

Gentlemen:

Over the last couple of years, as I have sought to fill the intellectual vacuum of retirement, I have attempted to better understand the causes driving the severe cultural and political divide in the United States as well as the disturbing changes in many of the values and traditions which we hold dear. In the following pages, I will deal somewhat superficially with some history before focusing in more detail on the events in our country which I hope will improve our understanding of where we are now and allow some better informed speculation regarding where this might lead.

The human race is believed to have evolved over a period of 300,000 to 500,000 years. Recorded history is a small fraction of this timeframe but chronicles the rise and decline of many great nations and civilizations. Although knowledge, science and technology have exploded, particularly since the start of the industrial revolution, little evolutionary change has occurred in the “human animal” over recorded history. Hence, a review of the past may be useful in understanding the challenges so apparent today.

A striking characteristic of history is the cyclical nature of nations and societies. Each nation has its unique set of natural resources which offer the potential to rise, but what fundamental factors cause a people to rise to greatness and ultimately fall to obscurity? If the tangible assets are unchanged and little evolutionary change occurs from one generation to the next, perhaps the changes in the relationships of various social strata within each nation contribute to impact the level of harmony or disharmony which drive strength and weakness among nations.

As I have sought to better understand the root causes of our divided and troubled society, I have become intrigued with the work of Peter Turchin. He began his career as a mathematician and ecologist, pioneering the

application of mathematical models to insect populations. Eventually, he refocused his mathematical skills on history and has attempted to analyze and mathematically model the rises and falls of societies throughout recorded history through data streams which are indicative of social change. While mathematical models certainly have their flaws, they are unemotional and relatively objective. My primary focus has been on two of his books *Ages of Discord* (copyright 2016) and *End Times* (copyright 2023)

We know a fair amount about major events of early societies, like wars, and the lives of individuals at the top of early societies, but little about the general population. Academic research has reconstructed a surprising amount of information about these populations. For example, by analyzing skeletal remains which indicate the rising and falling heights of individuals it is possible to better understand the economic conditions of the general population as the food supply becomes more abundant or scarce. Applying mathematical models to such data facilitates analysis of the cyclical relationship between those at the top of these societies and the rest of the population. Over the years since the American revolution, which is my primary focus, many hard data streams are available which facilitate similar modeling.

Looking at history, Turchin's analysis indicates that Rome went through at least four full boom/bust cycles between its inception in 650 BC until its final demise in 500 AD. France went through three full cycles between 1150 and 1870. China experienced more than 10 cycles of sociopolitical instability between 200 BC and 1900. The bookend of each cycle was a major event, such as war, famine or plague, which precipitated major changes at the top and began a new cycle.

While historians acknowledge the existence of cycles, they have resisted the notion that there are overarching principles behind them—humans are just too complicated for that. They tend to focus on events and details, not general theory, but Turchin has attempted to do exactly that with mathematical models applied to historical data—perhaps best described as “The Science of History”. Let's begin with some definitions and move on to the United States. Turchin's theory and analysis are based upon the notion

that sociopolitical stability (or lack thereof) is driven by two factors: (1) the magnitude of the economic gap between the rich and the general population and (2) the number of individuals with power or seeking power—i.e. “Elites” or, better in our current environment, those who “credentialed” with college and often advanced degrees. There is a relationship between wealth and elite status. However, the cycle relates more to the ebb and flow of wealth from the “working class” (peasants, in agrarian societies) which results on conflicts arising because of an excess supply of Elites and Aspiring Elites. More explanation to follow.

- **Labor Oversupply Principle:** When the supply of labor exceeds the demand, the price of labor goes down, depressing the living standard of most of the population, leading to “Popular Immiseration” but creating favorable economic conditions for those at the top of the economic pyramid—the Elites. Popular immiseration is the process of deterioration of the economic welfare of the general population relative to the top tier which often extends for decades.
- **Elite Overproduction Principle:** Favorable economic conditions for the Elites (i.e. Popular Immiseration) results in increasing numbers of Elites and Aspiring Elites, as well as runaway growth in Elite consumption levels. Elite Overproduction results when the number of Elites and Aspirants exceeds the ability of society to sustain them, leading to spiraling Elite competition and conflict.
- **Instability Principle:** The chief causes of sociopolitical instability are (1) **Elite Overproduction** leading to intra-elite competition and conflict, (2) **Popular Immiseration** resulting from falling living standards and (3) the resulting **fiscal crisis of the state**.

Think of a cycle: Labor costs decline; the rich get richer, more numerous and place greater burdens on the populace; a crisis levels the economic spread and reduces the number of elites; the cycle repeats.

So, just how do these concepts apply to the United States since the American Revolution? Following is a granular review of American history which highlights the above factors.

Post-Revolution—1780-1820’s—The first Era of Good Feelings

- Prior to the American Revolution, the populace was largely divided geographically along ethnic and religious lines. The conflict with Great Britain brought these groups closer together.
- The revolution resulted in many of the wealthy landowners and government officials fleeing to Canada and Great Britain, significantly reducing the number of Elites and opening opportunities for the remaining Elites among the patriots.
- The population was relatively homogeneous, coming primarily from the UK and western Europe.
- The expansion to new territories provided abundant land and economic opportunities for the general population.
- Continuous Indian Wars were a uniting force for the European Whites.
- Comment: Abundant land created relatively flat economic opportunities for most, exiting British elites created many opportunities for locals, population united by Revolution and Indian Wars. A high level of domestic harmony produced “The Era of Good Feelings”.

Jackson Era Trend Reversal—1820’s-1840’s

- Andrew Jackson won a plurality of the popular vote in the 1824 election, but was defeated in the House of Representatives—understandably fracturing the political Elite. He was elected the 7th US President in the 1828 election.
- Although the US expanded westward, the bulk of the population remained on the East Coast. Urban migration, foreign Immigration and rapidly rising Eastern land prices drove urban wages down—Popular Immiseration but an economic benefit to an increasing number of Elite merchants and industrialists in the North.
- For the general population, the 1820’s reversal of wage growth trends resulted in declining average height (indicating poorer nutrition), increasing numbers of urban riots and rising crime.
- Southern slaveholding Elites—bolstered by the Three Fifths Compromise of 1787—continued to dominate the political

environment. Southern states had one-third of the population (including slaves) and over half of the congressional representation.

- Because of an increasing number of states and growth in government patronage positions, there were sufficient increases in positions to absorb the Elites and Aspiring Elites seeking positions.
- Comment: Seeds of discord sown—declining wages and riots, minority dominance of politics, rising immigration

The Pre-Crisis Period—1845-1860

- Continued declining wage rates and other conditions favoring employers greatly benefited the merchant, banker and industrial Elites.
 - The number of mega-wealthy (those with over \$100,000 in assets) increased seven-fold in New York and four-fold in Boston.
 - The number of mega-wealthy more than doubled across the entire country, primarily in the North.
- Southern politicians continued to dominate the federal government, but the wealth growth was primarily in the North.
- Elites' economic interests diverged between the South and North as well as within the North, thus further fracturing the relative cohesiveness among the Elites.
 - The established Elites in the North were heavily dependent on trade—the export of cotton and import of manufactured goods—and favored low tariffs and resisted internal improvements since their goods were shipped by water.
 - The new and aspiring Elites favored industrialization and internal improvements.
 - Southern Elites largely blocked the interests of the new and aspiring Elites.
- By the late 1850's, several non-economic factors contributed to the fracture of the Northern Elites.
 - While most Northerners felt that slavery was morally wrong, there were very few abolitionists and relatively little concern for the plight of the enslaved. The broad fear was the “slave power” of Southern politicians.

- Immigration became a major issue as the number of foreign-born dramatically increased. The native population was largely Protestant, and the immigrants were primarily Catholic.
- Political riots with 10 or more fatalities became much more common during this period.
- Political parties were in disarray. The one-party system from earlier periods (Federalist) became two parties and these split into a number of minor parties.
 - Democrats, Whigs, Free Soilers, Republicans, Peoples Party, Anti-Nebraskaites, Fusionists, Know-Nothings, etc, etc.
 - Within the Whigs, which was the strongest second party, there were “Cotton Whigs” who favored strong relations with the South and “Conscience Whigs” who used the slavery issue as a central part of their platform. Eventually, the Conscience Whigs evolved into the Republican party, which elected Lincoln with less than 40% of the popular vote.
 - Violence and threatened political violence became far more common, fistfights and drawn knives in the Senate and House with the most famous incident being the brutal beating of Massachusetts Senator Charles Sumner.
- Comment:
 - The increasing labor supply resulting from urban migration and immigration resulted in declining wages from 1820 until 1860—resulting in Popular Immiseration.
 - Declining wages contributing to favorable economic conditions produced a rapidly increasing number of wealthy Elites and Aspiring Elites, resulting in destructive intra-Elite competition—Overproduction of Elites. The society simply did not have enough positions to accommodate the Aspiring Elites.
 - The strife, violence and a divided electorate ultimately resulted in the Civil War

Impact of the Civil War and its aftermath—1860-1870

- The political power of the South was decimated and the average wealth roughly halved.
- The business-friendly Republican Party dominated national politics until the election of 1932.
- The North's prosperity continued, protected by high tariff barriers and declining labor costs.
- To sustain low labor costs, immigration was actively promoted.
- The seeds of banking and industrial empires were sown by young Northern Elites who hired substitutes to avoid Civil War military service — J. P. Morgan, John D. Rockefeller, Andrew Carnegie, Jay Gould, Marshall Field, Philip Armour, Collis Huntington and several other railroad magnates.
- Between 1860-1870, the number of millionaires increased from 41 to 545.
- Comment:
 - The Civil War significantly reduced the gap between wages and earnings of the upper income strata. This gap began to quickly widen again.
 - The benefits of declining relative labor costs accrued to a new type of Elite.
 - The balance of power—and production of Elites—shifted from Southern planters to Northern merchants and industrialists.
 - The Civil War cleared the decks for a new cycle to begin

The Gilded Age—1880-1900

- As the wealth gap between workers and Elites expanded, this period became progressively more chaotic and contentious.
 - Non-native born population peaked, highest until today.
 - Both political and workplace violence increased
 - Two presidents and a number of prominent politicians were assassinated.
 - More than 20 major labor riots with up to 100 fatalities each occurred.

- The fragmented and threatened Elites began to coalesce through the formation of new institutions.
 - Social Register
 - Elite homogeneous social clubs
 - Exclusive, homogeneous summer resorts
 - Exclusive boarding schools
- Corporate mergers created enterprises with increased economic and political power.

From the Gilded Age to the New Deal—1900-1930

- The impact of the Elite wealth creation and Popular Immiseration increased
- Political violence and labor unrest escalated, peaking in the 1920's
- As racial tensions and riots escalated, over 1,000 fatalities occurred during the summer of 1919 alone
- Fears of communism and fascism escalated
 - First Red Scare resulting from the fear of the spread of communism following the Bolshevik Revolution in Russia.
 - Radical leaders, such as Italian anarchists were targeted
- The Elites were threatened by rising socio-economic strains
 - Attitudes began to change. For example, the Ludlow Massacre which resulted in the death of 26 people in 1914 during a labor dispute at a Rockefeller owned facility is said to have radically changed the life of John D. Rockefeller. He was later described by union officials as a “corporate moderate.”
 - Carnegie, Rockefeller and Brookings created foundations and supported regulatory reforms
 - Theodore Roosevelt led “trust busting” efforts
 - Regulatory bodies such as the Federal Trade Commission were created
 - Immigration restrictions were enacted in 1921-1922.
- Comment:
 - Early reforms were enacted and the groundwork was laid for future changes because of the excesses of the Gilded Age

- Many of these changes were controversial, resisted and appeared contrary to the interests of the Elites but were accepted and consistent with the wishes of the general population.

The Great Depression and New Deal

- The dominance of Republicans and the business Elites ended in the 1932 election.
- Though harsh, the sustaining policies of the New Deal caused this depression to be far less damaging to personal welfare than earlier economic downturns.
 - Nutritional deficiencies, evidenced by height declines, was much less severe than 19th century economic declines.
 - Life expectancy was minimally impacted.
 - Suicide rates spiked, but rapidly declined

Comment:

- The Great Depression dramatically reduced the wealth and number of the elites.
- The safety net programs of the New Deal softened the economic impact on the general populace
- Many of the New Deal programs reduced the social instability of the 1920's, leveled the economic playing field, and were (reluctantly) accepted by the elites.

World War II was the defining event of our lifetimes.

- The role of the United States in the world was radically changed
- Social norms, such as the role of women in the workplace, changed significantly.
- The commingling of all strata of society in military service reduced tensions between upper, middle and lower classes.
- Patriotism was high
- The 1940's experienced a revival of religion, values and a concern for the "greater good."
- In socio-economic terms, World War II could be compared to the American Revolution

Post World War II—An Inflection Point for a New Cycle!

- For two decades, a Second Era of Good Feelings
 - All variables associated with negative aspects of secular cycles bottomed: inequity, political fragmentation and infighting, social distrust, labor violence, lynchings, homicides
 - The only similar period was the first three decades of the 19th century following the Revolutionary War
- Trends from the mid-1960's to the present
 - Johnson Presidency: Vietnam, Medicare, Medicaid, Great Society, Civil Rights, Voting Rights—All destabilizing, mostly benefiting less affluent
 - Reagan Presidency: Lower tax rates, less corporate regulation, anti-union, robust foreign policy—also destabilizing, mostly benefiting the wealthy
 - The income share of the top 1% was around 10% in 1975, but has steadily increased, particularly during the last decade.
 - The proportion of the population born outside of the U.S. has returned to the level in 1910 (14%) when it also drove down wages and was highly disruptive, contributing to labor and political strife.
 - Globalization has also contributed to declining wages and the loss of manufacturing jobs

If you have made it this far, you have probably seen more tidbits of American history than you imagined. Let me simplify. Turchin's thesis, illustrated by data, is that nations and societies—modern, medieval and ancient—consistently have gone through cycles of relative harmony, growing discord, then crisis. The crisis either brings corrections to the imbalances between the general population and Elites, or they met their demise.

Applying this thesis to the United States, the first crisis period peaked in the 1850's and ended with the Civil War. The second crisis period peaked in the 1920's and ended with the Great Depression and World War II which ushered in the "Second Era of Good Feelings" during which the values cherished by the people in this room enjoyed a grand resurgence from 1945 to 1965. However, this all ended with the discord brought on by the Vietnam war and dramatic domestic legislation of the Johnson administration. We are now in the midst of the third crisis period faced in the United States.

The sharp divisions in our society, which are so apparent today, began in the 1970's with the reversal of many of the data series which contribute to social stability—or the lack thereof. The end result of these reversals is the following extreme changes in relative relationship between the very well-off and the median household.

1. The decline in the relative wages of the median earners is the largest since the 1830-1860 period.
2. Between 1976-2016, 64% of the population suffered declining real wages, college educated +23% real increase, advanced degree holders +32% real increase.
3. The foreign born population increased from 5% in the 1970's to (estimated) 14% today, the highest since 1910, which contributed to declining wages.
4. Over the last four decades, the percentage of wealth held by the top 1% has increased from 10% to 34% in 2023. The top 10% held 67% of the nation's wealth in 1923.
5. Over the last 4 decades the number of households with a net worth of more than \$10 million (inflation adjusted) has increased more than 10-fold.

The point is obvious. Turchin asserts that today we live in a plutocracy—a society in which governmental policy decisions overwhelmingly favor the wealthy. To illustrate the consequences of this environment of declining wages for the masses and increasing numbers of Elites, he describes an Elite version of the game of musical chairs. Instead of eliminating a participant and removing an Elite Chair each time the music stops, an additional Aspiring Elite

participant is added. As more Elites are unable to secure an Elite Chair (i.e. Elite position), confusion and disorder break out. Some angry Aspiring Elites are willing to ignore the rules, become Counter-Elites and do whatever is necessary to secure an Elite Chair—that is, to succeed in achieving their goals, whatever they may be, even destroying the old system. That is where we are today.

So, how does our third period of extreme disharmony end? In his latest book *End Times* Turchin does engage in some speculation.

Civil War? Turchin feels that a civil war is highly unlikely, notwithstanding divisive issues such as abortion and the disproportionate legislative representation of less populated areas—much like the power of the Southern plantation owners before the Civil War. Divisive issues do not have a clear geographical domicile.

Enlightened Leadership? Turchin credits the acceptance—though reluctantly by many Republicans—of the leadership of FDR and the unifying impact of World War II mending the effects of the Gilded Age (1870-1900) and the Progressive Era (1900-1930). Enlightened leadership is his preferred outcome of the current period of discord, but he offers no speculation as to what condition or crisis will bring it about or who might emerge as the leader.

Suggested Discussion Suggestions

1. Does Turchin's theory of "Popular Immiseration" and "Elite Overproduction" succeed in putting aside the clutter of day to day political and social issues and begin to address the root causes driving the rise and decline of nations and societies?
2. How well do Turchin's theories square with the discord in our society today—political as well as societal?
3. During the 1850's, the leading political parties fragmented, giving rise to a new political party, the Republicans, which captured the White House. Although this ended badly with the Civil War, are there forces which could transform our current difunctional political system and bring new, transformative leadership in our two existing political parties or new parties?
4. The "Counter Elites" have now displaced the Establishment Elites—both liberal and conservative--and taken over the U.S. government and the extremes of both political parties. How does the Establishment regain control? We have no broadly revered leaders today.
5. Are we now in a cultural and economic revolution or just a temporary period of extreme disharmony?