

TECH

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## Are You Better Off Than Four Years Ago?

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I am better off than I was four years ago. How do I know? Because in September 2008, the entire global financial system nearly collapsed. And that collapse flowed from a memo written in 1971 by a soon-to-be Supreme Court justice. Keeping the power machine created in the wake of that memo out of the Oval Office is the reason I believe President Obama should get a second term.

In case you forgot, September 2008 featured the collapse of Lehman Brothers — at \$639 billion, it was history's biggest bankruptcy. [As I wrote](#), what happened was pretty straightforward, Lehman had borrowed \$50 for every \$1 of its equity to buy mortgage-backed securities that were plunging in value.

That wiped out Lehman's equity and scared Wall Street away from rolling over the overnight loans on which it depended to survive. Lehman's bankruptcy put everyone's money market funds in danger of being wiped out — I had money in such funds and that prospect was not comforting.

What does this have to do with a memo written in 1971? To explain that, let me remind you of a compelling theory first published in a [March 2005 New York Times](#) Op-Ed by former basketball star and New Jersey Senator, Bill Bradley. In a nutshell, Bradley argued that the Republican Party is a pyramid that hires a presidential candidate at its tip to sell its ideas to America while the Democratic one aligns itself around a star candidate who can build a winning coalition of voters.

My choice for president in 2012 comes down to minimizing negatives. And I think Bradley's theory applies just as well to the 2012 election as it did to the 2004 one. I happen to believe that it would be more dangerous to elect a president who represents the Republican ideas of eliminating a woman's right to choose, slashing Medicare and Social Security, further lowering taxes on the top 1%, and slashing regulation that protects consumers — and that could have kept the financial system from getting into such shaky shape — than to grant President Obama a second term.

Before getting into why I believe Obama deserves a second term, I'd like to explain Bradley's theory. As he wrote in the *Times*, after their 1964 loss, Goldwater Republicans tried to figure out how to sell their ideas to the public. In 1971, Lewis Powell, who later became a Supreme Court justice wrote a memo for

the U.S. Chamber of Commerce in which “he advocated a sweeping, coordinated and long-term effort to spread conservative ideas on college campuses, in academic journals and in the news media.”

This memo led to the creation of a five-level Republican pyramid. At its base were individual donors like the Koch brothers and foundations like the Scaife family and Olin foundations. The second level consisted of conservative research centers like the Heritage Foundation and the Cato Institute.

Level three was political strategists like Karl Rove, who as [\*Business Week\*](#) reported, has carefully market tested the idea that in order to defeat Obama, Republicans should offer independent voters a tactful breakup line rather than a pointed attack. The fourth level of the pyramid is the Republican news media – Fox News, Rush Limbaugh and the like.

And at the top of the Republican pyramid in 2012 is Mitt Romney – who was clearly the last choice of many in his party but, as Bradley wrote, “Because the pyramid is stable, all you have to do is put a different top on it and it works fine.”

Bradley argued that the Democratic Party takes the pyramid and flips it onto its head – that is, its presidential candidate organizes the other four layers of the pyramid every election cycle. And as Bradley pointed out, the success of that candidate depends on his charisma – or lack thereof. When the inverted pyramid worked for the Democrats – JFK, Jimmy Carter, Bill Clinton, and Obama – it was an effective approach. But with less compelling candidates – Mike Dukakis and John Kerry come to mind, it flopped.

While Obama’s proposal to invest in infrastructure is not galvanizing and appears unlikely to pass through an obstructionist Congress, his reelection offers the promise of protecting America from the Republican ideas I outlined earlier.

Moreover, Obama has four key accomplishments to his name that I think qualify him to serve four more years:

- **Foreign policy.** As Commander in Chief, Obama has done a masterful job. He took out Osama bin Laden; he helped spur the NATO coalition that stopped Muammar Gadhafi; and he ended the Iraq War. And his use of drones to strike terrorist targets in Pakistan is a particularly effective use of our technology and intelligence to take out our enemies with minimal risk to American troops.
- **Stock market.** Under Obama the stock market has put in the second best performance in the last 65 years – up an average of 16.1% annually (from 832 to 1,406 in the S&P 500 average).
- **Corporate profits.** In 2010 and 2011, corporate profits hit record levels and they are expected to rise 5% again in 2012 to \$1.9 trillion.
- **Improving economy.** When Obama took the oath of office, the U.S. economy was in economic free-fall. It’s far from the pink of health – but

with 1.7% growth in the second quarter and a mere 80,000 jobs created in June 2012, things are moving forward – albeit very slowly.

The jobs performance of the U.S. economy is disappointing but I do not buy the idea that this is Obama's fault. Rather, I believe that CEOs make hiring and firing decisions – not politicians. And record corporate profits over the last three years suggest to me that companies are not hiring U.S. workers because it helps them to keep earning record profits.

But this mediocre showing is much better than the global economic collapse we faced four years ago. I'll vote to keep the pyramid that made that happen from reoccupying the White House.