

by Asians and oil producers who hold trillions in dollar denominated reserves. To break the dollar's fall, the Fed will be forced to raise interest rates, which will in turn drive the economy deeper into recession, crash the stock market, and set the stage for "stagflation" ... stagnant economic growth and high inflation.

While economic times will turn bleak and the implications will be felt widely, life goes on and so does business. Consumer demand for "back-to-basics" private label products will experience strong growth while branded goods in the mid-market sector will slump.

In the seemingly forever off-trend auto industry, conditions are perfect for a manufacturer (likely from India or China) to develop and market a "people mover" product that sells for several thousand dollars, is basic, cheap to operate, low tech, good quality and reliable. (See "Simplicity Hip-Funky Cool," Trends Journal, Winter 2006.) ■

## PLANTATION ECONOMY

**The numbers don't lie. Regardless of how the facts are spun or who does the spinning, the results come out the same. America's middle class is shrinking, the rich are getting super rich and the wealthy can afford to buy entire countries.**

Working longer, commuting farther and sinking deeper into a financial hole, for the average worker in 2007, economic life won't be getting better ... and given the nation's future course, it will only get worse. America is drowning in debt, mired in war and losing lots of business to competition it didn't have before. Manufacturing has been shipped overseas, and the replacement "service economy" worker has gone deeper in debt just to pay the bills. Stocking shelves at Wal-Mart, floor walking at Home Depot or stuck in a cubicle job with no way out, the majority of the workforce is climbing down the ladder of success.

Comprised of more than just the ranks of the poorly educated and the down and outs, between 2000 and 2005, workers with four-year college degrees, for example, saw their wages fall 3.1 percent when adjusted for inflation. With diplomas in hand and nowhere to use them, they too are among the legions of the low paid who are losing hope of finding the American Dream.

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Reminiscent of the antebellum South, today, a vast class of laborers does the work, while a small class of economic aristocrats reaps enormous profits. The plantation thrives, while the workers wither. And just like those antebellum days, the current crop of kings and queens of

American commerce – the top 1 percent of the population – have more wealth than the bottom 90.

But it's not hard times that have transformed America from one of the most egalitarian societies of modern history to one of the most economically skewed. For the several years that the economy had been growing, inflation remained manageable, unemployment stayed low, demand for cheap labor was high, world trade expanded and corporate profits kept hitting record highs.

In the new economic order, the wealth of the nation is not being shared as it was when the middle class could ride first class on the All-American 20th Century Express. Yet, while the stories of the growing inequality in the "land of opportunity" sometimes make the news (when O.J.'s not in trouble or Madonna's not hanging from a cross) the media coverage is slight and the implications are generally ignored. (See "Crime Pays," Trends Journal, Autumn 2006.)

Unlike today when CEOs make 400 times more than their salaried workers (like Wal-Mart's president), in the 1960s when the US was at its peak and the wealth was being spread, the ratio was only 20 to 1. Superstars of Joe Namath's fame earned \$848,000 a year (in today's dollars) compared to the \$87 million that went to Tiger Woods in 2005. In real dollars, the GDP has tripled since 1960 but wage increases have been stagnant ... except for the upper one percent of families whose income has almost tripled.

Since 1999, median household income dropped 5.4 percent ... \$3,000 per year after adjusting for inflation. The income gap in the US is the widest among all industrialized nations and the wealth divide between the classes is wider only in Mexico and Russia. (See "New Direction – A Millennial Shift," Trends Journal, Autumn 2006.)

As the US economy further worsens, which we predict it will, so too will the prospects for middle class Americans to stop their downward crawl. Whose fault it is hardly matters. What really counts is knowing what it all will mean, how to reverse the trend, and how best to deal with life in a Plantation Economy.

**Trendpost:** *As it was during the Great Depression when entertainers made their careers poking fun at the fabulously rich, and songs were written to sing the blues and wish for hope, in 2007 the public is receptive to the same messages. A new school of "Depression Chic" is in the making. New sounds and styles will begin to emerge that capture elements of the hobo past and high tech future. It will be seen in fashion, foods, language and the arts.*

**Trendpost:** *With so many unwilling to work long hours for so little, new millennium vagabond entertainers, wan-*