

Nash dynamics of the wealthy, powerful, and privileged: America's two-player, *Darwin metaeconomy*¹

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Abstract

This essay on capitalism's '*Darwin metaeconomy*' presents a paradigm shift that can take economics back to its origin in moral philosophy. Proposed for economics in the 21st century, this paradigm shift is grounded on the thesis that the United States is avariciously governed behind the scenes by a ruling elite through a two-player *Darwin metaeconomy* ('survival of the wealthiest', collectively) that today, post the 2008 Great Recession, has evolved into a real-world Nash equilibrium of opposed forces: Wall Street's wealthiest 1% v. the 99% on Main Street. In the moral philosophy of this essay's two-player Nash dynamics, the corporate elite rule the nation in collusion with those willing to take their money, for which in return – behind the scenes politically – those thus willing support ruling elite interests. The elite rules in capitalism's *Darwin metaeconomics*, deceptively behind the scenes, through collusion that is architectonic in character (structurally embedded).

The ruling elite and middle class of capitalism in this essay are two macro players in a real-world 'Nash dynamics' in which each is working to establish and maintain an economic, political, and social order favorable to their side. A key concept in this model is capitalism's 'metaeconomics' (Schumacher 1999) of the wealthiest 1% – a Darwinian 'survival of the wealthiest' analogue of biology's 'survival of the fittest'; which takes economics back to its origin in moral philosophy (in which morality 'greed is good'). The most fit to survive in this two-player *Darwin metaeconomy* of capitalism's two-player Nash dynamics are society's wealthiest 1%. Collectively this is the case, even though some of the wealthiest do not survive and some of those not wealthy become among the wealthiest. From a Darwinian perspective, those 'less wealthy' – in particular the very poor – fail to survive because of their inability to obtain and utilize scarce resources as efficiently and as fully as the wealthiest. However, capitalism's wealthiest – ruthlessly in fierce competition for private ownership of scarce resources – employ a real-world, Darwinian principle of 'natural selection': the collusion of capitalists as a ruling class against the general populace on Main Street, collusion that is 'architectonic' in character (structurally embedded in society economically and politically).

1. America's two-player Nash dynamics

Figure 1 diagrams the macro-social 'Prisoner's Dilemma' in American politics currently. In this two-player 'Nash dynamics' the state mutually most beneficial to both the ruling elite and populist middle class is the utopian alliance {P, E} (see Figure 1 below for key to letters). However, if the ruling elite were to fail to follow through in choosing P, then {E, E}, the alliance most favorable to the ruling elite and less favorable to the middle class, would follow. Similarly, if the middle class were to fail to follow through in choosing E, then {P, P}, the alliance most favorable to the middle class and less favorable to the ruling elite, would follow. So that, in order to most assuredly work toward a state of the nation that is most favorable to

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their respective class, regardless of what the other class does, each class must choose the strategy favoring their own, which political disconnect between the ruling elite and populist middle class today has resulted in the real-world Nash equilibrium {E, P}; which unfortunately appears to be the only 'state of the nation' that is logically possible in America's two-player metaeconomics. Given the real-world Nash equilibrium {E, P} in Figure 1 current today, neither player – elite or populist – can do better by unilaterally changing its strategy. The populist-favored alliance {P, P} and elitist-favored alliance {E, E} are different alliances of elites and populists having differing degrees of relative benefit for the two players involved. The utopian alliance {P, E} requires a degree of cooperation between the elite and middle class, based on mutually felt benevolence for each other, that will be difficult to engineer in America's ultra-competitive society in which wealth, power, and privilege are all that count in the collective mind of the ruling elite.

Figure 1: Nash dynamics of the wealthy, powerful, and privileged

<p>Nash Dynamics of America's <i>Darwin metaeconomy</i>: Corporate Ruling Elite v. Middle Class Populists</p>		<p>Strategies of the populist middle class: the 99% and their economic, political, and social surrogates.</p>	
		P	E
<p>Strategies of the ruling elite: society's wealthiest 1% and their economic, political, and social surrogates.</p>	P	<p>Roosevelt's New Deal: 1933-1980</p>	<p>Utopian enterprises that depend on corporate benevolence</p>
	E	<p>The political disconnect of the corporate elite from the ideal of a robust middle class and opportunity for all: 2009-?</p>	<p>Reaganomics: 1981-2008</p>
<p>Strategy P: create legislation, implement policies, and carry out political agendas that 'promote the general welfare' of society's populist middle class; including the economically dispossessed, politically disenfranchised, and socially disempowered of the 99%.</p> <p>Strategy E: create legislation, implement policies, and carry out political agendas that promote the interests of the elite ruling class: society's wealthiest 1%, aka the politicians' so-called 'job creators.'</p> <p>Alliance {P, P}: the elite-populist compromise in which, for the purpose of achieving societal stability, priority is given to the general welfare.</p> <p>Alliance {E, E}: the elite-populist compromise in which, after societal stability has been achieved, priority is given to elite special interests.</p> <p>Equilibrium {E, P}: a political disconnect of the elite ruling class from the American ideal of a robust middle class and opportunity for all in which there is no alliance between the ruling elite and the middle class; the elitist politics of which has minimal regard for the welfare of the middle class, and the American populace generally.</p> <p>Alliance {P, E}: an utopian political agreement, between the populist middle class and elite ruling class, in which each class supports the interests of not only its own, but benevolently that of the other class as well.</p>			

Considered in terms of modern economic (game) theory, in a macro two-player *Darwin metaeconomy*, the United States today has established a real-world 'Nash equilibrium' (Basu 2011: p. 60-66; Nasar 2011: Ch. 10; Nash Equilibrium, Wikipedia): one player being the ruling elite on 'Wall Street', the other the middle class and populace more generally on 'Main Street'; each seeking survival in a ruthless competitive environment – a two-player *Darwin metaeconomy* in which the wealthiest survive collectively – in which Wall Street's ruling elite are economic and political predators of America's middle class and the populace generally (society's populist, more egalitarian-minded citizens).

Figure 1 diagrams the 'strategic alliances' established in the United States – post-Great Depression – between the nation's ruling elite and middle class. The first, post-Great Depression strategic alliance initiated in 1933 through President Roosevelt's New Deal; the elite-populist alliance of which, although slowly changing through ruling elite collusion, from {P, P} to {E, E} during President Reagan's tenure in office, gained political strength until the Great Recession of 2008. Figure 1 thus depicts a two-player, Darwin 'metaeconomics', whose players – in opposition struggling to survive – are Wall Street's ruling elite and Main Street's populist middle class. The middle-class favored alliance {P, P}, roughly from 1933, (The New Deal, Wikipedia) to 1981 (Reaganomics, Wikipedia), was gradually phased out in the 1980's through collusion by capitalism's ruling elite; by surreptitiously replacing {P, P} with the ruling-elite favored alliance {E, E}, which lasted until the Great Recession of 2008. At this time {E, E} was quickly left behind (politically) through the strong populist counter-reaction of the 2008 presidential election, in response to the extreme economic and political excesses of {E, E} committed by the G. W. Bush presidency; which counter-reaction has produced a 99% movement that is pushing the United States toward a new 20th century alliance {P, P} that is strongly opposed by capitalism's ruling elite, who are pushing back toward regaining the previous elite favored 19th century alliance {E, E}; the opposed forces of which today now constitute the real-world, elite-populist Nash equilibrium {E, P}, which is the current political disconnect of the ruling elite from any alliance with the populist middle class, other than a renewal of the previous alliance {E, E} that caused the 2008 Great Recession. It is beyond the scope of the present essay, but the historical transitions in Figure 1, surreptitiously from {P, P} to {E, E}, and now onward to {E, P}, provide an overarching analytical framework for explaining in considerable detail the political warfare that has been ongoing behind the scenes, historically, between the Republican and Democratic parties, from the Great Depression to the present. Appendix 1 lists all strategic transitions that are in principle possible in the Nash dynamics of Figure 1, very few of which actually occur, however.

Wall Street all along has been engaged in conspiracy against the middle class about what or who rules America – whether what actually rules the nation is the free market economy or an elite capitalist class. Its deception is based on an implicit denial that there exists a two-player *Darwin metaeconomy* in which the corporate elite rule over the middle class, ruthlessly behind the scenes. There is, they claim, no such thing – only the free market economy over which no one rules. The effort of conservative Republican politics today, however, to bring the American government under President Obama to a complete stop until they regain power (absolutely), is in fact Figure 1's political disconnect {E, P} of the corporate elite; which as well is a Machiavellian-inspired, real-world 'Nash equilibrium' that neither the middle class nor the ruling elite desire to sustain, both are currently trapped in the 'Prisoner's Dilemma' – which the American public alone can resolve next November in the 2012 election.

In the 'Nash alliances' of Figure 1, {P, P} and {E, E}, the contrary economic and political forces of self-interest, ruling elite v. populist middle class, were collectively unbalanced in one

direction or another; resulting in the creation or modification of societal momentum directed more toward the interests of one than the other. In today's Nash equilibrium however, divergent forces of self-interest are equal in magnitude and point in different directions, one toward a future alliance {P, P} and the other backward toward {E, E}. The ruling elite in this effort intend to maintain the momentum generated by the alliance {E, E}, while middle class populists intend to create a new momentum toward a 21st century alliance {P, P}. Class conflict in this essay's *Darwin metaeconomy* thus understood is an instinctively pursued 'Nash dynamics' that can be elaborated further within a Newtonian conceptual framework of 'metaeconomic' momentum, force, and inertia.

2. Concerning America's future

The question raised here concerning the future is whether the nation will be moved by the ruling elite (Wall Street's wealthiest 1%) backwards conspiratorially to the previous ruling elite alliance {E, E} of the wealthiest 1%; or whether today's populist 99% movement will gain the strength needed to move the nation forward, democratically, to the progressive, egalitarian alliance {P, P} rethought for the 21st century. It may be that populist upheaval on America's political Main Street (physically on the streets and virally on the internet may be required (once again), to transition the real-world Nash equilibrium (elite political disconnect) {E, P} progressively forward into a new 21st century alliance {P, P} between the ruling elite and middle class – the alliance demonstrated by 20th century history to be most equitable to America's middle class. A far less likely but still possible alternative will for the nation to somehow (miraculously) transition the nation – economically, politically, and socially – to the more utopian alliance {P, E}, and then work very hard to establish a government that can keep it there.

In Figure 1, the transition during the 1980's, from the middle class favored alliance {P, P} to ruling elite favored alliance {E, E}, occurred because the ruling elite were able (very conspiratorially) to convince, falsely according to the evidence now available on middle class income inequality (Stiglitz 2012), the middle class that {E, E}, interpreted by neoliberals as the New World Order to be supported by all peoples, is more beneficial to it than {P, P}, the old economic and political order supporting American workers in the 50's, 60's and 70's; the collusion of which was accomplished by the ruling elite post 1981 through the conservative Republican ideology of Reaganomics; and which collusion by the ruling elite is today pursued politically even more forcefully by the Republican 'Tea Party.' The evidence of America's post World War II economy, nevertheless, strongly supports the old economic order of {P, P} of American workers as being the economy that benefits the middle class most, relatively speaking in terms of full employment and less pronounced income inequality; which nonetheless over the past thirty years, through conservative, ruling elite collusion, has been progressively transformed economically and politically into the elitist favored alliance {E, E}.

The real-world Nash equilibrium {E, P} is due to two opposed sociopolitical currents: one through which the wealthiest 1% seek to return society to the previous elitist, plutocratic alliance {E, E}; the other pushing forward to a 21st century renewal of the populist egalitarian alliance {P, P}. Populist upheaval on America's 'Main Street', which in today's politics includes the Internet, may be required to transition the nation from the real-world Nash equilibrium {E, P} forward to the middle class favored, more egalitarian alliance {P, P} once again.

The more benevolent, utopian-like alliance in Figure 1, {P, E}, in which middle class support for ruling elite interests is reciprocated by ruling elite support for middle class interests, apparently is inherently unstable due to the avarice that is intrinsic to humanity. {P, E} can represent in principle the inherently unstable state of any utopian-inspired social order that, if somehow were entered into, would, depending on the relative size of opposed populist and elitist forces, ultimately transition (decompose) into {P, P} or {E, E}, or {E, P} even.

Considered within this theoretical framework, it could be that communism, perhaps initially utopian in character, was more or less in theory an alliance {P, E} between those who rule and the under classes; but which, following the Russian Revolution, then (perhaps) transitioned to a severe, autocratic, version of alliance {P, P}; but which then even later, after the fall of the USSR in the 1980's, (perhaps) transitioned in Russia to an equally severe, elite, autocratic alliance {E, E}. (This wild conjecture undoubtedly needs much more thought.)

3. America's two-player *Darwin metaeconomy*

Volumes have been written on Adam Smith's benevolent 'invisible hand', which according to neoclassical theory often – some might say always, in different ways – promotes, quite unintentionally, the interests of society generally. However, there are few, perhaps none, whether of the academic community or economists professionally, that have theoretically developed the Smithian theme in Appendix 2 of a general capitalist conspiracy against, and deception and oppression of, the public; so that capitalists collectively thus being collusive in general, often do not promote the interests of the larger society, even unintentionally. The present essay endeavors to rectify this collective oversight in a radical rethinking of Edward Conard's "Darwinian survival of the fittest" in *Unintended Consequences* (2012). Through the rethinking of capitalism thus inspired by Adam Smith in terms of a two-player *Darwin metaeconomy*, although rethinking not easily achieved by the American public, can Wall Street perhaps ultimately "be prevented from disturbing the [economic and political] tranquility of anybody but themselves."

The basic question addressed by this post-Great Depression model of America's economic and political history is: what best and most fundamentally characterizes capitalism's *Darwin metaeconomy*, whose sole objective (evolutionary end) apparently is the accumulation and concentration of all wealth, power, and privilege in the hands of ruling elite? The response is 'architectonic' collusion, by capitalists as a ruling class, which is structurally embedded so that plausible deniability can be maintained. One current deception accomplished, which is increasingly apparent to the middle class, is the conservative mantra that the ruling elite are the nation's 'job creators'; a title that more substantively belongs to the middle class – whose demand and ability to pay for goods and services is what actually creates jobs. Lacking the demand created by a robust middle class – in America, the ruling corporate elite do not invest in businesses that create jobs – not in America. They keep their money in the bank, safely ensconced in offshore accounts, or invested elsewhere beyond America's shores.

The "Fundamental Theorem" of *Darwin metaeconomics* is that, whether in economics, politics, or socially, rather than openly declaring and promoting their true intentions and objectives in the spirit of democracy, it is virtually always more effective for society's "ruling elite," as suggested by Adam Smith, to engage in collusion that achieves their objectives conspiratorially behind the scenes. The 'collective unconscious' propensity of which, whether

overtly intentional or not, results in architectonic collusion by capitalists against the middle class and populace generally.

Kaushik Basu states in *Beyond the Invisible Hand* that “in economics, the need for intuitive understanding is much greater than most economists would have you believe. Good economic policy requires a ‘feel’ for things over and above” a mathematical understanding of economics (2011: 14). Understanding the *Darwin metaeconomy* of Figure 1, including in particular the subversive role played by ruling elite collusion in economics, politics, and the larger society, requires a subjective feel for structural forces presently not mathematically tractable; but which nevertheless can be intuitively understood to a considerable degree. Indeed, this theory suggests that the mathematics of Nash equilibria currently pursued in neoclassical theory is on the wrong track, fundamentally; because, quite falsely, it treats the economy as if it operates completely independent of political and social forces. The real-world *Darwin metaeconomics* of Figure 1’s Nash dynamics manifests political logic that ultimately must take precedence over abstract mathematical models whose ‘economics’ is devoid of real-world content.

4. Dynamics of American exceptionalism

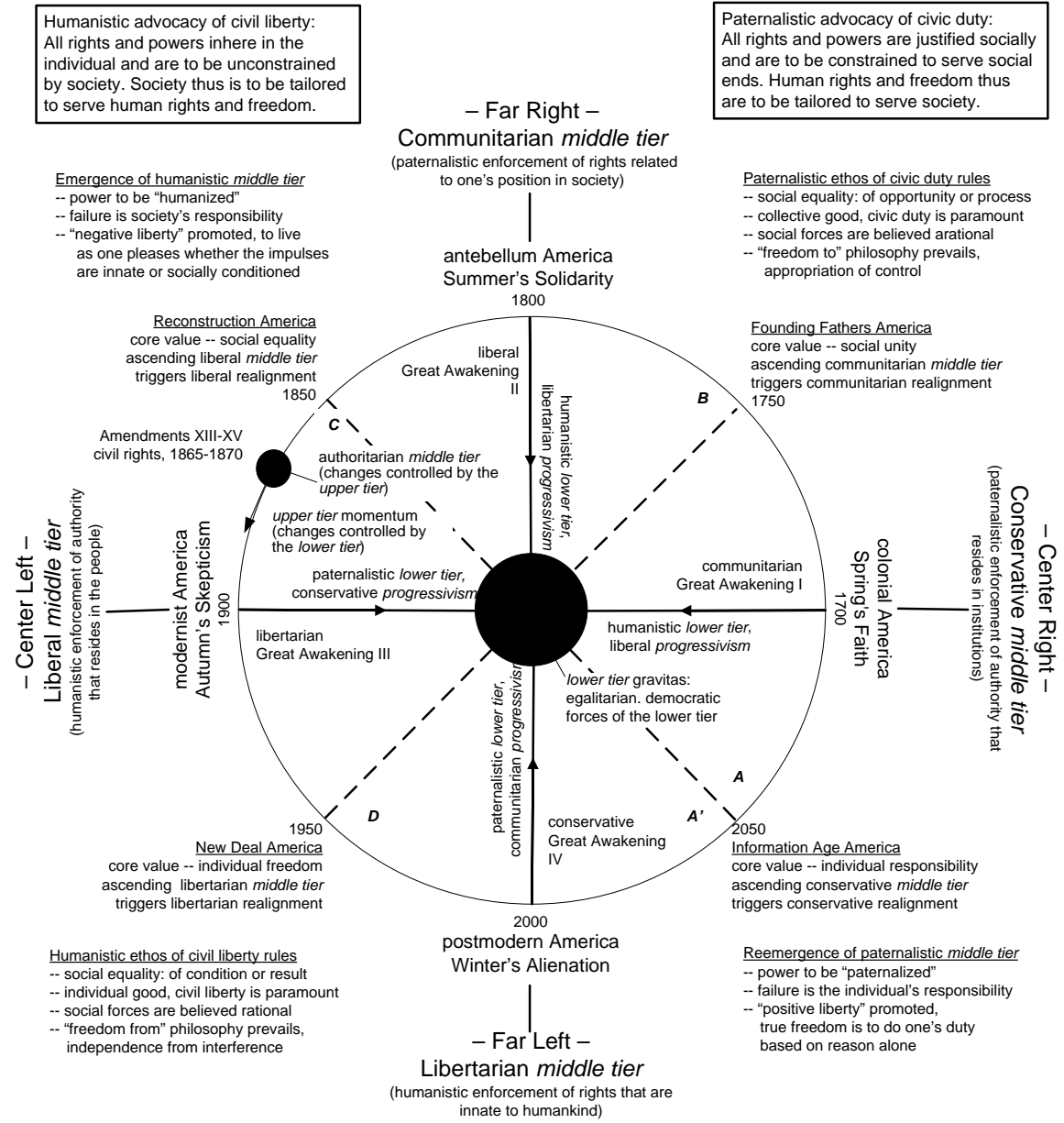
Figure 1’s ruling elite, working behind the scenes architectonically through Wall Street’s *Darwin metaeconomy*, eschew ethics and morality for the sake of wealth, power and privilege. Unseen and publicly denied, America’s ruling elite are unified in and through their collusion against the middle class and populace generally, through diverse mechanisms of architectonic collusion embedded in society structurally. The *Darwin metaeconomy* thus understood, which can be unconscious in part and conscious in part, intertwine the economic, political, and social sectors such that an historical, elite-populist ‘balance of power’, labeled the ‘Nash dynamics of American exceptionalism’ in Figure 2, is maintained between the forces sustaining and the forces working to change the status quo.

Figure 2 is the long-term metahistorical framework of Figure 1’s “Nash dynamics of the most wealthy, powerful, and privileged”, whose ruling elite are Wall Street’s wealthiest 1%. Taken from the NSF-SBE white paper ‘The Critical Geography of American Democracy: Tectonics of the Economic, Social, and Political (Zaman 2010), Figure 2 diagrams the dynamic balance of power argued to be maintained by America’s ruling elite over the under classes during the past 400 years; which this essay regards as ‘American exceptionalism’ truly: in which the economic ‘momentum’ of the ruling elite, through the political ‘inertial forces’ of government de facto controlled by the elite behind the scenes, has consistently minimized – but never eliminated – socially ‘impressed forces’ for progressive, egalitarian change. American exceptionalism in this view is Janus-faced: it is a Jekyll that in public promises equality and freedom for all, but behind the scenes is a Hyde that delivers much less of both than it promises.

What Figure 2’s metahistorical framework for Figure 1 may be suggesting is that the current Nash equilibrium of America’s two-player *Darwin metaeconomy* is the latest in the perpetual struggle of true democracy against capitalist oppression of the masses, worldwide; oppression fully supported today, conspiratorially behind the scenes, by ultra-conservative religious fervor in the last ditch effort of Western religion – Christianity in particular – to regain the oppressive, political hegemony it had in 17th century Europe, prior to capitalism’s emergence as Western society’s ruling paradigm. The coalition of conservative Christians in

America today, it seems, regard the most wealthy, powerful, and privileged of capitalism's corporate elite as its political savior; which responsibility the corporate elite very willingly accept.

Figure 2. Nash dynamics of American exceptionalism



Upper tier "momentum" drives the ongoing effort in American history to "secure of the Blessings of Liberty" (obtain marketplace freedom). Lower tier "central forces" then work to "promote the general Welfare" (obtain social justice). And middle tier "inertial forces," centrifugal forces associated with upper tier momentum, work to maintain (through counter insurgencies) the status quo by opposing lower tier central forces. The different periods or epochs shown are the result of different political ideologies that socially, economically, and politically have come into play historically in America's constitutionally based "class struggle."

In the Nash dynamics of Figure 1 then, placed within the metahistorical framework of Figure 2, the 'fittest' (aka capitalism's wealthiest) survived by establishing a 'metahistorical momentum' that, through ruling elite architectonic collusion, worked to create and maintain (circa 1981-2008) the elite favored alliance {E, E} most desired by capitalism's fittest (the wealthiest, most powerful and privileged), the momentum of which successfully worked

against populism's prior 'metahistorical forces' for progressive, egalitarian change (circa 1933-1980).

America's populist middle class, those seen by capitalism's most fit to be 'less fit' than themselves, earlier in the years 1933-1980, sought and achieved a populist favored alliance {P, P} possessing a substantively different metahistorical momentum. Appendix 3 briefly describes the alliances and equilibrium in Figure 1 thus placed within the metahistorical framework of Figure 2.

Figure 2 is a dynamic 'balance of power in which the forces involved – for and against radical economic, political, and social change – are constantly evolving over time. This balance is one in which the nation's metahistorical momentum, driven by ruling elite avidity, moves society forward continuously against weaker populist forces for egalitarian change in a radically different direction, toward a more just society. The metahistorical balance of forces thereby maintained over the long term in Figure 2, by the wealthiest 1% on Wall Street and their minions in politics against the 99% on Main Street, thus is dynamic. Figure 2 takes 'progress' (social movement in whatever direction) as a given in human affairs; but it presents ruling elite avidity as having more generally energized this progress, behind the scenes historically from colonial days to the present.

The Nash dynamics of Figure 1 thus is suggestive that, in the real-world economy, the Nash equilibrium may be best understood as being, rather than something maintained over the long term in a stable society, something that is the precursor to radical change in economics, politics, or society in general. The political realignment A' in Figure 2 (circa 2050), in which 'postmodern America' transitions into what possibly will be a radical 21st rethinking of colonial American conservatism, may be what transpires after the nation escapes from the current two-player, metaeconomic Nash equilibrium {E, P}.

Figure 2 is elite political theory that shows the need for an ongoing 99% movement which opposes the middle class's historical economic dispossession, political disenfranchisement, and social disempowerment by Wall Street's ruling elite, its wealthiest 1%. The '99% movement', composed of the economically dispossessed and politically disenfranchised, and socially disempowered on Main Street, if it is to be effective, requires a radical critique of the ruthless *Darwin metaeconomy* that elaborates in principle what this movement is up against, shows what it therefore must do to succeed, and indicates what are the movement's long term prospects. Figure 2 give some indication of what may be required. The ruling elite today, in their overweening desire for wealth, power and privilege, have created a momentum that is libertarian in character, yet at the same time is pointed towards a future society that is ruthlessly conservative. Wall Street's ruling elite are doing this, in the name of economic freedom unrestrained by government regulation or oversight; by falsely persuading the public of the benefits to the middle class of the government unencumbered economy.

The diagram of the metahistory of U. S. elite rule in Figure 2 shows the ongoing transformation of American society, conspiratorially driven by the ruling elite; the wealthiest 1% of which today are increasingly seen as America's 'public enemy #1'. What these figures indicate has happened, historically in America repeatedly over the long term, is that the only true beneficence that capitalism has ever provided to the 99% was always pried out of the rapacious hands of the wealthiest 1%, through the social forces of a politically radicalized middle class; manifested in the past for example, in labor union strikes, widespread political demonstrations in the streets, occupation-type movements, and other forms of open political

and social protest by the people. The benefits accrued by the working classes, history has shown repeatedly with great clarity, has never been through the (supposed) benevolence of the invisible hand. The economic benefits given to the 99%, always obtained in response to the very visible hand of the American people in political protest, have virtually nothing to do with the capitalist's touted invisible hand.

An example today of ruling elite 'architectonic collusion' (structurally inculcated) by Wall Street, against the 99% on Main Street, through institutions favoring the ruling elite economic world view, is the prestigious American Enterprise Institute (AEI, Wikipedia); which is an unofficially neoconservative, corporate, right-leaning think tank that was initially founded in 1938 as the American Enterprise Association, by a group of New York businessmen in opposition to President Roosevelt's New Deal (Wikipedia). Manifestations of ruling elite collusion in America today are legion. They include the Hoover Institution (Wikipedia), the Heritage Foundation (Wikipedia), the Manhattan Institute (Wikipedia), the American Conservative Union (ACU, Wikipedia), the American Legislative Exchange Council (ALEC, Center for Media and Democracy), the Employment Policies Institute (Wikipedia), and the National Rifle Association (NRA, Wikipedia). They also include as well: currently elected, extreme right-wing, Republican state governors and legislators, the current Republican leadership in the United States Congress, today's Republican Tea Party in Congress and elsewhere; and the current conservatively dominated, corporate friendly Supreme Court, which apparently feels no judicial restraint in overturning past Supreme Court decisions on the basis of radical conservative ideology. The presidency of G. W. Bush, including cabinet officers and White House advisors, also was a conspiratorial manifestation of ruling elite collusion, as also are the neoliberalism and neoconservatism that were his presidency's ideological foundation.

Appendix 1: Figure 1's Nash strategic transitions

Unilateral transitions:

- {P, P} -> {P, E}: the elite maintain populist causes as a priority; populists reassign priority from their own causes to elite causes
- {P, P} -> {E, P}: the elite reassign priority from populist causes to their own; populists maintain their own causes as a priority
- {E, E} -> {P, E}: the elite reassign priority from their own causes to populist causes; populists maintain elite causes as a priority
- {E, E} -> {E, P}: the elite maintain their own causes as a priority; populists reassign priority from elite causes to their own*
- {E, P} -> {P, P}: the elite reassign priority from their own causes to populist causes; populists continue giving priority to their own causes**
- {E, P} -> {E, E}: the elite maintain their own causes as a priority; populists reassign priority from their own causes to elite causes***
- {P, E} -> {P, P}: the elite maintain populist causes as a priority; populists reassign priority from elite causes to their own
- {P, E} -> {E, E}: the elite reassign priority from populist causes to their own; populists maintain elite causes as a priority

Bilateral transitions:

{P, P} -> {E, E}: both the elite and populists reassign priority from populist causes to elite causes*

{E, E} -> {P, P}: both the elite and populists reassign priority from elite causes to populist causes

{P, E} -> {E, P}: both the elite and populists reassign priority from causes of the Other to their own

{E, P} -> {P, E}: both the elite and populists reassign priority from their own causes to that of the Other

*Transitions thus far actually occurring in American history post-Great depression, the bilateral transition of which was made possible by the ruling elite's *Isaac*.

** Transition now given priority by the populist middle class, which only the ruling elite can actually realize.

*** Transition now given priority by corporate ruling elite, which only the populist middle class can actually realize.

Appendix 2: Adam Smith's capitalist conspiracy

We rarely hear, it has been said, of the combinations of masters, though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform, combinations, not to raise the wages of labor...these are always conducted with the utmost silence and secrecy. (Adam Smith, 1991: pp. 70-71; 1994: p. 76; 2004: p. 56.)

Our merchants and master manufacturers complain much of the bad effects of high wages in raising the price, and thereby lessening the sale of their goods, both at home and abroad. They say nothing concerning the bad effects of high profits; they are silent with regard to the pernicious effects of their own gains; they complain only of those of other people. (ibid. 1991: p. 104; 1994: p. 113; 2004: p. 84.)

People of the same trade seldom meet together, even for merriment and diversion, but [when they do] the conversation ends in a conspiracy against the public, or in some contrivance [collusion] to raise prices. (ibid. 1991: p. 137; 1994: p. 148; 2004: p. 112.)

The interest of the second order [workers], that of those who live by wages, is as strictly connected with the interest of society as that of the first [landowners]...His employers [businessmen] constitute the third order, that of those who live by profit...The interest of this third order therefore, has not the same connection with the general interest of the society, as that of the other two...As their thoughts...are commonly exercised rather about the interest of their own particular branch of business, than about that of society...The interest of the dealers...in any particular branch of trade or manufacture, is always in some respects different from, and even opposite to, that of the public. (ibid. 1991: pp. 218-19; 1994: pp. 286-87; 2004: pp. 180-81.)

He generally [the businessman], indeed, neither intends to promote the public interest, nor knows how much he is promoting it...he intends only his own gain; and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for society that it was no part of it. By pursuing his own interest [often conspiratorially, as indicated above], he frequently promotes that of the society

[of the ruling elite in particular] more effectually than when he really intends to promote it. (ibid. 1991: pp. 51-52; 1994: pp. 484-85; 2004: p. 300.)

The proposal of any new law or regulation of commerce which comes from this order [those who live by profit], ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it. (ibid. 1991: p. 220; 1994: p. 288; 2004: p. 181.)

Whenever the legislature attempts to regulate the differences between masters and their workmen, its counselors are always the masters. (ibid. 1991: p. 151; 1994: p. 164; 2004: p. 123.)

The sneaking arts of underling tradesmen are thus erected into political maxims for the conduct of a great empire. (ibid. 1991: p.382; 1994: p. 527; 2004: p. 326.)

[However] the mean rapacity, the monopolizing spirit, of merchants and manufacturers, who neither are, nor ought to be, the rulers of mankind, though it cannot, perhaps, be corrected, may very easily be prevented from disturbing the tranquility of anybody but themselves. (ibid. 1991: p. 383; 1994: p. 527; 2004: p. 327.)

Appendix 3: Figure 1's Nash dynamics of American exceptionalism

Figure 2 provides a metahistorical framework for the political alliances {P, P}, {E, E}, and {E, P} in Figure 1. A quadrumvirate of four historic, metaeconomic philosophies are in constant competition for economic, political, and social hegemony: conservatism (paternalistic authority), communitarianism (paternalistic rights), liberalism (humanistic authority), and libertarianism (humanistic rights). These four are postulated to historically inform America's Nash dynamics in Figure 1:

{P, P} alliance (1933-1980): because of concern over social unrest and fear of revolution in the thirties, if they did not to make middle class interests a priority, the ruling elite were coerced into doing so. During this historical interval the nation's ideological ground in politics, gradually evolving toward being both less liberal and more libertarian; under the impetus of an economic momentum that became less libertarian and more conservative; was countered by a populist gravitas (egalitarian, centrist forces for change) that became less conservative and more communitarian – cumulating in the 60's and 70's as an extreme, anti-authoritarian communitarianism ('make peace not war').

{E, E} alliance (1981-2008): in the face of the extreme personal libertarianism of radical forces for change exhibited in the 60's and 70's, ruling elite support for middle class interests dramatically reversed, conspiratorially against the middle class, and strongly toward their own. The middle class however, because of ruling elite deception and collusion regarding their true objectives, which were falsely characterized as being fundamentally 'communitarian' in character (the middle class benefits best through policies that promote ruling elite interests), are convinced they must join in making elite interests top priority. During this interval gradually, the nation's ideological ground in politics, reversing direction from being

strongly libertarian toward being less libertarian and more conservative; the economy, under the impetus of a momentum that is conservative overall, in fearful reaction to the excesses politically justified by libertarianism, has abandoned libertarianism and now is increasingly pointing toward a future, capitalist-based, post-neoconservative, communitarianism; which momentum of the ruling elite is continually countered by a populist gravitas (egalitarian, centrist force for change) that, although being communitarian overall, loses its conservative character and increasingly became more liberal, in reaction to ruling elite economic and political excesses of the past three decades.

{E, P} alliance (2009-?): the Great Recession of 2008 triggered post 2008 the nation's real-world Nash equilibrium, whose populist forces for egalitarian change have created today's 99% movement for a society more equitable to the middle class, both economically and politically. The counter-forces of the ruling elite, manifested politically as diametrically opposed 'inertial forces', have been relentless in blocking any future alliance {P, P} for the 21st century, as it once was 1933-1980 between the ruling elite and the middle class. All contrary reasoning about policies supporting the common good aside, the defeat of President Barack Obama in 2012 is the only thing that counts – even to the point of politically disenfranchising, through conservative dirty tricks that are eliminating in the 2011 election those who will vote for Obama in the election next fall. For only through his defeat can the nation be assured of sliding backward into the previous alliance {E, E}, in which ruling elite interests once again are paramount, even if in their fulfillment America's middle class is effectively destroyed.

Figure 2 is a dynamic 'balance of power' in which the forces involved – for and against economic, political, and social change – are constantly evolving over time. This balance is one in which the nation's economic momentum, driven by capitalism's 'Darwinian survival of the wealthiest', moves society forward continuously against weaker populist forces for egalitarian change in a radically different direction toward a more just society. The balance of forces maintained over the long term, by the wealthiest 1% on Wall Street and their minions in politics against the 99% on Main Street, thus is dynamic rather than static. Figure 2 takes 'progress', of one form or another, as a given in human affairs; but it presents ruling elite avarice as energizing this progress, behind the scenes historically from colonial days to the present.

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