Essay 2

Three Generations

Michael Plasmeier

# My Grandmom

My grandmom and grandfather (on my mother’s side) lived in Germany before during and after World War II.[[1]](#footnote-1) Before and during the war, supplies were sparse as Germany was going through much economic change.

My mom was born in 1952, in the immediate post war period. The family originally had a small farm, where they grew potatoes, among other crops for personal use. They also had a small garden on the property. They kept a few chickens. They didn’t buy much: only meat and milk. Those were sold by farmers in the local village. There was not even a formal “market area” like you might find today. They didn’t have much comfort at home, only a wooden stove.

Later on, in 1965 they got a black and white television. But they still did not have a telephone. When they finally got one, it was very expensive because it was run by a government-owned monopoly. In Germany, telephone service was run by the state-owned monopoly Deutsche Bundespost (the Post Office) until privatization in 1996.

My grandmom originally stayed at home and took care of the children. Later on in her life, when she divorced my grandfather, she started working on her own. She worked for some time as a clerk in a dry cleaner. After that, she was a teller at a bank.

My grandfather was an iron worker and a mechanic. Early on, when my mom was little, he had a small business where he would repair items for the local village. He worked in the yard outside of house. He also had a full time job working in a factory at the same time. When the family moved to a new town, he fixed machinery in a wool factory. At the end of his career, he was a technical supervisor of building systems (for example, heating and cooling) for a nearby military base. He still continued to work on the side to fix things for people. For example, he would fix laundry machines at the local Laundromat.

Both of them did not attend university.

# My Mom and Dad

My mom is a nurse at Main Line Health, a local health care conglomerate. She drives around and visits patients who live in their own homes. She has some discretion in this job. Unlike my grandmom and grandfather who clocked in and out when they worked, my mom is on salary. She can decide what time and in what order to visit patients. No one is measuring how long she stopped for lunch.

Many of her patients are on Medicare and Medicaid, which are government-sponsored health care programs. However, the company she works for is privately owned and has some non-government patients as well.

My dad is a television repairman who owns his own small business. It’s a sole proprietorship and he is the only employee, save for sometimes my brother and I. He runs it out of our house. It’s an industry that has been declining, but my dad sticks with it since he can’t find other work. It makes up a very small percentage of our household income (5-10%).

My mom went university and then graduated from nursing school. My dad left school right before getting his teaching degree. This is more education than my grandparents received. Still only my mom is working in the field in which she received her degree.

We live much differently than my mom when she was growing up. We live in a typical American suburb of Philadelphia. We are middle class, in the 75th percentile of income in the US. We have all the comforts of home, including a speedy internet connection and a large screen TV.

# Me

## Past

I’ve worked at both large and small companies, government owned, publically owned, privately owned, and personally owned. In high school, I started my own company called SocialView. I had one of the top 100 apps on Facebook back in 2007-2008. At the time it was just me and a partner I brought own to invest in the app and provide advice. I made a few thousand dollars off of it, which is not much in the scheme of things, but respectable for a high school student.

Freshmen summer, I worked at Deutsche Bahn, the German national railway. It’s fairly well run, but it’s still 100% Government owned. Today it is facing mandated competition from other railroads. The government is mandating that it leases out its tracks to other train operating companies. In addition, it needs to bid against these upstarts for regional government contracts to offer subsidized regional services. At the start of next year, bus companies will begin to be able to compete with Deutsche Bahn to offer services.[[2]](#footnote-2)

Last summer I worked at Disney a publically owned, global, entertainment conglomerate. Disney showed me what a large privately owned company is like. In some ways it is not all that different from Deutsche Bahn. With so many things going on at once, it is hard to get them all to mesh together efficiently.

I’ve also worked at midsized companies (those with about 100 employees). They seemed a lot more focused and a lot less complex than large companies.

I’ve also worked doing small projects on contract for others. In some ways, this is like my father and grandfather who ran small businesses on the side to do odd-jobs for others.

## Future

I am currently looking for a job. It’s been difficult because what I have to offer is not exactly standard. I’m looking for a company that would be a good match for the skills I have. That position is probably not one that they have posted online.

And in any case, I haven’t and I won’t be doing the same thing over and over again all day. As an analyst or as a product manager every day is completely different and faces new challenges. To some extent, projects will wind down and new ones will start up that were similar to the last. However, especially at a small company in the tech world, the company and the market are growing and changing so fast that one can’t fall into a standard pattern.

And I’ll be judged on hitting macro targets – what does the finished product look like and did it reach the goals I set. No one will be counting my hours or some micro view of my schedule (ie. how many meetings I had that day).

In fact, I am likely to start my own firm someday. In some ways this is like my father and grandfather, but it would not be just a job-shop, but a growth start up. Here I would have almost complete control about what I do. Unless I took investors, in which case they would tell me what to do. But they would do so at a super macro level – with quarterly board meetings.

# Analysis: Through the Lens

## Small Business: Friedman

All three generations of my family have run their own small businesses on the side to provide incremental income. Milton Friedman would have loved this. All three generations were able to see a small hole in the market and fill a need. There was no complicated governing structure, or government incentives, or regulations – just individuals making money on the side, selling their time on the open market for supplemental income.

## Weber: Separate Business Realms

My business, my father’s business, and my grandfather’s business have all been run out of their homes. That is not true capitalism as under Weber. Under Weber, capitalism requires something more – it requires a real quest for, what I would call, a growth business. Growth businesses are those where the owner hopes that the prospects for future growth mean that the business will be worth more than just its current cash flows and liabilities. Many small businesses in the US are lifestyle businesses. They are run as the main income for the family. For example: a family that operates a local restaurant. The family has no real intensions of growing the business – they just use the profits to feed their families. These profits are fairly flat over the long run. Hobby businesses, such as the ones my family has had, are just a way to organize work on the side for a little extra spending money. Weber exempted these types of business from capitalism.

## Privatization: Polanyi

My stories in Germany cover the trend of the increasing privatization of firms. Polanyi spoke about liberalism as an ideology, which created the institutions required for capitalism. He probably would have predicted the widespread liberalism ideology which gripped much of Europe in the 80s and 90s and led to the privatization of many state-owned firms.

However, both my mother and I speak positively about privatization. My mother spoke about her very expensive government-monopoly-controlled telephone line as a child. Privatization ended up cutting telephone rates drastically in Germany and elsewhere. When I worked at Deutsche Bahn, I saw a company in transition from a large bureaucracy to one that had to be a lot more responsive to the market.

Did the privatization of these state-owned monopolies hurt the community? I would argue no – Germany has grown stronger because these systems are just more efficient and the companies are more responsive to the needs of consumers.

## The Entrepreneur: Schumpeter

In the future I see myself being an entrepreneur and innovator as Schumpeter defines those terms. I want to change things. I want to work at firms which are revolutionizing industries. This is what is exciting and interesting to me. Things that stay the same are boring.

That is a huge change from my mom and grandmom who worked in standard positions inside large companies. In their jobs, they worked under a specific job title and job description. My mom does the same thing all day – just with different patients. Now every patient is different, and that is what makes the job intellectually challenging, however the work is pretty similar all day.

Even my father and grandfather, who worked on their own, worked inside existing conventions and roles. You could find someone doing their role in every town and village. The firms that I would join, or start my own thing in, would all look beyond the immediate town the company is based in. All would be a national impact growth business seeking to revolutionize industries.

I think we are still too far away from being able to have an international impact. Perhaps my children will be able to start something that is recognized internationally. The internet has allowed media to spread internationally. I can read a British newspaper online, instead of an American one. This grows the shared, cross-border culture making it easier for business to work internationally.

I wonder how this will affect the world. As more people become national-focused entrepreneurs, will we still have local businesses? Will we have the little stores that my mom shopped at as a girl? Or will she shop at Real-, a German equivalent of Wal-Mart? Will we have standard jobs? How is business changing due to globalization and the efficiencies made possible because of Information Technology? In fact, my advisor Prof. Brynjolfsson tries to address this in his book Race against the Machine: How the Digital Revolution is Accelerating Innovation, Driving Productivity, and Irreversibly Transforming Employment and the Economy.

## Weber: Work Ethic

I think I learned my work ethic from my mom. She works hard every single day to support her family. She also insisted that I do my homework with the same passion for completion and accuracy since early elementary school. This has given me implicit motivation. I want to get things done and do a good job not because I want to make the most money or because I believe in a God that ordains work, but because of something else. I don’t know how to define it, but there seems to be some characteristics Germans share that include their desires for quality, as well as their love for policies and procedures. This naturally leads into the Capitalist Spirit, much like Ben Franklin was also driven by something else inherent in him.

# The Fate of Individuals

Individualism has been strong throughout the three generations of my family. All of the generations worked in times of general capitalism. But as time as went on, capitalism grew stronger. Services that were once protected as government monopolies were opened to competition. Workers gained more discretion, as they moved from being judged by a time clock to meeting macro goals set by them. I will be likely be judged by the results I deliver, not the hours I work. Jobs today also have more discretion and are more open ended, than the previous generations narrowly defined jobs. I might be the first in my family to work without a preexisting job description. Individuals in the past in my family have run hobby businesses, but I seek to build a real growth business, consistent with Schumpeter’s definition. In addition, standards of living are rising, and will continue to rise. I will likely make just about, or even slightly more than both of my parents combined right out of school.

I think it is an exciting time and an interesting progression to have. Polanyi might be think we will swing back to less market control, but I think this is unlikely to happen. Obama has been pretty centrist, and is likely to move even more centrist with the recent election. We might even see the removal of distortion-causing tax breaks and credits.

It is interesting to think about the world my children will have. Will they be able to compete on an international level by being able to offer services around the globe? Or will protectionist movements, like those in Greece, preserve national protections and state interference?

1. Personal interview with my mom conducted 11/10/2012 [↑](#footnote-ref-1)
2. http://www.dw.de/green-light-for-long-distance-buses-in-germany/a-16352871 [↑](#footnote-ref-2)