

GRIDLOCK ECONOMY

This e-mail book is based on a collection of writings from roughly 2003 to 2013. The author tries to show how numerous and multivariate forces impinge up on an individual.

Additionally, politics is mixed into the other power forces of society such sociology, both micro and macro psychology, political science, social geography, and economics.

The reader is also welcome to see thousands of other articles at SOCIALVIBES.NET or JOELSNELL.COM/

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RETHINKING FREE TRADE

Bernstein, Aaron (2004) "Shaking up trade theory" BUSINESS WEEK, 12/6 116-120.

Gergen, David (2004) "Speaking truth to power" U.S. NEWS & WORLD, 12/6 88.

Trade theory in the 21st century is coming into a crisis including the likes of Paul Sameulson, the premier free trade theorist.

Ricardo noted that both countries prosper with free trade, however Sameulson and others now feel that with the computer and related technology, change can happen so fast that the USA can grow and grow and be poorer for it. As we grow, the stock market increases as the general population of white and blue collar workers suffer. Out go good jobs to be replaced with low paying jobs. The market grows, CEO's make more but the remaining do not benefit from the free trade.

It is the CHINA PRICE that kills jobs now. Retailers must cut costs from 30 to 50 percent. The rapidity of China's ability to change and move into new markets is totally beyond the usual 4 or 5 years. It is now a matter of months.

Add to this that computers can out source work at the speed of light and one finds workers, administrators, and white collar Republicans facing minimum wage jobs. Unless they have graduate work in fleeting but necessary high tech, they face a downward spiral.

In the mean time, the dollar rapidly devalues as the administration spends more than it has. Greenspan, Volker, and Peterson, all political money men want Bush to start paying back the debt. This also applies to Republican fiscal conservatives.

BUSINESS WEEK suggests that the change is so fast that high skilled jobs can be taken away as fast as low skilled jobs. This leaves a continuous excess capacity driving wages ever downward.

What to do? The China price and the China dollar are undervalued by 30%. Change that. China pirates American intellectual property. Stop it. Cut farm subsidies. Cut pork barrel. Pore more money into reeducation of workers and wage insurance. Cut the debt.

Do you think those things are going to happen? You answer that.

CORPORATIONS THAT WE HAVE COME TO MISTRUST

_____ (2005) THE ECONOMIST/ 12/24/ 92

TOP 3 NET POSITIVE RANKS

Restaurants 50%

Computers 47%

Farming 45%

BOTTOM 3 NET NEGATIVE RANKS

Health Care -18%

Law - 20%

Oil & Gas -42%

FREAKONOMICS

Ripley, Amanda (2005) Unconventional wisdom, TIME, 5/2. 71

In Steven Leavitt's new book FREAKONOMICS, he looks at some uncommon examples of what appears to work, but does not reward.

WHY DO DRUG DEALERS STILL LIVE WITH THEIR MOMS? Drug selling is like a pyramid. When you get to street hustlers, they generally make less than minimum wage. The work is hard because one stands in the cold and rain and dangerous. You can get killed and arrested

ABORTIONS REDUCE CRIME! This is one of his most controversial findings. He doesn't like abortions, but admits that terminating the fetus of poor unwanted kids reduces the crime rate.

KIDS DO BETTER ON S.A. T.'S if they are upper middle class, and their parents are in their 30's or older. It is not the trips to the museum that help; it is more the genetics along with not having to work and having your own bedroom. Motivation is the key.

The books are a collection of essays so there really is not a center to the book, but it is a good read maintains the reviewer.

TIME TO TOSS THE ECON TEXT BOOK

Samuelson, Robert (2005) Time to toss the textbook
NEWSWEEK, 6/27 39

Economics textbooks are based on perfect competition (micro) and intra-nation trading (macro) although there are terms for international trading, most economic theory is based on what happens within a country's trade system.

Economics has not truly adapted to globalization. There are some terms used such as balance of payments, but for the most part it is hard to determine multinational trade. We truly don't know why rates on mortgages and long term bonds keep falling. It may be that investors are buying in many countries and feel diversified. We thought that we could understand consumer spending, we can not. We don't know how the USA affects other countries and how they impact on us in a very clear way. We can not determine full employment with outsourcing as a main ingredient.

Economics success may be based on fed chairmen, market self regulation or just pure dumb luck.

Levitt, Steven D. & Stephen J. Dubner (2005) *Freakonomics* New York: William Morrow Publisher

They mention it briefly, but this is another example of chaos economics. Levitt is the academic and Dubner the social science writer. The second makes this book readable and exciting. What makes it chaos economics is that mainly mainstream explanations don't hold up when butterflies (unintended and what appears to be tangential events) trigger change.

As an example crime was reduced by more police and more prisons. That is straightforward linear thinking, but it was dramatically reduced when poor young single minority women had abortions. This type family is the cradle of crime. The kids were killed or the fetuses disappeared. Crime went down. Abortion was not thought to be a crime prevention or reduction strategy.

The Ku Klux Klan suffered membership loss when the FBI invaded and undermined the organization. That is conventional wisdom. However, an infiltrator was able to get the radio show SUPERMAN to use the password, hand shakes and other KKK secrets on to the program to belittle and marginalize the Klan. Kids start wearing sheets and using KKK secrets and the group lost members. This is another unintended but viable explanation for the reduction of lynching and KKK membership.

Why do drug dealers live with their moms? You didn't know that? This again is a chaos economic event. The drug dealers who are the top of the pyramid drive limos and have big showy and narcissistic lifestyles. However the corner drug dealer makes less than minimum wage and is most likely to lose his life. So why do they do what they do? They hope someday to rise to the top and make the big bucks. Their chances of being killed are better than upward mobility.

What makes a perfect parent? The conventional wisdom says that kids who are taken to museums and have strong preschool program make the best kid. First, much of the work is already done when a couple conceives. They bring not only their genes, but those of dead ancestors from long ago. Parents can generally be warm, firm, and consistent, but the rest after school first starts is the peer group. Kids learn more about values from friends than from school and home, particularly after middle school. By choosing the right neighborhood, one's child may face very supportive or destructive kids. In other words, peers matter as much as parents. That is a butterfly.

Does a Black name matter? It matters if it comes from the cradle of crime single mothers that are poor and minority. That is also the group most like to identify with the Black community. Their children are most likely to be less dependable. Thus, the name makes a difference only indirectly. Do I hear the flapping of chaos butterflies?

The book is an excellent read for educated readers, professionals and academics. It is also a best seller as listed in BUSINESS WEEK most purchased books.

Prof. Joel Snell
Kirkwood College

THE END OF THE AMERICAN DREAM?

Mandel, Michael (2005) The end of upward mobility?
BUSINESS WEEK, 6/20 132-133

The WALLSTREET JOURNAL has run 4 articles and the NEW YORK TIMES have produced 10 essays on the end of upper mobility. To be more precise, moving up the economic ladder has dramatically slowed since the early Reagan years. From about 1983 onward, folks who start out poor stay there. For the middle class and the wealthy this also applies.

Stories of the very poor in Horatio Algiers scenarios rising to the top are sparse. If they do make it, you know it because they get print and electronic media coverage. Those fast rising are now rarities. The statistical analysis is based on intragenerational mobility. That means if you started early in your life in one station of life, you pretty much remain there till death.

BUSINESS WEEK objects and states that one should use intergenerational mobility. That means how are you doing compared with your mom and dad at the same age? If one uses that measure then there is a great deal of fluidity in the social stratification of Americans. BUSINESS WEEK's main premise is that this secondary measure is superior and the American dream is alive.

However, the problem with the second method is that we have moved from one type of society (industrial) to

(globalization) in 35 years. This makes the second measure a bit more suspect.

Let me give you an example relative to the second method. For purposes of this paper, we will use father and son. Father was a steel worker all of his life. He made in today's economy \$60,000, had a 10th grade education, and an excellent health, life insurance, and pension. The son is manager of a pizza restaurant. He makes \$29,000, has a high school diploma and significant co-pays on health and life insurance. He has a 401k pension.

Thus son is more successful than the father because he is in management. Thus, there is upward mobility. However, stratification is generally based on occupation, education, and income. The son has a better occupation, 2 more years of school and half the income and benefits of the father. In the larger scheme of things, the father is in a little better shape than the son and so to make up for this discrepancy, everyone works in the son's family. That was not true in the father's family.

When you make considerable changes in society from agriculture to industrial or industrial to service-global the second method has troubles.

In other words, the second method is more difficult to use when great societal changes occur and it affects one's station in life. It would appear that social mobility at the moment is not as dramatic as it was in the past. One would put one's money on the analysis of the WALL STREET

JOURNAL and THE NEW YORK TIMES. It is a better
measure at this time.

BANK'S ARE BANKRUPTING

TIME (2009) 2/9
GANDEL/ 25-28

There are at least 2 levels of banks. One includes the largest banks in the country. The second is the retail banks in your city or town.

The primary lending banks are the ones that a local bank borrows money. Primary lending means that they are huge and they rent money to the small local banks. The rate for the locals is higher than the big national banks. Why? Because, the local banks have to rent the money, they add to their price shipping, overhead, labor and profit.

Previous to Bush 43' banks generally rented money to you and you paid them back at a higher rate so that the banks can make a profit. You purchased the luxury of having a great deal of money to buy a car, house or small business. Thus, you "qualified" for a loan.

However as time went on in the Bush 43' era, banks were allowed to rent more money than they had on hand. This equity ratio went from a small difference to quite a large difference. At the national level, the banks went too far to extend credit and therefore they are going broke as more people can no longer pay for their houses or cars.

People lived beyond their means and banks were allowed to let them spend more than they had. Since the crash of October 6, people have lost their jobs, the money that came with the jobs, and have walked away from their houses. Banks at the local level now have a lot of house loans that are worthless.

Thus, they are going broke. There is much more to this, but this is the simplest explanation.

What will probably happen at the national level is all the big banks will temporarily be taken over by the government. This is called nationalization. Once, the government owns the banks, they can dump that commercial paper that is worthless and close banks that are bankrupt. The banks then are sold back to new private owners or some of the same owners and investors.

In the meantime, your money is "guaranteed" by the government. However in the transition, it is possible that you could lose some money in the big change. Possible is not probable. Further, what my family is going to do is not necessarily what your family should do. We will not be held liable as we are not suggesting what you should do. You must consult your financial advisor, bank or other authority.

We plan to keep our CD's in place. We also will have money for checking or credit cards. The rest, we plan to put in a security box in the bank. You can easily rent them.

You do not earn any interest. On the other hand if something very unusual happens, you have rented a security box in which you have a key and so does the bank. These are troubling times and it is better to be cautious. However, your life and demands for living in a secure style may be entirely different. Further, absolutely nothing could change the amount of money in many instances that you have with your bank. In this instance, nationalization is thought to be what will happen according to TIME magazine. Further, it is probably the safest route. There are other strategies, but TIME believes that this would be the best. Others will prefer something else and so what will actually happen is a subject that we can not answer. At one time, authorities in the Bush White house said that "debt" does not matter. That statement made by the vice president appears to be wrong.

Last, we have dragged down numerous other economies because we have the largest economy and many of our dollars are purchased by other countries. We need to reduce the balance of payments and the various stimulus plans are supposedly geared to do that. We want to avoid a run on the dollar. That means in the spot market, we do not want other countries deciding that we will never be able to pay for debts and thus other countries "dump" our dollars. That means that American dollars no longer buy much. On the other hand, way down the road, we do not want to have such a strong dollar that no one can afford to buy our goods and/ or services. This is a problem Japan is having.

The country financially was in great shape in the 50's. From the late 60's onward, American household's purchasing power has been reduced. We need to move back to an economy where there are regulators to watch for illegal profit making. In other words, watch out for the crooks among the honest capitalist class.

During the late 70's, the country appeared to voters to be over regulated and we had stagflation. The economy was stagnant but there was still inflation. We were told that the enemy was the government, and so we deregulated numerous economic activities. A country can go too far in either direction of over regulation or under regulation and the answer to getting the right balance be it a libertarian capitalist country, social democratic country, or command socialist country is beyond the expertise of this writer.

FOOLED BY RANDOMNESS

Taleb, Nassim (2004) *Fooled by Randomness*, New York: Random House, 317
(The book has been updated with 2 prefaces and is rebound in hard back. Many of the references occurred recently.)

Fooled by Randomness is just that. We want an orderly world. We don't want to die or be in pain. What Taleb does not say is that we really do construct a reality that keeps reinforcing us to believe that the present and the future will be okay. We have cyclical days of the week, a standard time, and numbers for the years ahead. This is the Gaussian world of the bell curve.

Taleb is suggesting that all of us are losers and there are lucky fools who make it to the top. The world is filled with black swans. That means events that are splendid or horrific, but unusual that destabilizes society.

As there is so much in this book and Taleb is thought to be one of the most profound thinkers of our time, let me just say that he can write for the masses and he can write for the academic. He does make up new terms and the writing structure has been improved upon by the arrangement of the chapters.

1. Taleb suggests that he is the premier "lucky fool" that he is a sucker for order and tradition. He wants to emotionally live in that world too. He admires the "expert" who is the first to admit how little he knows.
2. He criticizes historians to suggest that there are historical determinisms when they do not take into account alternative histories if certain events had not taken place.
3. He is brutal with economics. Economics became the king of the soft sciences or social methodologies when it was introduced to hard number, ratio math. Soon elegant econometric models were derived that surpassed the other social methodologies. However, they were often wrong. Credit Paul Samuelson for introducing the math and glorifying the recurring regularities assumed by it, the order that are rational. Economics without math becomes another descriptive soft methodology. Traditional economists are outraged. He cites numerous sociologists and psychologist on how the brain is structure and how we are non rational.
4. He is very much unimpressed with traders who have outstanding successes for a few years. All they need is really bad investment using their current strategies and they are doomed.
5. Entrepreneurs who discover a novel technology or innovation he believes should male a great deal of money , but CEO's who works up the ladder do not deserve the money they make. There was a time in recent history when the top dog made 20 times the janitor. Now they make a thousand times as much.

6. All along he speaks as if he is for the little guy who really knows that he doesn't know anything. He continues to introduce contradictions in the society and yet his politics and religion don't match his analysis.

Let's start with the first, he is a libertarian. Libertarian capitalism without regulation now appears to have driven the United States into the toilet. If all or most of us are losers living in a socially constructed non-reality that is filled with huge black holes, why is he on the Right? Most of us will hit bottom and with Libertarianism if there isn't a charity that can help you out, you are dead as dust.

The second is that he is a member of the Orthodox Church. God is not the author of randomness or is he or she? God is anthropomorphic in the church and intervenes in one's life and yet Taleb maintains that in the social world is really without order. There are correlations, yes but not hard facts. He may not even be a Unitarian. Even the religious humanists, Trinitarian anthropomorphic and pantheist agree that the world has some meaning. That is what brings the Unitarian church together. Orthodox Church is filled with pre-modern certainties. They may be correct. This not to fault the church in anyway. It is to ask, "What is Taleb doing in it?"

At any rate, regardless of Taleb's background, he is damn smart and he knows it, because when he gets up in the morning, he tells himself that he is a damn fool. However, he is a lucky fool. Unfortunately, among the rich and learned, my guess is that they don't say such things.

PURCHASING POLITICAL SHARES

INTRADE.COM O 364 M 174

The system is run something like a stock market. If you buy shares a set price is established. You buy at that price. You buy shares of not who you want to win, but rather who you think will win. This originated at the University of Iowa and is now with another party. The actual electoral results college was 364- 174.

POLLS

The polls are listed as reported. Comments will follow. MOE stands for Margin of Error. NR indicates Not Reported.

POLLS BY %

Pollster.com O51 M 44 MOE NR.

Marist Poll. com O53 M 44 MOE 4%

NBC/WSJ O51 M 43 MOE 3.1%

FOX O50 M 43 MOE 3%

GALLUP O 55 M 44 MOE 2%

CBS O51 M42 MOE NR.

RCP O52 M 44 MOE NR.

Reuters/C-Span/ Zogby O54 M43 MOE 2.95

Daily Kos / Research 2000 O51 M45 MOE NR.

Rasmussen O52 M46 MOE 2%

Democracy Corps O51 M44 MOE NR.

IBD/POST O53 M44 MOE 2.5

GWU O50 M44 MOE 3.5

Ispos/MCclatchey M53 O 46 MOE 3.6

Diego/Hotline O53 M46 MOE 3.3

PEW O52 M46 MOE NR.

Mason-Dixon 0 222 M 187 MOE NR.

Public Policy Polling 0281 M144 MOE NR.

POLLS BY ELECTORAL COLLEGE

Survey USA 0 292 M 209

Quinnipac O269 M 128

American Research Group O 325 M 191

Research 2000 O 226 M 143

Intrade.com O 364 M 174

MARGIN OF ERROR

The margin of error is reduced by greater numbers if each registered voters has an equal chance of being chosen. The greatest risk was Marist with 4% margin of error and 635 polled to Rasmussen and Pew with 2% and 3000 surveyed.

COMMENTS AND CONCLUSION

This is the 2008 returns, and polling is becoming harder. Some are using robocalls and others humans. All we can say is that Pew, Rasmussen and Five Thirty- Eight were the most accurate and Mason-Dixon the least accurate. That is based on the information that I have. Relevant to the the electoral college, Intrade.com was the closest. What was so significant was there were others that were not nearly so correct. If the election was close as in 2000 and 2004 they would have been wrong. In those elections, most polls would draw somewhere near 5000 voters. What was most surprising is how wrong two very prestigious polls were. Gallup had Obama winning, by 11 % as did Zogby. These are the premiere pollsters and are not thought to wrong much of the time. The actual results were 6%. So they missed the mark by 5%.

Thus another election comes to a close. It is rare when Democrats win since 1968. What will happen in the future and what the polls say are left for another time. However, it appears that polling will increasingly become harder due to the mobility of the population and the changing communications technology.

ACCURACIES OF THE 2008 PRESIDENTIAL POLLS

INTRODUCTION

The polls this year, all but one predicted that Illinois Senator Barack Obama would win the election. However, some were more accurate than others. We will discuss three areas. One is the accuracy in forecasting the percentage difference; the second the Electoral College difference, and the third is the margin of error.

METHOD

Survey of a number of polls comes from the following: Pollster.com/ [Polling report.com/](http://Pollingreport.com/) [Real clear politics/](http://Realclearpolitics.com/) and [USA elections polls.com.](http://USAelectionspolls.com/)

Unfortunately, we do not know the complete methodology of each poll. Of the three criteria, many do not report all three. Therefore, we must use the available information in this secondary analysis.

ACTUAL RESULTS (11-7/ 2008)

OBAMA 52% of vote
McCain 46% of vote

OBAMA 364 electoral votes
MCCAIN 173 electoral votes

137 million votes were cast or 67% of the electorate.

RESEARCH STRATEGIES

MATH MODEL SIMULATION

FIVE THIRTY EIGHT.COM O 52% M 46%

This is Nate Silver's use of math models of past elections. Whatever he does and how he knows is beyond luck. He was extremely accurate. In fact, he was exact. His procedures are a trade secret. No polling is involved.

Vanden Heuval, Katrina, Editors of the Nation *Meltdown* (2009) New York: Nation Books

Nation is a left of center periodical and so the bias is in a populist-democratic or social democratic viewpoint. Nearly 50 years ago, Nation's back pages generally supported Communism as Yanks understand the term. American communists at that time felt that the U.S establishment was very soft on fascism and helped Nazi infiltrate in to our country. Thus Communism was the only hard Left force to fight it. Further, the information they received from the USSR was from a now known as a Communist who wrote for the Associated Press. Thus, most of the information came from that source. Last, American Communist socialist when they went to the USSR was given the "Queens" tour. It was composed of a tour of a village in which actors portrayed a utopian society. Other views came from selected areas that were spruced up for the visitors.

When Communism collapsed the Nation had earlier disavowed its ties with Communism. In nearly every article, the view is from a social democratic perspective. That means Left wing capitalism.

Early chapters describe that what is happening in 2009 and in 2008 is not new and goes back hundreds of years in America when deregulated economies became filled with the greedy and the corrupt. Currently, the last of Carter, all of Reagan, Bush 41', Clinton and Bush 43' were supply side/ deregulated economies. As time went on wages went flat, upper mobility dramatically slowed, and most middle and poor borrowed to stay afloat.

As this is a collection of articles from Nation, many aspects of both supply side and deregulation are discussed along with NAFTA. Other topics include leveraging, creation of CDO's, Default Swaps, the breaking apart of Glass- Steigelman, act, and questionable economic statistical math strategies and related.

As the book was written, President Obama had not been elected. However his direction is more to the center of this book. Still, much of what they have to say is relevant. The editors want to re-regulate the economy, protect progressive legislation and government as the last resort for workers and consumers. In other words, they want "The Workfare State" of such places as in Scandinavia.

No one calls for the violent overthrow of the government and the nationalization of industries with worker councils and related utopian Marxism. What they want is a form of capitalism that has a positive impact on all social classes.

SOCIAL DEMOCRATIC CAPITALISM

In a recent Rasmussen poll (4/6-9) 53 % favored capitalism over socialism.(usaelectionpolls.com) NEWSWEEK (2009: 2/7) announced on the cover that "WE ARE ALL SOCIALISTS NOW" At the end of the election night of 2008, Neil Cavuto of Fox News interviewed the only Socialist in the U.S. Senate Bernie Sanders of Vermont. He described the benefits of what he called socialism. Rep. Spencer Bachus, R/Alabama says that he has a list of 17 socialists in Congress (NEWSWEEK 2009: 4/20). Fox News calls Obama a socialist and so did Senator John McCain on the campaign trail last fall. .

From the late 60's to most of the 70's I taught a course in political sociology which covers a great deal about ideology or political beliefs. Hard Left, Command Socialism is what Americans call Communism. The author is Karl Marx, a Jew who converted to Lutheranism, then atheism and at the end of his life said "I am not a Marxist." He never met Lenin or Mao and spent most of his life in England. He wrote op-eds for New York City newspapers. Revisionists changed Communism into socialism. This form of center left government is where certain industries are public owned. The rest of society is private and all of the above must be done by democratic election.

In parliamentary democracies, democratic socialism and its capitalist cousin social democratic capitalism is a mix of socialism and capitalism. Most of the countries around the world that are our allies are social democratic except for us. Nearly all those countries the majority of the means of production (farms, factories, banks, and small businesses) are privately owned.

Democratic socialism was the form of government before Margaret Thatcher became prime minister in the United Kingdom. She privatized numerous industries and other services, before she left office. Most Brits liked the change. So Tony Blair of the Labour Party and now Gordon Brown did not re-nationalize industries when they became prime ministers. Thus, England moved from democratic socialism to social democratic capitalism." Swedish socialism" is also capitalist

It appears that President Obama is heading us toward a very mild form of social democratic capitalism. However, anything said about the future is a really big jump in this post modern globalized world.

Obama is leading us in the same general direction as did FDR up to Jimmy Carter. When Ronald Reagan became president, he wanted to return the country as best he could back to the roaring 20's before the New Deal. . That means business is lightly regulated on Wall Street. All presidents including partially President Clinton followed that model after Reagan. This is called Laissez faire capitalism.

Let me describe social democratic capitalism this way. Social security is socialist in that it is completely run by the government. Medicare is social democratic capitalist in that there is a mix of socialism and capitalism. When I turned 65, I chose my private

insurance company and Brian of my private company choice helped me sign up. There were many plans to choose from. After I got my plan, I also chose my private pharmaceutical insurance. I go to private doctors and hospitals. The socialist part is that Medicare is supported by tax payers and the federal government provides a shared risk so that everyone is covered. The rest is capitalism. The doctors, medical support persons, clinics, and hospitals are private. That is similar to that which is happening or happened all over Western Europe and Scandinavia. All are democracies. Anything further to left is the old socialism and history appears to indicate that it does not work.

So that is social democratic capitalism and when the Republicans return to power, they will probably work to return to a modified form of laissez faire capitalism. However, if social democratic capitalism emerges in this country, both Left wingers and Right wingers will call it socialism, but for different reasons.

THE SALESMAN OF THE GLOBALIZATION OF ECONOMIES: THOMAS
FRIEDMAN

STEEL (2005) THE NEW REPUBLIC, 9/5/35-37.

Thomas Friedman in his new *THE WORLD IS FLAT* is an engaging writer and speaker. He also has a very down to earth presentation. His previous books have been best sellers and garnered critical awards.

His new book is similar to others. He is a pop king of the global information society. He is also well connected and the reader is introduced to highly situated and power people, intellectuals, and think tank types and related.

Unfortunately he overlooks or pays little time talking about the millions of people who lose the jobs do to globalization and what to do about them once their dumped. He suggests retraining, but will the new job pay much? How long will the job last?

Globalization help the rich and are financed by every one else. Other countries may be competitive only if they can bring in bottom wages. So wages head south for everyone except the rich and some high techies.

If this goes into a second edition, it should have a section on the downside of globalization. Most every social change has at least 2 sides.

FUKUYAMA, F. (1999) THE GREAT DISRUPTION NEW YORK: THE FREE PRESS

Fukuyama is the author of the END OF HISTORY. It essentially said that capitalism had won the ideological battles and thus everyone is in the same room. However, capitalism has won, but there are various kinds. Capitalism can be made into socialism with the welfare state or fascism with a military command capitalism. It can also be the ground work for theocracy and other forms of government.

Capitalism appears to be an intervening variable to democracy. However, you can have capitalism without democracy as listed above.

In this book, the author describes the great disruption of moving from industrial to post industrial society. When you make major social and economic changes, it overwhelms all institutions. This also happened when the USA moved from agriculture to industrialism.

The causes are demographic, economic and cultural. However, he dismisses many theories on both the right and left on other causes. He believes that human's selfishness translates into natural and social order, because to further our aims we need others.

In the meantime, we will see the social capital sector medicate the wounds of lost jobs when folks play by the rules. Thus charities will help many get through bad times. However, he does not believe any government action is necessary.

In other words, if the market works its will, good times will come again and so will the social indicators of crime, welfare, divorce and related will turn downward. However, history suggests that humans are selfish and many will help others for their own benefit. Yet, wage slaves and slavery has blossomed because the owners get so much more than if they release the slaves. Nearly 80% of the world is under authoritarian governments. To get democracy, you need capitalism, but you have to fight for freedom and social goods... The market does not automatically free its members. Collective action is necessary by workers. However, if they choose command socialism, they do not become free.

One of the ways, workers and consumers gain leverage is by collective bargaining. You have to fight for democracy a tyrant does not want to change even if there is a market economy.

Much of this is lost on Fukuyama.

SUNNY FACISM

STITES/ 2005/ U.U. WORLD/ WINTER/ 74.

Political and religious liberalism can not prosper if it is only a list of individual rights. Liberals must create a vision that includes responsibilities. It must also indicate that economic security can come from choices and freedom. We still have habits of the heart and need to be accountable to others and ourselves.

Fascism can come if we allow it and it fills the vacuum left by the Democratic Party and Moderate Republicans. Sunny fascism is incremental and sounds great. The best thing to do is stay positive. That democracy does work and that the internal and external enemies are to be minimized by democratic procedures.

Liberalism can not support the rights of offenders without indicating that government will do everything to protect individuals from crime. Non-offenders must take priority. There are times when we must go to war, but they may be a lot less often than what we have done in the past.

Families must be protected with an emphasis on the nuclear family. Gay rights must be honored and gays not punished for being gay, but straight families of which there are more voters must take precedent.

There are numerous red flag issues that conservatives win and of which the majority of Americans lose after they have voted. Most voters are not fundamentalist Christian, but that coalition is the most dominant at this time in history.

AMERICA'S MOST TRUSTED

BLLOMBERG/BUSINESSWEEK (2010)

6/6/ PAGE 51

AMERICAS MOST TRUSTED INSTITUTIONS/2010

SMALL BUSINESS 71%

CHURCH/SYNAGOGUE 63%

OBAMA ADMINISTRATION 45%

HOLLYWOOD 33%

MAINSTREAM MEDIA 31%

CORPORATIONS 25%

CONGRESS 24%

BANKS 22%

THE VERY BIG SHORT

Lewis, Michael (2010) The Big Short, New York:
W.W. Norton

Although defined as non-fiction, Lewis builds a narrative of individuals who made a great deal of money by "shorting" or betting against a financial instrument. That means there are those in the market place who bet that a stock or bond will go down while others hope that it will go up.

Although the book is filled with economic jargon there is generally a following sentence describing what it is and does in the market place. However in the middle of the book, there is one long paragraph apologizing for all the

definitions that are explained, but may be lost in this extremely interesting narrative.

So you have some individuals that are all small time and make millions betting against the market. Most do not have business degrees, but before they start shorting, they by necessity get the "feel and smell" of the market.

In the main, they find sharks in suits. However, those suits

in their learning process never question what they were doing which ultimately was screwing people out of their lifetime savings. Nor, was there a question about how they were making money. They knew the jargon and the continuous new jargon for financial instruments. They learned to talk laboriously and vaguely when explaining what they were

doing. MBA's were quickly tossed from firms if sales slowed or they asked too many questions. In other words, if there is God, he doesn't like losers. It was a raw vulgar form of Calvinism.

So in each instance, our cast of characters saw around them ruthless, one dimensional, savants that called themselves "capitalists."

The 20th century had illustrated that clearly markets work better than planned command economies. That some of the largest Communist country had turned away from their ideology to the market. They also saw that there was really not much around except Social Democrats in Europe and Scandinavia.

Although they were capitalist countries, they had elaborate social nets and regulation.

Further, socialism that was democratic was adopting capitalism. Yet the new socialism was

really a form of capitalism All this added to their hubris.

Thus, God was a social Darwin and the enemies of the country was the threat from within in the manner of the liberal and moderate capitalists or social democrats. Not only would they harm the country, they would secretly try to add regulations and nationalization.

So the heavy hitters plunge money into Fundamentalist Christianity along with Fundamentalist Capitalism.

Even before Reagan, the liberal-left started shooting themselves in the all the wrong places.

So the sharks took over and created junk bonds, and later CDO's. Very briefly, a CDO is a Collateralized Debt Obligation which is made up of loans that should not be given to people because they did not have the money (subprime.) These new purchasers bought their home loans with little money down in what is called an ARM. That is an adjustable rate mortgage. So a small house payment very quickly turned into a big payment. With just a few brain dead regulators on the street the sharks knew they could create illusions. The rating agencies knuckled under and started giving triple or AAA ratings that were junk from the lowest level (or tranches.) However, they were smart enough to mix really good loans into the brew.

When the sales force was out there selling this stuff they may or may not have figured that they were bad, but they knew what they had to sell. Further, the length and wording of explanations were very hard for even purchasers with the right academic background to understand. What was easier to know was that your buying a new financial instrument that was super safe

that had mainly good mortgage loans in them and were bundled with some risky loans that could skyrocket upwards or downwards.

However, the majority of the product was safe to protect the consumer from losses. Further, all of this was then bundled with more CDO's and then more until the paper value of this was in the billions, but could be purchased for less.

The leaders of Iceland got so excited that they bought a lot and when the market crashed Iceland defaulted (a country announces that they are bankrupt.)

Further, American CDO's spread or metastasized like cancer around the world. Billions than trillions started

roaring in to the street that was very bullish.

The Fed (Federal Reserve System) kept interest loans for too little and too long.

Now come our friends in the BIG SHORT. One has a capital fund that sounds great, but was located in his back garage. Technology was there to buy and sell and to send e-mails or

cell phones to communicate. Generally customers were anonymous and had purchased junk from companies that had financial planners. So they were pretty far removed from the original purchaser.

They kept buying and shorting the market. They looked for really lousy loans that were over priced and bet against them (shorting.) Thus when the lousy loan fell they sold to make even more money.

About one year before the crash, the sharks knew that soon the hustle would be revealed. Thus their explanations got even more obtuse and finally the big banks fell. Millions lost their jobs and as this is being written the market is slowing climbing out of the dark.

Not only do you learn much about the stock market you find an interesting story of folks who bet against the best when common sense told them not to do so.

The book ends with our anti-heroes coming out just fine in the biggest crash so far of the 21st century. A glossary of definitions would have been nice at the end of the book, but this does not make this a bad buy. I found it enjoyable and a real page turner. (I got through the crash

too. I started planning for a big crash when President Regan started talking about Cal Coolidge and non-regulated capitalism.)

Prof. Joel Snell

Kirkwood College

Heath, C. and D. Heath (2010) *Switch*, New York: Broadway Books

This business best seller uses some very common language and excellent examples to encourage others to make changes of all sorts mainly in business settings. Further, they use paradoxing a great deal. This means you encourage one thing by suggesting something else. It is also called reverse psychology.

There are some very useful main points followed by iterations and examples. First is the RIDER. This component in one's mind and the collective continually thinks and plans. It is the intellectual side of one's psyche. The ELEPHANT is the emotional side. It needs to be directed and it is a very large creature. In other words, the RIDER needs to direct the ELEPHANT to places and things that it does not want to go.

Parenthetically, Freudians will recognize that the RIDER is a combination of the Super Ego and the Ego. Super Ego sets generally high standards and the Ego has to be the broker between the id (which is the ELEPHANT) and the RIDER.

So how do you get to your destination?

You motivate the ELEPHANT with bright spots (authentic compliments

to a worker.) You also learn numerous other strategies that a worker may see through if they do not believe that you are legitimate. Each strategy is clearly defined and discussed. Many are given an entire chapter.

Lastly, you have to discover the PATH. You may go many different ways, but some paths are a lot better than other paths. They tell you how to pick a path even if it is by accident and how to try to shape either the workers or the path.

Once the path is found for a work organization, they tell how organizations get a turnaround in morale and productivity.

So briefly, the main building blocks are RIDER, MOTIVATION, ELEPHANT and PATH.

This is also the book to refer back to if you have found a successful path , but it needs "tweaking."

This a great book in an interesting cover where a wall switch is in the "OFF" position and as a reader you probably want the switch to be "ON" You are saying that if it was just that easy and it is not. Hopefully for the reader, this book helps you to make a change when it is hard to do.

The authors wrote best selling MADE TO STICK and now this one.
Readers should include the general public, managers, and academia.

THE MEDICINE STORE

I spend about \$800.00 to \$ 1,000.00 on drugs a month. That is quite a habit and it is legal.

Within the last couple of years, it seems to me that my medications have truly jumped in price. Perhaps, you spend more. Why could that be in terms of spending? Inflation? That there has been dramatic improvements in the medication that you are already taking.?Maybe.

Brill/TIME (2010)6/12: 31 indicates that money spent on lobbying for all activities in the legal realm has nearly tripled in the last 11 years. Further, bandit scientists crunch numbers in various ways to make a product look viable and attractive. So you buy a new and improved drug, and it costs more. What have the drug companies done? They compared their medication to a placebo or a

dummy drug that looks like a drug, but is made of powder and or sugar. Or they may have published results of a study that compares the drug to another and then stop

sampling when their drug is significantly better than the control drug. However, if they keep sampling, no significant difference is noted. Then comes the public relations folks who express their findings in a tricky way to suggest that the med is better than it really is. They did all that back in the days of tobacco industry controversy and continue to do so today All this is noted in THE ECONOMIST (2010) 6/29:86-87.

Bliss and Decker in "Ending the Silence of Generic Drug makers" BLOOMBERG-BUSINESS WEEK (2010)6/4 note that Big Drug Companies are now making backroom deals to generic drug companies to take the money and when the patent runs out, the generic company looks the other way. A generic, that cost a

lot less is never manufactured and the big companies pile on the profits. Although this is

a controversial number, many feel that an additional profit of \$3.5 billion dollars a year is made to keep the generics from making more expensive drugs

to lower their price.

So here you are. You need the medication, it has bought off the competition, and rented congressional sponsors. So what do you do? You pay more. The author now pays

\$440 for one month's supply of a brand name. Further, the author got 3 little bottles of

heart related meds for roughly \$125.00 each. That was in just one package that I got from the pharmacists.

As a vast generalization, most other western democracies pay less. The time is right to send an e-mail or letter to all the folks that represent you. See what they say. My guess is that after the midterms, you will never hear about it again.

SOROKIN, A. (2009) Too Big to Fail, New York.

This encyclopedia account of the days leading to the Crash of 2008 is one of the most exciting and comprehensive accounts of the second largest of its kind in many, many years. The author provides the cast and characters who play into this huge pressurized subculture called Wall Street. The buildings are huge and beautiful, but what lay inside was rot.

Specifically, behind the tinsel of buildings, pretty interiors and well dressed people, the various institutions contained billions of dollars of funny money of all types. As an example Iceland bought a lot of CDO's for their country. Here is the pitch. This financial instrument is both safe and likely to dramatically increase the wealth of Iceland . Each financial policy has

billions in good loans that you can collect at a later date. However, there are some real growth potential in more risky loans that could climb very, very high or not. They are of risk loans with ARM's. Most will do fine, but you must expect that

there will be slippage. That is why higher grade loans are included. All have been rated AAA.

After the presentation, econometric models were displayed based on the growth of most of the talks. They used Gaussian statistics with multiple regression and the ratings were from one of the three American raters. Iceland bought and after the crash had nothing or not much. The Icelanders didn't quite understand all the jargon but it seemed like a good deal. It was not. What they also did not know was the folks selling the economic instruments were also betting against the money (shorting) back on Wall Street.

As the Free Market system was roaring along, it finally hit its match. Deficits appear to matter. Regulators like it or not can help create the train from running off the track. Henry Kaufman said so. He was a retired financial officer that had retired in 79' from Wall Street. He was invited back and asked his opinion.

When the machine went down, hundreds of high paying executives fought and reluctantly agreed that some banks had to fall and when they did, they would be filled with bad debt.

Roughly, 4 times in the book an adult is called. His name is Warren Buffet of Omaha, Nebraska. He politely backed out of 3 deals. All which would cost Buffet lost money to keep a system with buildings that did hit and miss in de-regulated free capitalism from going under. He finally on the fourth instance bought a small amount of good debt and worked later to promote the American financial system.

A TARP was established the basis essence of upper class socialism. The government backed the banks and got all of their money roughly one and one half years later. On the other hand Sen. Shelby of Alabama dismissed that bailout as a strategy not true to capitalism (Say's Law.) His voice would remain a minority one.

In the meantime, Hank Paulson's job was to do everything possible to keep George Bush apprised of the situation and patch an accord throughout the market on how things would proceed. Jamie Diamond's name also surfaces as a leader.

In fact the book starts with Diamond and pretty much ends there with him moving on. With the election of Obama in just a few days, the President would nationalize two cars companies and

CRYING IN ONE'S BEER

Folks you know that things are going wrong when you see television, cable or related. This is not a usual recession. Back in 2008, we were on the cusp of almost total financial collapse. How did that happen? Here are a few reasons of many. The downward spiral started in the 70's and escalated in the 80's. Under Clinton, things were beginning to turn around, then we went down again.(MSNBC.com)

In 1970, the average pay of a worker compared with a CEO was 28 to 1. Today the range is between 350 to 550 times greater in income. (Business Week, 2006)

Using Supply side economics, for every dollar invested 17 cents trickles down to average consumer/worker(The Week, 2006) When jobs leave this country, the three that leave two return as minimum wage jobs. The third is highly technical and professional (Sessions & Wortman, 1999)

The top 1% own 43% of the personal financial wealth (www.mybudget360.com) The top 1% pay 35% percent of reported income. However, most get their money from capital gains (money from productive property.) Thus, they pay 22 cents on the dollars as capital gains is 15%.When you combined the two previous stats, you get the 22%. (www.taxfoundation.org/news/show/250.html.)

Big business has to pay one of the highest corporate taxes in the world. That is 35%. However, after the accountants prepare to pay the tax, it comes out to 2.3%.(Time, 2011) When a dollar is invested at the top as in trickle-down theory, it moves from one person or organization to another 4 times (multiplier effect.) If it is invested in the middle, the multiplier is 8 times. The greater the multiplier, the greater the growth (Moody.com)

The Fed is sitting on 9 trillion in bad loans (my budget 360) We need to pay back our debt, but slowly. We have not arrived at a safe spot yet (as this is being written.) Job growth was 2.4 jobs last year. Only one million are in the USA. The others are in foreign countries. (MSNBC.COM) 409 K is not a good pension plan. Nearly half go to fees.(CNBC.COM) Standard pensions were replaced with 409's because it was cheaper. Unlike a pension, the 409 is highly volatile. It also boosted the stock market.

By turning to supply side economics and related policies, this 30 year old strategy appears to have greatly weakened the USA.

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Reich, Robert B, (2010) Aftershock, New York: Alfred A. Knopf,174.

Marriner Eccles was Chairman of the Federal Reserve Board during a crucial time of American history including the Great Depression of 30's and World War II to the mid 40's. Having seen that Free Trade Classical Economics after Hoover's attempt to allow the market to automatically gain a new equilibrium promised in Says Laws fail, he left banking and headed back to Utah.

Eccles implemented Keynesianism under FDR. As this is being written, the USA and the world is going through a very difficult Great Recession of the 21st century. President George W. Bush created a large tax cut, started two decade long wars, and deregulated the economy. With the crash, President Barack Obama has spent trillions following Eccles and Keynes. We might not spend our way into prosperity, but the core industry are now back in the black. We do have a huge debt and the legislation to right this has yet to be written.

The 30's Depression was so severe that it created a social cohesion among the social classes. A "Grand Bargain" was inadvertently struck. The Great Prosperity prevailed from 1947 to 1975. Its basic premise was that workers would be compensated for their hard work and have a safety net for those who fall.

By the late 70's stagflation hit. Carter was out and Reagan was in. He championed that classical formula of the 20's. Memories die quickly and with the death of generations repeats emerge from history. It was Cal Coolidge again, and Ronald Reagan was an incredible communicator. Deregulation, tax cuts for the rich, followed by debt meant that deficits don't matter. If the rich got more, it trickled down to those of us below.

It didn't work. However, the classical school will still be taught for years to come at colleges and universities. The rich got so rich that could not spend it all and there were a lot of great investments overseas that made even more money. Money that goes to the rich has a multiple of .4 compared to the unemployed, the multiple is 1.6. The more money the middle gets the greater that there is not excess capacity. However, outsourcing, job segmenting, contract work and other like terminology have become household terms. The rich get richer and the game of opportunity is rigged.

The " Grand Bargain" faded into a kind of greed that was good. More billionaires were created as money was flushed from the middle and bottom. The middle coped by Mom going to work, everyone working longer hours, and Americans borrowing from their savings.

Now the Grand Bargain is gone or is dying with better technology, globalization, and regressive taxes. The game is up and political discourse is now melted down to hate radio and shout television. It has also balkanized the country.

Reich bravely suggests some left of center programs to a right of center country. The other in which he outlines is essentially a democratic fascist or soft fascist agenda that is simple to understand and moderately cruel to do.

I think this is a very valuable book, because a very bright individual makes a complicated explanation easier to understand even if you don't agree with his ideology. Please recall that Reich was not only an academic, but Secretary of Labor under the Clinton. Even more important is that he did not directly experience the Depression, but like this reviewer saw the residue of it just a few years later. Reich's father was a capitalist of wealth and means who became penniless in the crash. The family struggled on and the elder Reich went to his grave deeply hating himself.

Prof. Joel Snell

Emeritus

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Taylor, Steven (2011) 30-Second politics, East Sussex, UK: Ivy Press, 160 pages.

This book on political science is one of a series of 30-Second books on various subjects. The format is similar to others. The discipline is divided into sections, post modern art and graphics decorate the pages. Special definitions are arranged alphabetically and placed on a special page(s.) The first section discusses how some get to the top and what followers do or are expected to do.

Sections 2-5 discuss the many ideologies that the masses of humanity have come to love or hate. Section 6 discusses the economic system that is the foundation to many political structures. The last section deals with international relations.

In nearly every society today, a market system or bartering is a major form of material distribution. Fascism is a military type of capitalism. Democratic Socialism and Social Democracies are really economic mixes of public and private ownership of capitalism. This

also applies to theocracies and democratic capitalism.

When one

mixes in political culture, the United States places a profound importance on the individual over the group. Since there is so little room at the top for others, each individual has to come to terms with their place in society. France is more of a collectivist culture. Placing one above others and ostentatious behavior is frowned upon. Most societies lean somewhere along the continuum.

After world war II, many first world societies, democracy was the chosen structure and the mix was larger toward public enterprises. From the 80's onward, there has been a trend toward privatization. Since October of 2008 with the great crash of the 21st century, many countries have moved more toward a slight increase in the public sector.

Complete privatization and limited government has meant that large industries and financial system can violate the law and bring down a country. Most first world societies have again increased regulators and laws applicable to dealing with consumers and workers.

In the United States at the time of this writing is moving in two directions. One is a federal society with some public sector enterprises and worker protections. This form of society is a socialistic form of capitalism. This mild form of capitalism can be stopped by the ballot.

Another trend that is in opposition to social democracies, is a new capitalism that draws on features known by Americans before Franklin Delano Roosevelt. States have increased power over regional and federal government and any or all enterprises are private. Religious fundamentalism or in this society Evangelical Christianity is the major form of religion.

Societies like humans appear to constantly make multi-linear chaotic changes that seem disorderly at ground level before very orderly from far above. If anything, it appears that most societies are moving toward a market economy and a mix of public and private ownership of the means of production.

What is favored by one group is not acceptable to another group. If market struggles turn violent there is war. This was not enclosed in this excellent read.

LOSING TIME TO YOUR EMPLOYER

Doherty, William J. (2004) "Let's take back our time" U.U. WORLD, September/October, p.33-35.

We work more than medieval peasants did.

U.S. workers are on the job 9 more weeks than European employees. Dr. Juliet Schor calculated that from 1973 to 2000, nearly 200 hours have been added to the work year.

We also have the shortest paid vacations in the western world and have given back to our employers as a nation 175 million days of paid vacation.

Those who are hurt the worst are "managers" (that is they may be in name only) and the working poor, who have 2 or 3 jobs.

Enjoy!

NEW NORMAL/TWO

As one knows, change is the constant. To an observer nearly everything appears to be in flux.

Years ago, Alvin Toffler introduced his own new word and it was called "IMPERMENENCE." You may return to an old haunt and find that it is now a parking lot. That a park has become a shopping center.

I would like to suggest that 6% unemployment rate is the old normal. At 6%, there is an employment that occurs due to social and economic changes. Further, during some very prosperous times the rate is much lower.

However, 6% probably is a fictional rate. Those that are unemployed may really be 12%. However, the two major parties accept whatever is best for them. This means a low unemployment rate as possible.

To get to 6%, you need to delete those not actively looking. Females can be redefined as full time homemakers if they are married. A corporation can indicate numbers that are higher or lower depending on what they think of the president.

Further, one could argue that one is officially unemployed when they are working full time off the books. That means they are being paid in cash and it is not recorded. That is also called double dipping. A full time job is any number of part time jobs that add up to 32 hours. All of this is been going on for years. There are many other tricks that I just don't know about and some changes have been made that make some of the statements above moot.

At the moment the private sector is reported as being in good shape. We have been out of the Great Recession for one year. And yet, the unemployment rate that is official is 9. something. The stock market in a matter of days in the fall of 2008 went from 14,000 to 6500. Policies put in by late Bush and early Obama administrations stopped the huge spiral by Keynesian policies to unappreciative bankers.

The next year those same bankers who invented those phony financial instruments, gave themselves a raise after the tax payers bailed them out. The real question is why the unemployment rate doesn't go down.

Last year, roughly 2 to 2 and 1/2 million jobs were created. However, the USA can only claim 1 million.

Thus, one of the answers to unemployment is that many jobs created go overseas. Our trade policy with the enhancement of NAFTA rigs the system against the USA worker as opposed to owners and brokers of the economy. This is followed by fairly low paying taxes or one's with loopholes in it. So we have a situation where most of the major employers really don't need to hire more workers. The arrangement that we have now is just right for the rich. Further, Capital can move quickly and Labor can not. The leverage is on the side of Capital.

At the state and municipal level, there should be a tremendous rise of unemployed and the debt should remain high. For two years, Obama has kept them afloat. Now they must live on their own.

So austerity will create more unemployed. If Obama is not president in the next term, then a new Republican may announce that there is a "new normal" for the global information society. A panel of experts could be organized and they will give their blessing.

The new rate is 9% or 10% official unemployment rate. In an instant, everything is okay. We all must adjust to the new reality except the wealthy who are doing just fine under the new system.

That is my view.

My time is up and thank you for yours.

Prof. Joel Snell