

## Forums for a Future <sup>1</sup>

### Podcast # 30: Resetting the American Dream

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I don't mind people who complain about the present. But, I find annoying those who look to the past to tell them what the present should be like.

Life does not work that way. Time flows forward. If we do not like our present, it means we missed a turn in the road awhile back. If we continue looking over our shoulder at what was, we will miss the next turn in the road.

Certainly, there is a lot to worry about: Environmental degradation, climate change, population growth, economic globalization, energy, political instability and our federal budget deficit all threaten the realization of the American Dream.

#### **The old American Dream**

The old American Dream that defined and shaped the nation was that through equality of opportunity, and through the freedom and responsibility for individual initiatives, that anyone could rise to the top. Like all dreams, that was in part an illusion because it referred to “all men” and for our first century excluded Blacks.

But, imperfect as it was, the ideal was an inspiration for the world. The growth and prosperity of the nation firmly established freedom and democracy as the principal player in the world political order. But, the elements that created the status of the US as the greatest nation also have come to be the source of its greatest weakness.

As David Kamp<sup>3</sup> suggested, "...the American Dream (has come) to mean fame and fortune, instead of the promise that shaped a nation." The Modern Era produced greater and greater disparities of wealth and income, a consumer ethic, and a fixation on winning the fruits of the resulting economy, rather than preservation of the Democratic process that made it possible. The financial crisis of 2008 -- 2009 has made clear that the economic pirates of the Modern Era have stolen the American dream by subverting, if not destroying, the very promises that shaped the nation.

Clearly, it is time to look ahead and to ask ourselves what beliefs and values are required to see the future as inviting and hopeful. I would suggest there are three old 20<sup>th</sup> Century concepts that we need to “let go of.” They need to be replaced by 21<sup>st</sup> Century beliefs that provide an exciting and hopeful future -- it is time to create the New American Dream.

#### **Three Beliefs to Let Go Of**

What are the three dead ideas that need to be put away to create a new American Dream appropriate for the 21st century?

## 1. Wealth

There are several reference points for when fame and fortune started to possess the American Dream: One was 1964 when a 40 hour work week at minimum wage came as close as it ever got to support a family of four at the poverty line; since then the required number of hours have doubled. Another was 1968 with the end of the great Society; and the change gained formal status as the direction of the nation in 1980 with the popular endorsement of Ronald Reagan's famous line: "government is not the solution to our problems, government is the problem" and through the resulting tax-cuts and deregulation that followed.

Thus began the transformation of the American Dream from public civic ownership, to corporate ownership, of government policy. With this shift we moved toward organizing our entire personal, social, economic and political life around the accumulation of wealth. This does not make any human sense as the meaning of our national life: It is not the accumulation of individual wealth, but the fair and just distribution of wealth that is the measure of human progress. The belief that the creation of new wealth has no limits has placed the need for economic growth above sustainability, and is the path to collapse. <sup>4</sup>

The collapse of Bear-Sterns was the tip of the iceberg that revealed just how far the US had strayed from the ideal of equality of opportunity to massive inequality in the distribution of both wealth and income. By the crisis of 2008 it was too late to reverse the effects of the past 40 years. The end point was the consumption of too much "stuff" on credit by a larger and larger number of the population for the financial well being of a smaller and smaller proportion at the top.

## 2. Ideologies

Three reflexive words have muted our capacity for thinking creatively about the future. They are: market driven capitalism, democratic political freedom, and individualism.

### *Capitalism*

Capitalism anchors one extreme of economic theory on the role of the government. It is a belief that market forces, free from government regulation, will produce the greatest amount of wealth to the economic advantage of everyone. The opposite end of this theoretical dimension is the belief that market forces left unregulated will result in huge discrepancies of income and wealth to the disadvantage of the large majority of people; from this perspective direct government involvement is necessary to produce both economic growth and a fair and just distribution of wealth.

The collapse of communism chronicled the limits of too much government control of the economy, no less than the growing inequalities of economic globalization and the financial crisis of 2008-2009 have chronicled the limits of too little government regulation. In the US we have allowed the economic ideology of free market capitalism to move from just a theory to be our national policy for the creation and distribution of wealth. It now dominates our political, social

and personal values. But, as is now clear, it was foolish to believe this extreme position is the theory of choice for all conditions, for all people, at all times.

### *Democratic Political Freedom*

The individual democratic political freedom that defines the United States anchors one end of political theory on the power of government. It rests on two assumptions: First, is the belief that individuals should be as free as possible from government regulation and intrusion into their lives. Second, is the belief that individuals through the processes of democracy -- freedom of information, openness, access, national debate, and voting -- is a superior structure for the organization of political power. At the opposite extreme is the concentration of power in the hands of a single authority. It is based on the belief that a wise, and often divine, leader is capable of making better and more efficient decisions than the masses. But, just as the efficiency of the authoritarian extreme has also resulted in tyranny, too much freedom from the authority of government has produced the anarchy of warlords and the ultimate loss of individual freedoms.

To be successful, democracy carries enormous individual responsibilities to ensure that the democratic process, in fact -- not just in theory -- is the source of political power. For if that process fails, then political power can be usurped for partisan ends. When that happens, freedom becomes a mechanism for the very abuses for which it was the intended remedy. The end of the 20th century, and of the Modern Era, has seen the transfer of political power from an individual, public, democratic civic process, to a process that is owned by the "warlords" of wealth through the mechanisms of lobbies, campaign finance and commercialization of the media. These are the "pirates" of the 21st century ideology of free-market capitalism.

This piracy of power has happened under the mistaken belief that lack of government intrusions and regulation is equivalent to freedom. When, actually, true freedom and equality of opportunity rests on protection by government from the imposition by some of unfair and unjust advantages for themselves, and inequality for others. In a democracy, political power must reside in the citizens, and the role of government must be to mediate between what is good for business and what is in the public interest.<sup>5</sup>

### *Individualism*

The extreme individualism of the US anchors one end of a social philosophy that every person is responsible for making and creating their own future; that individuals are the authors of their own fortune or misfortune. The opposite extreme is the social philosophy that subjugates the self-interests of each person to the good of the collective whole. Examples are found in Native-American and some Asian cultures where there is shame in putting self-interest ahead of the group. The irony of individualism is that greed and ambition can trample the freedoms that make them possible. The irony of an over-riding social responsibility for the group is that it can dampen the meritocracy that drives human progress.

The ideology of individualism has been the dominant philosophy in the United States. For the past 40 years it has contributed to the growing desperation that can result from the lack of an adequate social safety net: The erosion of old age security, basic healthcare, a living wage and

protection from unemployment has damaged the floor of security from which individuals are free to be creative and inventive. Since the end of the great Society in 1968, the United States has retreated into the extreme social ideology of individualism. It is time to find a better balance between the two extremes by providing a floor of security that gives individuals the capacity to be free to take risks, which the extreme ideology of individualism does not do; it breeds conservatism.

### 3. Nationalism

These three reflexive words that have defined the character of the US – *capitalism, democratic political freedom and individualism* – have been used to advance the United States sphere of influence by providing arms to foreign groups and nations, undermining sovereign nations, and starting a disastrous war with Iraq.

Because we now live in a global community, such ideological driven nationalism is no longer self-serving; in the same way that extreme individualism is contrary to the creation of community. A successful community is interdependent. In a globalized world it is increasingly important that the nations of the world become more interdependent because our joint survival on the planet depends on cooperation and common wealth. This is the new reality of life in the 21st century. The economic, political, social and psychological culture of the United States, as developed over the past 250 years, is not necessarily the answer for all people, in all places, and for all times from now to eternity. We need to give up our overbearing sense of nationalism.<sup>6</sup>

### **Life in the 21<sup>st</sup> Century**

We are at a choice point, and it is a simple one.

We can either long for a past that is over by holding on to the ideologies that defined the character of America for the past 250 years. Or, we can choose to become part of something every bit as exciting as was the settlement and unfolding of the nation. Three principles can help to chart a course for America that will establish the direction for the 21st century, replicating the accomplishments of the past 250 years:

#### 1. The End of Excess (Greed)

Giving up our fixation on wealth does not mean living a third world existence. Excess is wealth that is wasteful and inefficient; it is greed. It is a false sense of personal worth based on the accumulation of "stuff," not on character.<sup>7</sup>

It is excessively pretentious to drive a Hummer to the grocery store. It is greedy and excessive to collect a \$500 million per year salary, of which 99.9% is exempt from increases in the marginal tax rate. It is personally corrupt use the excess to hire lobbyist and fund political candidates who reduce tax rates of the rich while 50 million fellow citizens are without health care and 15 million children live in poverty.

There are simple well-established mechanisms for putting an end to self-pretensions, greed and excess. A heavy carbon emission tax will kill the market for products and process that are degrading the environment and redirect the investment to sustainable choices. A higher marginal tax rate effectively caps the incentive for seeking disproportionate amounts of income. An inheritance tax on the excessive accumulation of wealth is the basis of a meritorious rather than class-based society.

These are the political choices to be made now, and they are the ones on which the great democratic experiment is sustainable.

The end of excess is not going to collapse the American economy, but the continuation of greed will. The excesses of wealth that are reclaimed will be spent and returned to the economy for the larger benefit of everyone. The revenue from a carbon emission tax will build solar and wind power and create a new electric power grid, ending dependence on oil. The money resulting from the end of excessive income, golden handshakes and retention contracts can be returned to the economy in terms of an adequate minimum wage. The end of a growing class structure in the form of a concentration of wealth in the hands of a smaller and smaller number of people can restore the civic infrastructure to its American roots. The roots of hard work, equality of opportunity and personal character, not birth, as the right of passage.

It is a happy, healthy, thriving, and interdependent community that embraces the end of greed. Putting behind us our driving obsession for accumulating wealth is to open the door to where the true strength of freedom is in the process, not the products. That is the new American Dream: A simple, more equalitarian life. We can have everything we need by simply letting go of the endless list of wants that have dominated our life over the closing moments of the Modern Era. Now is a new moment, a moment to regain a coherent sense of self-direction in the absence of excess (greed).

## 2. The Age of the Millennials

Thomas Friedman<sup>8</sup> raised the question: "What Book Will Our Kids Write about Us? He gave the rhetorical answer: "The Sub-prime Generation: How My Parents Bailed Themselves Out Of Their Excess by Charging It All on My Visa Card." Perhaps nothing defines better what went wrong with the American Dream and why we have come to the imperative of the end of excess.

The real question is why aren't Generation Xs and the Millennials more radical than they are today? Do they really believe that the adults of today, left to their own devices, will not look to the past as the means to restore the wealth, ideology and nationalism of the previous century with all of its presumptions? The old version of the American Dream has run its course.

The challenge is for the adults of today to "give it up." They must start to engage young people with the question of how we can undo what we have done, and leave behind a planet free from false ideological perspectives in a global world where nations together can work to:<sup>9</sup>

- Create environmental sustainability,

- Meet the demographic challenge of population growth that will exceed the carrying capacity of the planet,
- Address the growing disparities of wealth and income within and between nations resulting from economic globalization, and
- Finally to create a political environment capable of global problem solving.

We can no longer treat the young and the old as living in different time frames. Now, they share a common future. Creating the new American Dream has become a simultaneous experience for the adults and youth of today. Claiming the future is no longer a sequential process. It is time to put away the concept and the reality of a generation gap.

### 3. What an Exciting Time to Be Alive

The Pioneers who settled a new continent, and in 1776 founded the great American Experiment in Democracy, did not know what to expect. All they knew for certain was that they were not repeating the past, nor did they wish to. Their future was an open book and through the democratic process they were to be the authors of a new story that, in the end, shaped and defined the Modern Era.

Roughly 250 years later, with the start of the 21<sup>st</sup> Century, it is time to start the process over, but with one big difference. The time frame for America Phase 2 is probably 25 years.

Get ready for the experience of a lifetime.

It is a lifetime that encompasses both the Boomers and the Millennials as the principal players. Neither can do it alone. If they come to gather as the holders of power and the bearers of hope, united in their commitment to put the 20th century and all of its presumptions of wealth, ideology and nationalism aside, and start afresh with the common mindset of "what an exciting time to be alive" we can regain the pioneer spirit that, through the democratic process, they can be the authors of a new story that will shape and define the Postmodern Era.

Like the Pioneers, the task is not to repeat the past; the psychological challenge is to not want to. The latter is the big hurdle: "Just, let it go." The science and technology of the Modern Era has served us well. We know what we need to know and what we need to do. Jeffery Sachs ended his book Common Wealth with the following challenge:

"Ours is the generation that can end extreme poverty, turn the tide against climate change, and head off a massive and thoughtless extinction of other species. Ours is the generation that can grapple with, and solve, the conundrum of combining economic well-being with environmental sustainability. Ours is the generation that can harness science and a new ethic of global cooperation to bequeath a healthy planet to future generations."

What an exciting time to be alive!

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<sup>1</sup> This essay is based on an audio and video podcast by Professor Renner entitled “**Forums for a Future**.” Text, audio and video copies of the material may be accessed from his website at [www.kerenner.com](http://www.kerenner.com). The direct link for subscribing to the video series from iTunes is:

<http://phobos.apple.com/WebObjects/MZStore.woa/wa/viewPodcast?id=289289719>

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[https://my.usf.edu/webapps/lobj-podcast-bb\\_bb60/feed/IDH3400.004S09/podcast.xml](https://my.usf.edu/webapps/lobj-podcast-bb_bb60/feed/IDH3400.004S09/podcast.xml)

<sup>3</sup> David Kamp. Rethinking the American Dream, *Vanity Fair*, April 2009. <http://www.vanityfair.com>

<sup>4</sup> Jared Diamond in *Collapse: How Societies Chose to Fail or Succeed* (Penguin, 2005) wrote about the collapse of Easter Island: “The Easter Islanders’ isolation probably also explains why I have found that their collapse, more than the collapse of any other pre-industrial society, haunts my readers and students. The parallels between Easter Island and the whole modern world are chillingly obvious. Thanks to globalization, international trade, jet planes, and the Internet, all countries on Earth today share resources and affect each other, just as did Easter’s dozen clans. Polynesian Easter Island was as isolated in the Pacific Ocean as the Earth is today in space. When the Easter Islanders got into difficulties, there was nowhere to which they could flee, nor to which they could turn for help; nor shall we modern Earthlings have recourse elsewhere if our troubles increase. Those are the reasons why people see the collapse of Easter Island society as a metaphor, a worst-case scenario, for what may lie ahead of us in our own future.” (page 119)

<sup>5</sup> Robert Reich describes with great clarity how and why this transfer has taken place in his book *Supercapitalism: The Transformation of Business, Democracy and Everyday Life*, Knopf, 2007.

<sup>6</sup> Fareed Zakaria discusses in extensive detail all of the many ways that the 21<sup>st</sup> Century will bring about a shift in the world order in *The Post-American World*, Norton, 2008.

<sup>7</sup> Kurt Anderson in his essay “The End of Excess: Is the Crisis Good for America?” (*Time*, April 6, 2009) notes among other facts that from 1980 through 2007 the share of disposable income that each household spent servicing its mortgage and consumer debt increased by 35%. This is in the face of declining household income as the discrepancy between the rich and poor got larger and larger.

<sup>8</sup> Thomas Friedman. The Real Generation X, *The New York Times*, Dec. 7, 2008. <http://www.nytimes.com>

<sup>9</sup> Jeffrey Sachs uses these four themes around which to organize the challenges outlined in his book *Common Wealth*, Penguin, 2009.