

Study Guide *for the*
2009 Franke Lecturer in Economics:
Robert Reich

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Chicago Humanities Festival
500 North Dearborn Street, suite 825
Chicago, IL, 60654
phone 313.661.1028
fax 312.661.1018
www.chicagohumanities.org
education@chfestival.org



Robert Reich is professor of public policy at the Goldman School of Public Policy at the University of California at Berkeley. He has served in three national administrations, most recently as secretary of labor under President Bill Clinton. The author of eleven books, including *Supercapitalism*, *The Work of Nations*, and the bestsellers *The Future of Success* and *Locked in the Cabinet*, he is also the co-founding editor of *The American Prospect*. Reich's articles have also appeared in the *New Yorker*, *Atlantic Monthly*, *New York Times*, *Washington Post*, and *Wall Street Journal*.

GETTING TO THE CORE:

"The Real News About Jobs and Wages -- An Ode to Labor Day"

from Robert Reich's blog <http://robertreich.blogspot.com>

Why aren't we hearing more about the worst job and wage situation since the Great Depression?

The latest employment figures (released this morning) show job losses continuing to grow. According to the payroll survey, job losses are increasing more slowly than in previous months. According to the household survey, they're accelerating -- from 9.4 percent of the workforce in July to 9.7 percent in August. Bottom line: almost one out of six Americans who need a full-time job either can't find one or is working part-time. Meanwhile, wage growth among people who have jobs has just about stopped. The Economic Policy Institute reports that between 2006 and 2008, wages grew at an annualized rate of 4.0%; by contrast, over the past three months annual wage growth has plummeted to just 0.7%. At the same time, furloughs -- requiring workers to take unpaid vacations -- are on the rise: recent surveys show 17% of companies imposing them. More than 20% of companies have suspended their contributions to 401(k)s and similar pension plans.

So why isn't the media screaming? Partly because these job and wage losses are not, for the most part, falling on the segment of our population most visible to the media. They're falling overwhelmingly on the middle class and the poor. Unemployment among those who have been in the top 10 percent of earnings is closer to 5 percent, and their earnings continue to climb -- although, to be sure, much more slowly than before the meltdown. It's much the same with health-care and pension benefits. Among people under 65 who are in the bottom 20% of incomes, only 21.9% have employer-sponsored health insurance -- if they have a job at all. Half of all people nearing retirement age have a 401(k) balance of less than \$40,000.

I keep hearing that the economic meltdown has taken a huge toll on the stock portfolios of the rich. That's true. But the rich haven't lost nearly as much of their assets, proportionately, as everyone else. According to a report from the Bank of America Merrill Lynch ("The Myth



of the Overleveraged Consumer”), analyzing data from the Federal Reserve, the bottom 90 percent of Americans hold 50 percent of more of their assets in residential real estate, which has taken a far bigger beating than stocks and bonds. The top 10 percent of Americans have only a quarter of their assets in housing; most of their assets are in stocks and bonds. And although the stock market is still a bit tipsy, it has rallied considerably since it hit bottom earlier this year. Home values, on the other hand, are down by an average of a third across the country, and are still falling.

What does all this mean for the economy as a whole? It raises the fundamental question of where demand will come from to get us out of this hole. If so many Americans are losing their jobs and wages, you have to wonder who will be returning to the malls.

That same Bank of America Merrill Lynch report notes cheerfully that 42 percent of consumer spending before the meltdown came from the top-earning 10 percent of Americans (not too surprising given that the top 10 percent was raking in half of total earnings) and the top 10 percent continues to do relatively well. So, says Bank of America Merrill, we can rely on the spending of the top 10 percent to get the economy moving again. Indeed, they conclude, Congress and the White House should be careful not to raise taxes on the top 10 percent, lest the consuming ardor of these most privileged members of our society be dampened.

This logic is morally and economically indefensible. If we’ve learned anything from the Great Recession-Mini Depression of the last 18 months, it’s that the skewing of income and wealth to the top has made our economy far less stable. When the majority of middle-class and poor Americans are either losing their jobs or feel threatened by job loss, and when those who still have jobs are experiencing flat or declining wages, there’s simply no way to get the economy back on track. The track we were on -- featuring stagnant median wages, widening inequality, and job insecurity -- got us into this mess in the first place.

LESSON PLAN

Political Satire: Laughing at What Isn’t Funny

by Greg Wright, Walter Payton College Preparatory School, Chicago, IL

It’s rumored the Roman philosopher Seneca once said, “Stand back a little further and laugh.” This activity is designed to help students do just that. Using current events from Reich’s blog, students will learn how to turn pressing economic and political issues into satires.

- Reich’s Blog: <http://robertreich.blogspot.com/>
- Otherwise students can use his article: “The Real News about Jobs and Wages”



#1 Understanding the Issue

To write effective satires, students must first have a solid understanding of the political, social, or economic issues they are planning to satirize. Robert Reich writes an up-to-date blog about such issues that can serve as a great starting point. Have students read an article from his blog and then discuss that article in class. What are the main issues? How is he describing the problem? What factors and details are adding to the issue? The more thoroughly students understand the issue, the more likely they will be able to create effective satires.

#2 Identifying the Satirical Fodder

Effective satire relies on exaggeration. Therefore, a satirist must be able to identify which true elements of a given issue have the best potential for exaggeration. Reread the article as a class, and have students stop the reading whenever they come across a sentence or concept that lends itself well to hyperbole. Play around with those sentences. For example, if Reich's article contends that too much of the stimulus money went to the rich, students could play around with specific plans that gave greater amounts of money to the rich even more directly.

#3 Turning the World Upside Down

Satire is a type of irony, meaning the world is the opposite of what we'd expect or hope. Once students have identified the detail or quality of Reich's article that they plan to satirize, they should create a world around that quality. This world should be the opposite of what the students think is right. For example, if students continue with the stimulus idea, they may create a world where the government's sole purpose is to funnel money to the wealthy.

Specifics are the key to a successful satire, so make sure that your students think through all the details of this new world. How exactly does the government operate? What do they call the plan? What programs or machinations must be put in place to make the plan work? How does the plan specifically affect the different types of citizenry that make up this world?

#4 Writing the Satire

Have students use this world as the setting for a story. These stories can take many forms. Students can write Kurt Vonnegut-like short stories where characters live out plots that take place in this world. Otherwise, students could write satirical newspaper articles about events that happened in this world or about the world's programs directly. Teachers may also want to consider some sort of art project like a satirical cartoon to complement the writing. Finally, give students an opportunity to share these projects.

#5 Applying Lessons in Reverse

Writing satires should help students understand the purpose of satires. Part of that understanding should include that realization that satires are usually based on specific issues that, at the core, are not actually funny. Since serious news articles about real political news



inspired these satires, students should be able to complete this activity in reverse to identify the serious issue at the heart of satires.

As a final step, show students current political satires (*The Onion*, *The Daily Show*, and *The Colbert Report* serve as good examples) and ask students to identify the serious argument behind the funny satire. Ask students about the effectiveness of this approach. Does adding humor make people more or less likely to take these issues seriously? Why?

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