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Five Epochs of Civilization

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Essays

Leveraging Diasporic Power for Nation Building

William McGaughey

Five Epochs of Civilization, a book that I published in 2000, proposes a way to organize world history that is focused upon the development of society. The suggested periods of history each exhibit characteristic topics and themes.

In the first period or epoch of world history (the centuries before Christ), humanity would be organizing in cities, states, and ultimately world empires such as the Roman and Han Chinese. In the second epoch (the next fourteen hundred years), world religion would come to dominate human societies. The Renaissance, which marked the beginning of the third epoch in world history (from the 15th through the early 20th centuries), saw the development of commercial and educational institutions as dominant influences in people's lives. We have now (since the 1920s) moved into a fourth epoch focused on news and entertainment. A fifth, computer-driven age is on the horizon.

Along with the changes in society have come a transition from ideographic and alphabetic writing in handwritten forms to printed literature, to images broadcast electronically, and finally to computer messages. And so we have changes both in the structure of society and in communication technologies associated with each age.

All this is by way of introduction to my talk. The book, Five Epochs of Civilization, describes world-historical trends in broad strokes; but where are we specifically in the process? Clearly, the age of large political empires is past. Christianity and other world religions no longer dominate society with the exception of Islam in some places. That brings us to the epoch of commerce and education. It is still with us though, I would suggest, in a stage of terminal decline.

World civilization has gone through several cycles of growth and decay. Now, in the opening decades of the 21st century, I think there is a crisis in the third civilization, the type of society that emerged in Europe during the Renaissance. This was a society given to commerce--to trade, production of goods, and financing mechanisms--as well as to the study of literature, the fine arts, and other subjects as a preparation for leadership in career fields.

In that tradition, young people today study these and other subjects to obtain college degrees, which they will need to convince employers to hire them in promising entry-level positions. The connection between education and employment is a defining characteristic of our culture. With a college degree comes a good job, we believe.

Higher education is therefore at the center of the impending crisis. While our colleges and universities should be treasured as repositories of knowledge and culture, the fact is that

students attend such institutions mainly for the sake of degrees that will help them obtain attractive jobs. To become exposed to intellectual challenges and interests is of secondary interest.

Employment opportunities in stimulating and lucrative fields depend on obtaining an academic degree. A threat is found in the fact that, as such opportunities become less plentiful and the experience of higher education becomes common, the years devoted to higher education lead increasingly to debt and disappointment rather than to a successful career. That may not be the fault of the educators so much as changing conditions in the economy. We simply do not need all the people educated for intellectually challenging careers.

We need therefore to rethink the relationship between occupations and educational preparation. The state of technology dictates how many people will be needed to handle particular economic functions given a certain level of demand. The key concept is labor productivity. In a common definition, productivity equals output divided by the product of employment and average working hours.

The U.S. Bureau of Labor Statistics has kept track of working conditions since the late 1940s. Its statisticians have gathered information from manufacturing industries and other sectors of the economy to show trends in economic output, employment, work hours, and productivity. Output and productivity have shown large and steady increases, except during recessions, while employment has increased to a lesser degree. Average working hours per person have remained largely the same.

Government statistics show that the productivity of labor in the U.S. business sector increased by around five times between 1947 and 2013. Output increased nine fold during the same period of time. The hours of work roughly doubled. This doubling of hours, representing man-hours of labor, reflects a two-fold increase in the number of persons employed rather than changes in their work schedules.

In theory, we could have had a smaller increase in output if working people had worked fewer average hours and the other factors had remained unchanged. But the U.S. economy did not go that way. When in 1933 the U.S. Senate passed a 30-hour-workweek bill, the incoming Roosevelt administration would not support it. Instead, the administration sponsored legislation to support a 40-hour week. The Fair Labor Standards Act of 1938 provides for time-and-a-half pay after forty hours of work in a week.

The ultimate effect of keeping work schedules the same since the 1940s has been to push U.S. employment out of productive sectors of the economy and into occupational areas such as government employment, health-care services, business and professional services, educational services, and hospitality, which are less productive. In 2010, those activities together claimed 59.2% of total U.S. employment, compared with 10% for manufacturing and 1.6% for agriculture.

I see a threat both to businesses that depend on tapping consumer purchasing power and to educational institutions that promise their graduates employment with high incomes. It is a threat to the twin pillars of the society that emerged in Europe during the Renaissance. Higher education promises to put everyone in the category, to paraphrase Garrison Keillor, of being “above average.” Supposedly, we can all be leaders and none of us followers.

Greatly increased productivity without an hours reduction is a threat to continuing high levels of employment and income. If working hours are not substantially reduced, employment will be pushed out of productive enterprise into activities that might be called “necessary evils.”

For instance:

The United States incarcerates more people than any other nation. There were 2.22 million adults in prisons and jails in the United States in 2013, compared with around 300,000 in 1970. More than six million Americans are under “correctional supervision.”

We Americans spend far more money for military preparedness and activity than do the citizens of any other nation. In 2015, the United States spent \$597.5 billion for military purposes. China was in second place at \$145.8 billion; and Saudi Arabia, in third place at \$81.8 billion.

Our health-care system is, by far, the most expensive in the world. In 2014, such spending reached \$3.0 trillion or \$9,523 per capita. Americans spend fifty percent more on health care relative to GDP than those living in western Europe, Canada, Australia, and Japan but experience worse outcomes in the rate of chronic conditions, obesity, and infant mortality. Prescription drug costs are much higher here than in other industrialized nations.

The point is that waste and correction of erroneous behavior seem to be driving economic growth rather than activities that improve the human condition. If that is so, output in those forms could be sharply curtailed without ill effect. But it will take political will to do that and, so far, the will has been lacking.

I would argue that we Americans are approaching a point of crisis in our policies regarding work. Because productivity increases reduce the manpower needed in productive enterprise, the superfluous workers are pushed out into areas of economic activity that offer less real benefit to society.

Not only have we Americans failed to maintain balance in the supply and demand for labor by reducing work hours but we have pursued policies that aggravate the oversupply of labor. In the 1980s and 1990s, there was a sharp increase in outsourced production to low-wage countries such as Mexico and China. Free-trade agreements such as NAFTA and CAFTA and permanent trade relations for China have made this possible. How so?

The concept is simple: The U.S. government agrees not to burden products imported from certain countries with tariffs or other import restrictions. American manufacturers then close down factories in the United States and build new factories in the low-wage countries to produce goods for the U.S. market. They are sold at the same price as before. The money saved in wages for production of those goods boosts corporate profits. With higher profits, the corporate managers persuasively argue that they deserve a share of the increased profits because of their superior managerial performance. Managerial salaries and benefits skyrocket as a result.

U.S. government officials ought to look out after the interests of U.S. workers but incentives are great to do otherwise. Union wages are said to be too high. Prudent, tough-minded management would, of course, want to seek a better deal in purchasing laboring services. And so, with free trade pushed to the limit, we have an economy where production is done in one country and consumption in another. That arrangement is not sustainable.

In summary, we have technology making it possible for American workers to produce five times as much output in an hour as their counterparts did seventy years ago. We have production from low-wage countries, primarily in East Asia, supplementing what is produced in the United States and beating it soundly on price. We have low-paid foreign guest workers replacing Americans in certain jobs under the H-1B visa program. And, finally, we have illegal immigration to the United States from low-wage countries, said to be 11 million persons strong. It's a quadruple whammy that adds to the U.S. labor supply while the demand for laboring services is steady or shrinking.

Accordingly, the American worker is thrown on the defensive. Labor supply chronically exceeds demand. Worst hit are the young who lack work experience but are expected to compete on the basis of educational credentials. With an increased educational requirement, the American dream becomes converted to "opportunity for a price."

Under those circumstances, the price of admission for landing a well-paying job is to obtain a four-year degree from a certified institution of higher learning or, in some cases, an advanced degree. If the student or his parents cannot pay for the education, the recommended solution is to take out a student loan. The average student-loan debt in 2015 is estimated to be \$35,000, up sharply from \$20,000 in 2005 and from less than \$10,000 in 1992. Educational debt has risen twice as fast as inflation. Borne by society's more vulnerable persons, it has now reached \$1.2 trillion in the United States.

In conclusion, today's young generation will bear the brunt of inadequate incomes if real job growth does not keep pace with need. Not only will people become disillusioned with the bargain that educators propose for their service with respect to careers, but defaults on educational debt may become common. Far fewer may then choose to go to college. If that happens, it may signal the end to a dream that has inspired western societies for more than a hundred years.

In my opinion, this is nothing less than an existential threat to world history's third civilization.