

No Action on Failing US Public Schools

For many years we have been debating the sorry state of US public education: too many drop outs, large percentages of high school graduates who cannot read or count, and how it could and should be improved. Alas, there has been and there is much talk, and very little remedial action.

No accountability

Nationwide, the public schools sector seems to belong to a different universe, a universe in which professionalism, the pursuit of academic excellence, merit-based pay and promotions for teachers, accountability, and cost-effectiveness are unknown concepts.

Awful record in Colorado

Below, you can look at yet another illustration of this catastrophic failure that essentially condemns students educated in bad schools to a life of under achievement. (Letters to the Editor, [The Wall Street Journal](#), August 21, 2019)

In Colorado, not a poor under resourced state, most high school students perform well below grade. Many of them cannot pass a simple test that would allow them to join the Army.

This is simply outrageous. But you do not hear any public outcry.

The children of the elites are taken care of

Here is my theory about this general indifference on the part of all American elites regarding this colossal societal failure when it comes to educating so many of our kids –and these are mostly poor kids.

The truth is that the children of key policy-makers, at all levels, in most cases do have access to quality education. As they normally live in good areas, they can enroll in higher quality public schools. If these are not available, they can always go to charter schools or private schools. In other words, their parents are reassured that their kids will get a good or even superior high school education, itself the ticket to a good university and eventually a rewarding, well remunerated career. The children of the American elites are taken care of.

And what about all the others? The others, oh well the others will go to the regular (bad to failing) public schools. They will graduate (those who do) with minimal skills and knowledge, while they will often be functionally illiterate, as the Letter to the Editor reproduced below illustrates.

From: Letters to the Editor, The Wall Street Journal, August 21, 2019

“Regarding Baker A. Miller’s “The

*Smear Campaign Against Charters” (op-ed, Aug. 14): Last week our state test results were released here in Colorado: **Only 45.8% of our students read at grade level, and only 34.7% can do math at grade level.**” [Bold added]*

“These results have changed little over the last 20 years. This is noteworthy because our current governor, Jared Polis, worked to pass an amendment to the state constitution in 2000 that required education spending to increase at the rate of inflation plus 1% every year. This should put to rest the notion that more money is the answer. No doubt we will hear the usual calls for increased funding of public education, but even if we gave the system a billion dollars tomorrow, it wouldn’t know what to do with the money.”

“I own a remedial-education business and have lost count of the number of students I’ve taught who hold high-school diplomas from the Denver and Aurora Public Schools systems but are functionally illiterate and innumerate. Many want to join the military but can’t pass the entrance exam (the ASVAB). It’s official—the academic standards required to join the Army are higher than those needed to earn a Colorado high-school diploma.”

"Isn't it high time we moved this incompetence from the realm of the merely scandalous to the specifically criminal? What's to stop U.S. attorneys around the country from filing RICO [The Racketeer Influenced and Corrupt Organizations Act] charges against school boards, superintendents and union officials? If there's a bigger racket than public education in the U.S., I'm unaware of it."

(Signed) Nate Braden, Denver www.wsj.com

Criminal conspiracy?

The author of this sad letter suggests that all the players involved in this public education drama are in fact members of a criminal conspiracy. Of course, this should not be taken literally. However, the enduring gap between education standards and disastrous outcomes at the very least indicates irresponsibility and neglect.

America is now a two tier society

And this neglect has and will have horrible consequences for our country. Because of this public education disaster, America's leaders, wittingly or unwittingly, are creating a two tier society. The top tier belongs to the well educated and affluent who have the means and the opportunity to educate their children, so that they will earn good degrees leading to great careers and well rewarded employment.

The bottom tier is for everybody else. The children of the poor and lower middle classes cannot afford private education. Higher quality charter schools may not be available in their areas. And so they are stuck with bad or failing schools where they will learn little or nothing.

Birth is destiny

And we should all be clear as to the implications of all this. In this super charged, hyper competitive knowledge economy, there is no chance to land a good job without a good or superior education.

Sadly, all this means that in America now birth is destiny. If you are born poor and live in a bad area the chances of getting a good education –the essential tool to move up in life– are practically zero. This being the case, you will spend your life in the bottom tier. Hard work alone will allow you to climb the socio-economic ladder. Now, and even more so in the future, in order to make young people need increasingly sophisticated knowledge. If they do not acquire it while in school, the chances of getting it later on through other means are slim.

Type Two Diabetes Is

Preventable, But Nobody Says It

WASHINGTON – I recently read a very well researched article on the growing cost of treating millions of diabetics in the United States. It appeared in a major national newspaper and it was written by a well-known public policy scholar. The writer provided up to date data on the alarmingly large dimension of this disease and how much it costs to the affected individuals, insurers and the US Government. The scholar in the end provided his thoughtful policy recommendations.

It is a preventable disease

All in all, a good, balanced piece. Except for one thing. In his article, the author started from the implicit premise that type two diabetes “just happened” in America. It seems that for some (unexplored and unexplained) reasons it came about and has now reached incredibly large proportions. Millions of Americans, including young people, are now its victims. Now, according to the author, our problem as a society is how to pay for the monstrous and increasing costs of caring for millions of patients. Not a word –repeat, not a word– about the genesis of this explosion, even though it is well known.

Well, this approach to this US health care crisis is totally wrong. I repeat: totally wrong; because it fails to mention

how type two diabetes came about and –most fundamentally–that type two diabetes is a preventable disease. Yes, preventable, and this means avoidable. Which is to say that the analysis included in the article is fatally flawed, because it starts from the false premise that this health care crisis just “happened”. The implicit assumption is that, as a nation, we have to accept this reality, and now going forward our job as a society is to figure out how to pay for its immense cost.

The author says: “We have an explosion of a disease that cost billions. Let’s discuss the best way to apportion the cost”. Wrong! A good analyst would ask a very different question:

“Why is it that we are doing nothing to prevent a preventable disease that has now gained monstrous dimensions, this way causing misery to millions of Americans, while burdening the health care systems with billions of dollars in therapies that could be completely avoided”?

Let me clarify. The ballooning of diabetes in recent years is mostly about type two diabetes. (Type one diabetes is a different story. It has some genetic roots that make certain individuals more susceptible. But the explosion of diabetes in recent years in America is overwhelmingly about type two which has no genetic roots).

Unlike other health care scourges, this is not a conventional epidemic. Type two diabetes is not genetic, and it is not a communicable malady, carried by a virus or bacteria. You do not get type two diabetes because you have been in the proximity of someone who has it.

A consequence of bad life style

Type two diabetes is a pretty horrible chronic disease that manifests itself as a consequence of years of bad eating habits (too much sugar, too many carbohydrates), and bad lifestyle (no exercise).

Which is to say that if most Americans would embrace and sustain a healthy life style, (eat mostly lean proteins including fish, vegetables, fruits, salads, go to the gym 3 or 4 times a week, and keep a normal weight), the chances of developing type two diabetes are practically zero.

Just like that? Yes, just like that.

Again, type two diabetes is not genetic, and it is not an epidemic. This is a bad life style disease. The fact that millions of Americans get it and collectively end up spending billions of dollars to treat it does not change any of these facts. It simply means that millions of Americans, regrettably, embraced bad personal habits that caused them to develop type two diabetes while piling up skyrocketing medical costs.

That said, amazingly, almost no one (including the author mentioned above) points that this is a preventable disease while discussing the consequences of the massive increase of type two diabetes cases. And yet, these are well-known facts.

You realize what this means. If people had a chance to be properly educated about the critical importance of a good diet

and exercise and consequently changed their eating and exercise habits in order to stay healthy, type two diabetes would practically disappear –with enormous health care cost savings, and immense quality of life gains for millions of diseased people.

It is preventable!

At least some tell you the real story. The Harvard School of Public Health website explains that:

“The good news is that prediabetes and type two diabetes are largely preventable. About 9 in 10 cases in the U.S. can be avoided by making lifestyle changes. These same changes can also lower the chances of developing heart disease and some cancers. The key to prevention can be boiled down to five words: Stay lean and stay active.”

Got that? At least 9 out of 10 cases are preventable. The secret? Five words: **“Stay lean and stay active”**. Yes, that’s all there is to it.

And it is also reversible!

And this is not the whole story. Type two diabetes is actually reversible. Not always. But in many, if not most cases you can get rid of it.

Here is what US News recently reported:

“It’s not impossible at all to reverse diabetes,” says Dr. Peter Arvan, chief of the division of metabolism, endocrinology and diabetes at the University of Michigan.

Certainly, though, experts are quick to point out that often what it takes to do so, such as wholesale changes to completely alter the way one eats and shifting one’s schedule to prioritize exercise, can be challenging to say the least.”

“Sometimes diabetes remission is achieved following bariatric weight loss surgery. But for the majority, it’s intensive changes to a diet, such as consuming lots of fruits and veggies and complex carbs and little sugar, and accompanying weight loss that seems to be a core driver in lowering blood-sugar.”

“Of course there are a lot of patients who have difficulty complying with those lifestyle changes,”

Arvan says. “It is not the case that reversing their diabetes is the one and only thing that’s on that person’s mind all day long.” So the same struggles people may have in properly controlling diabetes can dog even loftier goals of achieving remission.”

It is imperative to change lifestyle

So, according to this eminent physician, the main obstacle to getting rid of this nasty disease is the willingness on the part of the patients to completely change their lifestyle. Difficult, perhaps. But not an impossible task, if the affected individuals are properly guided and counseled by nutritionists and doctors.

So, given the fact that we can both prevent and reverse this nasty disease, why is it that we do not have well-crafted public education campaigns aimed at explaining the critical value of good nutrition and regular exercise? Why are we not teaching "wellness" in America?

As a nation we certainly have the skills and the resources to do this. We did launch massive education campaigns when it came to raising awareness about the horrible health consequences of smoking.

No interest in promoting wellness

If we are into conspiracy theories, we could argue that not creating prevention programs focusing on wellness education aimed at the general public is in fact deliberate. Indeed, it is very much in the financial interest of the health care industry, (pharmaceutical companies, hospitals, and doctors), not to teach anybody about how to adopt a healthy nutrition program, while engaging in moderate physical activities.

How so? Well, if you think about it, this type two diabetes

explosion is really a big money bonanza for the health care sector. If you are a pharmaceutical company that makes and sells insulin, (the medication prescribed to all diabetics), or if you are a physician who regularly monitors affected patients, type two diabetes is a veritable gold mine. For medical practitioners who are paid based on the number of treatments, there is nothing better than millions of chronically ill patients who need life time treatment. Which is to say that the entire US health care industry benefits financially from the bad habits of millions of sick Americans.

Save money, improve lives

Needless to say, drastically curtailing the incidence of type two diabetes cases through targeted wellness education campaigns would save America billions of dollars every year, while improving the quality of life for millions of chronically ill patients. But you do not see the headlines explaining any of this. In the absence of wellness programs, diabetics keep doing what they are told. They have to keep monitoring their blood sugar levels (yes, sell more of those monitoring devices!) and take more insulin.

Argentina: From Bad to Worse

Once a prosperous nation, for decades Argentina has been a country in semi-perpetual economic crisis. In 2015 it seemed that the voters had gained some common sense. After years of catastrophic mismanagement by the populist Peronist President

Cristina Fernandez de Kirchner, (preceded by her husband who died in office), characterized by a mix of subsidies, protectionism and massive state interventions, plus a bankruptcy, the voters turned to Mauricio Macri, a pro-business moderate conservative, as the right person to turn things around, restore business confidence, and convince foreign investors to come back to Argentina.

He would fail

While there was hope for real improvement, my Argentine friends told me from the very beginning that Macri would fail, simply because the economic disaster he had inherited was just too big.

Well, it turned out they were right. In hindsight, we could agree that Macri's "gradualism", his effort at implementing pro-market reforms a little bit at the time, was just too little too late. The truth is that his reformist policies, at least in the short and medium term, caused additional pain, (higher inflation, more unemployment), without much to show that could be seen by the voters as the proverbial light at the end of the tunnel.

Notwithstanding a gigantic International Monetary Fund loan (\$ 56.3 billion) aimed at stabilizing public finances, the Argentine economy is stagnating, the currency lost value, while inflation keeps eating into modest salaries. A pretty bad record for President Macri.

Back to the old playbook

And so, what did the Argentine voters do? Well, voting recently in primaries that are an effective dress rehearsal for the actual national vote scheduled for October 27, they clobbered Macri and blessed again the Peronists, with the same Cristina Fernandez (former President) as candidate for Vice President. She is the number two in a ticket headed by Alberto Fernandez, (no relation). The winners got 48%, while Macri was humiliated with a distant 32%.

Call back the Peronists

And so, since Mauricio Macri, the new leader who was supposed to fix the country, has failed, in their wisdom, the Argentines seem keen to elect the well known old arsonists as the new Fire Department Chiefs.

Look, I appreciate that Macri did not do such a good job. But where is the evidence that going back to the old playbook that manifestly failed in a spectacular way is the best way to improve the lot of the beleaguered people of Argentina?

Financial markets share my concern. As soon as the news of Macri's stinging political defeat came out, the Argentine stock market took a dive, while the peso lost a lot of value against the US dollar. This market collapse is not a vote of confidence in the ability of the old guard to fix the economic problems they created in the first place.

Desperation is a bad counsel

I understand the unhappy voters who decided against Macri. I also understand that desperation is often a bad counsel. However, seeking real help from the primary architects of the economic disaster that engulfed Argentina years ago is beyond wishful thinking. It is sheer stupidity.

US Fiscal Irresponsibility Will Lead to Bankruptcy

WASHINGTON – The Democrats in Congress and Republican President Donald Trump agree practically on nothing. Therefore, it is impossible to think of any major piece of legislation that can be passed between now and November 2020, when Americans will go the polls to pick a new President and a new Congress, and new political majorities may be formed.

Sharply divided government

Since the Democratic control the House of Representatives, while the Republicans control the Senate and the White House, and considering the increasingly toxic political climate that makes compromise impossible, we have not just a divided

government. We have a sharply divided government. So, do not hold your breath.

No significant legislative changes between now and the next presidential and congressional elections in November 2020.

The spending deal

That said, there is a huge exception –and a very shameful one–in this political stalemate. And that is federal spending. Very recently, and very quietly, Republicans and Democrats hammered a major spending deal. There was no fight. No public posturing to defend this plan and attack the other side spending priorities. No grandstanding.

Very quietly the two arch enemies came rather quickly to a spending agreement. How so? Because they decided to increase spending across the board. Essentially, the Republicans got some more money for Defense. The Democrats got a bit of this and that in other areas of non-defense discretionary spending.

Larger deficits

In case you were wondering, these increases will not be offset by spending

cuts in other areas. This means that a large and growing US Federal Budget deficit, for decades now a structural feature of our public finances, will become much bigger much sooner than expected. Think of a \$ 1 trillion billion deficit, (that is 1 thousand billion), year after year, unless something rather drastic is done.

This is a colossal figure. In simple language, this means that Uncle Sam every year spends more money –a lot more– than it takes in via tax revenues. In principle, overspending could be justifiable; but only when the government goes into overdrive with extraordinary fiscal stimulus in order to counter a major recession, like the most dreadful one we had beginning in 2008. Borrowing money could also make sense if the funds are to be invested in important capital projects, (new highways, ports or airports, for instance), that would improve our national infrastructure networks this way benefiting the economy. But we are not doing any of this. Indeed, this is not money borrowed for stimulus or for financing needed infrastructure. This is mostly money to be used to finance current spending. In other words, as a nation, we are living beyond our means, while we obviously think that we can keep our lifestyle by borrowing the difference –indefinitely.

Everybody knows

By the way,
everybody in Washington who is even remotely familiar with
federal spending
trends knows this. But the fact is that nobody seems to care.
The sad and
worrisome conclusion is that chronic overspending is now
accepted by most Washington
policy makers –both left and right– as the normal way to run
the government of
America, a major modern country which used to be run according
to established
principles of fiscal balance. Namely: in the long run you
should not spend more
money than you can raise through taxation. By the same token,
if you have
accumulated a large public debt, you must change tax and
spending patterns in
order to return to a healthy balance.

The roots of the US deficit and debt

Now, as to
the actual roots of this systemic overspending, obviously they
are not in the
deal just struck by the two political parties. This recent
deal just made a bad
situation a lot worse.

The roots of
US overspending are in the incremental but steady growth of
large entitlement

program that cannot possibly be funded as they are currently structured, unless taxes will be substantially increased and/or benefits reduced.

No, US

overspending is not in "fraud, waste and abuse". It is not about too much foreign aid, as many believe. It is mostly rooted in our big federal entitlement programs. Social Security, Medicare Food Stamps and other minor programs, absorb about 2/3 (yes, that is a lot more than half!) of the US total federal budget, currently at \$ 4.7 trillion (again: a trillion is 1,000 billion).

Good programs designed in a different era

The problem about these programs aimed at providing for our senior citizens is that they were designed in another era, (Social Security goes back to FDR in the 1930s, Medicare goes back to the 1960s when Johnson was president).

That was a different America, with completely different demographics. The way the system works, the payroll taxes paid by current workers and their employers go directly to fund the benefits for the retirees. The problem is

that the US population is slowly shrinking, which means fewer active people supporting a larger number of retirees, while health care costs for seniors are increasing.

Kicking the can down the road

This trend of the growing cost of entitlements, year after year, is not news. This has been going on for decades. But lawmakers and presidents of both parties simply ignored the problem, in large measure because they believe you cannot tell the truth to the American voters. Even talking about serious reforms that would modify or potentially decrease benefits to retirees is deemed to be political suicide in Washington.

The Debt Commission recommendations went nowhere

For example, back in 2010, then President Barack Obama created a bipartisan commission to review federal spending and make recommendations. It became known as "The Debt Commission". The two co-chairmen were Erskine Bowles (Democrat) and Alan Simpson (Republican). These two elder statesmen took the job very seriously, without any partisan animosities. This

was no Washington
wishy-washy anodyne process marked by generalities and
obfuscations. Indeed, their
59-page report was entitled "*The
Moment of Truth*". It included actionable plans to reform
entitlements,
while also raising taxes; so that these key programs providing
needed benefits to
millions of American retirees would remain solvent and
available to all
beneficiaries, now and in the future, without bankrupting the
federal
government.

Well, nothing,
absolutely nothing, happened after the report was issued.
President Obama, just
like all the other presidents before him, did not want to kill
his chances of
re-election in 2012 by becoming "*The
president who killed Social Security*". So, notwithstanding the
serious work
done by these two elder statesmen whom I consider true
American patriots, no
action to reform entitlements, defense spending and raise some
taxes was
undertaken under president Obama.

And, by the
way, no action whatsoever under President Trump. Trump fully
understands that
his base of mostly blue-collar white workers are precisely the
people who need
these programs aimed at retirees the most.

How else could we save money?

Well, if we cannot reform costly entitlements, what else could be done to restrain public spending, this way reducing the deficits, and down the line slowing down the monstrous growth of the US national debt? Well, not much. *"Oh come on, many would scream. We could cut start by cutting our gigantic defense budget!"* Sure we could. But it would not solve our structural fiscal imbalance.

And by the way, believe or not, US defense spending is now close to a historic low. Yes, while we spend more than \$ 700 billion on the Pentagon, this large figure is only 3% of GDP. During the Cold War the US routinely spent close to 10% on the military.

While it may be possible to spend less or at least more wisely on defense, contrary to popular opinion, most of the Pentagon budget is not devoted to procuring new super expensive, unnecessary weapons. Most of the money goes to salaries (we must pay for an all-volunteer force) and operations and maintenance, which includes all that is needed to keep a large force ready: training, housing, food, deployments, fuel, and a lot more.

While we can have a sensible discussion about better ways to spend defense dollars, let's keep in mind that even if we abolished the Defense Department altogether, (an unlikely scenario), Uncle Sam would still run an annual federal budget deficit.

Well, what about other areas of spending? Not much there: transportation, energy, agriculture, commerce, and so on, claim very little money. Again, even if we abolished the Departments of Education or Energy, we would still run a large deficit. By the same token, cutting 10% or 15% here and there would impair basic functions without saving much money.

And do not forget another line item that keeps growing and cannot be cut: that is the interest on the existing national debt, now about 10% of total federal spending. To put it in perspective, this enormous number is about half of all defense spending.

Not on the verge of bankruptcy

To put all this in perspective, America right now is not *–I repeat is not–* on the verge of bankruptcy. Investors and foreign governments still buy our Treasury Bonds. They believe that

America will be able to meet all its financial obligations.

Still, unless federal spending is seriously reformed –and by that I mean mostly a serious revision of our key entitlement programs, via a bipartisan agreement– we are definitely headed towards bankruptcy.

More money for everybody

If not today, pretty soon something drastic will have to be done. Either we cut spending, (remember: the fat target is entitlement reform), or we raise taxes, or a combination of both. But, right now, we are going in exactly the opposite direction. With no public debate, and in a completely irresponsible fashion, our national leaders, in both parties, one year before the elections have decided that they want to tell voters that the free money party is still on. *“Cheer up everybody! More spending, therefore more goodies for everyone: Mid-West farmers and Boeing”.*

Deficits do not matter?

One last note. While our elected leaders act myopically to pursue the immediate goals of

currying favors with the voters ahead of a major national election, at least some academics have come up with the theory that –guess what– in America federal deficits do not matter. When you have a country like the US that can borrow in its own currency, assuming tame inflation, large deficits just do not matter.

According to this new “*theory*” America can keep borrowing –essentially forever. There are no limits. Apparently, our growing national debt (the cumulative result of chronic annual deficits) does not have to be paid back. Got that?

I would say that if this preposterous idea is accepted as a sound foundation for managing our public finances, then we truly deserve to go bankrupt.

Why America is a Unique Country – Part 2

WASHINGTON – Thomas Jefferson and the other Founding Fathers of America sincerely believed that “*Life, Liberty and the Pursuit of Happiness*” were and are indeed self-evident and

unalienable rights, given to each human being by a Supreme Being. These attributes, "attached" to each person from birth, were described as *Natural Rights*, and therefore something that no government could legitimately take away from any and all the individuals who collectively constitute *The People*.

Man is a rational creature

The Founders also subscribed to the belief, very popular in that *Age of Reason*, that human beings, while sometimes possessed by passions that may obfuscate clear judgment, are fundamentally *rational creatures* who most of the time reason and think rationally, especially so when their judgement is improved by proper scientific learning.

Therefore, it is expected that in general human beings will think and behave rationally on most issues, including matters of governance and public policy. Based on their optimistic view of human nature, the Founders also shared the belief that most human beings would be good, ethical, tolerant and just citizens and office holders, most of the time.

Self-government is impossible if people are ruled by emotions

Yes, passions at times would interfere with proper rational analysis and right action –some of the time. But, according to the beliefs of America's Founders, emotions and factionalism, while recognized as threats to good governance, would not rule human thinking and behavior most of the time.

This is really important. According to America's Founders,

human beings are mostly good. And it is this basic human feature –deeply rooted in the foundations of the Enlightenment political philosophy embraced by the Founders – that makes successful self-government possible.

Indeed, the Founders fully acknowledged that if human beings were constantly ruled by uncontrollable emotions and irrational ideas it would be impossible for them to create and preserve a viable republican self-government. The institutions aimed at protecting freedom, however well crafted, would be easily destroyed by the uncontrolled passions of irrational people.

Optimistic view of human nature, with some cautionary notes

So, all in all, the prevailing view of human nature at the time was mostly optimistic. Self-government would be possible because most people most of the time would behave rationally. There were however some cautionary notes. How do we protect the republic from the dangers created by occasional but potentially serious irrational behavior?

The “remedy” was in establishing separate constitutional powers competing with one another, a system of “*checks and balances*”. This would make government more complicated, as it required agreement among different centers of power. But it would also make concentration of power and therefore tyranny unlikely, this way allowing the People to enjoy their Freedoms, granted to them by Natural Law.

So here is the antidote to human irrationality. The US Constitution of 1787 explicitly divides power among the

President, the Congress or the Judiciary. According to the Founders, divided powers would make government prevarication unlikely, this way safeguarding liberty by preventing concentration of power, and therefore unjust government coercion.

The Western Frontier

Beyond this revolutionary constitution aimed at preserving Liberty, America had the unique added feature of an open Western Frontier. Thanks to the Louisiana Purchase of 1803, a \$15 million deal between the U.S. and France engineered by President Thomas Jefferson, America almost doubled its territory, (at about four cents an acre, an incredibly good deal). Without firing a single shot, thanks to the Louisiana Purchase, America had acquired vast, mostly unexplored territories henceforth available to new, adventurous and gutsy settlers.

The open Western Frontier created an almost magic appeal for many early Americans. In their view, America was not just a great nation founded on Freedom. It was actually an ever-expanding Free Republic which offered what no European state could ever offer: almost free land for all who wanted to go West, settle there, and claim a piece of it. Old settlers and new immigrants alike could have a real chance to make their way West, legally claim virgin land as their own, and become legitimate property owners by using their own virtues of courage, stamina, and spirit of adventure.

Plenty of land

Think about it. Where else in Europe could the children of landless peasants dream of owning the land they worked on that since time immemorial had been the uncontested property of the rapacious aristocracy? Short of a revolution that would destroy the entire political and economic order, (this happened with the French Revolution of 1789; but the Old Order eventually prevailed), this was an impossible dream. But here in America this dream of owning land was quite possible, and fully legal. Difficult and arduous, of course, but nonetheless possible.

Hence the almost irresistible appeal of a Wild American West that simply needed hard working new settlers who would turn the uncultivated prairie into beautiful and productive farm land.

Adventure for the common man

And here it is important to observe how the American Frontier evoked similar deep strands existing within some old European traditions. While unevenly spread, the drive to travel, explore and settle new lands is an old European theme.

For example, centuries before the Christian Era, sailing across the Mediterranean on rather primitive ships, the ancient Greeks colonized Sicily and parts of Southern Italy. And, as we know, classical Greek literature gave us the Odyssey, the incredible tale of a hero's adventurous journey back to his native island, after a long war in a distant land.

And in later centuries, we have countless European travelers and navigators, from Marco Polo to Columbus, from Vespucci to

Vasco da Gama and Magellan. These are the people who discovered new continents and brought back exotic riches and specimens of unknown plants and animals.

This vast heritage of journeys and explorations was in large measure transformed by legends, inaccuracies and fantastic exaggerations. But it kept alive an underlying European yearning for new places, usually imagined as better than the old ones.

The Frontier

Well, the American Western Frontier made the prospect of discovery and adventure possible and available not just to uncommon heroes and skilled navigators, but to the common folks. Driven by the vision of "conquering" the new virgin lands, ordinary people, with no special skills or prior experience, were motivated to embark in the incredible adventure of discovery, eventually claiming new lands for themselves and their families in the American Western Territories.

The caravans of covered wagons that traveled West were driven by ordinary people often with little education and rudimentary skills. These were not captains and admirals bankrolled by kings or rich merchants. They were common people animated by the hope to find good land and settle there, this way achieving the highest aspiration of landless farmers. And it is in large part for this reason that the push West by countless pioneers has become legend. This way, the drive to the American West became a glorified Everyman's Odyssey.

American uniqueness

So, there you have it. Here is the exhilarating picture of America. There is this New State, founded by a Sovereign, Free People who created strong institutions of Self-Government, whose main purpose was and is to protect Individual Freedoms. On top of that, this New Blessed Land was luckily removed from backward Europe and its constant wars. Thanks to the American Constitution and the Bill of Rights, in this New Blessed Land people, including all newcomers, can be and are free.

And, to top it all off, people who arrived from Europe almost penniless, with some effort could figure out a way to be outfitted and travel towards the seemingly infinite West, where they would find plenty of land that they could claim as their own, according to clear laws and statutes.

Yes, this attractive picture is in large measure myth. Most likely, reality was much harsher and unforgiving for tens of thousands of ill-equipped, naive immigrants. Nonetheless, the myth of a Good America became the established narrative. And this positive narrative sustained the American Republic in its early decades.

Freedom and land

Whatever the exaggerations about what America could offer, for the common man and woman for sure no other country in Europe could match such an attractive prospect. By the standards of the time, America was indeed exceptional: Freedom and Land for all well-meaning, hard-working people.

Over time, this country became successful not because of its size, resources and open land –Brazil and Russia also have size, resources and open land– but because it was founded by people who shared the firm determination to affirm a constitutional arrangement that would uphold and preserve the God-given individual liberties of its citizens.

Protection of Individual Freedom is the core principle at the foundation of America, and its most precious gift to new settlers. Over time, vast prosperity was created by millions of free people who engaged in diverse productive activities, being reassured that their government would protect their endeavors, and not hinder them.

Why America is a unique country – Part 1

America is a truly unique country. But not for the most commonly held reasons: *“Come to America ,so that you will have a great chance to make money and be rich”*. In truth, throughout the world America is viewed (sometimes with envy, sometimes with contempt) mostly as a country of great economic opportunity for those who are willing to push forward with determination, grit, passion and sometimes heartless aggression. America is the Promised Land where making money, advancing one’s social position, and building a better future for oneself is easier than elsewhere.

The other side of the coin is that America is viewed as the country where only money and material achievement are worthwhile goals, pursued singlehandedly by most people, sometimes in a heartless and unscrupulous (and at times even illegal) manner. According to many critics, because of this narrow focus on getting rich, the Americans have created a materialistic and somewhat decadent, soulless society. Some of this, both the positives and negatives, may be true.

But this is not what America, at its core, is about.

It is all about Freedom

Indeed, both admirers and critics of America get it wrong. They focus on outcomes –material success–and neglect to appreciate and understand what inspires people to engage in activities. In other words, they do not understand the deep drivers leading to prosperity.

The truth is that material success in America is possible because all citizens know that, thanks to the protection of individual rights guaranteed by the US Constitution, they are truly free citizens.

And individual freedom, of course, includes economic freedom, that is freedom to engage in profit-oriented enterprises. When motivated people engage in enterprises without the constant fear of arbitrary obstacles placed on their way by a tyrannical, unaccountable government, economic success, while certainly not guaranteed, is more likely.

So, here is the thing about America. The fundamental idea at the foundation of the United States of America was not and is not "Come here to America to Make Money". The main idea was and continues to be "Come here to America to be Free". From this perspective, prosperity (again, possible, aspired to, but not guaranteed) is a welcome outcome of a life in which the individual, being free from state-imposed coercion, has the luxury to focus his/her efforts on the pursuit of his/her passions.

"In America you have a better chance to prosper because you are truly free to pursue your own dreams. You are free because you enjoy the protection of basic Individual Rights provided by the US Constitution. As the US Government protects your Freedoms, in America you do not have to worry about a rapacious, arbitrary government interfering with your affairs, or punitive regulations and taxes that will ultimately suffocate your enterprise".

Indeed, it was this single fundamental principle –achieving and securing Freedom for all Americans–that inspired the Revolutionary War of 1776 and subsequently the creation of the US political institutions whose primary purpose is the protection of Individual Liberty. After the Constitution of 1787 established the institutions aimed at securing and protecting political and personal Freedoms, millions of Americans, old settlers and new settlers, could peacefully unleash their personal creativity without any fear of interference by the state, confiscatory taxes or other impediments to private sector economic activities so common in Europe at that time.

Freedom to do

So, having secured "*Freedom from Tyranny*", the Americans could unleash their collective "*Freedom to Do*", freeing up individual creativity, (if it was and is exercised within the boundaries of the Law). And, as we know, creativity often turned into innovation and entrepreneurship. Over time, entrepreneurship and the pursuit of commercially viable innovation made millions of Americans into successful professionals, inventors and business owners.

In a word, in America, widespread prosperity is the welcome consequence of constitutionally guaranteed Individual Freedoms. Individual Freedom is at the foundation of economic success. America became rich not because becoming rich was the declared goal; but because it upheld and protected the Freedom of its citizens.

The European intellectual roots of the American political culture

How did America come to embrace this unique notion whereby government's primary purpose is not to get on with public administration and "get things done" but to protect individual liberties? The answer is in the enthusiastic embrace by the intellectual elites in the British Colonies in North America of the ideas elaborated by European political philosophers who belong to the intellectual current known as the "*Enlightenment*".

Indeed, the XVIII Century is generally known as the "*Age of Light*". Yes, this was the age of the "*Enlightenment*". Locke, Montesquieu, Voltaire, d'Alembert and Diderot are among the mostly French and British thinkers and authors of that prolific era.

The *Enlightenment* started with a renewed and vigorous focus on science, the rigorous observation of nature, experiments and emphasis on physics, mathematics and geometry. Many educated people, especially in France and Britain, over time developed the firm belief that the Universe surrounding human beings is a beautiful, harmonious whole designed by a Benign Creator, according to clear mathematical principles.

From this perspective, while much about the Universe was still unknown, everything was deemed to be knowable. Provided consistent effort and a keen desire to educate oneself about the proper ways to open the secrets of the natural world, eventually everything would become clear.

This is the meaning of "*Enlightenment*", literally a process leading to expanding the light of knowledge. In turn, this approach would bring the light of science-based knowledge into the world –for the benefit of all human beings. Hence the emphasis on engaging in new scientific endeavors, described in many new books aimed at the general public, and education. Most fundamentally, via education, all people, including the common man of modest means, would become enlightened.

Rational Man

According to most of the thinkers of the Enlightenment, rationality and reason –the essential organizing principles of the physical universe– are also essential human features. If men often behave irrationally, this is due to ignorance, lack of education, or bad teachings that instill superstitions, false ideas, and bigotry.

But for all these ills there was an excellent remedy: proper, science-based education. Education inspired by rigorous science would offer precious, scientific knowledge to all human beings, this way strengthening man's natural foundations of reasoned thinking, rationality and even handed tolerance vis a vis other humans.

Relying on these strong philosophical foundations, the European thinkers created new –and truly revolutionary– notions about the proper foundations of a political society, including the concept of the Natural Rights of Man, while elaborating the construct of a new type of rational, organized state populated and governed mostly by reasonable, “enlightened” men. This new political society would be based on voluntary arrangements agreed to by free people –a “Social Contract” – aimed at setting up just and accountable governments.

Well, needless to say, given the prevailing reality of mostly medieval states ruled by absolute monarchs, there was almost no chance to see any of this come to fruition within Europe.

The American elites embraced the Enlightenment

It was instead in the New World, in the British Colonies of North America, that these truly revolutionary European ideas about science, learning, knowledge, Natural Rights, Individual Freedom and self-Government found a truly dedicated audience. And therefore, a truly fertile ground.

The middle class elites of the New World seemed to be animated by a spontaneous yearning for science and learning. Many early

Americans had received just some or little formal education. Still, they were keen students and avid readers of the great works of the European thinkers of the Enlightenment.

Eventually, these self-taught American Colonists came to believe that, once free of the yoke imposed on them by the oppressive and unjust British Monarchy, in this New World they could give life to a new society ruled justly through a well balanced self-government, just as theorized by their favorite Enlightenment philosophers.

And it worked. These ideas inspired the first clashes with the British authorities and eventually the Declaration of Independence of 1776 and the ultimately successful Revolutionary War which led to the end of British rule. With the notable ghastly exception of the long and bloody Civil War –a conflict between the supposedly universal principles of freedom and equality and the horrendous practice of slavery in the South– America seems to present an almost linear picture of the happy evolution of a free society that became prosperous because the citizens could freely engage in productive, money-making enterprises.

A beacon of light across the Atlantic

And this mostly benign picture, of course, inspired millions of unhappy Europeans. While there were many drivers behind the migratory waves of Europeans into America –and the pursuit of better economic opportunity was definitely a major factor– the notion of leaving behind misery and poverty caused by political oppression, while embracing a New World ruled by benign laws that protect individual freedom, was definitely a powerful magnet which motivated millions to sail

from Europe and its rather miserable conditions to America –never to come back.

And there is more. Owing to its geographic position, this New Blessed Land was conveniently separated by a vast Atlantic Ocean from the constant fracas caused by quarrelsome European states.

Indeed, this New Republic was situated in a pristine New World. It had no enemy states at its borders. (Of course, we should not forget how the American settlers over many decades essentially destroyed the Native American Nations that were pushed away by the colonists from the lands they had inhabited for centuries. The “*Indians*” were eventually confined into small reservations with few if any opportunities).

Which is to say that America became something like a controlled laboratory experiment. It could grow and develop without the constant worries of threats to its national security and the need to go to war to preserve it.

End of Part 1

Why Mass Shootings? Heavy

Political Rhetoric, Psychopaths, and too many Weapons

WASHINGTON – The El Paso slaughter stunned America. It is human nature that when something completely out of the ordinary happens –an immense tragedy in this case–everybody wants to know “*why*”. And this case the simple “*why*” seems to be that the young man who went to the Walmart to kill as many Hispanics as he could did so because of his White Supremacist convictions. Apparently, he strongly believes that Latinos and Hispanics are alien enemies, and therefore they must be eliminated.

The hate crime narrative

Putting all this together, this mass murder episode becomes yet another tragic episode of violence motivated by racist hatred –another hate crime. And who is fueling racist hatred in America these days? But, of course, as we all know, it is the President himself, Donald Trump. Therefore, it is all finally clear.

And here is the media-sponsored “*official*” narrative that explains the roots of the tragedy and the event itself. President Trump, with his abrasive and openly anti-immigrant and anti-Latino

rhetoric, provided
cover to all those who share his beliefs and are also willing
to act to enforce
his vision of a White America finally restored to its
appropriate position of
primacy.

Not a good explanation

Of course,
there is a small amount of truth in this *"explanation"*.
National leaders should never set a bad example by over using
inflammatory
language. It is very bad when they publicly and repeatedly
disparage ethnic
minorities or any other segment of our society, fingering them
as bad,
inferior, criminal or what have you. These messages, coming
straight from the
top, are false; and they may give bad ideas to somebody.

Some psychopaths may act

That said, it
takes a psychopath to follow up with a mass shooting of
complete strangers
based on the notion that *"The President himself
declared that this people are bad news. The clean-up has to
start somewhere,
and I may as well do my part"*. If anybody interpreted Trump's
offensive
language against Latinos as a license to get an automatic
weapon and start

killing people, it means that they are mentally deranged.

Our national problem

And here is our national conundrum. Sadly, we do have an inflamed political climate --and no doubt the President has contributed to raising the temperature. But we also have too many non diagnosed psychopaths, or at least mentally disturbed people, many of whom have unhindered access to lethal weapons.

Not to sound too simplistic, here is the thing. When you have extreme ideas that pass for normal political discourse, crazy people who may act on them, and literally millions of legal weapons in circulation, then we cannot be too surprised when one unhinged person does something really horrible. Yes, as the El Paso carnage shows us, *just one person* armed with a powerful weapon can create an immense human tragedy.

No easy solutions

Fixing all

this will be incredibly complicated. Changing the tone of the national

political debate is difficult enough; but not impossible. Far more complicated

is the effort to identify and place legally binding restrictions on mentally

disturbed people. Finally, limiting access to weapons will be even more

complicated, given the almost religious belief held by millions of Americans in

the absolute right to buy and carry weapons supposedly

provided by the Second
Amendment to the US Constitution.

So, here is
the list. Here are the key ingredients for tragedies such as
El Paso: 1) crazy ideas that demonize segments of our
society; 2) at least some deranged individuals willing to act
to implement them;
3) and plenty of weapons available.

As a society,
we must face the magnitude of the problems confronting us.
While it may take a
long time, we must change all this. The penalty for inaction
will be more such tragedies.

Overleveraged America has no Plan B

WASHINGTON – Is America once again at the edge of some catastrophic event that will cause economic misery? Not by a long shot, most would argue. The economy, although a bit slower in the second quarter of 2019, is still chugging along, with a respectable 2.1 GDP growth. Unemployment at 3.7% is still at its historic lows, while jobs creation (about 165,000 a month this year) is quite substantial. So, where is the problem? ***The problem is too much debt.***

Too much debt

It is well known that credit is the fuel of capitalism. And this is why a modern, well functioning financial sector is so critical for growth. Savvy bankers and venture capitalist most of the time will allocate capital to deserving established or new enterprises. This properly targeted new credit (or investments) will foster the growth of healthy companies or new ventures, often creating more innovation, new jobs, and eventually broader prosperity.

Corporate debt

And yet, if we look at the \$ 9 trillion of US corporate debt, much of this massive burden is not about new investments. Some of it at least is about cheap capital used to buy back stocks, in order to prop their value. Which is to say that at least some of the impressive stock market buoyancy is an optic illusion. It is made possible by historically low interest rates that allow corporation to obtain cheap credit used not for investment in technology and expansion, but for financial manipulation.

Consumers are overleveraged

And what about US consumers? Their financial health and optimism about their economic and financial circumstances are absolutely critical, since private consumption in America, at 70% of GDP, is by far the most significant factor affecting economic growth.

Well, here is another mixed bag. As noted above, the economy is growing, new jobs keep being added, and unemployment is extremely low. Still, things are not great for the American middle class. Millions of relatively young people carry an extraordinarily high student debt load. Combined with car loans, other consumer debt and child care expenses for those who have children we have a picture of individuals or families that can barely survive, even on relatively good income (above \$ 100,000 or more for a couple).

Millions of new young professionals simply cannot afford to buy a house because the existing debt they have to pay off prevents them from saving enough for a down payment, let alone adding monthly mortgage payments to the long list of existing obligations.

More federal debt

The Federal Government is playing a negative role in all this. Democrats and Republicans who these days agree on almost nothing, very quietly just passed a new spending bill that increases defense and other discretionary spending, without even a word on the need to seriously consider reforming the major entitlement programs (Social Security, Medicare and Medicaid are the big ones) that slowly but surely increase—every year—federal spending. The net result of this political accord is more federal spending, higher deficits and more debt, at a faster clip than forecasted even a year ago.

Debt, debt everywhere

So, here is the picture. Corporations are high into debt. The American consumers, especially the younger workers, even those with above average income, carry an enormous debt burden that is made tolerable only by extremely low interest rates. The Federal Government, both parties having forgotten any concerns about fiscal responsibility, is piling up new debt at a fast clip –while a growing economy is at full employment.

To top it all off, the US Federal Reserve just cut interest rates, this way signaling that the happy era of ultra-cheap credit will continue, who knows for how long.

All is well?

At the moment, none of this concerns anybody. If asked, policy-makers will tell you that things have rarely been so good for the US economy. On the surface this is true. But we have to pray that nothing will happen.

If for some reason we have a re-ignition of inflation that may force the

Federal Reserve to raise interest rates and therefore increase the cost of borrowing throughout the economy, this whole thing may collapse.

Cascading effects

When consumers can no longer pay existing debts and buy new things at the same time, there will be a contraction in spending that will immediately reverberate throughout the economy. Lower demand means lowers sales, and therefore job cuts.

Think of the millions who can barely make it today, while having a good or at least decent job. Imagine their predicament if they lose that job! They will default on all their loans. Their cars will be repossessed. As a consequence, much of their consumer loans and credit card debt will have to be written off, with considerable losses for the banks that extended it. And this means a major recession.

Doomsday scenario

Look, may be none of this will ever happen, and this doomsday scenario will remain fiction. ***Still, I am truly concerned when***

America –the largest economy on earth– has essentially no margin, no cushion. All the key players: corporations, consumers, the Federal Government and the Federal Reserve are overextended.

Usually

when a recession hits, the Federal Government increases spending in an attempt to inject liquidity and stabilize the jobs market.

But today

Washington is about to go back to \$ 1 trillion deficits, justifiable only when America was trying to emerge from the devastating financial crisis of 2008. It will be hard to increase federal spending when deficits are already so high.

Again, let's

pray that nothing bad will happen. But prayer is hardly the most sophisticated contingency plan for a \$ 20 trillion plus overleveraged economy.

Overcoming Racial Prejudice

in America

WASHINGTON – *“I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character.”*

This sentence spoken by the Rev. Martin Luther King Jr. on August 28, 1963, during the much celebrated March on Washington, was and to this day remains the best guiding principle that should help the American society deal with and finally go beyond its legacy of racism.

Indeed, the only way to finally “resolve” the painfully complicated race issue in America is to finally become a truly color blind society. The day in which anybody’s race (and also gender, socio-economic background, faith, and more) becomes totally irrelevant in evaluating a person’s abilities and morality, then and only then we shall be able to say that America managed to overcome this horribly divisive race problem.

Still striving

However, reaching this essential goal is realistically very difficult. Like it or not, consciously or unconsciously we are

all prisoners of cultural stereotypes that we acquired over the years. These stereotypes color our perceptions and unfortunately our opinions.

However, as difficult as this colorblindness goal may be, this is the only way to arrive at the healthy conclusion that all human beings are essentially equal, and should be treated as equals. Of course that does not mean that we are all the same. We differ in terms of qualities, abilities, preferences and moral traits. But our judgment on these traits should not be clouded by our prejudices based on lingering racial stereotypes.

That said, we know that as a society we did not try hard enough to become genuinely color blind. We tried instead with other remedies aimed at fast tracking needed equality where there used to be none. Of course, we had to begin with the landmark civil and voting rights legislation of the 1960s. They were essential milestones. The new laws positively affirmed the equality of all, while explicitly making all segregation measures illegal.

Affirmative action

But then we added affirmative action: essentially set asides and quotas reserved for minorities, so that African Americans could more easily access opportunities from which up to that point they had been

excluded –purely
on account of race.

In principle it seemed only fair to give a bit of a head start to millions of African Americans who, although nominally US citizens, in practice had been totally excluded from most opportunities when it came to education, housing, quality health care, certain jobs, government contracts, and more. If we look back at the policy goals, affirmative action legislation was intended as a tool that would give a chance to those who had been historically discriminated against. Quotas were aimed at insuring that at least some Blacks and other minorities could make it within a reasonably short period of time. Quotas were about providing access. Fair enough.

Unintended consequences

Still, the unintended consequence of affirmative action seems to be in the institutionalization of minority status that automatically entitles a person, purely on account of race, to preferential treatment. And as affirmative action programs became entrenched, they naturally created a constituency that saw them not just as a temporary measure to help redress decades of undeniable injustice; but as permanent programs.

The unintended consequence of all this is that in order to justify special quotas for injured minorities **today the** proponents must argue that the old race-based injustice lingers on. In fact they argue that, decades after the end of legally sanctioned segregation, racial bias is still a permanent feature of the American society. Therefore, given this reality, affirmative action programs, viewed as measures to mitigate the ugly impact of ongoing racial discrimination, have to be kept –in perpetuity.

When it is good to be a minority

In other words, even today, a reasonably well-educated Black person has every interest in preserving his/her “Black identity” in order to benefit from a system that, in the name of overcoming past injustice, allows him or her to have an extra advantage in the competition for limited places in a good university, or in bids for government contracts that establish quotas for minority owned businesses.

Which is to say that, paradoxically, in an affirmative action context, being Black or other Minority in many instances may be in fact an asset rather than a liability. But this realization of the advantages of racial minority status also justifies continuing belief in the old assumptions that justified the creation of affirmative action

programs in the first place: "I deserve special treatment today. This is a totally legitimate way to redress past and present discrimination. Affirmative action is the appropriate remedial tool to counter the deleterious impact of lingering racial prejudice".

Reinforcing racial identity

Which is to say that the remedies included in affirmative action legislation, even if sincerely aimed (at the time) at kick starting the creation of a level playing field, created a new culture of entitlement.

These programs in reality encouraged "Minorities" to think of themselves not as citizens like everybody else but as a perpetually aggrieved group. And this is because it is this status and

only this status of discriminated against minority –therefore entitled to

redress– that allows them to claim special treatment when it comes to competing for a place in college, getting a job, or being awarded

certain types of government contracts.

Racial prejudice still exists

That said, it is only fair to admit that racial prejudice is still alive and well in America. Unfortunately, even today, some African Americans

are denied jobs, credit, low interest mortgages, and a lot more simply because

they are Black, and therefore assumed to be “untrustworthy, lazy, unproductive”, and what not. Of course, none of this is done overtly, because it would be illegal to do so. But it happens nonetheless.

Quotas fuel prejudice

However, it is also true that affirmative action provisions (today they blend into “diversity” requirements) aimed at overcoming the consequences of old, groundless prejudice tend to reinforce rather than melt the racial divide. Blacks see them as necessary redress for past discrimination and present bias. But in so doing they keep thinking of themselves as a perpetually discriminated against “Black Minority”, rather than US citizens, as everybody else.

Many whites, in turn, see affirmative action as special favors bestowed for political reasons on otherwise undeserving people. To the extent that Whites believe that Blacks get jobs they do not really deserve only because of quotas, this helps reinforce rather than dilute racial prejudice.

“I am an American”

How do we get out of this unproductive way to frame the problem of prejudice and constructive ways to overcome it? It is only by doing our best to follow Martin Luther King's advice. *Look at the person; not at their race.*

In a talk show featuring several conservative Blacks, (admittedly a small minority within the larger minority), it was refreshing to hear that most of the participants rejected the "African American" label for themselves. *"I am an American",* they said. *"I happen to be Black. But I am an American".* And so they are.

I call this rejection of (perpetually) aggrieved group an important step forward. In the end, when both Whites and Blacks will finally reject race as an issue likely to influence one way or the other any type of judgement on any individual, we will be able to say that America has successfully overcome its ugly legacy of slavery and discrimination.

Amazon Will Spend \$ 700 Million To Retrain Its Workers

WASHINGTON –

Amazon, the global e-commerce giant, just announced that it is planning to spend \$ 700 million over the next 6 years to retrain about one third of its 630,000 workers (about 275,000 of these are in the US). This is an almost monumental undertaking. But this is not about philanthropy. This initiative is clearly motivated by corporate self-interest.

Need to stay ahead

Indeed, looking ahead it is clear that Amazon, a major user/developer of the ultra- sophisticated ICT systems absolutely vital for the management of the millions of daily shipments that represent the core of its colossal e-commerce empire, MUST have the state-of-the-art technical tools. In order to retain its global leadership ranking in e-commerce, this giant must have the best of everything –and that includes top of the line engineers, ICT specialists, warehouse managers and also line workers who understand and can successfully interact with more and more complex and sophisticated equipment.

Amazon fully realizes that the technologies that will inevitably affect all

its systems and operations and therefore its ability to beat the competition on price, speed and overall quality of service, are being updated/transformed/disrupted practically on a daily basis. And this means that the skills of an average manager or worker at any one its warehouses or distribution centers, while adequate today, will likely be behind the curve tomorrow. Hence the need to invest –massively–in the retraining of Amazon’s work force.

Just the beginning

All this looks smart, forward looking, and anticipatory. Still, we should understand that this Amazon announcement is barely the beginning of an economy-wide complex and mostly uncertain process that will have to be extended to almost the entirety of the US and global work force, unless today’s global leaders –whatever the sector they operate in– accept that they will be inevitably overtaken by new companies whose workers and managers will be in full command of tomorrow’s technologies.

A hypercompetitive global economy

Today and tomorrow being part of the global economy means and

will mean accepting the challenge of operating in a hyper-competitive, turbo-charged global market place. Only the super smart and technology savvy corporations will have a shot at the top ranks.

Competition is an old concept. But the speed of this never ending race is a new phenomenon. And this race will require the adoption of a new psychology on the part of all participants. Everybody, from ultra-paid CEOs down to programmers and factory floor workers will have to embrace a culture of continuous change and constant disruption as the new normal.

Disruption is not new

Let me clarify this. Obviously, technological change and the disruptions that it causes are not new. If we go back to the history of the industrial revolution that began in Great Britain in the early 19th Century, it is mostly a history of disruption, sometimes very dramatic disruption, that caused dislocation and pain before the positive effects in terms of new jobs replacing old ones, higher productivity, better wages and lower cost of improved and more varied goods could be felt by society.

So, nothing new here.

Schumpeter's definition of capitalism as a process of "creative disruption", keenly accurate decades ago, still applies today. Except for one thing: Speed.

And this is clearly a double-edged sword.

Speed is good and bad

Of course, today's ability to innovate at a rapid clip, with the attendant ability to move quickly from concepts and prototypes to commercially viable applications ready for the market, is a major advantage.

All users, from companies to governments to the average consumer can avail themselves of the latest in technology, software, electronics, pharmaceutical products, banking services, and more, with obvious advantages in terms of greater efficiency, lower cost and improved quality of life.

That said, everybody has to know that retaining a technological edge is not an option. ***It is a "must have"***. Mastery of the most up to date tech is absolutely essential for those companies that want to retain a top ranking or aim to have a decent shot at joining the top ranks in the never ending global competitiveness race.

No exceptions

Let's be clear. There are no shortcuts. There is no way to stay on top unless you have full command of a powerful innovation/commercialization engine. If you don't because you fell behind, or because you never got there (think about scores of poor, under resourced struggling countries), then you do not have a chance. You are in the dust, looking at the others forging ahead.

And this brings me back to Amazon and its bold announcement of

its large work force retraining program. This one and other similar programs already adopted or soon to be adopted by other companies, if well structured, will have a positive impact on the company and its profits, on the employees themselves, and on millions of customers. Assuming that many other companies will follow Amazon's lead, hundreds of thousands of workers, may be millions, will learn new skills and most probably will become employable in more challenging jobs that require a higher degree of ICT knowledge and technical sophistication.

Life time learning

But the real issue and challenge here is that for this approach to work as intended, training and retraining must become part of a "life time learning" culture and approach to employment. This culture must be understood and embraced by all or most workers –not just at Amazon, but everywhere.

And here is the thing. All this sounds good. But in reality it is hard, really hard. Human beings are of course intelligent and generally flexible, adaptable and capable of learning new things. However, for millennia, with very few exceptions, (craftsmen, artists, scientists, and very few inventors), a person's occupation consisted in doing again and again (until they retired) what they learnt as a young person, And this applied even to the few who went to school and/or apprenticeship programs. Even after the onset of the industrial revolution, the new factory workers usually learnt and practiced a few, relatively simple manual tasks. Their jobs were about repeating the same operation again and again.

Change was slow

At a different level, the disruptive changes brought about by industrialization took a long time before they could be felt by the broader society. Even after the introduction of major innovations, the old ways survived for a long time.

For instance, the invention of the automobile more than a century ago did not mean that overnight all professions and crafts focused on horses (horse breeding, stable boys, blacksmiths, saddle and stage coach makers), disappeared. It took many decades for the car to affirm itself as the default, cost-effective modality for individual transportation on a large scale. It took Henry Ford, the assembly line, and the Model T for cars to be mass produced and finally become affordable. And even that radical transformation took decades. In other words, change, even very disruptive change, used to take a long time. And this long time frame allowed for some kind of transition and adaptation from the old to the new.

A different world

Today, we are literally in a different world. In certain sectors, including most ICT or IT related fields, the notion of the rapid obsolescence of even the most sophisticated innovation is a given. Focus on R & D and related high levels of funding must be a priority at all times. Even a major breakthrough –think of the first Apple iPhone– soon enough is copied, mass produced and eventually commoditized, while an eager public public waits for the next breakthrough.

All this is exciting. But it is also very problematic for the millions and millions of workers who have to embrace this life learning philosophy, unless they want to be left behind because they lack the skills of tomorrow.

It is great that a behemoth like Amazon, with more than 630,000 employees worldwide, has the resources, the vision and the internal organization to launch such an ambitious, multi-year retraining program.

Supply chains

But what about everybody else? What about medium sized tech companies in Malaysia, Vietnam, Mexico or Romania? Most of them today do reasonably well as suppliers and vendors to bigger companies. But what if the big company tomorrow needs a completely different set of parts or software? Can the medium size vendors quickly adapt, absorb the new technologies and deliver according to exacting specifications? Inevitably some will not be up to the task.

Efficient production is now based on ever more complex global supply chains. However, for this model to work smoothly everybody has to deliver their product or service according to a plan that will inevitably include the latest innovations. What if some key links of the chain falter because the workers in supplier X do not fully understand what they are supposed to do? This would cause delays or interruptions. And this upsets everything.

The new task of education

My last point is about the mediocre to poor quality of public education, in the US, but also other countries. This absolutely vital life learning approach has to be embedded in young people's minds from a very early age, so that it becomes a good habit, and not a burden. But I am not sure that we are

doing this today. May be this is happening in some elite, top schools. But not in your average American or European public school.

So, here we can see a huge disconnect between the pressing needs of corporations for adaptable workers eager to learn new things on a daily basis and a public education system usually based on imparting some discreet knowledge to students, giving them the misleading impression that this will be enough for their future professional life.

Well, it is not enough. Hence the need to retool education, both in terms of its content and in terms of the broader message given to young people: *“Remember that school is just stage one of your life learning process and obligations. If you do not embrace this constant learning approach wholeheartedly, you will be left behind”.*