

AMERICA THROUGH THE ONE-WAY MIRROR

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ABSTRACT

The crisis facing the USA in the early twenty-first century is interpreted in the light of Norbert Elias's theory of established-outsider relations, which leads to the proposition that unequal power ratios between social groups systematically distort the more powerful group's perceptions of the less powerful (as well as affecting the less powerful's perception of themselves and of the more powerful party). The relationship between the USA and the rest of the world is examined as the largest-scale established-outsider relationship. Particular attention is paid to the limited congruence with reality of American we-images concerning social mobility, economic inequality, economic prosperity, military might and political democracy. The rest of the world's they-image of the USA is also shaped by the USA's inadequately restrained use of its power—actions often founded in the distorting effects of unequal power balances. There is no obvious way of remedying these problems, and Elias's theory predicts that they will become more, not less, acute as America's relative power declines.

A mass of survey data has made it notorious that a large proportion of American citizens are alarmingly ignorant of the world beyond the borders of the USA. It is as if the 95 per cent of the world's population who are not Americans are sitting in the darkened observation room behind the one-way mirror in a social psychology laboratory, looking at what is going on under the bright lights where Americans are conducting their affairs. The rest of the world knows a vast amount about American

society, politics (including the American Constitution), popular beliefs and popular culture. But when Americans look towards the mirror, all they see is their own reflection.¹

Shenkman, in his provocatively entitled book *Just How Stupid Are We?* (Shenkman 2008), and Jacoby in her almost equally provocative *The Age of American Unreason* (Jacoby 2008), amass evidence of the apparently large proportion of the American population who are profoundly and comically ignorant of their own country, its institutions and its politics. This is magnified when it comes to knowledge about the rest of the world. The problem has been recognised as a threat to America's very security. Writing in the wake of the 9/11 attacks, a committee advocating that more American students study abroad wrote:

As a nation we suffer from a pervasive lack of knowledge about the world. ... We are unnecessarily putting ourselves at risk because of our stubborn monolingualism and ignorance of the world. ... [L]est anyone think that study abroad solely entails learning about other cultures, we should stress that it is also about understanding our own culture and values. In their struggle to learn among other people in distant places, students learn about themselves in ways that simply cannot be replicated in the comforting and familiar confines of an American campus. For many young Americans, encounters with a host family or classmates in a foreign university force them to consider for the first time what it means to be an American. They are surprised to find that ordinary citizens of the country they are visiting will grill them on American policies and politics, and force them to defend beliefs they may always have taken for granted.

POPULAR EXPLANATIONS

A cursory online search finds many popular explanations for this ignorance. The American education system is often blamed:

... they are not taught about geography or social sciences outside their own borders. They do not seem to be aware that other countries or cultures exist.

... they are brought up and educated (indoctrinated?) to believe that their country is somehow superior to the rest of the world. Their education system leaves them thinking that they are the new Master Race.

If that were to any extent true, the curriculum in the USA would differ only in degree from the nationalism evident in the schools of many other nation states. And even then, it may represent only a measure of cultural lag: the pressures that have raised international awareness and diminished the overt expression of nationalism have been felt more strongly in Europe (and in many other parts of the world) than in America, which often appears old-fashioned in this respect, as in others.

Another popular explanation blames materialism:

Most Americans are ignorant of the rest of the world, because they're so caught up in their everyday lives, so focused on material things like their SUVs, big screen TVs, barbecue grills, swimming pools, furniture, clothes, iPods, portable DVD players, all-in one faxer-copier-printers, jet-skis, snowmobiles, pool tables, blenders, espresso machines, speed boats ... — the materialism here is ridiculous.

An especially prevalent popular explanation is that comparatively few Americans hold passports or travel abroad. Hard data about this are surprisingly difficult to find. The figure of seven per cent passport ownership is widely bandied about, but it is an urban myth. Probably about 25–30 per cent of Americans now have passports; the number has been rising considerably in recent decades, associated no doubt in part with the growth of cheap air travel, although seven per cent may have been a valid estimate in the more or less distant past. Another variant is that about seven per cent of Americans travel abroad each year—but, over a period of years, that could easily add up

to a fair proportion of the population having travelled abroad at some time. In any case, as has often been pointed out, the USA is a big and geographically diverse country, so it is much less surprising that an American rarely crosses borders than if a citizen of any of the much smaller European countries were not to hold a passport.

Such popular explanations are no doubt fed by images of vast numbers of Americans living especially in the South and Midwest in relative isolation, and adhering to bizarre beliefs, including extreme nationalism ('patriotism') and religious fantasies that negate factual knowledge of science, society and politics. But such explanations are inadequate, because the failure of so many Americans to see themselves (and their society) as others see them often extends to the highest levels – including many highly educated people, and as far as Congress and the White House. That became evident during the first decade of the twenty-first century.

I propose instead to offer an explanation based on two more general propositions about the effects of unequal power ratios between groups of people. The first is that *the weaker party in a power ratio usually knows far more about the stronger party than the stronger party knows about the weaker*. (The weaker party also shows a greater degree of self-knowledge than the stronger.) Second, as an extension of the first proposition, *unequal power ratios always tend in specific ways to distort the perceptions of those who are parties to them*. The highest-level unequal power relationship globally, at least since the end of the Cold War and the collapse of the communist bloc, has been that between the USA as the self-proclaimed global superpower and the rest of the world. Between the USA and most of the 190 or so other countries of the world taken singly, it has been a grossly unequal power relationship.

ESTABLISHED VERSUS OUTSIDERS

The first proposition, about the unequal knowledge that parties to an unequal power relationship have of each other, can be derived from Hegel's (1977: 111) discussion of the master–slave relationship, but its relevance struck me through the

findings of a study of a Dutch refuge for battered women and of their violent partners. These were marital relationships with a very unequal power balance, and the authors (Van Stolk and Wouters, 1987) found that the women took much more notice of their men than the men did of the women, and that the women were much more attuned to their men's wishes and needs than the men were to theirs. When the women were asked to give a character sketch of their partner, they could do so with considerable precision, nuance and insight, while the men could not describe their wife's except in terms of clichés applicable to women in general. It appears to be a general characteristic of the unequal power ratios that the weak 'understand' the strong better than the strong do the weak. The principle seems to apply at all levels: for example, it is very apparent that residents of Ireland know in great detail about life and events in their much larger neighbour, Great Britain, but what the British typically know about Ireland is very limited and based upon long-outdated stereotypes.

The second proposition, about how unequal power relationships *distort* the knowledge that the involved parties have of each other, is derived (as was Van Stolk and Wouters's study), from Norbert Elias's the theory of established-outsider relations. The theory was originally formulated in the limited context of a fairly conventional study of a small community in the English Midlands in the early 1960s (Elias and Scotson 2008 [1965]), Elias developed it into a general theory of power relations (see in particular Elias 2008 [1976]).

In their study of Winston Parva, as they called it, Elias and Scotson focused especially on relations between two neighbourhoods, both occupied mainly by outwardly similar working-class families. Looked at separately, the people of the two different neighbourhoods in the community Elias studied differed very little from each other: they had similar occupations, similar houses, and most lived similarly respectable lives. The principal difference between them as groups was that the houses in one neighbourhood (the 'Village') were several decades older than those in the other (the 'Estate') and a number of central families in the Village were long established and formed a closely-knit network. They monopolised the important positions in local churches, associations and other focuses of community

life, in which the residents of the Estate played little part. This had happened in an unplanned way over the years. But the established group developed an ideology that represented the outsiders as rough, uncouth, dirty and delinquent—although in fact only a very small minority of the Estate families were other than thoroughly respectable. In this process, gossip played a vital part. Gossip was highly selective and distorting. Through it people competed in demonstrating their fervent adherence to their own group norms by expressing their shock and horror at the behaviour of those who did not conform. Only the items of news least flattering to the outsider group ('blame gossip') were relayed among the 'established' group – the perfectly acceptable behaviour of the great majority was not news. Blame gossip conveyed a highly simplified presentation of social realities, based on a '*minority of the worst*'. The established group also gossiped about themselves, which in itself was a powerful source of social control restraining potential infringements of their own norms of respectability. But, in this gossip about themselves, selectivity tended to operate in the opposite direction: it tended to be 'praise gossip', based on a '*minority of the best*'. Elias draws the general conclusion that

By and large ... the more secure the members of a group feel in their own superiority and their pride, the less great is the distortion, the gap between image and reality, likely to be; and the more threatened and insecure they feel, the more likely is it that internal pressure, and as part of it, internal competition, will drive common beliefs towards extremes of illusion and rigidity. (Elias and Scotson 2008: 127)

Why did the people of the Estate not retaliate? They did not retaliate, in brief, because they did not have the power, being excluded from strategic positions in community associations and being members of only a much looser-knit and less effective communications network. In addition, there was a personal or psychological component,

because, to some extent, their own conscience was on the side of the detractors. They themselves agreed with the

‘village’ people that it was bad not to be able to control one’s children or to get drunk and noisy and violent. Even if none of these reproaches could be applied to themselves personally, they knew only too well that they did apply to some of their neighbours. They could be shamed by allusion to this bad behaviour of their neighbours because by living in the same neighbourhood the blame, the bad name attached to it, according to the rules of affective thinking, was automatically applied to them too. (2008: 133)

To put it another way, an unfavourable collective ‘we-image’ was incorporated into the individual self-images of the people living on the Estate. In describing the social process by which that we-image was created – along with the correspondingly favourable we-image and we-ideal enjoyed by the ‘villagers’, Elias also used the twin terms ‘group charisma’ and ‘group disgrace’ (Elias 2009): the creation of group charisma by and for a more powerful, established group is inseparable from the imposition on and internalisation of group disgrace by members of an outsider group. Note, however, that Elias specifically argued against the idea that status hierarchies are based on consensus: he points out that there are always tensions and conflicts and feelings of resentment between established and outsiders.

When it is applied to *the global power-balance between the USA and the rest of the world*, the value of the established–outsiders theory is that it focuses attention not only on the rest of the world’s perception of the USA, but also on Americans’ perceptions both of the rest of the world and of themselves. That directs our attention to American dreams, their consequences for America, and their consequences for the rest of the world.

THE AMERICAN WE-IMAGE: THE MINORITY OF THE BEST

Writing in the 1960s, the historian David Potter noted the ‘curious fate’ of the United States, to exert immense influence in

the modern world ‘without itself quite understanding the nature of this influence’.

In the twentieth century the United States developed what was perhaps the first mass society, but the American cult of equality and individualism prevented Americans from analysing their mass society in realistic terms. Often they treated it as if it were simply an infinite aggregation of Main Streets in Zenith, Ohio. (1968: 136)

Major trends, both bad and good, had often first become evident in America. Potter mentioned that in its earliest years the United States had achieved the first democratic political revolution; that later it had witnessed episodes of extreme industrial conflict; that it had led the world in technological changes, with profound social consequences; and that it had in more recent years experienced a sweeping transformation in sexual behaviour. Yet none of these had been fully incorporated into the way Americans understood themselves. American society—white society—at the time of Independence was already so relatively egalitarian that the revolution seemed conservative in comparison with the French and other subsequent revolutions. Industrial conflict in the nineteenth and twentieth centuries was not interpreted in Marxist terms. And changes in sexuality had ‘not been incorporated into the system of values by which [America] explains itself’. Overall, while the USA ‘had often been a step ahead in the process of social change, it has often been a step behind in its awareness of the meaning of new developments’ (Potter, 1968: 135–6). Potter attributed these misperceptions to the lingering effects of Americans’ preconceptions about the frontier, the agrarian basis of ‘democracy’, a ‘classless’ society, and above all ‘individualism’.

Social Mobility

Nothing illustrates Potter’s insight more than what is commonly called ‘the American Dream’—the belief that, through individual hard work and determination, American citizens from even the humblest origins can achieve prosperity and social esteem for themselves, their families and descendants. The belief rests on the perception that the social structure of the

United States is open and egalitarian, posing fewer obstacles to the talented and ambitious rising socially and economically than they would have encountered in many other countries, especially in the Old World. Such a social structure gave people every incentive to exercise strict self-discipline: it exerted a social constraint towards self-constraint (see Elias, 2000: 365–79). The ‘American Dream’ thus had a strong affinity with the Protestant ethic and with the spirit of capitalism discussed in Max Weber’s famous essay; Weber, after all, drew heavily on Benjamin Franklin’s advice to his readers to be thrifty, to work hard, to waste no time, and constantly to pursue self-improvement (Weber 1930 [1904–5]).

The American Dream undoubtedly inspired generations of Americans, and helped to attract waves of new immigrants. It has left its mark on American politics. In 1906 Werner Sombart famously asked *Why is there No Socialism in the United States?* (Sombart 1976 [1906]: 116–17), and an important part of his answer was that the plentiful opportunities for working people to achieve success through their own individual efforts made it less likely that they would band together to pursue collective advantage through socialist trade unions and political parties of the kind that were then arising in Europe. It seems fairly clear that most Americans think in terms of what David Lockwood (1966) called the ‘ladder image’ as opposed to the ‘conflict image’ of society. In twentieth-century Europe at least, surveys found that, on the whole, middle-class people tended to see society as providing a ladder of opportunity up which, by individual effort, they had the chance to climb in the course of their careers. Manual workers, such as those working on an assembly line, tended on the other hand to have little confidence that they could raise their standard of living through individual effort, and sought rather to seek to improve their lot collectively through unions and parties that represented them in conflict with employers. In contrast, a striking finding reported by Ely Chinoy (1955) in a study of American automobile workers in the 1950s was the very high proportion of them who either aspired to start their own business and become their own boss, or had actually attempted to do so. Even if they had tried and failed before, many retained the ambition to try again. In Europe, the two images of society corresponded to a real difference in the life-

chances of working and middle-class people, but in America working-class people too tended to adhere to what in Europe was a middle-class vision. But is that sufficiently congruent with reality to sustain the dream?

It has sometimes been argued that, although the USA is an *unequal* society, it is not *stratified* into classes. That is to say, in contrast to the way most Western European countries were seen in the past, society in the United States did not resemble a layer cake, with clear lines marking one layer off from the next. Even if the ladders from the bottom to the top of American society were very long, they were at least continuous. The social psychologist Roger Brown argued that 'life in the United States is organized by socio-economic status, organized as a *continuum* of positions rather than as a *set* of classes' (Brown 1965: 106, my emphasis; see also Kingston 2000). There was certainly a prestige ranking of occupations, and fathers' occupations were the principal determinant of differences in styles of life between families. But occupational rankings formed a continuum, and there were no discontinuities in style of life sufficient to indicate a structure of clear-cut boundaries between well-defined classes (1965: 133). In other words, even if there was consciousness of superiority and inferiority between widely distant parts of the continuum, there were no breaks, no insuperable barriers of social distance at specific points in the hierarchy, across which Americans could simply not acknowledge each other and interact in a reasonably egalitarian way. Brown's view of mid-twentieth-century America is consistent with Tocqueville's or Martineau's (Martineau 1837; Tocqueville 1961 [1835–40]) observations on the relative ease of social encounters in the USA, and with the horror felt by nineteenth-century British travellers at the equality of respect accorded to menial servants (Mennell 2007: 56–73). Of course, as Brown observed (like Tocqueville and Martineau), this was not the whole picture: race survived as a caste-like element alongside this rather benign view of inequality in the USA.

The rapid growth both of the economy and population of America at large does appear to have been associated in the nineteenth century with some spectacular instances of long-range upward mobility over a lifetime—Andrew Jackson, Abraham Lincoln, Andrew Carnegie to name just a few—as well

as a large amount of shorter-range mobility. For purposes of assessing 'equality of opportunity' and the relative 'openness' of a society (or conversely the degree of class closure that prevails in it), however, the usual focus is principally on intergenerational mobility: what researchers attempt to measure is the probability that children will end up in a more highly (or less well) paid and a more (or less) socially prestigious occupation than their parents achieved. It is sometimes argued that the chances of downward mobility, of offspring falling into a lower social group than their parents occupied, is a better measure of openness or meritocracy than is upward mobility. In a growing economy, and particularly where the proportion of non-manual occupations is expanding in comparison with manual ones, short-range upward intergenerational mobility across a significant social line of distinction like the manual/non-manual one may not be a measure of underlying openness or the reward of any exceptional individual merit, but merely of 'automatic' promotion resulting from changes in the occupational structure. In a rare attempt to measure social mobility in the nineteenth century, Thernstrom's (1964) careful study of working-class social mobility in a small New England city showed that the bulk of upward movement was of this short-range kind. But it was enough to sustain confidence in the American Dream. At the beginning of the twenty-first century, however, there are signs that even that is stalling. A comparison of eight countries by Blanden et al. (2005) seems to show that the United States and Britain (the two countries where economic inequality increased most dramatically in the late twentieth century) now have *lower* rates of intergenerational mobility than do Canada, the four Scandinavian countries, and West Germany. The idea of the USA as the land of opportunity persists, but 'clearly seems misplaced' (2005: 7). *The Economist* (29 December 2004) commented that 'the United States risks calcifying into a European-style class-based society', probably an overdramatic conclusion that managed to be simultaneously unfair both to America and Europe, but nevertheless posing an interesting question about the future of the American Dream. The question is: how much *actual* social mobility (and over what range, long or short) is necessary to maintain the plausibility of popular belief in the Dream? Will the *real* and measurable

increase in economic inequality, together with a *possible* decline in actual mobility, eventually exert pressure towards popular perceptions becoming more congruent with reality?

Economic Inequality

Social mobility cannot be divorced from wealth and income. Long-term trends in economic inequality before the twentieth century can be inferred only somewhat impressionistically. Broadly speaking, the early republic was composed largely of farmers, tradespeople and professionals among whom differences of income and wealth were by later standards relatively modest, although besides the great slave owners there were some extremely wealthy people before the Civil War (Pessen 1980). Many large fortunes were certainly made in the course of industrialization, particularly from the Civil War onwards. Household income surveys, in the USA as in other countries, date only from after the Second World War, but recent research by Thomas Piketty and his colleagues (Piketty 2003, Piketty and Saez 2003; Atkinson and Piketty 2006) on tax records has permitted more accurate estimates for the past century. In most countries, no more than ten per cent of the population paid progressive income tax before the war, so the data are most representative of the top decile of incomes. Piketty and Saez found that changes in the proportion of US national income accruing to the wealthiest are in fact most apparent not in the top ten per cent but in the top one per cent of taxpayers. Their share follows a U-shaped trajectory. It fell steeply about the time of the First World War, recovered some ground in the 1920s, but then fell sharply again with the Great Crash of 1929 and the subsequent Depression. From this period until the mid-1970s, inequalities of income in the USA were not greatly different from those observed in other countries, and indeed the concentration of wealth in the top percentile was less unequal in the USA than in the UK (Wolff, 2002: 32–3). But from then onwards, incomes in the top percentile rose very steeply, reaching a share not far short of that in 1913. The same happened to slightly lesser degree in the UK and Canada, but *not* in France (Piketty 2003) or Japan.

How is this to be explained? First, in the USA as in other countries, the richest part of the population used to derive the bulk of their income from the yields on investments and from business profits, with earned income contributing very little. Their investment income suffered a severe setback from the effects of wars and depression, and the introduction of progressive income taxes in most countries prevented the share accruing to owners of capital from recovering during the decades of prosperity after the Second World War. What accounts for the top percentile's share of US income in 2000 almost regaining its 1913 level (nearly 17 per cent compared with 18 per cent) is a dramatic increase in very high *earned* incomes—salaries and remuneration packages paid to those who manage great corporations. In other words, the top percentile is more than ever composed of the *working rich*. The ratio between the remuneration of chief executives of American corporations and that of their average employee rose from 45:1 in 1973 to 531:1 in 2000, after which it fell back to 344:1 in 2007 just before the great financial crisis that began in that year (Perucci and Wysong 2002; Anderson 2008; AFL–CIO 2011).² Compared with Europe or Japan, 45:1 was already extremely high.

At this level, the distinction between wealth and income blurs, because vast earned incomes are ploughed into investments. By the turn of the new millennium, the top five per cent of Americans owned more than half of the wealth of the entire country, and the top 20 per cent over 80 per cent.

What then of the other end of the spectrum? The numbers of very poor people are growing as a consequence of such processes as the decline of traditional manufactures and well-paid and secure manual employment, itself linked to globalisation, with such jobs coming to be performed much more cheaply in developing countries. Thus in America, more people are having to make their living in poorly paid part-time and short-term jobs, particularly in the service sector. Poverty of the sort once associated in the public mind with poor black communities is coming to affect increasing numbers of white people too. The problem, of course, is how to define 'poverty', when Americans in the bottom percentiles of income in their own society are still vastly better off than the average person in many countries of the world. Even so, real incomes in the lower

deciles of American society stagnated or even declined in the early twenty-first century. In 2005, the bottom 20 per cent of Americans had incomes of between nil and \$13,478 *per annum*, and the next two deciles (from 20 to 40 per cent) had incomes in the range of \$13,478–\$25,847 (Johnston 2005), which does not compare particularly favourably with other industrial democracies. Some increase in social inequality is nevertheless evident internationally.³ The parasitic character of the super-rich has (one might think) become quite apparent through the crisis of casino capitalism that began in 2007–08.⁴ In 2009, even the chairman of Britain's Financial Services Authority remarked that some of the activities of the financiers in the run-up to the crisis were 'socially useless'.⁵ More than that, of course, it is now obvious that they created a speculative bubble, which did enormous social and economic damage to ordinary people throughout the Western world. Although much anger has been expressed, in print and in conversation in many countries, there is little sign of serious reform of the aspects of capitalism that have proved so damaging—especially in the USA. Why not?

One reason is that although the underclass in American society is growing, these 'other Americans', as Michael Harrington (1962) noted as long ago as 1962, often seem at most semi-visible. They come, like much else that evokes embarrassment, to be hidden behind the scenes of social life.⁶ This is in part a matter of geographical separation in cities; recall Tom Wolfe's *Bonfire of the Vanities* (1988), where the tragicomic plot hinges on a member of the corporate rich taking the wrong turning off the freeway and panicking upon finding himself in a black ghetto. In part, it is also a matter of invisibility in the dream-conserving mass media.

Americans are proud of their country's (apparent) egalitarianism. Real equality is indeed something of which to be proud. And academic research has shown convincingly that more equal societies are not only happier, but also work better. This is demonstrated convincingly by (Wilkinson and Pickett 2009), in their book *The Spirit Level*.⁷ Using data from 23 Western countries and the 50 states of the USA, they show that most of the important health and social problems are significantly more common in the more unequal societies. And the benefits of a more equal society accrue to the better off as

well as the poor: relatively equal societies like those of Scandinavia or Japan simply work better than the more unequal ones. The problem is that the USA is not a society which, in international comparison, is marked by anything approaching equality. As a prominent British journalist of the time observed as far back as 1962,

Of course, the American dream does not require that all men shall actually be equal, or even treated as if they are. Far from it. But what it does require is that it shall never be admitted that they are not (Williams 1962: 79).

Economic Prosperity

Another component of American national pride is that country's very high standard of living. The USA has the highest *per capita* GDP of any of the world's major countries, about \$47,000 *per annum* in 2010 (compared with an average of about \$11,000 in the world as a whole).⁸ The pride is reinforced by the dominant ideology of individualism, which attributes this economic achievement largely to the hard work and motivation of individual people, now and in the past. That is probably one reason why Max Weber's Protestant ethic thesis has been so influential (and so overrated⁹) among American sociologists. Essentially ploughing a similar furrow, but better known and still influential among a wider circle of intellectuals, is Walt Rostow's *The Stages of Economic Growth* (Rostow 1960), a Cold War product subtitled 'A Non-Communist Manifesto'. Rostow regarded the 'age of high mass-consumption' as the mature stage of economic development, one attained first (oddly, during the Great Depression, according to Rostow, 1960: xii) by the United States, and then by a small number of other industrialised countries. It was the stage to which the countries of the Third World should aspire. The usefulness of this sort of model for a we-image of the 'minority of the best' was matched by its utility in forming a 'minority of the worst' they-image of the fecklessness of much of the rest of the world.

But the standard of living enjoyed by Americans for the last half-century or more is not to be understood solely through smug collective self-satisfaction. It owes most to the USA's

overwhelming power position in relation to the rest of the world at the end of the war, and how it used that power in shaping the post-war economic settlement. At the Bretton Woods conference in 1944, the British representative, Lord Keynes, proposed the creation of an International Clearing Union (ICU), involving financial arrangements that would have necessitated that creditor nations as well as debtor nations made adjustments when trade imbalances arose. His concern—which seems extremely prescient in the financial crisis that began in 2007–08—was that countries with a trade deficit would be unable to climb out of it, paying ever more interest to service their ever greater debt, and therefore stifling global growth. However, America was then by far the world's dominant creditor nation, and its representative, Harry Dexter White, rejected the ICU outright. He proposed instead what became the International Monetary Fund (IMF), which has always operated policies that place the burden of maintaining the balance of trade on the deficit nations, and impose no limit on the surplus that rich countries can accumulate.¹⁰ This settlement played a large part in creating the problem of Third World debt.¹¹ As the Archbishop of Canterbury remarked, 'Every transaction in the developed economies of the West can be interpreted as an act of aggression against the economic losers in the worldwide game'.¹² Still today, few people question the eternal validity of David Ricardo's 'law of comparative advantage', the Panglossian explanation of the universal benefits of free trade. Immanuel Wallerstein's study of *The Modern World-System* (Wallerstein 1974–2011) is in effect a massive historical attempt to disprove Ricardo's law, showing how initially small inequalities in ties of interdependence between societies and economies have been magnified over time to produce massive differences today between what are euphemistically called the 'North' and the 'South'. That view, however, still runs counter to economic orthodoxy.

More to the present point, at Bretton Woods the American delegation would have found it inconceivable that over the next six decades the USA was to become the world's largest *debtor* country, loudly complaining that China should not be allowed to run such a massive trade surplus, thus becoming the USA's principal creditor. Harry Dexter White certainly did

not foresee how the post-war financial settlement would help slowly, but nonetheless dramatically, to turn the scales against his country. It did so because it endowed the USA 'with the exorbitant privilege of paying its foreign debts in its own currency, which it can print' (Johnson 2009). It did so because it permitted Americans to enjoy the 'stage of high mass-consumption' and to live beyond their income for decades.

Of course, it was not the only country to do so. After the horrors of mass unemployment in the Great Depression, and in Europe after the political horrors and war to which it gave rise, the Western democracies pursued Keynesian policies aimed at maintaining full employment and rising standards of living, and with the creation of a generous Welfare State.¹³ During the Cold War, such policies also served to diminish the appeal among the less well to do of the alternative social model then provided by the Soviet bloc. The problem was that such policies came to be associated with rising taxation, inflation, and growing government debt.¹⁴ They were also associated with the growing power of trade unions; especially in the European mixed economies, where considerable parts of the economy (particularly the utilities and transport) had been nationalised, the unions' power to disrupt public services came to be used in quite a free-market fashion to 'hold the government to ransom' (as the popular press tended to see it) and fuelling inflation. The consequence, starting in the 1970s under the sudden impact of higher commodity prices and gaining pace in the 1980s, was a transition of a radical character to what is generally called 'neoliberalism', but which Colin Crouch has argued, following the crisis starting in 2007–08, can now be recognised as a regime of 'privatised Keynesianism'.

Under original Keynesianism it was governments that took on debt to stimulate the economy. Under the privatised form individuals, particularly poor ones, took on the role by incurring debt on the market. The main motors were the near-constant rise in the value of owner-occupied houses and apartments alongside an extraordinary growth in markets in risk. The regime collapsed, partly during a repetition of energy and other

commodity inflation, but largely because of certain internal contradictions. (Crouch 2008: 476).

Ironically, the crisis of 2007–08 onwards saw the conversion of swathes of private debt into government debt,¹⁵ thus precipitating a wide crisis of confidence in the sovereign debt of many countries, including, by 2011, even the USA.

If the notion of ‘privatised Keynesianism’ is at first a little startling, it should be noted that both the original Keynesianism and its neoliberal privatised version had the function of maintaining ‘high mass-consumption’ among the population at large. In the case of the USA, however, this function was also served during *both* phases by what Chalmers Johnson called ‘military Keynesianism’ (Johnson 2006). Military expenditure has come to play a major part in sustaining economic prosperity.

Military Might

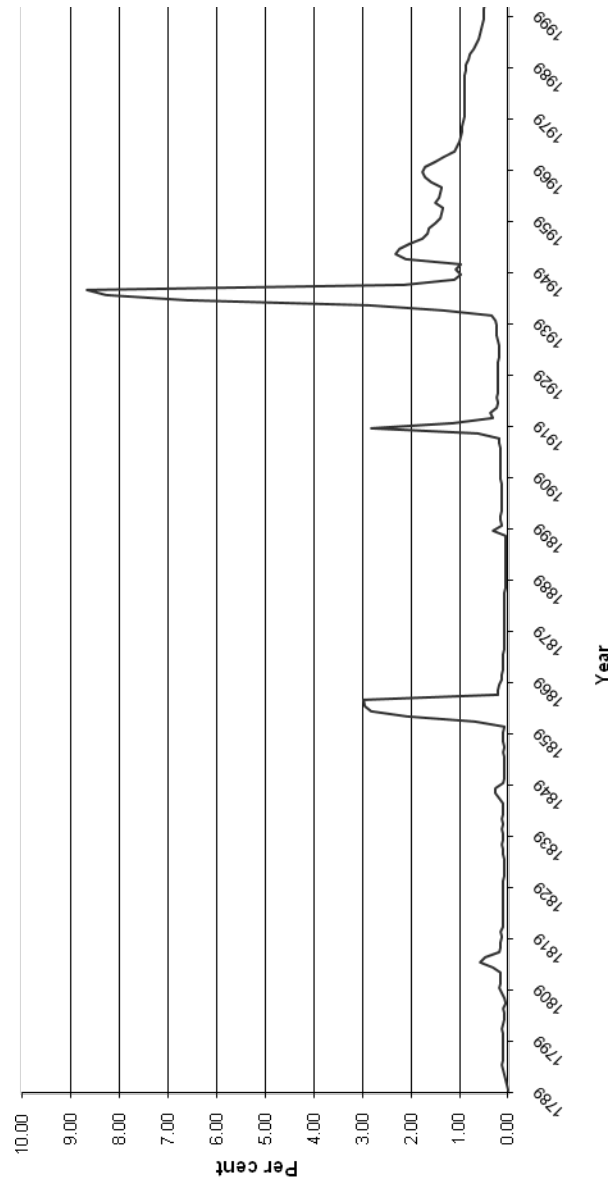
The sheer military power of the USA has also become firmly embedded in the American we-image, and, for the majority at least, a positively valued component. From the vantage point of today, when military expenditure plays such a significant part in the US economy, it may seem strange that for much of its history a large proportion of its citizens viewed the very existence of a standing army with grave distrust. A large and highly disciplined standing army acting in strict obedience to an absolutist monarch (or, indeed, to the Federal government) was always seen as potentially an instrument for the subversion of liberty. This was one of the main issues in the debates about the Constitution—Alexander Hamilton had to argue forcefully in *The Federalist*, no. 8, for the need of one to protect the western frontier (Madison, Hamilton et al. 1987 [1788]).¹⁶ Except in the relatively infrequent times of major war, the USA’s military participation ratio (MPR: see Andreski 1968)—the number of people in the armed forces in relation to the total population—remained remarkably low. Just how relatively small were the federal armed forces can be seen in Figure 1, which shows the number of military personnel (including the Navy and Marine Corps, and latterly the Air Force, as well as the army) between

1789 and 2001, as a proportion of the overall population, which grew from about 4 million to nearly 300 million—a 75-fold increase. The peaks in the graph obviously coincide with wars—the War of 1812, the Mexican War, the Civil War, the Spanish War, the First and Second World Wars, the Korean War, and Vietnam. All since the Civil War have been fought overseas: none of the subsequent steeples represents an army enlarged to quell rebellion or to suppress internal disorder. After each war, the MPR fell back more or less to its previous low level. For the first time, this did not happen after the Second World War. During the Cold War decades, numbers in the armed forces remained roughly five to ten times higher in relation to total population than before the Second World War, a substantial break with American tradition.

C. Wright Mills was one of the first social scientists to draw attention to the changed power position of the military in American society after the Second World War. ‘Since Pearl Harbour’, he wrote, ‘those who command the enlarged American violence have come to possess considerable autonomy, as well as great influence, among their political and economic colleagues’ (1956: 198). Furthermore, he argued,

the military has become enlarged and decisive to the shape of the entire economic structure; and, moreover, the economic and the military have become structurally and deeply interrelated, as the economy has become a seemingly permanent war economy; and military men and policies have increasingly penetrated the corporate economy. (1956: 215).

Mills’s thesis was eloquently developed by soldier-President Dwight D. Eisenhower, in his now-famous last address to the nation before he left office in 1961, when he spoke of the ‘military–industrial complex’:



Sources: US Census Bureau, *Statistical Abstract of the United States: 2002*; US Department of Defense, *Selected Manpower Statistics, Fiscal Year 2001*

Figure 1: US Military Personnel on Active Service as Percentage of Population, 1789–2001.

We annually spend on military security more than the net income of all United States corporations.

This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence — economic, political, even spiritual — is felt in every city, every Statehouse, every office of the Federal government. ... In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. (Eisenhower, 1961: 1035–40)

Such fears are now fairly commonplace on the beleaguered left of American politics (see (Johnson 2001, 2004, 2006, 2010) and even among the more traditional right (Bacevich 2002, 2005a, 2005b, 2010). But it appears that the majority of Americans still fears ‘a horrendous foreign enemy at hand to blow us up in the night out of hatred of our Goodness and rosy plumpness’ (Vidal 2004: 6), which of course is a useful justification for the USA’s continuing to spend as much on its armed forces as the other 190 countries of the world combined. The intermeshing of military, political and economic interests has done much to subvert democratic politics and (through the ever more widely pervasive mass media) to manipulate public opinion in directions that lack congruence with reality.

A DEMOCRATIC REPUBLIC

Such is the peculiar state of public discourse in America today that ‘capitalism’ and ‘democracy’ are often used as near-synonyms. This is an index of another aspect of the American we-image that has a debateable congruence with reality. If ‘democracy’ is understood in a minimal and impoverished sense, to mean only a political system that involves periodic free elections with a wide franchise, then the USA is certainly a democracy. But originally the theory of liberal democracy involved much more than that. Among other things, it envisaged

an electorate of rational voters each independently making up their minds in the light of their own interests and of their understanding of the political choices before them: it was the political equivalent of the economists' model of perfect competition in markets. To most outside observers, if not yet to most Americans, it is strikingly obvious how far twenty-first-century USA has deviated from that ideal-type. It might be an exaggeration to say that the American government is now a wholly owned subsidiary of big business—but not much of an exaggeration. That is amplified by several other circumstances: an archaic and dysfunctional Constitution; by corrupt elections—notably through the partisan gerrymandering of electoral districts, the equally partisan disenfranchisement of large numbers of potential voters, and through a Third World inability just to count the votes, as seen in the 2000 presidential election;¹⁷ by the abandonment, in 1985, of the requirement in the allocation of broadcasting licences for 'fairness' in reporting; and by a corrupt and partisan judiciary, as witness the decision of the United States Supreme Court upholding unlimited corporate funding of political broadcasts for candidates in elections.¹⁸ The veteran American political scientist Sheldon Wolin (2008) has gone so far as to speak of an 'inverted totalitarianism', a 'managed democracy' in which a politically and submissive public is 'shepherded' by economic and state elites, rather than being in any sense 'sovereign'.

It is tempting to resurrect Friedrich Engels's concept of 'false consciousness' in any discussion of American public opinion. 'Ideology', wrote Engels,

is a process accomplished by the so-called thinker. Consciously, it is true, but with a false consciousness. *The real motive forces impelling him remain unknown to him*; otherwise it simply would not be an ideological process. Hence he imagines false or apparent motive forces.¹⁹

Indeed, Thomas Frank came close to the idea of false consciousness when he discussed the puzzling question of why George W. Bush was a 'working-class hero' (Frank 2004a, 2004b). The standard objection to the idea that 'consciousness'

can be 'false' is that voters have every right to adopt whichever ideology they please. True. But ideologies are always a potent mixture of affect-laden value judgements and factual content. The factual component is open to empirical test, although the emotional content may prevent the acceptance of the results of such testing. There is, as Colin Crouch again has pointed out, an *objective* contradiction within capitalism,

that between the insecurity and uncertainty created by the requirements of the market to adapt to shocks, and the need for democratic politics to respond to citizens' demands for security and predictability in their lives. ... There is a further, related, tension within advanced capitalism itself, which needs on the one hand consumers on whose confidence firms can depend when planning their production, and on the other a capacity to respond to periods of declining demand by reducing the quantity and wages of labour, which in turn undermines consumer confidence. (2008: 476).

To recognise that tension is not to advocate the superiority of the discredited communist model, although the crudity of much of American political discourse may prevent Crouch's subtler point being understood: 'The tension can never be "resolved", as it is endemic to the only successful form of political economy we know; it has to be managed ...'.

In the USA, the contradiction has been managed chiefly by the accumulation of the mountain of private debt for the maintenance of consumption, and at the same time undermining such power as American workers had to pursue higher purchasing power through collective bargaining. A consistent policy of undermining trade unions can be dated from President Reagan's sacking of America's air traffic controllers when they went on strike in 1981; it was continued by increasing numbers of big businesses (such as Walmart) banning their employees from joining unions; and the post-2007–08 financial crisis has seen draconian anti-union measures enacted by states such as Wisconsin and Ohio in 2011. American public opinion may abhor the idea of 'class war', but such manifestations are exactly what socialists understand by the term.

In their defence, business interests argue that businesses will inevitably engage the cheapest labour anywhere in the world, and 'old-fashioned' attempts by trade unions in the USA and other rich countries to protect their members' wage levels, pension rights, working hours and other conditions of employment merely serve to increase 'inflexibility' and decrease 'competitiveness'. If that is true, wages, pensions and other conditions of work have obviously not yet been reduced sufficiently because the period of 'privatised Keynesianism' witnessed a very substantial 'hollowing out' (as Chalmers Johnson 2001 termed it) of the American economy, as manufacturing (apart from military manufacturing) tended to locate 'offshore'.

Another argument advanced to justify the trend of recent decades is that tax cuts for the rich lead to more rapid growth and wealth formation, constituting 'an incoming tide that will lift all boats'. This is supplemented by appeal to what economists call the 'Laffer curve': a graphic representation of the possibility that if tax rates are increased beyond a certain point, they will actually yield less revenue (because those at whom the higher rates are directed no longer find it worthwhile to engage in business, because they resort to tax evasion and avoidance strategies, or because they emigrate to a lower-tax jurisdiction). The 'incoming tide' argument generally fails because in practice it is found that the extremely rich tend to hoard their wealth rather than spend it, so that the multiplier effects on overall demand are quite small. As for the Laffer curve, theoretically the argument might be valid, but in practice it depends on the actual shape of the curve—empirical estimates of the point at which higher tax rates yield lower revenue, while varying considerably, show that it would apply only to extremely high rates in excess, for example, of 50 per cent.

Business interests have long had a great deal power over American governments, both state and federal. There is no discernible historical starting point for this, although it became more strongly marked after the Civil War, and has accelerated greatly in recent decades. The military-industrial complex against which Eisenhower warned, and which in an earlier draft of his speech he intended to label the 'military-industrial-congressional' complex, has widened out, the most obvious

change being that the word ‘financial’ might increasingly be substituted for ‘industrial’. The revolving door between the military and the board rooms of business may now be seen as less damaging to American democracy than the revolving door between Wall Street and the federal government. Simon Johnson, former chief economist of the IMF has spoken of a ‘quiet coup’. The gist of his actually very detailed argument is that

The crash has laid bare many unpleasant truths about the United States. One of the most alarming is that the finance industry has effectively captured our government — a state of affairs that more typically describes emerging markets, and is at the centre of many emerging-market crises. If the IMF’s staff could speak freely about the US, it would tell us what it tells other countries in this situation: recovery will fail unless we break the financial oligarchy that is blocking essential reform. (Johnson 2009)

How this situation arose is charted from 1970 onwards by Jeff Madrick in his book *The Age of Greed* (Madrick 2011). Almost as alarming as the ‘capture’ of the government is the corruption and failure of corporate governance: besides the *illegal* financial corruption seen in prominent corporations (of which Enron can stand as a single emblematic example), there has been spectacular but *legal* looting of public corporations and their shareholders by high management taking millions or billions in so-called bonuses, often while incurring massive losses through mismanagement. All this has largely been supported by what became the dominant free-market element, stemming from Chicago,²⁰ in the modern discipline of economics, which has allowed itself to become substantially an aspect of American National Ideology.

What has become the American ideal of gross inequality travelling under the innocuous *nom de guerre* of free markets has influenced the rest of the world, though it is not equally acceptable in all countries. There appears to be an historically grounded difference between the market- and parliament-orientated Anglo-Saxon state societies and the countries of

continental Europe, which relied from the seventeenth century on a more authoritarian, but also more caring, state.²¹ Japan also fits more into the latter category. In those cases, landowning classes ('feudal remnants' in Marxist jargon), until their general eclipse in the course of the twentieth century, often resisted the rising power of business interests by protecting to some extent the interests of workers. But the process of globalisation, gaining pace rapidly since 1990, has tended to undermine such differences in national tradition. Wilterdink (2000; see also Mennell 2011) has contended that the decrease in socio-economic inequality in Western societies during the larger part of the twentieth century was connected with the strengthening of networks of interdependence at the *national* level. He hypothesized that the increase in inequality evident since about 1980 was connected to the strengthening of *international* interdependencies and a corresponding weakening of the ties of interdependence *within* nation states. In other words, the international financial elite no longer needs to care very much what ordinary people think within the USA or within other countries of the world (nor necessarily to pay taxes to keep the street lights on in the countries where they operate). All of which helps to cast doubt on how realistic remains the we-image of America as a democratic republic. Yet if on the one hand the established-outsider relation at the highest level *within* the USA is highly unequal, with a very secure establishment, on the other hand the worldwide established-outsider relation between the USA and the rest of the world is clearly tilting towards a relatively more equal power ratio—and, as Elias noted, weakened establishments are more prone to less reality-congruent perceptions of themselves and others.

THE AMERICAN THEY-IMAGE: HOW THE REST OF THE WORLD VIEWS THE USA TODAY

Why should it matter to the rest of the world if American we-images have a doubtful connection with reality? It matters because the actions taken by the USA, still for the time being the most powerful country in the world, have wide impact throughout the world whatever false premises they may be based

upon. It also matters because the rest of the world's they-images of the USA also enter into the we-images of people elsewhere.

Soft Power and American Popular Culture

It is, as noted before, characteristic of established-outsider relationships that the outsiders exhibit in varying degrees an 'identification with the established' (a phrase used by Wouters 1986). Nowhere is this more evident than in the worldwide appeal of the American mass media and popular culture. It often involves the more or less unconscious copying of American vocabulary, manners and behaviour. There is nowhere near enough space to explore this complex question here, so I shall illustrate it with one trivial but amusing example. The British have for a long time—maybe centuries—had a vulgar gesture, known sometimes as 'the two-fingered salute', which involves raising the index finger and the middle finger, with the back of the hand towards the person to whom the gesture is made. It conveys the message 'Fuck off!' During the Second World War, Churchill reversed the gesture so that it was palm outwards, to signify 'V for Victory'. That led to much ribald mirth. But in recent years, the American equivalent, performed with just the middle finger, has become widespread in Britain, and perhaps more common among younger people than the native British variant.

This pervasive capillarity of American culture in general (if not my one example in particular) is often seen as a source of American 'soft power' in the world at large. There is no denying that in some ways it is, but the proposition needs to be heavily qualified. To reiterate: hierarchies, as Elias observed, generally generate strongly ambivalent feelings. The bourgeois of *ancien régime* France desperately tried to ape the aristocrats in behaviour and taste (Elias 2006 [1969]), but that did not prevent the French revolution. Young men may wear blue jeans and listen to American pop music, but that doesn't stop some of them attacking American targets throughout the world. The footprint of American imperialism, especially, has generated a widespread and intense resentment that many Americans, still sitting on the other side of the one-way mirror, find hard to comprehend.

THE END OF THE AMERICAN EMPIRE

One can still hear the occasional American intellectual who denies there is or ever has been an American empire, even asserting in an air of puzzlement, 'But America is a force for good in the world!' Many Americans are certainly uncomfortable with the idea that their country is an imperial power. Its tradition, they say, is anti-imperialist. (Yes, it is: anti other people's empires.) They may be deceived by the fact that America does not rule, as the British did, through Governors wearing scarlet uniforms and cocked hats.²² Nor does it indulge in constitution drafting and nation-building (the occupations of Germany and Japan are exceptions, but the disastrous occupation of Iraq is more typical of American intervention). American domination is normally achieved by more indirect means; the 'first American Empire', acquired at the end of the nineteenth century (Zimmerman 2002) was unapologetically an empire, but the much more extensive empire assembled after the Second World War is better described as a neo-colonialist enterprise, run largely through economic power, with resort to subversion or military intervention when need arose. Its record over almost seven decades since then explains a good deal about the they-image of America, pervaded with ambivalence, that the rest of the world came to form.

Very little in the record of US foreign policy over that period indicates that it was guided by outright altruism. The Marshall Plan for the rebuilding of Europe after the war was undoubtedly one of the most benevolent acts in world history, but its motivation was to some extent qualified by the recognition that an economically crippled and politically vulnerable Europe was not in the longer-term interests of the USA. Otherwise, democratic regimes have sometimes been assisted when it has been in the interest of the USA to do so; at least as often, US power has been deployed on the side of dictatorships when that was seen to be in the national interest.²³ Such activities have had long-term consequences. For instance, few citizens of Iran, one of the state's most hostile to America, are ignorant of the CIA's role in 1953, when, with the British, it orchestrated the overthrow of the democratic regime of Mohammad Mosaddegh in order to preserve American and

British control of Iranian oil; in contrast, few Americans are, in my experience, even aware of the episode.

Yet, whatever the motivation, US global domination has also had considerable benefits to the world at large. Especially during the Cold War, in bipolar competition with the Soviet empire, it provided a highly stable world order. The two superpowers held each other in check, and the principle of mutually assured destruction (MAD) served as a functional equivalent to a world monopoly of violence (Bergh 1992). Even though there was a widespread fear of nuclear war, the Western world enjoyed a high level of peace and security. Wars of the conventional type were fought mainly in the Third World by proxies for the two superpowers. The collapse of the Soviet empire in the early 1990s no doubt brought many benefits, but it also had the effect of destroying this bipolar balance of mutual restraint. Only a few commentators (such as Nye 2003) perceived that the 'unipolar' world that succeeded the bipolar one was, in practice, a more *multipolar* world, which meant that the USA would have less rather than more scope to act unilaterally. The lesson was not learned quickly enough. There was a certain amount of immediate intellectual triumphalism (Fukuyama 1992), but gradually more practical evidence emerged of a probing of the limits of power. With great powers, it seems, as with individual people, a sudden diminution of external constraint may be expected to give rise to an increased probability of impulsive or opportunistic behaviour. To put in bluntly, both people and collectivities tend to probe the limits of what they can get away with. After 1991, and particularly after the attacks on America in 2003, the United States showed a growing insensitivity to the attitudes and interests of other countries which, under the catastrophic presidency of George W. Bush, spilled over into a sheer lack of foresight and commonsense. At a deep level of collective psychology, the reckless behaviour of the Masters of the Universe on Wall Street looks much the same. The damage to the rest of the world's they-image of America, and the beginnings of collateral damage to Americans' we-image, cannot be reversed simply by election a more intelligent President.

CONCLUSION

It is widely considered that the USA has already, in the early twenty-first century, passed the peak of its world dominance. Its military adventures appear to have served to demonstrate the limits of its might; and indeed the self-imposed burden of about half of all the world's military expenditure may threaten to do to the USA itself what it claims to have done to the Soviet Union: cause economic collapse through military spending that cannot be afforded. The USA's domination of the world's financial system does ensure large flows of capital into the American economy, yet it is hard to see how America, with under 5 per cent of the world's population, can in the long term continue to consume as much as one third of Gross World Product. For Americans, this could be a traumatic time. The whole history of their country has been an almost unbroken glorious ascent through unparalleled national achievement. As Elias remarked, there are connections 'between a people's long-term fortunes and their social habitus at any subsequent time' (1996: 19). In America's case, at what he tentatively refers to as the 'we-layer' of their personalities, there is a deep well of national pride. The experience of national decline in other countries has been painful: 'there are often complex symptoms of disturbance at work which are scarcely less in strength and capacity to cause suffering than the individual neuroses' (Elias 1996: 19). 'Britain in the recent past', remarked Elias (1996: 4), 'is a moving example of the difficulties a great power of the first rank has had in adjusting to its sinking to being a second- or third-class power.' The United States is a very long way from becoming a second- or third-class power, but it may have to experience reverses and humiliations to which it has not been accustomed. The shame-rage spiral (Scheff 1994) triggered by the events of 11 September 2001 suggests the kind of danger that may arise for Americans and for humankind in general.

An interpretation of the crisis facing America in the twenty-first century that is based on the effects of power in distorting the perception of reality may perhaps seem more attractive than one based on conspiracy theories. Certainly, conspiracies happen, and they have helped to bring the USA to its present pass. To give one example, the invasion of Iraq was

plainly something for which an elite group of neo-conservative intellectuals had plotted for some time before 9/11 gave them an excuse to implement their plans. (They seem to have been well versed in philosophy and economics, but to have neglected the lessons they could have learned from Tocqueville or from sociologists' discussions in the 1950s and 1960s about the 'social foundations of democracy'.) But whatever the part played by conspiracies or by intentional, purposeful plans at the level of part-processes, the overall course of the process that has given rise to the present situation was blind, unplanned. And it is thus not easy to see how its results can be remedied.

NOTES

1. For an earlier formulation of this argument, see Mennell (2007, especially pp. 311–14).
2. The AFL–CIO figures are for the Standard & Poor's 500 companies.
3. For comparative data on income distribution and poverty in all OECD countries in the second half of the 1990s, see Förster and d'Ercole (2005), and also Wright (1996) and Marshall (1997).
4. Lord Keynes (1936, chapter 12) wrote that 'Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.' But the ratio of purely speculative funds in world markets in relation to the actual requirements of trade and of investment in the 'real' economy has increased out of all recognition since he used the term 'casino'.
5. Adair Turner [Lord Turner], interview in *Prospect* magazine, 27 August 2009.
6. Here I am, of course, alluding to one of Norbert Elias's arguments in *The Civilizing Process* (2000).
7. It is not an accident that this book became the target for hysterical criticism by Republican and other extreme

- right-wing business interests. Their attempt to discredit it, apart from very minor points, failed.
8. A few, mainly very small, countries outrank the USA. For a useful comparative tabulation of estimates for all countries by the IMF, World Bank and CIA, see [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(PPP\)_per_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)_per_capita) (accessed 11 August 2011).
 9. This remark is *lèse majesté* among sociologists, but it is striking how much less seriously economic historians take Weber – for them, he is a respected figure in the history of their discipline, but not one who needs to be paid attention in current theories of economic development.
 10. For more technical details, see Rowbotham (2000). The heyday of the Bretton Woods arrangements arguably last only 12 years, from 1959 when the European currencies became fully convertible, to 1971 when President Nixon broke the link between the US dollar and gold (at the fixed rate of \$35 per ounce) and when the system of fixed but adjustable exchange rates broke down. The IMF and its policy orthodoxies, however, have been a fixture over a much longer period.
 11. Corrupt relations between big business and politicians in Third World countries also played their part, but in that respect – as we shall see in a moment – such relations are not unfamiliar within the USA.
 12. Rowan Williams, quoted in the *Guardian*, 8 July 2011.
 13. I use the term ‘Welfare State’ in the European sense; in the USA it has a more pejorative connotation, which may indeed have spread to some extent to Europe. For a fuller discussion of health and welfare policies in the USA, see Mennell (2007: 254–62).
 14. In the view of Keynesian economists, popular analogies between household budgets and national economies were naïve, because during recessions governments could borrow cheaply without practical limits, selling gilt-edged securities that investors regarded as virtually risk-free. That was largely true for most countries – and could conceivably have remained so had governments consistently paid down government debt during booms as

- well as borrowing during busts – until fairly recently, when the astronomic growth of speculative capital in the globalised economy made even sovereign debt vulnerable to destabilisation.
15. The phrases ‘Privatising profits and socializing losses’ and ‘Socialism for the rich and capitalism for the poor’, have been widely used, including by Mikhail Gorbachev as an ironic observer.
 16. For a more detailed historical discussion, see Mennell (2007: 240–7).
 17. See Gumbel (2005) for the long history of electoral corruption in the USA. The events following the 2000 presidential election leading up to the installation of George W. Bush in the White House have not unreasonably been described as a judicial coup d’état.
 18. *Citizens United v. Federal Election Commission*, 130 S.Ct. 876 (2010).
 19. Friedrich Engels, letter to Franz Mehring, 14 July 1893 (K. Marx and F. Engels, 1968: 700), my italics.
 20. For a sociological discussion of ‘shareholder value’ as the *sole* criterion of corporate success, justified by Milton Friedman and his followers, see Heilbron et al. (2011).
 21. I am indebted to Helmut Kuzmics for this thought.
 22. Comparisons of the British and American Empires abound; for two examples, see O’Brien and Clesse (2002) and Porter (2006).
 23. See Blum (1995) for details of many US military and CIA interventions.

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