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D.C.: I think something I probably didn't touch on enough in the book is that most people in this class really enjoy their work. You're right, it's not boring. Because of computerization, the really mind-numbing parts of many jobs have been replaced by computers, or computers have allowed outsourcing for that. I think that makes people like their jobs more. It makes that they're willing to work more, but it impacts on the rest of their life. It takes away from the joys of family, community and leisure.

A.H.: You say in the book that leisure is now something that only the poor can afford. Can you give me an example?

D.C.: Well, for the first time in labor history the further up the income ladder you go, the more hours people work, and the further down you go, the fewer hours you work.

A.H.: As you write in the book, "The more you earn, the more you work."

D.C.: Yeah, it used to be that you used the additional income, if you were doing well, to buy leisure time. And now the opportunity cost of not working in this anxious environment trumps that effect. If your billable rate goes from \$50 to \$75 an hour, then all of a sudden it's actually costing you more to take time off.

So, instead of using that extra \$25 an hour to buy leisure, you're panicked and you're working more because it costs you more not to work. That is a fundamental shift. I think the poor, who are often doing service jobs that are psychologically taxing, or more physical jobs, jobs that are more rote and less fun so to speak, have less incentive to work from a non-economic point of view.

A.H.: You also say in the book that a great number of things we do in our daily lives that look like work also look like leisure. Why is that happening?

D.C.: One reason is that we do like our work more. That makes us want to do those kind of things. Secondly, I think there is this notion in this weightless economy that getting ahead is as much about who you know as what you know, as the saying goes.

And that's not wrong. Social capital, as sociologists call it, is real. Social capital in this knowledge economy. And because work has impinged on so many areas of life, if they're going to socialize, people are more likely to socialize with people who might be potential colleagues or clients. All social encounters are potential work opportunities.

A.H.: Forty or 50 years ago, there was no way people would have said that it's as much about who you know as what you know.

D.C.: Yeah, 50 years ago there was an obsession with meritocracy. Companies used testing agencies to try to predict who was going to be the most productive and rise to the top. We cared about the scores on these personality and IQ tests. We still use those technologies to a certain extent, but today a lot of the economy is about social relationships. The skill of having a good social network or a useful social network is a real skill. At one time it was seen as almost nepotistic to rely on social connections, and today that tension has been resolved because the Rolodex is such an important part of any business.

A.H.: And you can't independently test the usefulness of a person's social network.

D.C.: Right. Because the tasks that are involved are generally very intangible. It's hard to even say what a meritocratic assessment for many of these things would be.

A.H.: Hence the sense of insecurity that many feel.

D.C.: That's contributed to it, because there's nothing that you can grab on to. That you scored a perfect score on your SATs, well, so what? That's not what we're doing these days.

A.H.: Can you explain the economic red shift? I find that concept really fascinating.

D.C.: Sure. That's the notion that every year since the year I was born, 1969 – I hope I'm not the cause – inequality has risen. And most people think when they hear that, and what I used to think, is that it's the story of the rich getting richer and the poor getting poorer, as my Mom used to tell me during the Reagan era. But when I grew up and looked at the data, it turns out that that's not what's going on. It's the rich getting richer, and the middle and the bottom staying the same.

So what's really happening is if you look at where the average American family is versus the bottom, that gap has not gotten bigger. What's gotten bigger is the gap between the average American family and the rich. All the way up, and the further up you go – to the 95th percentile, to the 98th percentile, to the 99th percentile, to the top one-tenth of 1 percent – the huger the gaps get. And they've been rising every year.

I think if I had to take one factor that contributes to this anxiety, it's that when you're in the top half, even if you're doing better, or almost especially if you're doing better, as you look up, people are pulling away from you. And the gaps get larger and larger. Because income is exponentially distributed and because the

gaps get bigger as you go up, the rise in the inequality gets bigger as you go up. So you can never feel like you're getting ahead. If you're anywhere in the top half of the distribution it's kind of like red shift in the galaxies in the universe. It looks like everything's rushing away from you.

A.H.: So when we speak about inequality among the top 50 percent, it isn't so much to do with wages flatlining, de-industrialization or taxation.

D.C.: I would say wage inequality is increasing largely because of skill bias technological change, which is the technical term for computers and automation. Computers either doing jobs directly or allowing for them to be outsourced to the famous call centers in India, or running assembly lines through automation. And giving a premium to people who are essentially the masters of the technology and have a big skill set.

There's no question that wage inequality for individual workers has increased dramatically. But if you look at total household inequality of family income, that's risen even more. And almost half of that has to do with the fact that women are now workers, combined with the changing nature of marriage, meaning that there's more "assortive of mating" or marriage of similars. Now, business executives want to marry their business partners. That has a blackjack effect of doubling down your bet, so before in the 1950s, the janitor was married, and the executive was married, and neither of their wives worked. Only 17 percent of women with children worked in the 1950s, and if either of those were in the 17 percent, it was more likely to be the janitor's wife because they needed the extra money.

Today, that's completely reversed. The wives of high-income men are more likely to be working than the wives of low-income men. And they're not the secretaries anymore. Therefore, you're literally doubling the level of income inequality as the janitor marries the cashier.

A.H.: And the result of two doctors marrying is that neither spouse has the time to do some of the household work.

D.C.: The unpaid labor. Yeah.

A.H.: You point out that some of the things we do to cope with inequality actually make it worse. The fastest growing job sector in this economy is supposed to be food service and preparation.

D.C.: Exactly. So a second-order effect on inequality is the fact that the jobs being created are almost feudalistic in nature, essentially serving the needs of the knights and the overlords, who are too busy to do these tasks themselves.

A.H.: Janet Maslin in a review in the New York Times said your book is outdated on the subject of layoffs.

D.C.: I did not like that review. I was arguing that job security and job tenure has not declined, and she's saying that that's outdated.

Famous last words, but: I don't think this is the Great Depression all over again. I think that the white-collar layoffs always get way more attention. As much as you and I both know white-collar folks have been laid off, we pay a lot more attention to the high unemployment rate now because of the media frame. The real people that are bearing the brunt are not the people I'm writing about. They're the people at the bottom half of the income distribution. The poor, the more marginal workers, always get screwed first.

The myth of white-collar downsizing layoffs has been around since the 1990s and so far hasn't been true. It could be that this is a brave new world, but I'm not so sure. I think that Obama is very smartly playing this up so that he can pass his agenda.

A.H.: Your book addresses those in the top half, income-wise. Some on the left espouse a kind of populism that links the bottom 80 percent, or so, in common cause. What's the likelihood of that?

D.C.: I think that professionals could get together and say, "We want to work but we want our lives back. We want leisure time. We want a break." Then you could see a push from both traditional labor, the working class, and this professional class to limit work hours the way they do in France, for example. But that would be so against American tradition that I don't really see that happening.

What really might bring things back into line is if the stock market continues to decline. That will lower inequality quite a bit. In turn, that will change the politics and the anxiety level among professionals and might make them more open to social welfare benefits, labor laws, a safety net. The stock market doing badly for a while creates less inequality across all the income spectrums. Everybody sort of compresses together. It's actually when people feel secure that they stop looking out for themselves in a panicked way and are able to think about the common good.

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