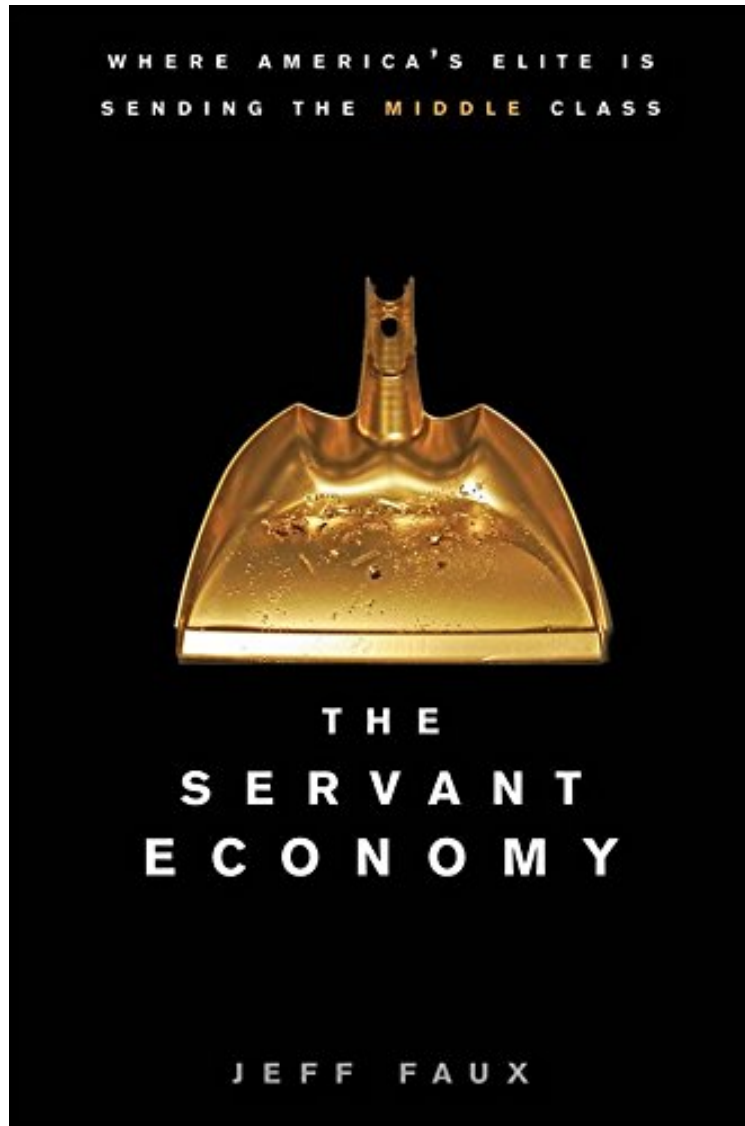


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## The Servant Economy: Where America's Elite is Sending the Middle Class

*Jeff Faux*

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**Jeff Faux : The Servant Economy: Where America's Elite is Sending the Middle Class** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Servant Economy: Where America's Elite is Sending the Middle Class:

53 of 53 people found the following review helpful. Direct, Relentless, Bigger Picture ... HopelessBy Tom SalesJeff Faux's book "The Servant Economy" and his publicity-tour interviews address the increasingly popular but depressing topic of inequality in America. In an interview on NPR, Faux said he was driven to write this book after reading a

1984 book by Barbara Tuchman in which she "described the way in which countries throughout history have come to grief because their leaders refused to act on the evidence that they were pursuing policies that would eventually lead to ruin." Compared to other such books, his presentation and interviews are more DIRECT, RELENTLESS and BIGGER PICTURE, and his outlook is generally more HOPELESS in suggesting where we can go from here. DIRECT in his historical commentary of how America got to the point in the 1960-70's when we considered ourselves to be truly exceptional. Not just because of oft-noted advantages like our unique system of government, plentiful natural resources, and resourceful workers and technologies but also because we have been in right place at the right time with tariff-protected industries, distance and oceans protecting our flanks, and essentially the last nation standing after two world wars. Unlike other authors who present economic, demographic, or moralistic themes in analyzing where and why America has become great, Faux lays out a concise historical analysis of how America built a "cushion" that encouraged us to believe that we could have it all. RELENTLESS in then describing how that cushion began to deflate starting with the Reagan Age leading up to the 2008 crash. Up until the Carter administration and the OPEC oil shock, Faux says, America had been in control of its own destiny. These sudden outside pressures motivated communities, industries and the government itself to want to plan industrial policy and make more centralized decisions about how resources, employment policies, educational planning, etc. could be orchestrated in response. But unlike Eisenhower and Nixon who agreed to work within the framework of the New Deal, Reagan's people wanted no part of it--arguing instead that government was bad and the free market was good. Over the past 30 years, we have gradually substituted the Reagan framework for FDR's New Deal framework. Charles Murray's description of the poor in "Coming Apart" was depressing enough, but Faux visualizes relentlessly how the rest of us will be forced to gradually downsize our living standards and expectations. BIGGER PICTURE in describing the problems of the middle class among America's other ambitions over the last 30 years. As manufacturing left our shores, America realized that we could still dominate the world in 3 areas: 1) Creating a world-wide financial system led by an unregulated Wall Street, 2) Using our armed forces and weapon technologies to get our way militarily, and 3) Offering our middle class to the world as a market for cheaper and cheaper products. As Faux points out, it was difficult to keep these 3 strategies going when our economy was going well, but impossible as the middle class started to hit hard times. So when the rich and powerful elite was forced to choose which strategy to sacrifice, the middle class drew the short straw. Many of the other books that focus on rising inequality and the perils facing the middle class have typically suggested backward-looking solutions to return us to a previous time: Things like getting the money out of politics, investing in the same things that FDR did to get people working, making Republicans and Democrats play nice and not be so partisan. Faux focuses too on getting the money out of politics, but he is more resigned to a world where both Republicans and Democrats are beholden to the rich and the powerful. So in this sense, the book is borderline HOPELESS in its outlook for the middle class. I witnessed this up close and personal in my first job with the second largest textile manufacturer in the industry--#187 on the Fortune 500 in 1980. That company had a 168-year history, having successfully moved its business from New England to the South. They did all the right things with their technology and mostly wrong things with their workforce, trying to survive where Asian factories could produce products for a small fraction of the labor costs. In 6 short years their 60+ factories were first sold to other companies and eventually shuttered because they could no longer compete. This was almost unfathomable for these workers and these executives to understand, based on their long traditions. In manufacturing scenarios across the country, the mindset that we as Americans were all in this together started to shift. Forget about buying new machines to level the playing field ... rather go where the wages are cheap. Since working for that textile manufacturer, I spent much of my career working with companies in industries that many are critical of -- insurers, pharmaceutical companies, technology and telecom companies, banks and credit card companies -- using technology to train their employees and provide more effective sales and service experiences to their customers. While rarely coming in contact with the senior executives (who probably were looking beyond America to global strategies), many of the senior people I worked with were absolutely focused on doing what was right for their employees and customers. They were paying attention to their American markets to drive their profits, even if much of the actual manufacturing and support was outsourced. My hope is that sooner rather than later, these companies will recognize that without the demand of the American middle-class consumer their globalized businesses -- no matter how efficient and profit-oriented -- will not have a market for their products. Because after reading "The Servant Economy" it seems unlikely that the government or political parties will be able to solve the problem of inequality. They are simply tools and agents of the rich and powerful corporate and military decision-makers, who are really the only ones who can decide if America needs a middle class anymore.

2 of 2 people found the following review helpful. Hard and Necessary Reading  
By Richard A. Lawhern  
As an economist, Jeff Faux is well studied on the nature of economic capital and Capitalism. He's also done his homework on the history of the American labor movement and the nature of its present difficulties. Some readers may find his liberal biases a bit heavy-handed, but it's hard to argue with the economic reality that he describes. Wealth in the US has reached such levels of over-concentration that overall economic health is being damaged by too little wealth in domestic circulation as wages and small business investment. Capital is being shifted out of the US into low-cost labor markets where workplace safety regulation is regarded as a nuisance and profits are the only effective measure of business success. We're being bled

dry, and the rich are doing it to us without a second thought. The wealthy now effectively own our Congress and Senate, through their manipulation of political campaign contributions to deny access to anyone save their chosen servants. The Supreme Court has promoted and legitimated this condition by ruling that corporations are people and as such are not required under privacy laws to accurately report the money that spend to influence public policy by corrupting political candidates. We live in a "kleptocracy" where theft of wages from working families is embraced as corporate policy. The only reason I rate this book less than five stars is that in style and narrative flow, it too much resembles a lecture in a college economics class. Some readers will find it very dry reading and be turned away. I consider this unfortunate. The Servant Economy is a book that needs to be read and acted upon -- by outing the corruption of the thieves we've elected to US and State governments. If a candidate will not publish the full details of their original sources of campaign contributions -- BY NAME, and every month for as long as they're in office -- then by definition they are already corrupted. And if you're not ready to vote "None of the Above", regardless of the self-advertised benefits claimed by long-time incumbents, then so are you. 2 of 2 people found the following review helpful. Brilliant By David desJardins I spend a large fraction of my time reading and thinking about the US economy and this is the most incisive and compelling analysis of where we are and how we got here and where we are going that I have ever read. Personally I only agree with about 75% of the book. But the book is not brilliant because it recapitulates my own ideas. It is brilliant because it challenges the conventional wisdom of economists on the right and the left which tends to be at least 75% wrong. So anyone who can be 75% right (or more, he may well be right about some things where I have it wrong) is setting a world record for economic analysis today. One day, US politics is going to demand transformational change in our economy, if we don't want 80-90% of the workforce to continue to see declining wages and economic opportunity. When that time comes, I hope that leader has read this book.

Renowned economist Jeff Faux explains why neither party's leaders have a plan to remedy America's unemployment, inequality, or long economic slide. America's political and economic elite spent so long making such terrible decisions that they caused the collapse of 2008. So how can they continue down the same road? The simple answer, that no in charge one wants to publicly acknowledge: because things are still pretty great for the people who run America. It was an accident of history, Jeff Faux explains, that after World War II the U.S. could afford a prosperous middle class, a dominant military, and a booming economic elite at the same time. For the past three decades, all three have been competing, with the middle class always losing. Soon the military will decline as well. The most plausible projections Faux explores foresee a future economy nearly devoid of production and exports, with the most profitable industries existing to solely to serve the wealthiest 1%. The author's last book, *The Global Class War*, sold over 20,000 copies by correctly predicting the permanent decline of our debt-burdened middle class at the hands of our off-shoring executives, out of control financiers, and their friends in Washington. Since his last book, Faux is repeatedly asked what either party will do to face these mounting crises. After looking over actual policies, proposed plans, non-partisan reports, and think tank papers, his astonishing conclusion: more of the same.

From the Inside Flap In his acclaimed 2006 book, *The Global Class War*, economist Jeff Faux predicted a major financial catastrophe in the next few years. Sometimes, one would rather be wrong. In *The Servant Economy*, Faux surveys the wreckage and asks: Where do we go from here? The economy may recover from the financial crash, but the historic and geographic cushions that have kept Americans prosperous are deflated. The United States can no longer support the dreams of Wall Street for boundless speculative wealth, the military-industrial complex for global hegemony, and the middle class for rising living standards. One of these dreams? Certainly. Two? Perhaps. But not all three. Republicans and Democrats brawl in public, but, in effect, they have already cut a deal: the middle-class dream will be sacrificed. Even with a cyclical economic recovery, the average American will face substantially lower income, less opportunity, and hardening class lines by the mid-2020s. As high-paying service jobs follow industrial jobs offshore and government safety nets are systematically dismantled, more and more Americans will scratch for a living as educated twenty-first-century servants; insecure and stripped of dignity. Yet both the electorate and the elected are in denial. Americans tell pollsters the country may be in decline, but that they personally will be okay. Politicians perpetuate the myth that Americans' exceptional can-do spirit will save them from the consequences of their leaders' folly. But hope is not a strategy. "Jobs, jobs, jobs," the governing class shouts against the forces of globalization, when it really means: "Lower wages, lower wages, lower wages." *The Servant Economy* takes the reader on a historical tour of the rise and fall of the idea that democratic government has a responsibility for shaping the future, shows how Barack Obama is trapped in Ronald Reagan's legacy, and delivers a savage indictment of Wall Street financiers and their Washington toadies who promote an age of austerity for the people and an age of gluttony for themselves. The book paints a brutally honest picture of what austerity will mean for twentysomethings laden with college debt who will become thirty- and fortysomethings still stuck in low-paying jobs, for the elderly who will have to work until they die, for communities where services and safety will deteriorate. It warns of a future in which military power becomes the only instrument for exerting U.S. influence in the world. The core problem, writes Faux, is not that we don't know what to do, it is that the corruption of our politics by big money smother any attempt at

transformational change. Thus, there is no escape from the grim scenario he describes—unless an aroused citizenry abolishes the system that equates money with free speech and corporations with citizens. Washington insiders scoff that such an effort is "hopeless." Even more hopeless, Faux concludes, is the notion that we can shape a better economic future—unless we do so.

From the Back Cover Praise for *The Global Class War* "You will never think about 'free trade' the same way after reading Jeff Faux's superb book. As Faux makes clear, the globalization debate is really about whose interests are served by global elites, and how we need to go about reclaiming a democracy that serves ordinary people. This book should transform public discourse in America."—Robert Kuttner, founding coeditor of *The American Prospect* and author of *Obama's Challenge* "Faux is clearly correct that the balance of power between labor and capital has shifted dramatically. Today, investment capital moves at blinding speed, while labor still must go by boat, train, and plane—and that's if it's lucky."—Michael Hirsh, *New York Times* "A persuasive and revealing framework for understanding globalization in terms of class. It's a much-needed corrective to the way in which most news about the changing world economy is viewed, usually through a free market fundamentalist or, less frequently, a nationalist lens."—David Moberg, *In These Times* "Incisive, rancorous . . . with a fluid grasp of both history and economics, Faux, founder of the Economic Policy Institute, critiques both Democrats and Republicans for protecting transnational corporations 'while abandoning the rest of us to an unregulated, and therefore brutal and merciless, global market.'"—Publishers Weekly "Jeff Faux's astonishing story of how class works will scandalize the best names in Wall Street and Washington—especially the much admired Robert Rubin, who along with other elites colluded behind the backs of ordinary citizens in Mexico, Canada, and the United States. The most cynical Americans will be shocked by the sordid details. This really is an important book."—William Greider, author of *Come Home, America* and *Secrets of the Temple*

About the Author JEFF FAUX is the founding president of and a distinguished fellow at the Economic Policy Institute. He's long written about the global economy for *The American Prospect* and *The Nation*. He is the author or coauthor of five books, including *The Global Class War*.