "good" if it paid enough in straight wages to cover non-catastrophic medical and dental care. Most people did not face catastrophic medical or dental bills.

-The stereotypical good job for most people was a factory job or, sometimes, an office job. People did not need a high school diploma or a college degree to get those jobs.

-Medical and dental care was not greatly expensive and did not take much out of salaries.

-People could get a job, often a good job, with only a high school diploma. People did not need a college degree. A college degree guaranteed a person a job good enough to raise a family on one income and one set of medical and dental benefits.

-Not having a high school diploma did not doom a person to a bad job. Not having a high school diploma did not doom a person to a bad job with pay and benefits so low that he-she could not raise a family.

-Local schools were adequate for getting a trusted high school diploma. Employers trusted the skills and character of high school graduates.

-Additional education was not expensive. Public college was not expensive. At the University of Oregon around 1969, in-state tuition was \$50 per quarter. In the University of California system, in-state tuition was free. Community colleges were similarly cheap.

-Employers trusted the diplomas and character of community college and college graduates.

-People with PhDs usually made less than people with only a BS or BA. I don't know about MS or MA.

-People did not worry too much about making sure their children were in good school districts. They trusted most public schools. They avoided "bad" schools in "bad" neighborhoods but that was the limit of their fear. Even some children from bad schools in bad neighborhoods could get good jobs.

-“Bad” usually meant “Black” but could also mean “Hispanic”. Not all Black and Hispanic neighborhoods and schools were bad. Many Black and Hispanic neighborhoods were made of working class people with steady jobs and of middle class people. These neighborhoods were safe, clean, and had good schools. You could still find these neighborhoods in Los Angeles in the 1960s.

-People still distinguished between kinds of “White” people: WASP, Irish Catholic, various northern Europeans, southern Europeans (Greek and Italian), Eastern Europeans, and Jewish. But all these White people were getting to be variations on the same underlying Whiteness, as people who shared the same personality and values. All of them were successful enough so that a WASP child would not be doomed to a bad job and bad life if he-she married into a family that was not WASP.

-Asians were lumped in with various “near Whites”, that is, “near WASPS”. Muslims from the Middle East were lumped in with various “near Whites”.

-People could move up the job-wealth-and-social hierarchy fairly easily. In technical terms: America had easy economic and social mobility.

-Rich and powerful people did not fear the middle class and so did not obstruct the middle class. The middle class did not fear poor people who had the right families, some education, and good character, and so did not obstruct working people or poor people. Working people did fear the poor but not much and not so much that they actively obstructed the poor.

-People did not think they could succeed only if somebody else failed. People did not think they could succeed only at the expense of somebody else. Not everybody could be at the top but everybody could find a livable place in the middle.

-Not only did all the people in the middle fit together, they helped each other get in the middle, stay up in the middle, and make the middle rise and be better for everybody in it.

-In technical terms, people did not feel they were in a “zero sum game” but felt they were in a positive sum game.

-Even so, the working middle class and the “white collar” middle class did fear falling into the class of people who had poor jobs. Poor jobs were jobs with small wages and no benefits. People feared that their children might fall into a bad job and never be able to get out again, so that further children (the grandchildren) would remain poor.

-The people who had poor jobs were doomed by their poor jobs. Their families were often doomed by their poor jobs. Even in the good times of the 1950s and 1960s, if you fell below a certain income level, you and your family lived meager lives and likely did not rise.

-Few White people were doomed to poor jobs and a poor life, maybe only people we would call “White Trash” now. More non-Whites were doomed in that way. Probably most of the people doomed to bad jobs and a poor life were Black (excluding Native Americans).

-Still, many Blacks got high school diplomas and got half-way decent or good jobs as a result. Blacks began to feel that they could “make it” if they worked hard and were not obviously thwarted by bias. The first step in the climb up was a factory job or half-way decent office job.

-Despite ethnic differences, all in all, differences in wealth were still obvious but not so much as now. Income and wealth were not equal but they were more equal than now.

-More importantly, differences in wealth were not great obstacles or great advantages. A person could “make it” coming from a poor background. A person from a rich background did not fail miserably but he-she did not necessarily “make it” to the highest levels of economic and social success.

-Social programs and progressive taxes played a part in equalizing wealth and income. But, again more importantly, they also played a big part in toning down the bad effects of wealth and social differences. They allowed poor children to be educated. This had the result of equalizing income and social status in later generations.

-Taxes often took more in income and wealth from rich people than we tolerate now. Rich people often paid the same ratio of their income in taxes as not-rich people. Poor people paid a smaller ratio of their income in taxes than the middle class or rich people.

-Despite the tax “burden” on rich people, still, total taxes were no more of a burden in general than they are now, often less of a burden. People paid less than 40% of their income in taxes.

-Most states did not have a sales tax. In those states that had a sales tax, the rate was usually less than 5%. Few local areas such as counties or cities had a sales tax on top of state sales tax. In those that did, the rate was usually less than 5%. Only in few metropolitan areas such as New York City did the rate of

total sales tax exceed 5%. A sales tax hurts people more as their income is less. It hurts poor people very much more than rich people.

-Local and state programs, such as parks and recreation, did not yet play a large part in local lives and did not yet require support from taxes. People used churches and schools as centers.

-Because many people had jobs and good jobs, and few people had no jobs, support programs such as welfare were not large, and could be funded so that everybody who needed help got help. There was less incentive to cheat although, of course, people still did cheat. Single parents did not use support programs as substitutes for the missing parent as much as now. People who paid the support programs did not resent recipients bitterly. People did not think of support programs as entitlement programs.

-People felt responsibility (duty) as much as rights. People felt that every right entailed a responsibility, and that we should take care of the duty first before we claimed the right. In the famous words of John Kennedy: "Ask not what your country can do for you, ask what you can do for your country".

## PART 2: NOW

-Every statement here is made with inflation in mind. Every statement takes "adjusted for inflation" for granted. When I say raising a child is at least three times more expensive now than then, I mean it costs more in real resources, not simply in inflated dollars.

-For America to dominate the world economy is not normal. It is an aberration and could not last. Yet Americans think it is normal, and have shaped their ideas of normal on the basis of the conditions that prevailed in the 1950s and 1960s. This gives Americans unrealistic expectations and leads to some bad politics.

-The economies of other nations built up, mostly at first in Europe and Japan, then in Korea and China, now in India and Brazil. America took its place as one large economy in a world economy. America is a big influence in the world economy but cannot dominate the world economy.

-The population is at least 320,000,000 and growing fairly fast.

-Even if America is wealthier in total, that does not mean everybody has the same access to wealth that they did in 1965. It does not mean new wealth is spread out to everybody. It does not mean everybody is wealthier. It does not mean new wealth goes to everybody in the same proportion that it did in 1965 or that new wealth goes to everybody in the best proportion to help the country as a whole. In fact, most of the new wealth has gone to the upper middle class and upper class. This is not necessarily a bad thing. In some ways it is a good thing. But it is also a bad thing, and nobody knows if the bad outweighs the good. The fact that the rich got more than their previous share would not matter much as long as the middle class maintained its size, status, security, and importance. This is what did not happen. To assess the good and bad, we have to weigh how the wealth gets to the UMC and UC, how it does not get

to other people, what it means for wealthy people to hold wealth, and what this means for the nation. In particular, we have to assess how much the disproportion results from events entirely within the economy such as a shift to service industries from manufacturing and how much the shift results from bad political policies such as tax breaks for the wealthy, support for the military, and programs for the poor. I can't go into all that here.

-America is not as mobile socially and economically as it once was. America does not lead the world in social and economic mobility, in success stories. France, Germany, and the Scandinavian countries are more socially mobile than America. I think Korea is more socially mobile than America. We stay where we are born. Talent and hard work don't make the difference they use to make and that we need them to make. This lack of ability to rise, for people who deserve to rise, leads to bad attitudes.

-Unequal holding of wealth is not as bad as most people think. It is also not as good as the Republican Party says. We would be better off if the non-wealthy "other" people had more security, felt they and their children could get good jobs, and they had clear access to quality education. The current distribution of wealth is bad because it thwarts those goals, not because it is necessarily bad in itself. The current distribution of wealth does not lead the country to be as better off as it could be, does not lead to economic growth, and does not cause a rising tide that floats all boats. Even so, we are not better off forcibly redistributing wealth through taxes. We are better off by making sure the tax system is fair (it is horribly unfair now) and by running programs for the non-wealthy "other" people so they can feel secure, can get jobs, and can get good education. We have trouble doing any of this.

-Think only about the poor, the lower class who don't work much, the lower class who work sometimes, blue and pink collar working middle class, white collar middle class, and other middle class. Even if these people as a whole are on average wealthier, wealth is not evenly distributed and fairly distributed. Even among them, some groups are worse off than in 1965 (the lower class who work sometimes), feel they are worse off (working and white collar middle class), and are actually worse off.

-Americans still expect to get good factory jobs that simply aren't there. Americans expect to get similar jobs with the training (education) that used to get good factory jobs (at most, a high school diploma); but those jobs aren't there either. When Americans can't get good jobs with minimal training, they get resentful and angry. Please keep this point in mind for other points below.

-Unemployment rose to a level of about 5% to 10% chronic unemployment. This rate is lower than the world average but still high enough to cause problems.

- Up to 30% of Americans now hold only bad jobs. I don't explain why the ratio of bad jobs to good jobs grew so quickly and so large.

-America developed a syndrome of "bad jobs" with low pay and no benefits. Once people cannot find good jobs, and can find only bad jobs, then they are stuck never finding good jobs and only finding bad

jobs; and, worse, likely their children will be stuck too. Even two bad jobs are not enough to raise a family securely and provide a base for moving into better work.

-Unemployment, bad jobs, and the bad employment syndrome don't hit all groups equally. The impact varies according to race, gender, age, and religion. I don't go into details here. Usually young Black men have the most trouble getting a good job.

-As a result of differential impact, groups develop resentment and anger. Yet groups still think good jobs are "out there". Groups think they are prevented from getting good jobs not because good jobs are not "out there" but because of pure bias alone.

-Nearly all social problems are worsened by this employment situation and the differential impact on groups.

-Help programs such as welfare and Social Security Disability ballooned far beyond all original intent. The ratio of people-with-jobs-who-help-others to people-without-jobs-who-get-help changed greatly. There are too few people to help and far too many people who claim help. Some increase in size of programs is due to cheating but I am not sure how much. Single parents use the state as the substitute parent for the absent parent. People depend on the state as a ghostly family member. People look at programs not as a short-term measure to deal with bad luck but as long term support. People think they are entitled to support. The help programs became "entitlement" programs.

-Local (county and city) and local state (such as "Alabama") programs now include parks, recreation, conservation, sports, stadiums, etc. States also assume much of the burden for help programs such as Medicare and Medicaid.

-Working class and other middle class people benefit greatly from local state and federal programs, yet often deny to themselves that they do. Examples: writing off mortgage interest from taxes; support for local schools; tuition support for college; health programs for old people, students, pregnant women, and people with particular diseases; and police patrols.

-Working class and other middle class people fear that they will fall into the lower class if their support is lessened. At the same time, they resent the state. They are angry at the poor because they fear the poor.

-Working class and other middle class people resent the support that poor people get but insist on keeping programs for themselves, the rich, and the military.

-The economy cannot support help programs at these levels anymore, help either for the poor or the middle class. The economy cannot support "corporate welfare", programs that benefit the rich, and military programs at current levels anymore; see below.

- Local and state taxes increased much more than federal so that local taxes now rival federal taxes.
- Local and state governments began sales taxes and increased sales taxes.
- The total tax burden is often 40%, sometimes more.
- The very poor pay little in taxes. The functionally poor (simply “poor”) pay the highest share of their income and wealth in taxes; followed by the middle class. The wealthy pay by far the smallest share of their income in taxes.
- Whereas before few business firms, especially large corporations, got tax breaks for locating in a local area, now such breaks are common and large.
- The amount of education needed to get any job, especially a good job, increased. The increase does not have to do with the quality of education or with what is learned but with other factors that I don’t go into here. Jobs that used to be available to high school graduates now require at least a college degree even though the work does not require what (used to be) the skills of a grade school graduate.
- Schools differ in their ability to get children into jobs, college, and graduate school. Parents focus on getting their children into schools that are more likely to provide a secure economic future. Parents compete to get their children there.
- Employers do not trust schools in general to deliver people who are job ready in terms of what they know and their character. Employers either prefer some schools while rejecting others, or employers administer their own tests.
- Medical care costs are proportionately at least double what it used to be, likely more. The expenses of regular medical care during a lifetime increased; people survive illness during their lifetimes that used to kill such as cancer; and people get huge amounts of care at the end of their lifetimes. Similar comments apply to dental care but not as extremely.
- Parents fight to move into neighborhoods with “good” schools and to avoid neighborhoods with schools that are not good. Parents think in terms of bad versus good rather than in terms of bad, good enough, and good. Bad far outnumbers good. So parents fight to get into limited schools.
- Parents get their children into good schools by getting into good school districts. Parents bid up the cost of houses to make sure they get into good school districts. This is one of the biggest reasons for the increase in house (home) costs. House costs have not gone up nearly as much in districts where the schools are not necessarily good.
- More people live in apartments because they can’t afford houses. The school district wars have driven up the cost of rent as well.

-The cost of raising a child is at least three times what it used to be, due to increased costs of medical care, dental care, education, housing, extra-curricular activities, and “add-ons” such as cell phones and computers.

-Credit cards and other forms of personal debt are common.

-People fall into debt largely as a result of medical costs and housing costs. People fall into debt partly as a result of personal indulgence.

-Competition over schools hardened divisions by race, religion, and age.

-The central state (federal government) adopted policies of “tweaking” the economy, supposedly to stimulate growth. The policies include tax breaks for rich people and for business firms, subsidies, contracts, non-regulation, and skewed taxes. The policies are misguided and ineffective. They have caused more harm than good. The amount of money that goes directly and indirectly into “corporate welfare” is about as much as goes into personal entitlement programs.

-Expenses for “national defense” are at war levels. In proportion to the national product (how much wealth America produces each year), they are several times what the United States spent on the military before World War Two.

-Government at all levels, especially the particular state (“Oregon”) and national levels (federal) adopted deficit spending to meet spending on defense and entitlement programs.

-We have chronic inflation of at least 5% per year (regardless of official statistics) and sometimes much more than 5%.

-The spending and tax policies of government have increased the tax debt on that portion of the people who actually do pay taxes, that is, on the working class, white collar middle class, upper middle class, and local business people.

-The middle class (including all levels of the middle class) fear falling into the lower class, if not each person for him-herself directly, then for their children. They fear their children will not be able to get good jobs, not be able to buy houses in good school districts, and so the grandchildren will continue the cycle of an unfulfilled life.

-The middle class now fears the lower class and is angry at the lower class. Because the lower class is mostly White “trash” and non-White, especially Black, fear among the middle class has a strong racist edge to it.

-The lower class, and the racial groups who make up the biggest shares of the lower class such as Blacks, resent the middle class and racial groups that make up the middle class, especially Whites, East Asians, South Asians, and some Middle Eastern people. The lower class is angry at everybody, usually without knowing why or without knowing if their anger is at all justified.

-Racial groups that are often in the lower class, such as White “trash”, Blacks, and Hispanics compete fiercely for what jobs are available, especially for good jobs. In regions where ethnic groups overlap, for example, Blacks and Hispanics, rivalry is intense, including violence.

-People feel there are only so many good jobs. If I get a good job, somebody else loses it. If some other person gets a good job, I lose it, or my children lose it. The same competition is true of state benefits and all state programs. I can only benefit if somebody else loses. In technical terms, people feel they are in zero sum games over jobs and state programs.

-People feel the same about security. People fear falling into the lower class. People feel that, if they keep themselves and their children in the middle class, then somebody else likely has fallen into the lower class. People feel that other people are willing to push them down into the lower class so other people can keep themselves and their children in the middle class. Society has only so many good slots, and we have to get them for ourselves and our children even if we have to push other people down to get them and keep them.

-People do not feel they are in it together because they are not in it together. Their assessment of the situation is realistic, including their assessment that they will take care of themselves even if what they do to take care of themselves sinks the rest of the country.

-Even if the total amount of wealth increases, and everybody increases in wealth a little bit on average, that increase in wealth does not change the character of the whole situation, of the game. Making a bigger pie does not change the number of pieces or the relative size of pieces. It is not true that a rising tide floats all boats. Although America as a whole is wealthier, not everybody is wealthier, and people do not feel good about more national wealth. Not feeling good about more wealth will not change as long as the system is as it is, as long as the pie has only so many pieces and the comparative size of the pieces remains the same.

-People stress rights while ignoring responsibilities (duties). Despite the fuss about rights, people do not really care about rights and the place of rights-and-responsibilities in a democracy. Usually they don't understand rights and responsibilities in a democracy. They use the threat of rights to get what they want. They use the idea of rights to make sure they have a secure position in which the state takes care of them (individuals and business firms), or to get a large legal settlement and feel economically secure. They use the idea of rights to attack other groups so as to gain advantage.

-America cannot “get back on track” and provide adequate jobs to most people if Americans can't invest in American business. For reasons that I explain in other essays, this has not been the case since about

the middle 1970s, and certainly not since the late 1980s. As a result, Americans “mis-invest” in business in America, over-invest in politics in America, invest outside America, and mis-invest outside of America. None of this lack of investment or mis-investment helps with jobs or wealth distribution.

-For America to provide enough good jobs, (1) America has to make and sell enough goods (including services); (2) to make and sell enough goods, America must have an appropriate share of the total world production of goods; and (3) total world production by all producers (countries and business firms) must be such as to sustain the amount (and share) that America needs. America has to make enough goods to sell to support good jobs, and the world has to make and sell enough goods to support America’s share. At least since 1985, none of these three conditions hold. America does not make and sell enough to support enough good jobs, America’s share in world production is not big enough, and total world production is not enough so America could make and sell enough goods, so America could have a big enough share in a fair world economy. These comments do not mean America is being cheated. America might be cheated, but that is not the root of the issue. If America is being cheated, I doubt it is much. We should not blame conniving on the part of other countries. The root of these issues is in what determines world production and demand, and what determines America’s share. I look more at these issues in other essays.

### PART 3: SUGGESTIONS

See other essays for suggestions.