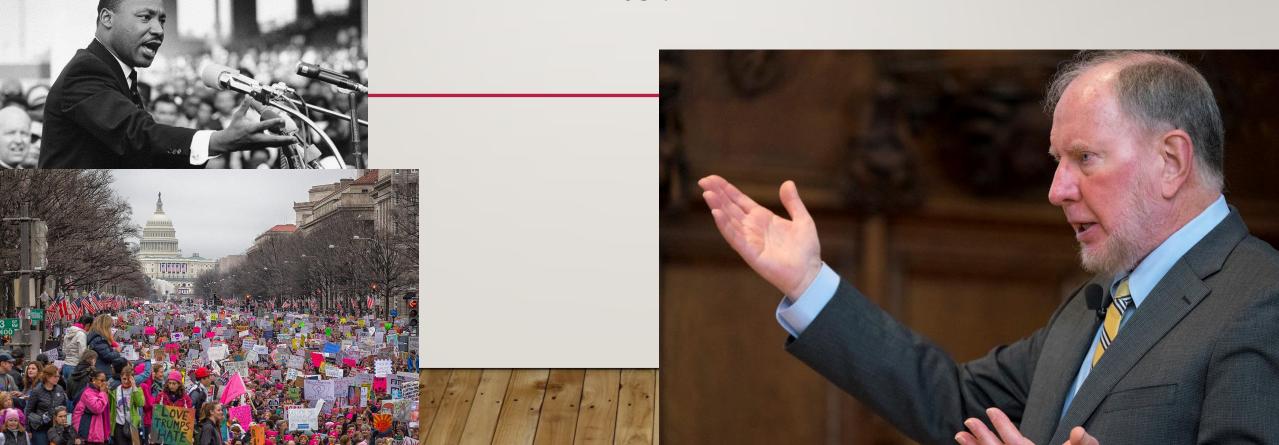


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SEVEN CLASSES

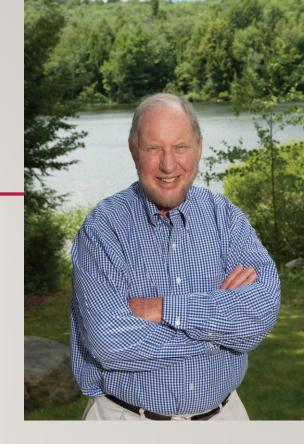
- I. What's Past Is Prologue
- 2. Economic Inequality
- 3. Politics from Tribalism to Comity and Back Again
- 4. Society Between Isolation and Solidarity
- 5. Culture, Health and the Evolution of the "American Dream"
- 6. Race, Religion, Ethnicity and Gender
- 7. Other Thoughts on Polarization and Culture
- 8. The Arc of the 20th Century and Its Implications

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Robert Putnam

- Putnam is the Malkin Professor of Public Policy at Harvard University and a former Dean of the John F. Kennedy School of Government.
- He grew up in Port Clinton, Ohio where he participated in a competitive bowling league as a teenager. Putnam graduated from Swarthmore College in 1963 and went on to earn a PhD from Yale University.
- His most famous work, *Bowling Alone*, argues that the US has undergone an unprecedented collapse in civic, social, associational, and political life (social capital) since the 1960s, with serious negative consequences.
- According to the Open Syllabus Project, Putnam is the third most frequently cited author on college syllabi for political science courses.
- In 2013, he was awarded the National Humanities Medal by President Obama for "deepening our understanding of community in America."

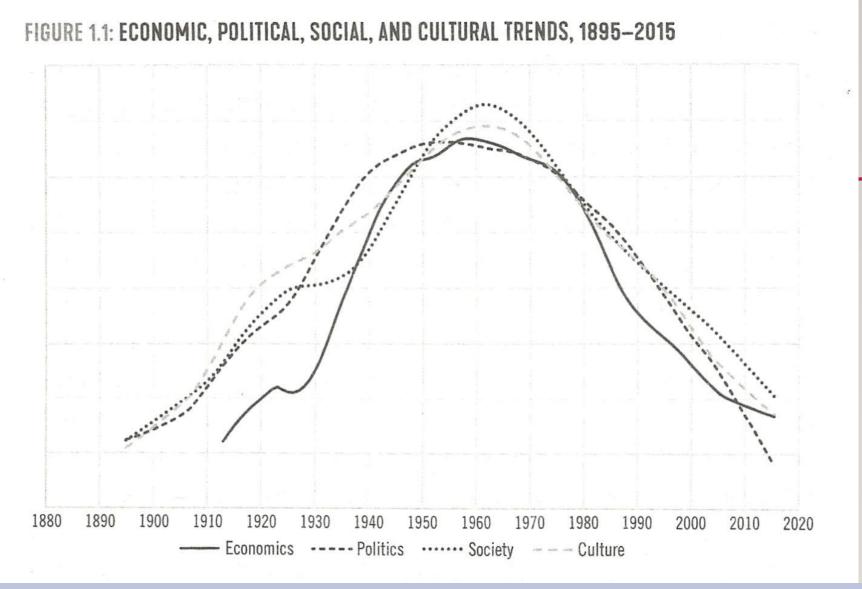


PUTNAM – THE UPSWING



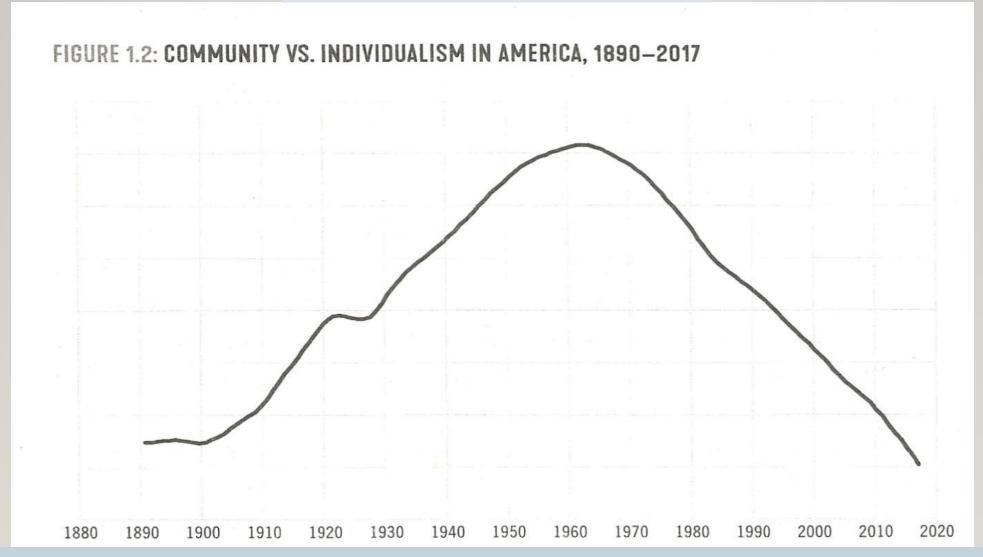
Key Points

- We are more politically divided than ever before, we are probably the most economically unequal, we're socially isolated and very self centered. These problems go back at least 50 years.
- We were in a similar place at the beginning of the 20th century, at the end of the gilded age.
- In the 1950s and 1960s we Americans thought of ourselves as a "We."
- Politics is very tribal but politics didn't drive this. Economics is not the leading variable either. Moral and cultural changes were key.
- "Social Darwinism," drove the downward trend in the late 19th century.
- Many of the variables Putnam studied were highly correlated. To try to determine cause and effect, he looked for the leading variable. Going in, he thought it would probably be economics or politics. The leading variable turned out to be connecting organizations.
- We need to think of things in a moral framework.



The trends illustrated above represent a compendium of scores of different measures of phenomenon in four key areas: economics, politics, society, and culture. We ask, has America been moving towards greater or lesser economic equality, greater or lesser comity in politics, greater or lesser cohesion in social life and greater or lesser altruism in cultural values.

The "I-we-I" Curve



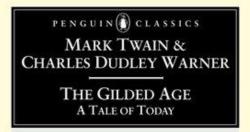
The four key metrics have been combined into a unified statistical story: a gradual climb into greater interdependence and cooperation followed by a descent into independence.

THE "GILDED AGE"



The Gilded Age

- The book, *The Gilded Age* was published in 1873 by Mark Twain and Charles Dudley Warner. It was both a biting satire and a revealing portrait of America at that time. The period between Reconstruction and the end of the century was an age of spectacular growth and prosperity but also an age of corruption when many crooked land speculators, ruthless bankers, and dishonest politicians took advantage of the nation's peacetime optimism.
- There are many similarities with today. Inequality, political polarization, social dislocation and cultural narcissism prevailed, all accompanied by unprecedented technological advances, prosperity and material well-being.
- So, how did we get from the last American Gilded Age to our current state?
- Robert Putnam's book, *The Upswing*, and this class is an attempt to answer that question. We seek to provide a historical perspective, aided by an array of recently compiled statistical evidence representing 125 years of our nation's history.



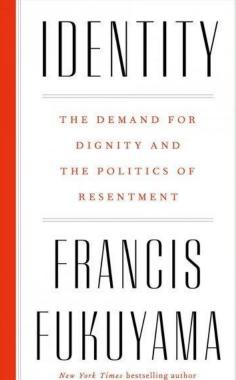


POPULISM IN THE U.S. AND THE WORLD

- **Populism** refers to a range of political stances that emphasize the idea of "the people" and often juxtapose this group against "the elite". It can also be based along class, ethnic, or national lines.
- Political scientist Cas Mudde noted that for populists, "the people" are neither real nor all-inclusive, but are a mythical sub-set of the whole population.
- "Populists" come in both left-wing and right-wing varieties.
- Populists often appeared in authoritarian movements. Marxist-Leninist movements often used populist rhetoric.
- Nazi populism facilitated fascism in interwar Germany. Distressed middle-class populists mobilized their anger against the government and big business. (and a bit later the Jews)
- Right-wing populist rhetoric was the base of two of the most successful third-party presidential campaigns in the late 20th century: George C. Wallace in 1968 and Ross Perot in 1992.
- Populist Movements in recent years include the "Tea Party" and "Occupy Wall Street" movements in the U.S. and "Brexit" in the U.K.
- The 2016 presidential election saw a wave of populist sentiment in the campaigns of Bernie Sanders and Donald Trump, with both candidates running on anti-establishment platforms.

IDENTITY

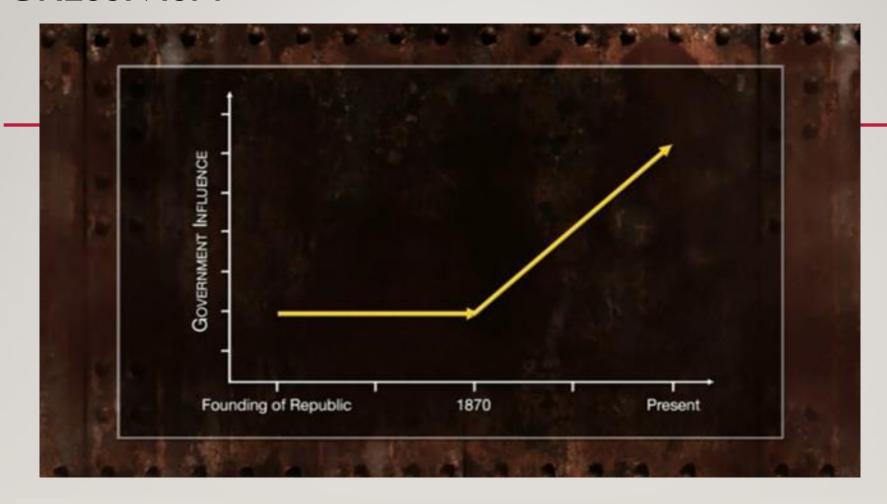
- Fukuyama is a senior fellow in international relations at Stanford University and director of its Center on Democracy, Development and the Rule of Law.
- His 2018 book, *Identity: The Demand for Dignity and the Politics of Resentment*, is an attempt to examine the development and role of identity in contemporary politics.
- Fukuyama believes that Donald Trump has exploited the American identity issue as a key component underlying is rejection of both illegal and legal immigration.
- "His core supporters are people that feel that their understanding of a traditional American identity is being challenged," says Fukuyama. "That's why immigration has been so important to him."
- "If it's based on the way I was born, I can't change that, and so you're stuck with that identity. And I think that that's really toxic for democratic politics, because it makes communication, discussion, compromise, much more difficult, and it also erodes the necessary, commonly held beliefs that are necessary to maintain a democracy."
- A lot of the working class people that were not living in coastal cities, not connected to the global economy have lost jobs. But they believe they have been victimized by the global economy and ignored by the "elite."



DEMOCRACY FOR SALE: 5 FEARS

- American economist and journalist Henry George (1839 1897): "This association of poverty with progress is the great enigma of our times... It is the riddle which the Sphinx of Fate puts to our civilization, and which not to answer is to be destroyed."
- States granted charters to companies to address public needs.
- Americans feared that monopolies and a rising class of elites were casing us to becoming more like Europe. Five key elements of their fears:
 - Declining opportunity for economic advancement
 - Growing gap between the rich and poor
 - Big business was corrupting American society
 - Aristocratic arrogance
 - Surging labor/capital conflict

PROGRESSIVISM



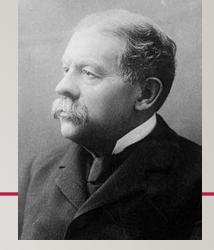
The progressive philosophy of using government to control big business, as well as the labor movement, advanced after 1870 to address the problems.

NATIONAL FARMERS' ALLIANCE

- Developed in 1875, the National Farmers' Alliance was an organization that supported an easier way of life for farmers.
- One of their biggest concerns was to eliminate the crop-lien system that developed in the US, particularly in the south. Farmers and sharecroppers did not own the land and were on a credit system for food and supplies from local merchants. These merchants placed a lien on the crops so that when harvested and sold, the merchants and land-owners were paid first, and the farmers were given what was left over. Due to the ever-changing price in cotton, it was not uncommon for farmers to not be paid at all by the end of the season.
- They also supported regulating the transportation industry. While the development of the railroads was a benefit to farmers, they often held monopoly status and could charge exorbitant rates.
- Along with these desires, the Alliance supported reforms in currency and income tax policies.
- Another demand made by the Alliance was known as the "Sub-Treasury Plan" in which a system of
 warehouses, funded by the government, would be established in order for participating farmers to have
 access to the materials they needed at a low cost. Part of this plan involved farmers' being able to take out
 low-interest loans and pay back the government with U.S. Treasury notes.
- When the Democratic party refused to endorse this demand, the Alliance created their own political party, known as the People's Party.

THE ICC

- The Interstate Commerce Act of 1887 created the Interstate Commerce Commission (ICC) and was supposed to regulate the railroads on behalf of the consumers.
- President Grover Cleveland appointed Richard Olney, a lawyer for one of the railroads, as his Attorney General.
- Olney had previously advised his clients, "The Commission... is or can be made of great use to the railroads. It satisfies the popular clamor for a government supervision of railroads, at the same time that the supervision is almost entirely nominal... The part of wisdom is not to destroy the commission but to use it."*



Richard Olney



Grover Clevland President 1893 -1897

ANTITRUST LAWS

- The concept of "trusts" was invented during the **Gilded Age**, as a response to laws which forbad corporations from owning other companies in other states.
- Congress passed the Sherman Antitrust Act almost unanimously in 1890. It was named after its principle author, Sen. John Sherman (R-Ohio).
- Senator Sherman sponsored the William McKinley Tariff just three months after the Sherman Act. This act boosted protective tariff rates of nearly 50 percent on average for many American products.
- The New York Times wrote on October 1, 1890: "That so-called (Sherman) Anti-Trust law was passed to deceive the people and to clear the way for the enactment of this Pro-Trust law relating to the tariff." The Times went on to assert that Sherman merely supported this "humbug" of a law "in order that party organs might say...'Behold! We have attacked the trusts. The Republican Party is the enemy of all such rings.'
- The Sherman act was little used until the Progressive Era. Public officials then put antitrust enforcement high on their agenda. President Theodore Roosevelt sued 45 companies under the Sherman Act, while William Howard Taft sued 75.
- American Tobacco Company dominated the industry by acquiring over 200 rival firms. Antitrust action begun in 1907 broke the company into several major companies in 1911
- Standard Oil was disassembled by Supreme Court decree in 1911 and broken into 39 separate companies.
- The Sherman Antitrust Act was followed and strengthened by the Clayton Act 1914 and the Federal Trade Commission Act 1914.
- But "monopolization" was difficult to prove and industrial giants could not be dismembered without sacrificing the efficiencies of large scale production.



Sen. John Sherman

THE OCALA DEMANDS

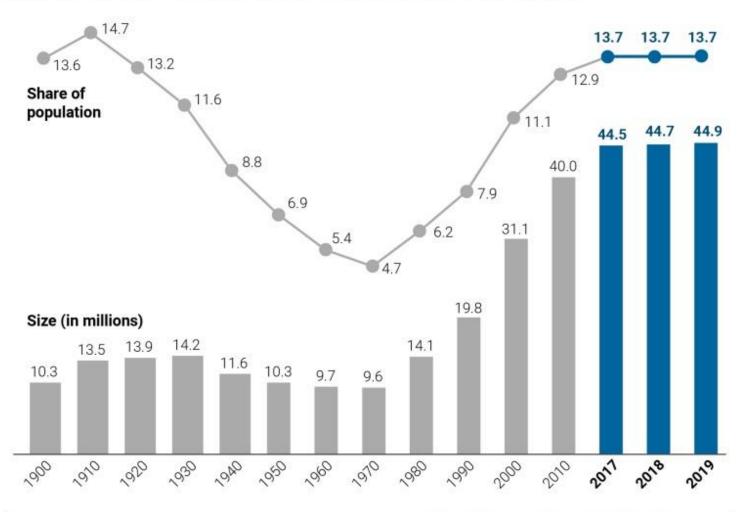
In Dec., 1890, the National Farmers' Alliance and Industrial Union, its affiliate the Colored Farmers' Alliance, and the Farmers' Mutual Benefit Association met jointly in the Marion Opera House in Ocala, Florida, where they adopted the Ocala Demands:

- 1: We demand the abolition of national banks.
- 2: We demand that the government shall establish sub-treasuries or depositories in the several states, which shall loan money direct to the people at a low rate of interest, not to exceed two per cent per annum, on non-perishable farm products, and also upon real estate, with proper limitations upon the quantity of land and amount of money.
- 3: We demand that the amount of the circulating medium be speedily increased to not less than \$50 per capita.
- 4: We demand that Congress shall pass such laws as will effectually prevent the dealing in futures of all agricultural and mechanical productions; providing a stringent system of procedure in trials that will secure the prompt conviction, and imposing such penalties as shall secure the most perfect compliance with the law.
- 5: We condemn the silver bill recently passed by Congress, and demand in lieu thereof the free and unlimited coinage of silver.
- 6: We demand the passage of laws prohibiting alien ownership of land, and that Congress take prompt action to devise some plan to obtain all lands now owned by aliens and foreign syndicates; and that all lands now held by railroads and other corporations in excess of such as is actually used and needed by them be reclaimed by the government and held for actual settlers only.
- 7: Believing in the doctrine of equal rights to all and special privileges to none, we demand
 - a: That our national legislation shall be so framed in the future as not to build up one industry at the expense of another.
 - b: We further demand a removal of the existing heavy tariff tax from the necessities of life that the poor of our land must have.
 - c: We further demand a just and equitable system of graduated tax on incomes.
 - d: We believe that the money of the county should be kept as much as possible in the hands of the people, and hence we demand that all national and state revenues shall be limited to the necessary expenses of the government economically and honestly administered.
 - e: We demand the most rigid, honest and just state and national government control and supervision of the means of public communication and transportation, and if this control and supervision does not remove the abuse now existing, we demand the government ownership of such means of communication and transportation.
 - f: We demand that the Congress of the United States submit an amendment to the Constitution providing for the election of United States senators by direct vote of the people of each state.

Immigration

- The foreign born population of the US peaked in 1890 when 14.8 % was foreign born but declined dramatically after the first world war as a result of laws limiting immigration.
- Since 1965, when new U.S. immigration laws replaced a national quota system, the number of immigrants living in the U.S. has more than quadrupled.
- Immigration appears to be negatively correlated with polarization.

Figure 2. Foreign-born size and share of US population, 1900 to 2019

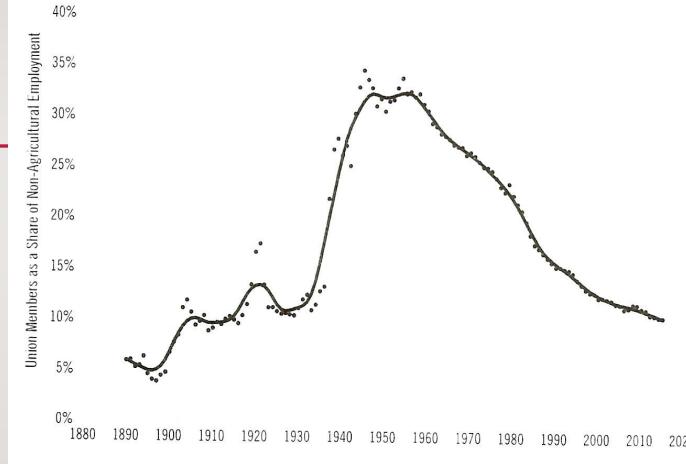


Source: William H. Frey analysis of decennial censuses and 2010 to 2019 American Community Surveys, released September 17, 2020. B Metropolitan Policy Program

Unions

- Unions advanced rapidly following the Homestead steal strike (1892), Pullman strike in Chicago (1894), and the coal strike in Pennsylvania (1902).
- The Norris-LaGuardia Act of 1932 and the NLRA Act of 1935 made it easier for unions to organize.
- There is much debate as to the causes for declines starting in the 60s but causes include:
 - Decline of blue collar production workers,
 - Reinvigorated employer and conservative political opposition (e.g. the breaking of the national air traffic controllers strike by the Reagan administration),
 - Union blunders and corruption (e.g. in the Teamsters Union),
 - The devitalization of unions as a sight for social connection.





Source: Freeman, "Spurts in Union Growth"; Hirsch and Macpherson, "Unionstats." Data LOESS smoothed: .2. See endnote 2.80

World War II and the Hive Hypothesis

 William McNeil was drafted into the army, fought in WW II and later became a distinguished historian. He studied accounts of men in battle and found that men risk their lives not so much for their country or their ideals as for their comrades-in-arms. "I may fall, but I do not die, for that which is real in me goes forward and lives in the comrades for whom I gave my life."



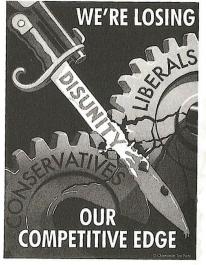


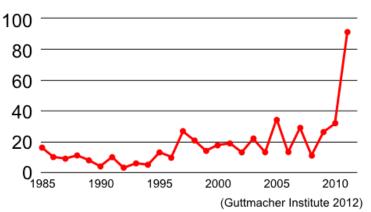
FIGURE 12.1. Civility now. These posters were created by Jeff Gates, a graphic designer for the Chamomile Tea Party, drawing on American posters from the World War II era. (See www.chamomileteaparty.com. Used with permission.)

- Social Psychologist Jonathan Haidt believes we are like bees, ultrasocial creatures whose minds were shaped by competition of groups with other groups. Under the right conditions we are able to enter a mind-set of "one for all, all for one." *
- From the New Deal through World Wat II and into the postwar period the exaltation of shared values and the ordinary middle-class American way of life intensified.
- Beginning in the 1980s, the "greatest generation" which fought WWII were replaced by more politically polarized baby boomers.

ROE V. WADE

- Roe v. Wade was the 1973 decision of the U.S. Supreme Court in which ruled that the Constitution protects a pregnant woman's liberty to choose to have an abortion without excessive government restriction.
- The Court issued a 7–2 decision holding that the Due Process Clause of the 14th Amendment provides a "right to privacy" that protects a woman's right to choose. However, it held that this right is not absolute, and must be balanced against the government's interests in protecting women's health and protecting prenatal life.
- The court originally established a standard based on trimesters. In 1992, the Court modified its legal rulings in the case of *Planned Parenthood v. Casey*. The Court reaffirmed Roe's holding that a woman's right to choose to have an abortion is constitutionally protected, but abandoned Roe's trimester framework in favor of a standard based on fetal viability.
- Presidential support for Roe has been split along party lines with Republican Presidents since Gerald Ford apposing it and Democrats supporting it.
- In recent years the opposition to Roe has focused on increasing state enacted restrictions on abortions and closing down facilities that don't meet these restrictions.

Enacted Abortion Restrictions by Year



NEWT GINGRICH

- He was the U.S. Representative for Georgia's 6th congressional district from 1979 until his resignation in 1999. He served as the 50th Speaker of the House from 1995 to 99.
- Born in 1943 in Harrisburg, PA, Gingrich received his B.A. degree from Emory University and a Ph.D. from Tulane.
- He taught history and geography at the University of West Georgia in the 1970s.
- Gingrich led a "Republican Revolution" through a new political action committee, the Conservative Opportunity Society (COS), which he founded in 1983 and later led GOPAC which produced training tapes for Republican candidates.
- Though few realized it at the time, Gingrich and his allies were on the cusp of a new wave of polarization rooted in public discontent, particularly among the Republican base. His leadership helped to establish "politics as warfare" as the GOP's dominant strategy.*

The First Six Decades of the 20th Century

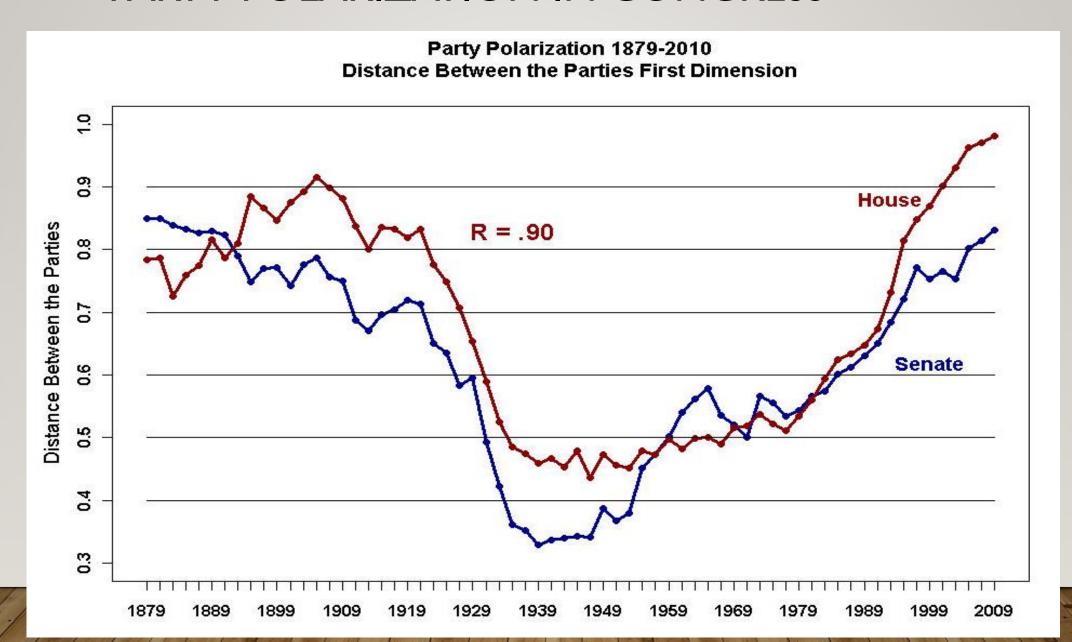
- Throughout this period we narrowed the economic chasm born in the Gilded Age. We increased productivity for decades and shared the wealth with the working class.
- We gradually overcame political polarization and learned to collaborate across party lines.
- We steadily wove an ever stronger network of community ties.
- Our culture became more focused on the responsibilities to one another and less focused on narrow self interests.
- As the 1960s opened we were increasingly attentive to our imperfections, especially in racial and gender terms. Our new president described us as poised to tackle our challenges together. "Ask not what your country can do for you ask what you can do for your country," he said.
- America had become a more "we" society



The Last Six Decades

- Between the mid-sixties and today, by scores of measures along multiple dimensions we have experienced:
 - Increasing economic inequality
 - Deterioration of compromise in the public square
 - A fraying social fabric
 - A descent into cultural narcissism
- We have made important progress in expanding individual rights for many Americans who were left behind, but we have regressed in terms of shared prosperity and shared values.
- Over the last six decades, America has become a more "I" society.

PARTY POLARIZATION IN CONGRESS

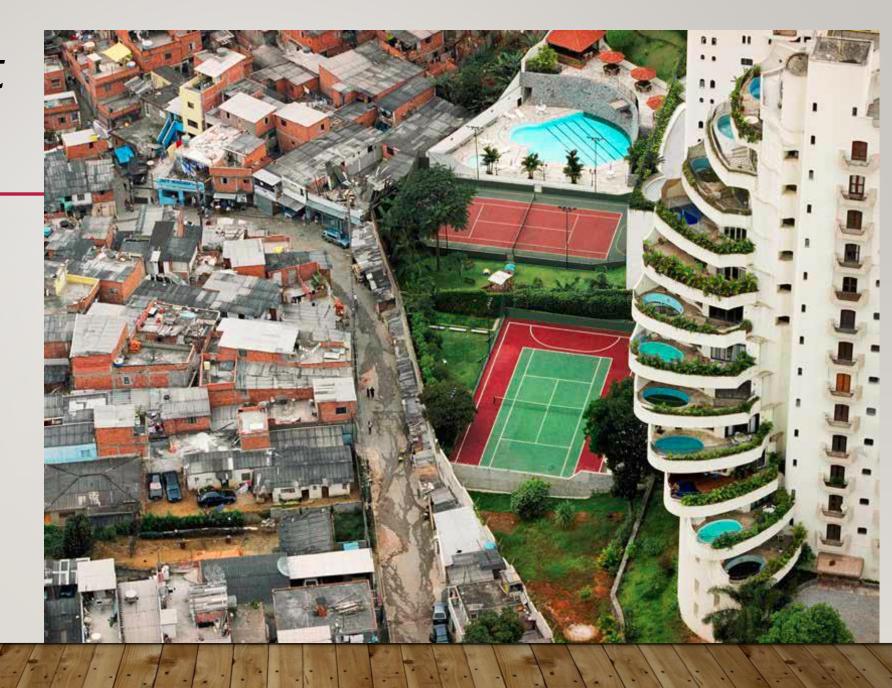


How Did We Get Here?

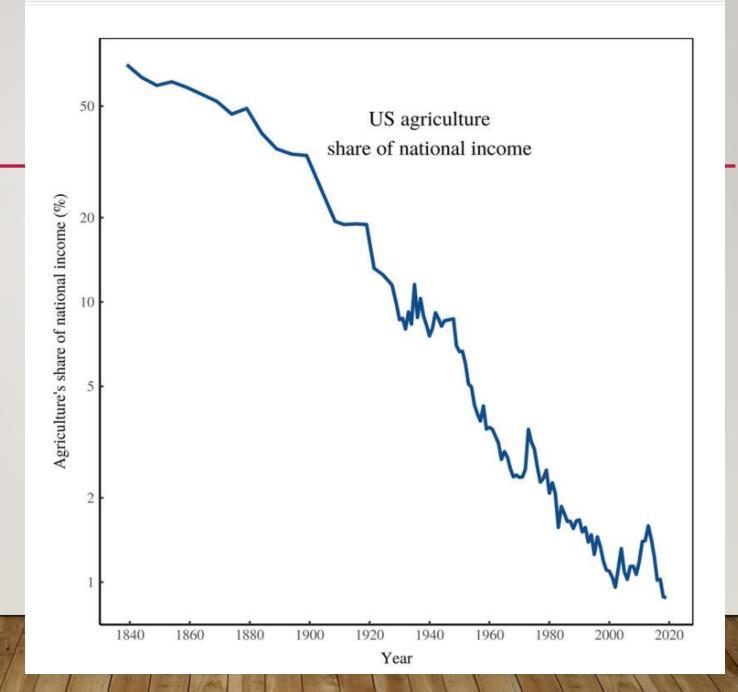
- International factors are probably a significant part of the backstory. The same basic U-shape across the 20th century is found in most advanced countries. However they show a much less dramatic increase in inequality suggesting that US domestic policies have played a major role.
- Scholars now put somewhat greater weight on the impact of trade and Globalization.
- But progressive era social innovations and institutional reforms laid the foundation. The introduction of public high schools, labor unions, the progressive federal income tax structure, anti-trust legislation and financial regulations all contributed.
- Conversely, by the 1970s the earlier reforms had a to fade and even to be reversed.
 - The growth of education "paused" around 1965
 - Unions began their long decline by 1958
 - In the mid 1960s, tax cuts began to make the tax structure more regressive.
 - After 1970, deregulation overturned many of the reforms begun in the Progressive Era
 - The collective norm that "we are all in this together" was replaced by a libertarian norm
- Many interpretations of public policy finger the "Reagan Revolution" after 1981 as the chief culprit, but the turning point occurred a decade or more before Reagan. Reaganism was a lagging indicator of the changes in American politics.

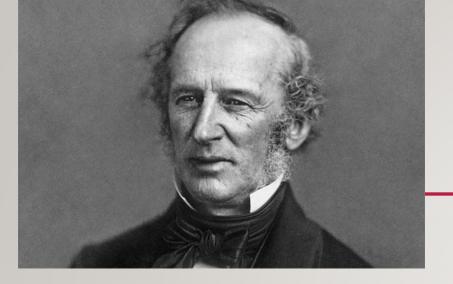
CLASS 2: ECONOMIC INEQUALITY

Poverty is the parent of revolution and crime. – Aristotle [386 – 322 B.C.]

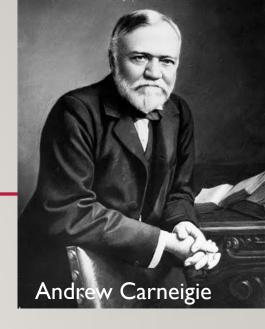


FARMING





PANIC OF 1873: SOME SUFFERED AND OTHERS PROSPERED



Cornelius Vanderbilt

- Most US manufacturing companies suffered during the recession but the largest those with guaranteed contracts and rebate deals with the still surviving railroads - the panic years were golden. The steelmaker Andrew Carnegie and had contracts with the Pennsylvania Railroad and enough capital to finance his own continued growth.
- Carneigie bought up his competition at fire sale prices.
- Cornelius Vanderbilt and the owners of two other railroads allied to form the "Trunk Line Association," a model which prevented competition, cut wages and raised prices. This was the beginning of the "Gilded Age."
- Relief rolls exploded with 25% unemployment in New York City alone.

GILDED AGE ELITES

 They founded exclusive clubs, for example the Knickerbocker Racquet and Union Clubs which provided opportunities for socializing. Women also belonged to the Colony Club and the Cosmopolitan Club.

- One of the lesser known legacies of the Gilded Age is the custom of tipping brought back by wealthy Americans from their grand tours of Europe.
- They even developed their own disease---gout, which had a long history and was known as the "disease of kings" because it was associated with a rich diet.

PANIC OF 1893

- Similar to the panic of 1873, it was marked by the overbuilding and shaky financing of railroads, resulting in a series of bank failures.
- American railroads, mid-western and western banks, and certain cities like Chicago were sensitive to the price of wheat.
- In 1893 Argentina exported a huge percentage of its wheat production to obtain currency to pay off the Baring loans. In Russia, a fantastic harvest in wheat was seen. Production shot up 38% causing a glut on the worldwide market.
- US wheat prices declined as exports fell. A lack of currency forced farmers to sell instantly at harvest rather than hold back reserves to wait for price increases.
- The first clear sign of trouble came in Feb. 1893, with the bankruptcy of the Philadelphia and Reading Railroad, which had greatly overextended itself. This caused the decline in the stock market for March and April.
- Many farm mortgages defaulted.



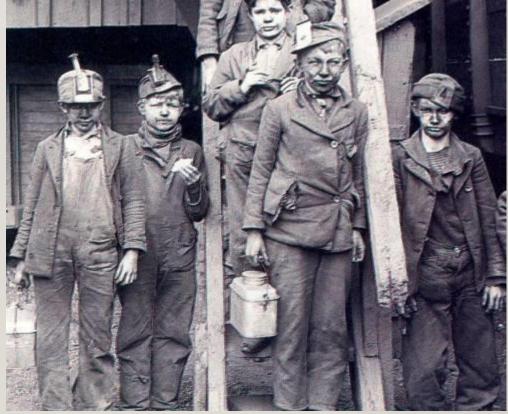
The Philadelphia and Reading Railroad Terminal, Philadelphia, PA



WHY DID CHILDREN WORK?

 Most working men were paid very little so they didn't have the option of a single-income home.
 Even by 1880-1900, when the number of women in the work force rose to over 8 million, they worked basic, secretarial jobs with





no chance for promotion and very little pay. Even with both incomes, the average family couldn't afford to live, so they had to rely on the incomes of their children as well.

• Children as young as 5 and 6 were employed in dangerous factories making steel, glass, or processed chemicals and worked up to 18 hour shifts. Their tiny hands could fit in-between the various gears and motors of the machines to make repairs, and more than a few children would be disabled by workplace accidents In these very dangerous conditions. By 1890, roughly I million children were working and by some estimates, children ages 10-15 made up 18% of the nation's total work force.

DEMONSTRATING WEALTH AND POWER

Of course, the ideal of republican simplicity was just that---an ideal, but it remained an important ideal for many decades.

One did not have to look hard in America to find examples of people who lived in luxury, but the Gilded Age ushered in the super rich, who displayed their wealth in their homes, vacation homes, and the mania for American "dollar princesses"---wealthy young women who married impoverished European royalty to acquire titles. By 1915, America could boast 42 princesses, 17 duchesses, and 136 countesses.

Would-be American aristocrats sought to beef up their credentials through genealogy. Those who rose from the working or middle class and acquired their fortunes later sought to find a respectable family lineage, such as an uncle who fought under George Washington or some long-lost ancestor who had arrived on the Mayflower. As a result, many Gilded Age elites founded and funded numerous genealogy societies, some of which still exist today.

Middle Class Americans

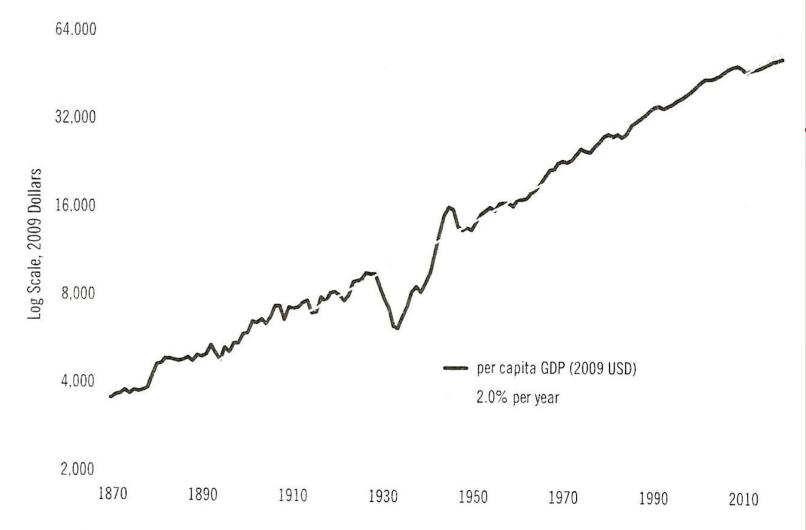
-viewed themselves as embodying a respectable middle ground between the coarse, uneducated, undisciplined masses below them and the lazy, pretentious elite.

- Their values, attitudes and habits defined them. Middle class Americans signaled their respectability by the neighborhoods in which they live, their clothing, the adoption and use of manners, the conscious use of proper English, and the higher standards of personal hygiene.
- Another key marker was self-control and the middle-class families prized thrift and the
 careful management of finances. This set them apart from working-class Americans,
 whom they believed frittered away their meager earnings on beer and entertainment.
 And it set them apart from members of the upper class, who indulged uncontrolled
 appetites for yachts, mansions, and too much food and drink.
- Not surprisingly, the late 19th century saw a booming temperance movement that urged Americans to forego alcohol.

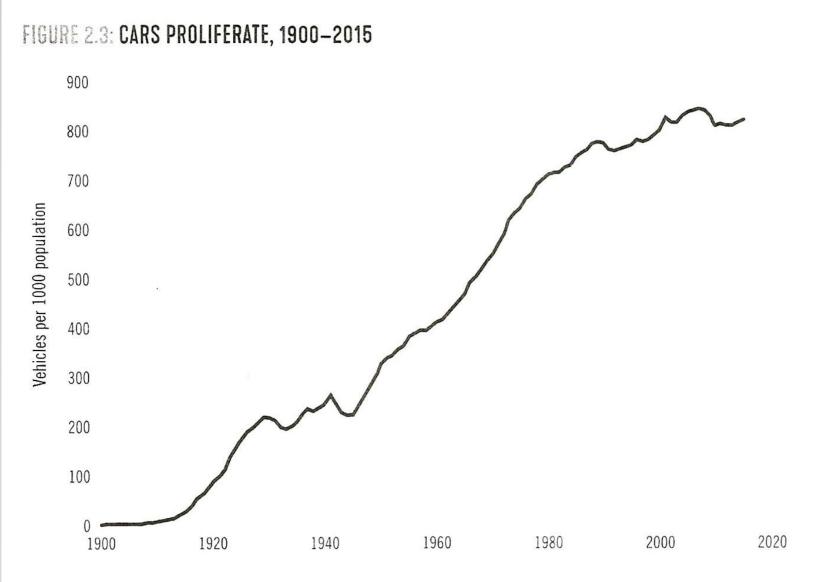
ECONOMIC EQUALITY

- Economic disparities in the Gilded Age were massive as millions of poor immigrants, impoverished former slaves and a native born white working class confronted the monopolist barons of the economic elite.
- Roughly speaking the top 1% share of national income nearly doubled from less than 10% in 1870 to approaching 20% in 1913. Inequalities in income, wealth and status were vast.
- What followed was a turn towards a period of roughly six decades during which economic inequalities were reduced. Economic historians call this the "Great Leveling" or "Great Convergence."
- Many factors have been cited as accounting for this including the success in recruiting workers into unions, government redistribution from rich to poor with taxes and transfers, increasing education and the impact of trade on wage structures, anti-trust legislation, financial regulation and more.

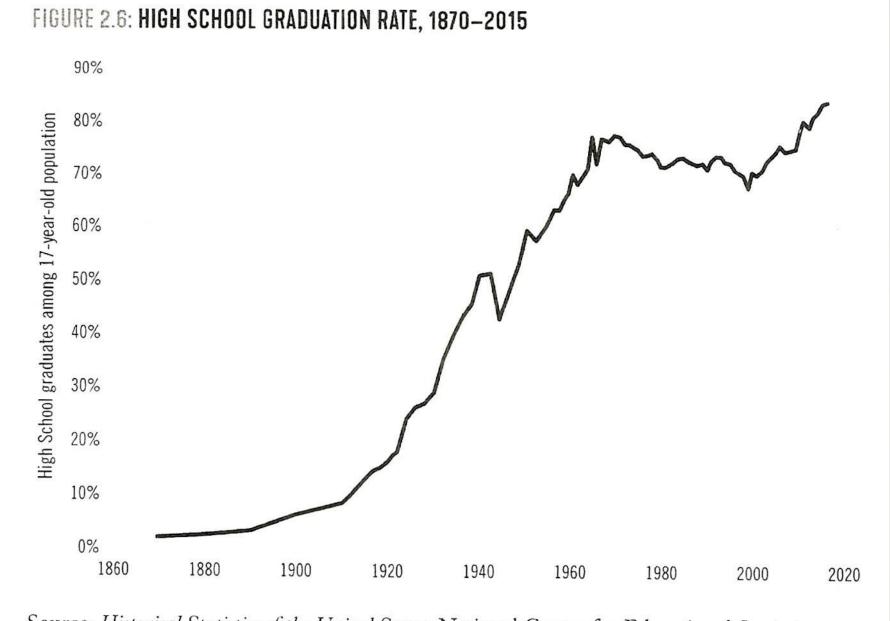
FIGURE 2.1: LONG-TERM REAL GROWTH IN US GDP PER CAPITA, 1871-2016



Source: C. I. Jones, "The Facts of Economic Growth." See endnote 2.2.

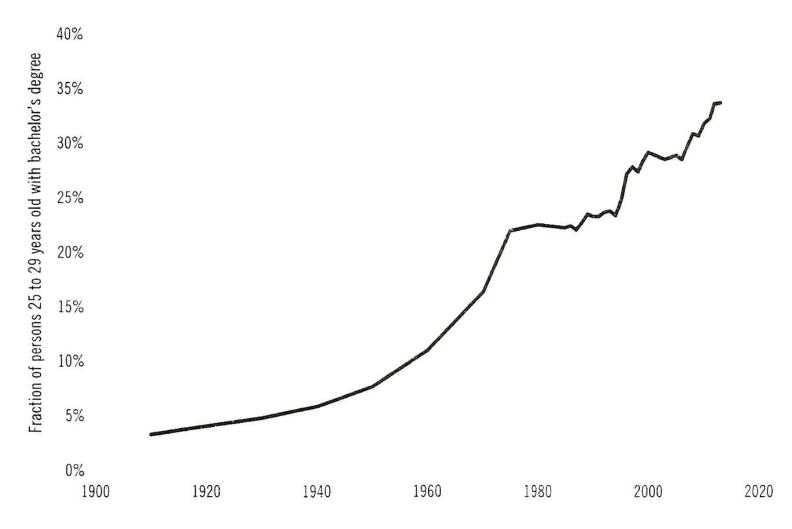


Source: Transportation Energy Data Book, Department of Energy, Table 3.6.



Source: Historical Statistics of the United States; National Center for Educational Statistics.

FIGURE 2.7: COLLEGE GRADUATION RATE, 1910–2013



Source: Digest of Education Statistics, National Center for Educational Statistics.

FIGURE 2.8: INCOME EQUALITY IN THE UNITED STATES, 1913-2014



Source: Piketty, Saez, and Zucman, QJEcon May 2018. Data LOESS smoothed: .2.

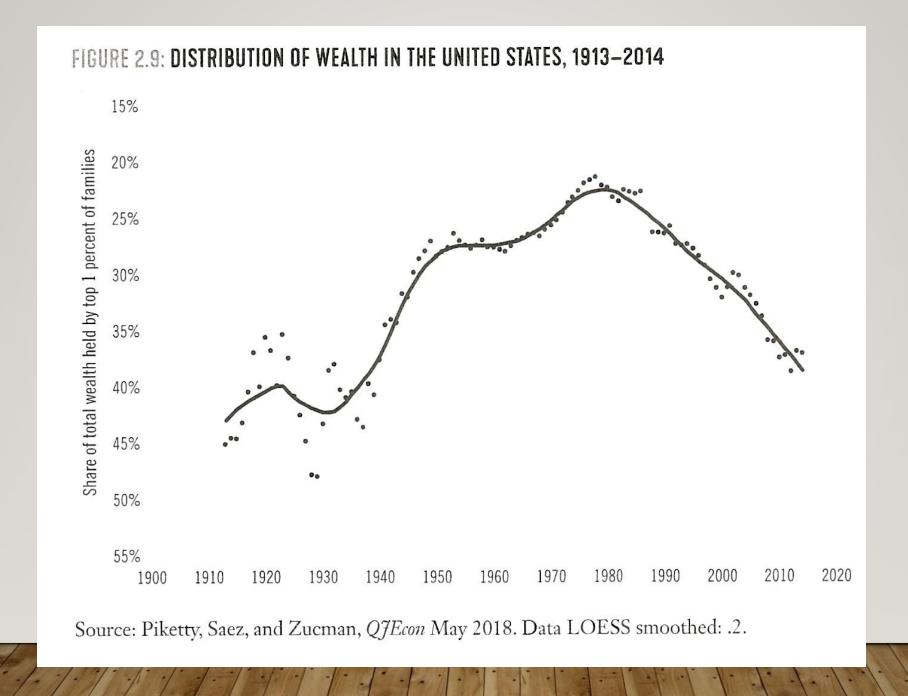
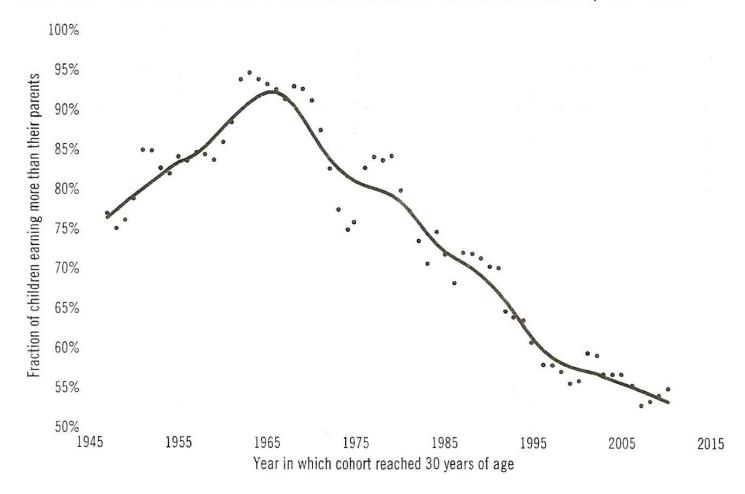


FIGURE 2.10: THE RISE AND FALL OF INTERGENERATIONAL ECONOMIC MOBILITY, 1947-2010



Source: Berman, "The Long Run Evolution of Absolute Intergenerational Mobility," Data LOESS smoothed: .25.

STIGLITZ ON THE DAILY SHOW



EQUALITY OF OPPORTUNITY

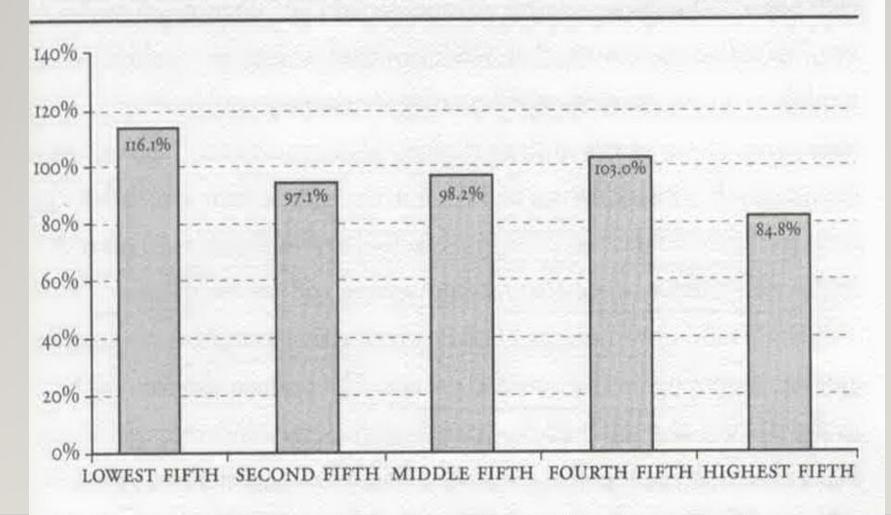
- Most people (even most Republicans) believe that the federal government should attempt to increase the equality of opportunity to get ahead.
- Many people regard the US as "The land of Opportunity"
- But many researchers have reached a conclusion that turns conventional wisdom on its head: Americans enjoy less economic mobility than their peers in Canada and much of Western Europe.
- "It's becoming conventional wisdom that the U.S. does not have as much mobility as most other advanced countries. I don't think you'll find too many people who will argue with that." *
- A project led by Markus Jantti, an economist at a Swedish university, found that 42 percent of American men raised in the bottom fifth of incomes stay there as adults. That shows a level of persistent disadvantage much higher than in Denmark (25 percent) and Britain (30 percent) a country famous for its class constraints.
- Meanwhile, just 8 percent of American men at the bottom rose to the top fifth. That compares with 12 percent of the British and 14 percent of the Danes.
- While liberals often complain that the US has unusually large income gaps, many conservatives have argued that the system is fair because mobility is especially high, too: everyone can climb the ladder.
- Now the evidence suggests that America is not only less equal, but also less mobile

REASONS FOR THE IMBALANCE:*

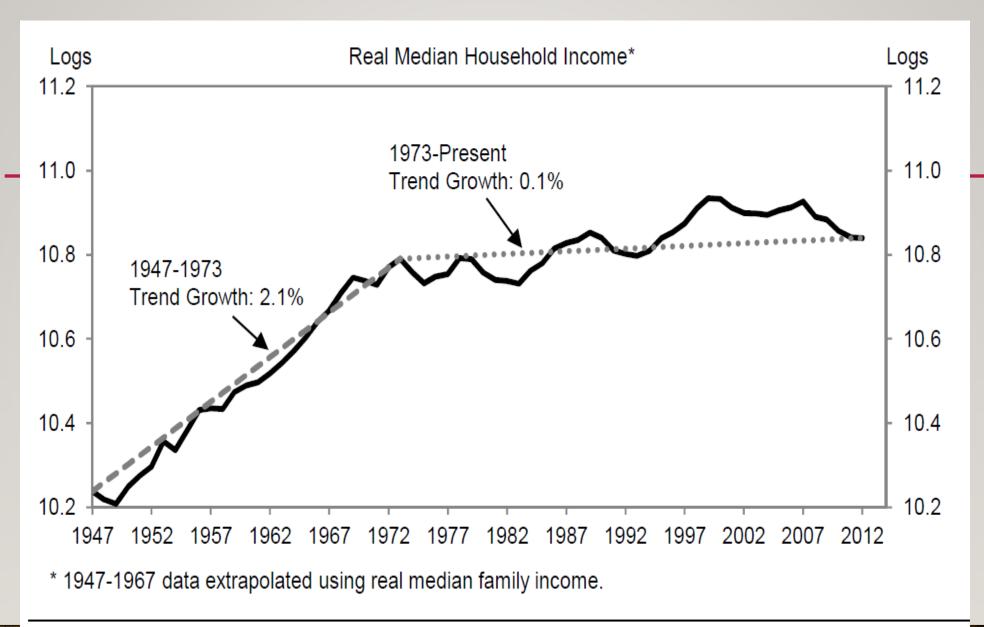
- The failure starts early: in America, the holes in the social safety net mean that both low-income mothers and their children are all too likely to suffer from poor nutrition and receive inadequate health care.
- It continues once children reach school age, where they encounter a system in which the affluent send their kids to good, well-financed public or private schools, while less-advantaged children get a far worse education.
- Once they reach college age, those who come from disadvantaged backgrounds are far less likely to go to college and vastly less likely to go to a top-tier school than those luckier in their parentage.
- At the most selective, "Tier I" schools, 74 percent of the entering class comes from the quarter of households that have the highest "socioeconomic status"; only 3 percent comes from the bottom quarter.
- And if children from our society's lower rungs do manage to make it into a good college, the lack of
 financial support makes them far more likely to drop out than the children of the affluent, even if they have
 as much or more native ability.
- One long-term study by the DoE found that students with high test scores but low-income parents were less likely to complete college than students with low scores but affluent parents.
- **Bottom Line** smart poor kids are less likely than dumb rich kids to get a degree.

FIGURE 1.3

REAL FAMILY INCOME GROWTH BY QUINTILE, 1947-1973



Source: Economic Policy Institute, The State of Working America, 2006/7, Chapter 1, Figure 11, from Bureau of the Census, CPS (all data deflated).



Source: Department of Commerce. Goldman Sachs Global Investment Research.

FEDERAL INCOME TAXES: EARLY HISTORY

- The first modern income tax was introduced in Britain in 1798 to pay for weapons for the war with France. The tax was graduated (progressive) and began at a levy of 2 old pence in the pound (1/120) on incomes over £60 (£5,641 as of 2015).
- The first U.S. Income taxes were levied during the civil war by Congress through passage of the Revenue Act of 1861.
- In 1894, the first U.S. peacetime income tax was passed. The rate was 2% on income over \$4000 (\$109K in 2015 dollars), which meant fewer than 10% of households payed anything. In 1895 the Supreme Court held this tax to be unconstitutional.
- In 1913, the 16th Amendment to the U.S. Constitution made the income tax a permanent fixture in the U.S. tax system.
- Until recent times U.S. Income taxes were quite progressive (the tax rate increased with income).
- In 1932 there were 55 tax brackets which ranged from 4% to 63%. In addition the tax code had few "loopholes."

FEDERAL TAXES, POST WWII

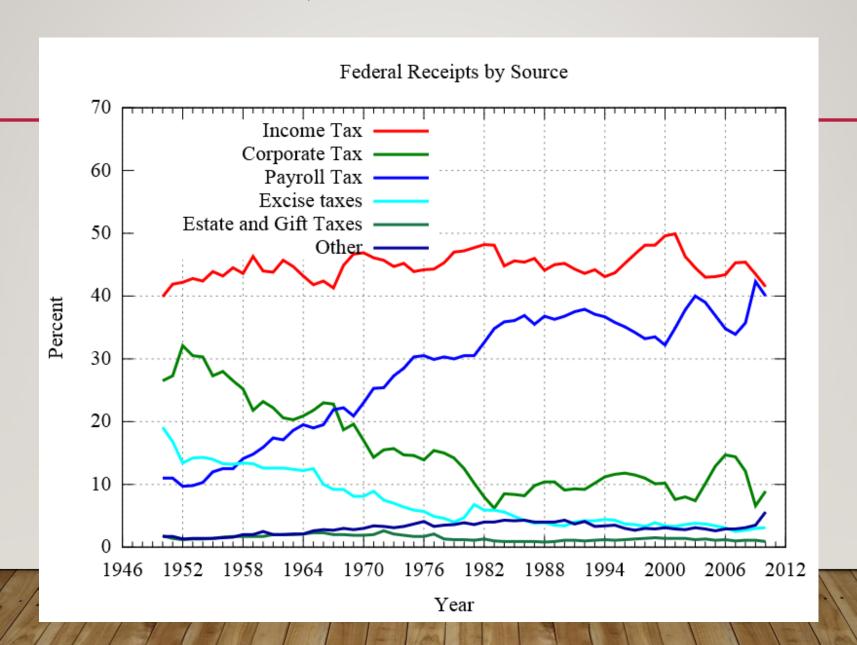
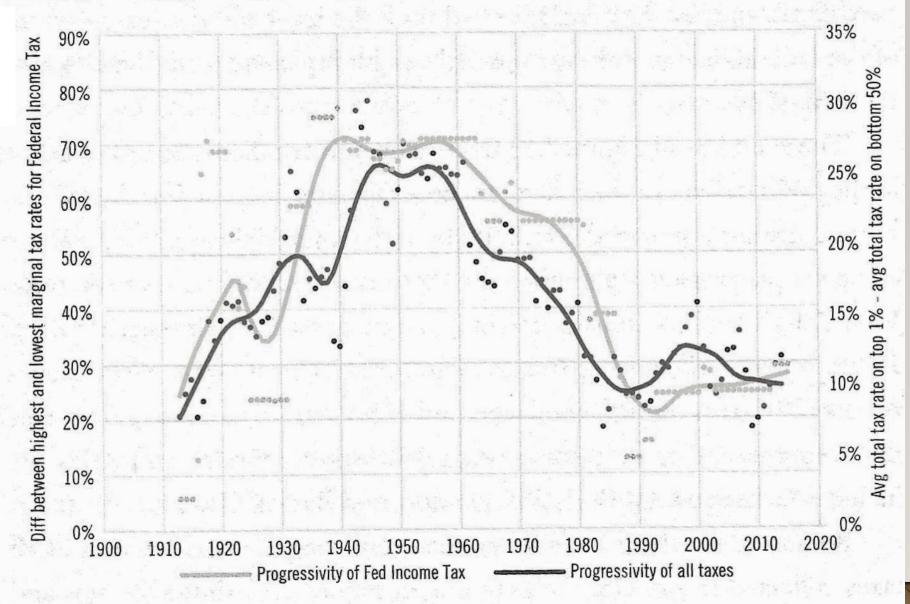
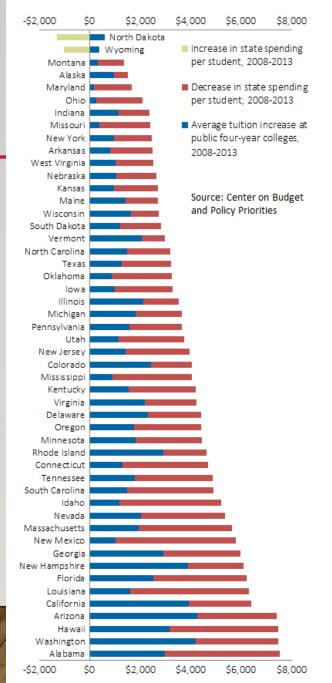


FIGURE 2.13: PROGRESSIVITY OF FEDERAL INCOME TAX AND OF ALL TAXES, 1913-2015

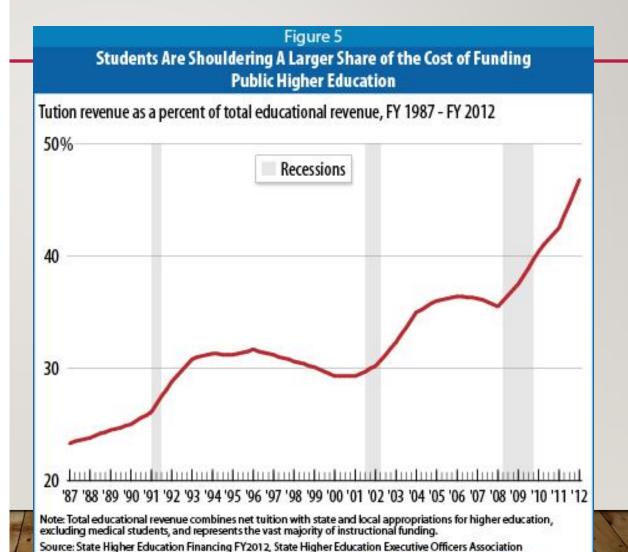
Progressivity of Taxes



Combination of tuition hikes and state funding cuts leave public college students paying the difference

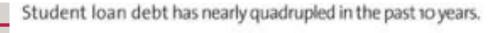


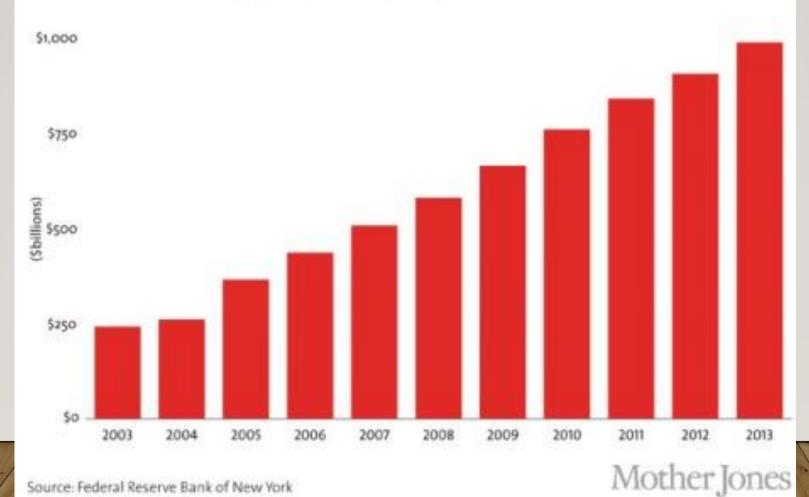
FUNDING FOR HIGHER EDUCATION



Center on Budget and Policy Priorities | cbpp.org

STUDENT LOAN DEBT





Paul Krugman Interview



Krugman Key Points

- Piketty indicates that the future will be dominated by inherited wealth.
- We are shifting towards oligarchy.
- Krugman agrees that we are becoming much like France in the "Belle Epoch" or the U.S. in the "Gilded Age", dominated by the great families.
- We are drifting towards oligarchy.
- The Europeans have adopted a lot of social programs, such as government funded healthcare, that redistribute wealth towards the working class. "Redistribution" has become a dirty word in this country. We have allowed ourselves to become like old Europe.
- We invented real progressive taxation in the early 20th century and it could be done again.

Class 3: Politics from Tribalism to Comity and

Back Again



ELITE POLARIZATION VS. POPULAR POLARIZATION

- Elite polarization refers to polarization in the parties-in-government and party organizations. It occurs when party leaders and key members grow more internally homogenous on policy positions and more divergent relative to members of other parties.
- **Popular polarization** occurs when the electorate's attitudes towards political issues, policies, and people are starkly divided along partisan lines. Members of the electorate and general public typically become less moderate.
 - Media accounts typically simplify popular polarization to a divide between red states and blue states.
 - Political scientists generally agree that such accounts are too simplistic and ignore the complex factors that can account for polarization.

CONGRESS

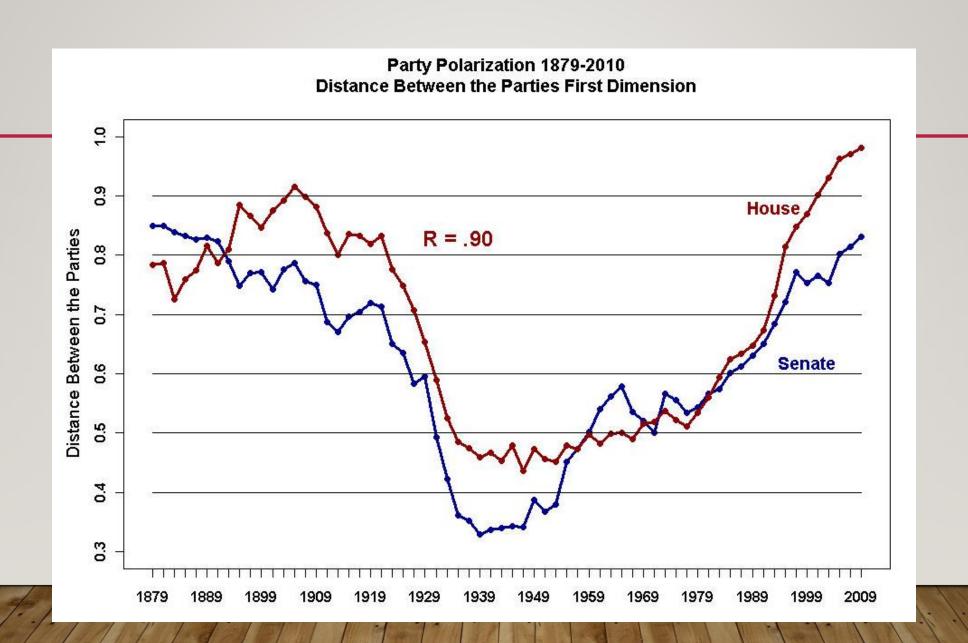
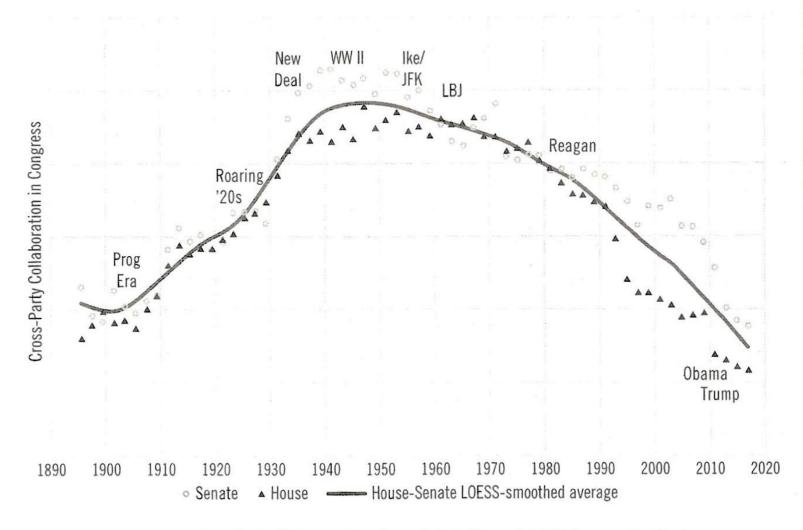


FIGURE 3.1: CROSS-PARTY COLLABORATION IN CONGRESS, 1895–2017



Source: Congressional Roll-Call Votes Database 2019. Data LOESS smoothed: .2.

THE PROGRESSIVE ERA

- The Gilded Age climaxed in the 1890s. The panic of 1893 triggered widespread violent conflict between labor and capital.
- The progressive era from roughly 1900 to the early 1920s was a period of widespread social activism and political reform across the United States.
- The movement primarily targeted political machines and their bosses. By taking down these corrupt representatives in office a further means of direct democracy would be established.
- They also sought regulation of monopolies (Trust Busting) and corporations through antitrust laws.
- Many progressives supported:
 - prohibition of alcoholic beverages, ostensibly to destroy the political power of local bosses based in saloons, but others out of a religious motivation.
 - women's suffrage was promoted to bring a "purer" female vote into the arena.
 - building an Efficiency Movement in every sector that could identify old ways that needed modernizing, and bring to bear scientific, medical and engineering solutions to problems
- The national political leaders included Theodore Roosevelt, Robert M. La Follette, and Charles Evans Hughes on the Republican side, and William Jennings Bryan, Woodrow Wilson and Al Smith on the Democratic side.

Teddy Roosevelt As President

- When Roosevelt became president in 1901 he shifted the Republican Party to a more populist direction by increasing anti-trust prosecutions.
- He became mythologized as the "trust-buster." In reality he was more of a trust regulator.
- He brought 44 antitrust suits, breaking up the Northern Securities Company, the largest railroad monopoly; and regulating Standard Oil.
- Roosevelt thought it was particularly important for the government to supervise railways to avoid corruption. He worked with both parties to pass the Hepburn Act that allowed the ICC to regulate rates.
- Roosevelt initiated plans for building a canal through the isthmus of Panama. A treaty was approved, only to be rejected by the Colombian government. Roosevelt supported a domestic rebellion. A treaty with the new Panama government for construction of the canal was then reached in 1903.
- In his second term, Roosevelt, moved to the left of his Republican Party base. He called for a series of reforms that were mostly not passed. Roosevelt sought an inheritance tax so the great fortunes could not pay out in perpetuity.



Teddy Roosevelt, Active State Liberal

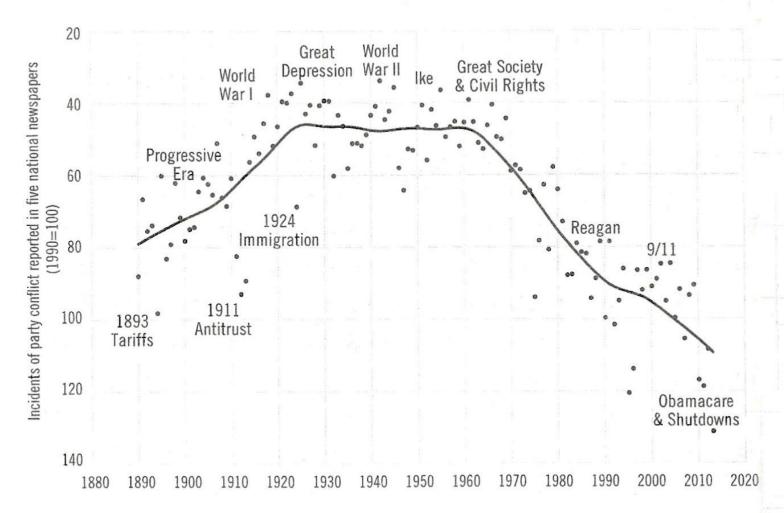
- Political Theories
 - American exceptionalism (a secular "city on a hill")
 - Expanded role of government
- The Three Great American Crisis
 - The founding
 - The civil war
 - Economic polarization
- Capitalism is not sufficient to deal with the problems of the early 20th century.
- The third way: "New Nationalism" allows government to take an active role in serving the average man.
- Government needs to protect property but also to protect human welfare. In a conflict you have to be with the man, not property.
- Create practical equality of opportunity: promoted graduated income taxes and inheritance taxes.
- Worked to protect natural resources
- Advocated the regulation of large corporate monopolies
- Advance the concepts of liberty and equality through "active state liberalism"

Post WWI and FDR

- After WWI the cross party Progressive movement continued to moderate party polarization in Congress, though at a less dramatic pace than in the pre-war time frame.
- The progressive movement did not eliminate polarization, to be sure, but it reflected reformist, egalitarian sentiments in both parties.
- In the 20s, however, the impact of progressivism began to fade. Many Republicans began to distance themselves from progressive ideas. Calvin Coolidge had come into politics as a Progressive, but as president in 1925 he cut taxes and spending. He declared that "the chief business of the American people is business." Herbert Hoover also began his career as a liberal Republican. But as president, with the collapse of the economy in 1929, he became a prisoner of orthodox conservative economic theories.
- Franklin Roosevelt's sweeping victory in 1932 and the subsequent New Deal turned many Republican Progressives into reactionaries. Throughout the 1930s affluent conservative businessmen launched vicious attacks on FDR as a "traitor to his class," to which Roosevelt responded, "I welcome their hatred."
- But after an even bigger rout in 1936 than in 1932, more Republican leaders recognized the need to accept much of the New Deal.



FIGURE 3.4: CROSS-PARTY COMITY VS. CONFLICT AS REPORTED IN THE NATIONAL PRESS, 1890–2013



Source: Azzimonti, "Partisan Conflict and Private Investment." Data LOESS smoothed: .25.

Polarization at the Mass Level: Oprah and The Grand Rapids Focus Group

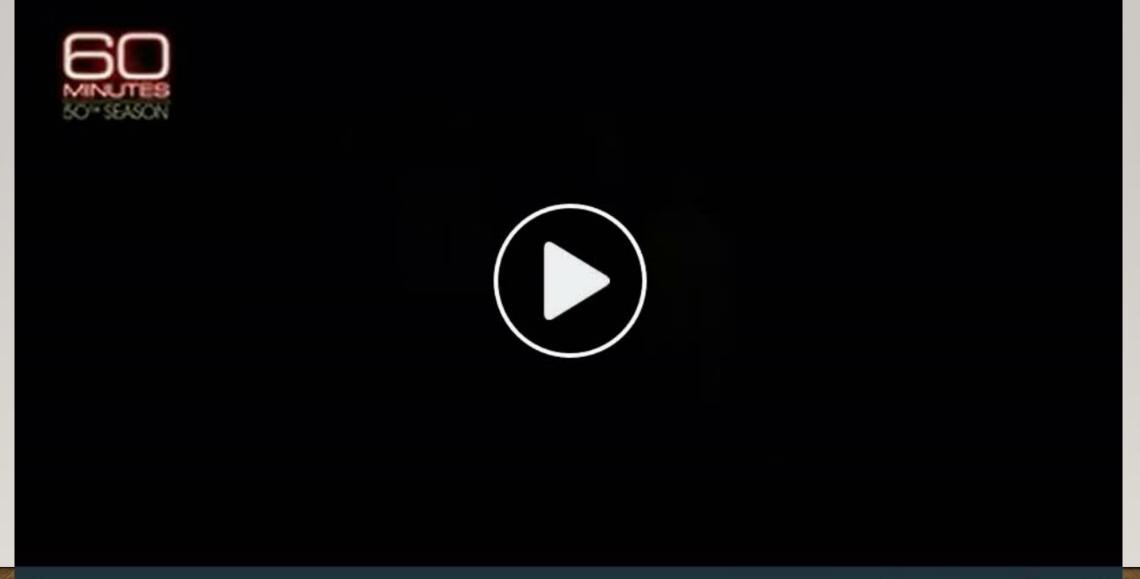


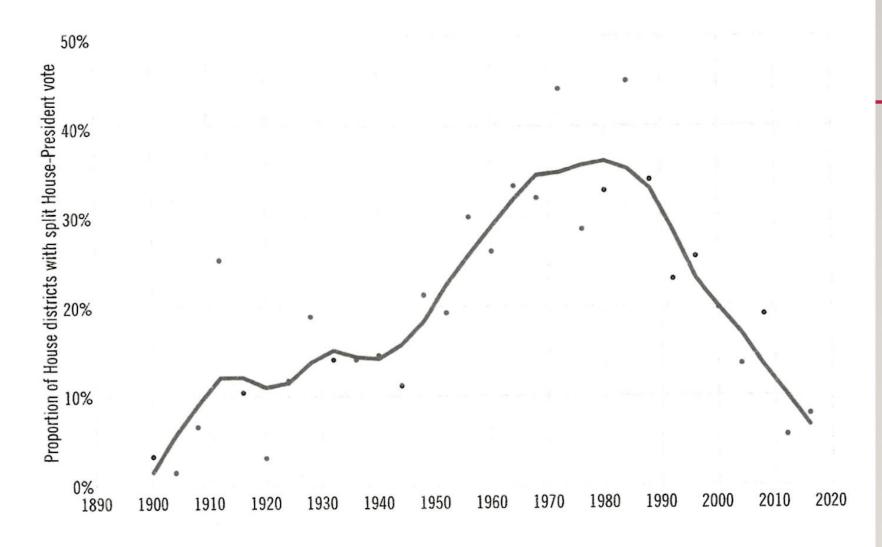






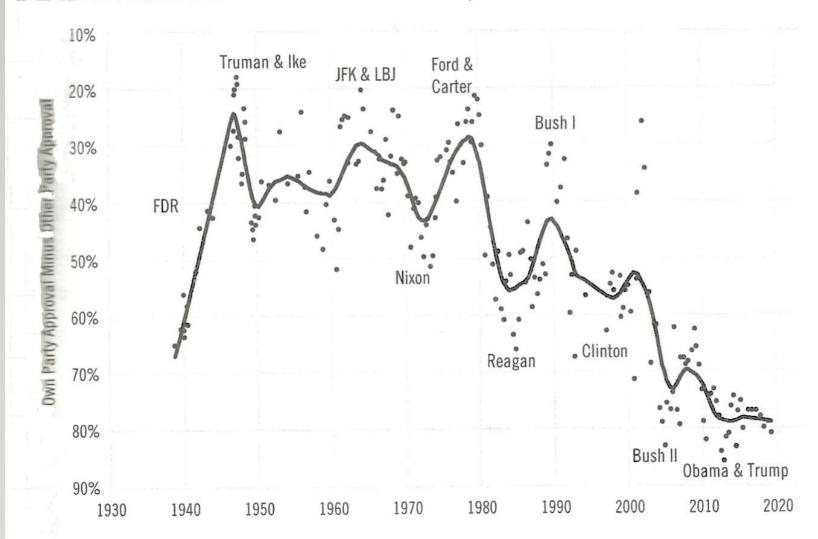


Fig. 3.5, The Rise and Fall of Ticket Splitting

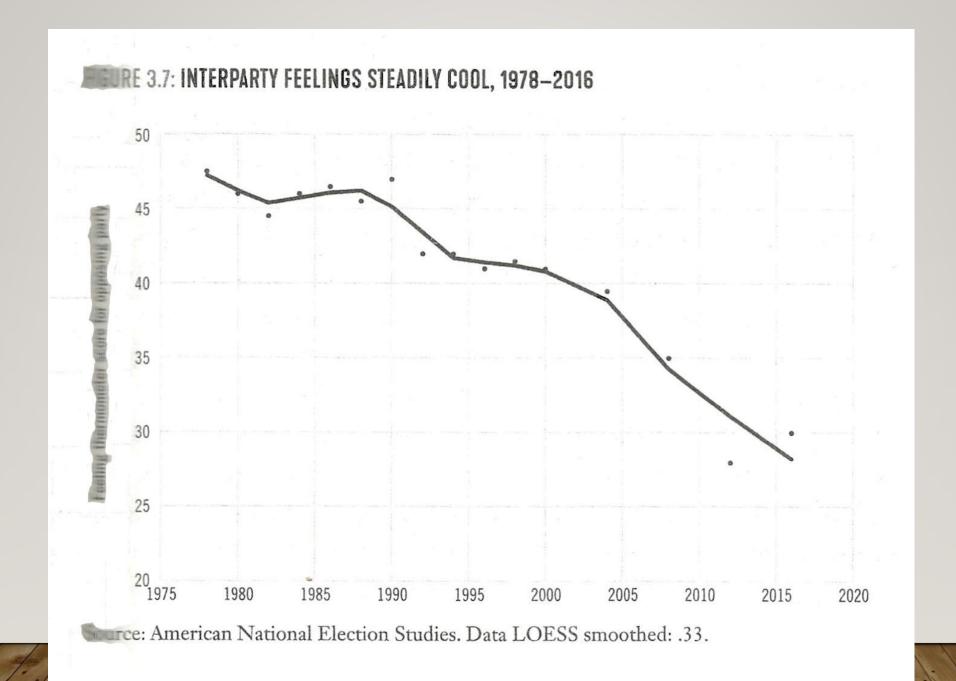


Source: Fiorina, Unstable Majorities, Fig. 7.4. Data LOESS smoothed: .25.

MEURE 3.6: PARTISANSHIP IN PRESIDENTIAL APPROVAL, 1938–2019 (GALLUP POLLS)



Source: Gallup Polls. See endnote 3.62. Data LOESS smoothed: .1.



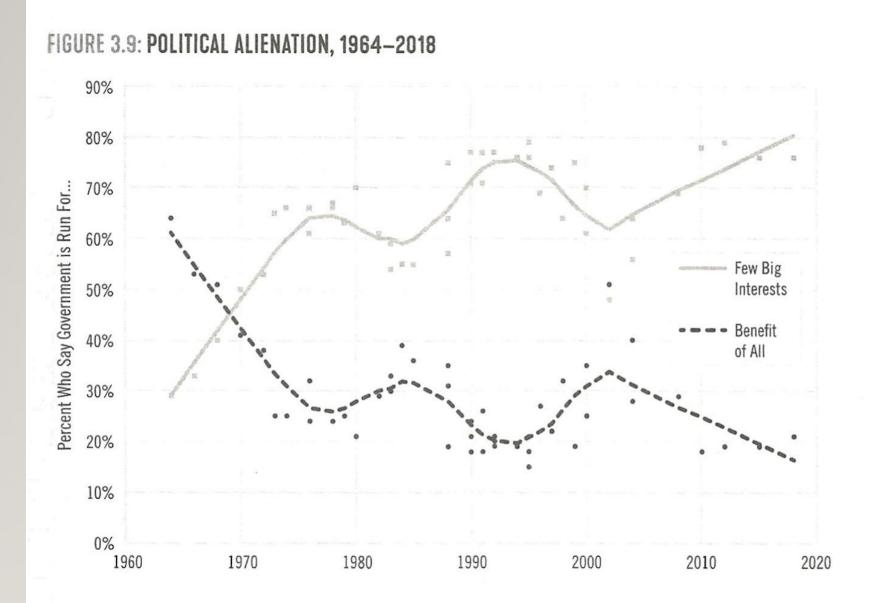
Consequences of Polarization

- As the 20th century progressed, Americans gradually learned to cooperate across party lines to solve shared problems.
- Trust in government peaked in 1964 at around 77% then was undermined by the Vietnam War, the Watergate scandal and the racial troubles of the late 1960s. It now oscillates between 15% and 20%.
- Polarization led to gridlock, preventing government from responding to problems on which most people actually agreed.
- In their book, "How Democracies Die," political scientists Levitsky and Ziblatt expressed their concern:
 - "When societies divide into partisan camps... political rivalry can devolve into partisan hatred. Parties come to view each other not as legitimate rivals, but as dangerous enemies. Losing ceases to be an accepted part of the political process and instead becomes a catastrophe."

FIGURE 3.8: DECLINING TRUST IN GOVERNMENT, 1958-2019



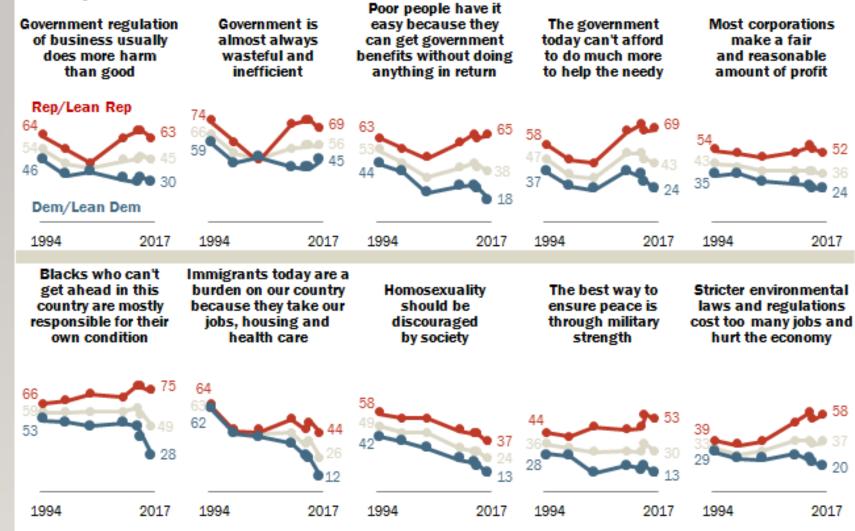
Source: Pew Research Center, "Public Trust," April 2019. Data LOESS smoothed: .12.



Source: Pew Research Center, "Amer. Democracy," April 2018. Data LOESS smoothed: .3.

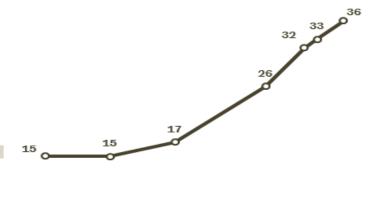
Growing gaps between Republicans and Democrats across domains

% who say ...



Partisan gap in political values continues to grow

Average partisan gap in the share taking a conservative position across 10 political values



		-	
1994	1999	2004	2011 2014 2017

Notes: Indicates gap between the share of Republicans/Republican leaners and the share Democrats/Democratic leaners who take the conservative position across 10 values items that have a traditional "left/right" association.

Source: Survey conducted June 8-18 and June 27-July 9, 2017.

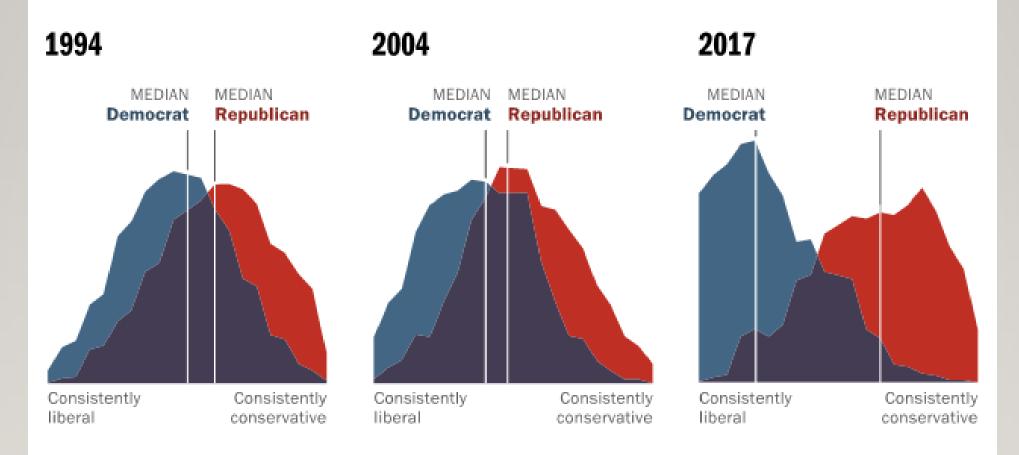
PEW RESEARCH CENTER

PEW RESEARCH CENTER

Source: Survey conducted June 8-18 and June 27-July 9, 2017.

Democrats and Republicans more ideologically divided than in the past

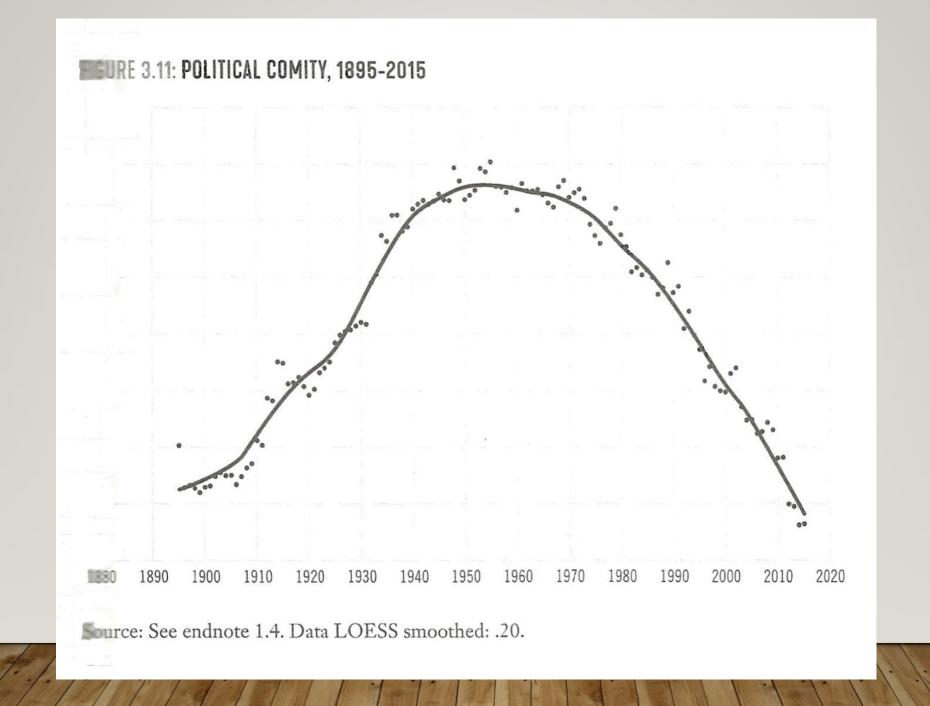
Distribution of Democrats and Republicans on a 10-item scale of political values



Notes: Ideological consistency based on a scale of 10 political values questions (see methodology). The blue area in this chart represents the ideological distribution of Democrats and Democratic-leaning independents; the red area of Republicans and Republican-leaning independents. The overlap of these two distributions is shaded purple.

PEW RESEARCH CENTER

Source: Survey conducted June 8-18, 2017.



JONATHAN RAUCH



- Rauch is an American author and journalist. After graduating from Yale University, Rauch worked at the *Winston-Salem Journal* in North Carolina, for the *National Journal* magazine, and later for *The Economist* magazine.
- He is currently a senior fellow at the Brookings Institution and a contributing editor of *The Atlantic*.
- He is the author of six books and many articles on public policy, culture, and economics. His books include *Government's End: Why Washington Stopped Working* (2000). In 2015, he published *Political Realism*, laying out the idea that overzealous efforts to clean up politics have hampered the ability of political parties and professionals to order politics.

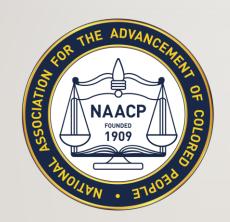
RAUCH ON PBS



Class 4: Society Between Isolation and Solidarity







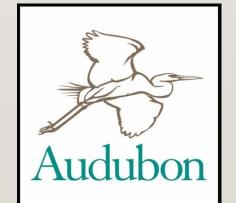
















Putnam on "Bowling Alone"



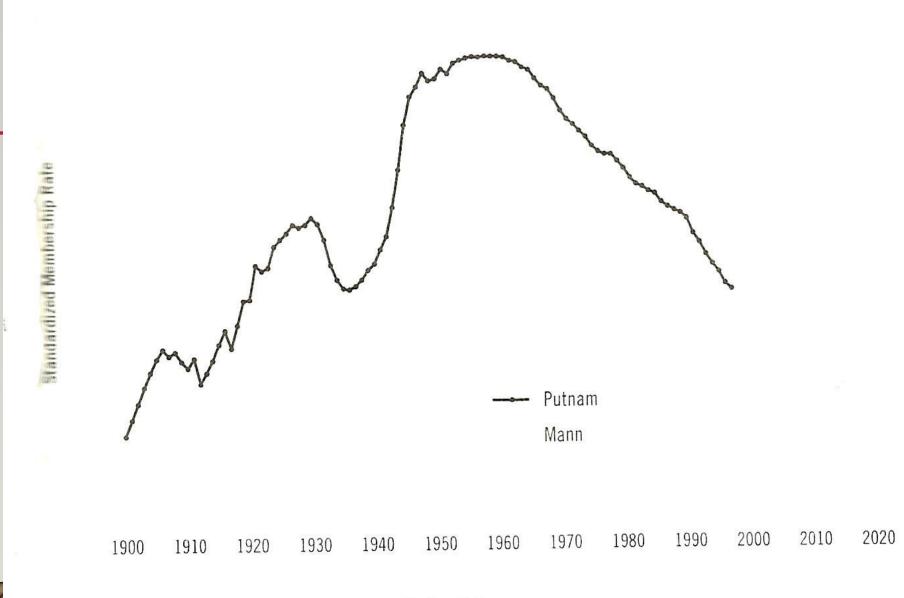
Gilded Age / Progressive Era Struggles Over Individualism

- At the end of the Civil War, America was predominantly a land of small farms, small towns and small businesses.
- By the beginning of the 20th century, America was rapidly becoming a nation of cities, teeming with immigrants toiling in factories.
- "We are unsettled to the very roots of our being," wrote Walter Lippman in 1914. "There isn't a human relation, whether a parent or child, husband and wife, worker and employer that doesn't move in a strange situation..."
- Sociologist Robert Park wrote: "All the forms of communal and cultural activity in which we ... formerly shared have been taken over by professionals and the great mass of men are no longer actors, but spectators."
- But in the late 19th and early 20th centuries a new generation of civic entrepreneurs built a new structure of civic associations.

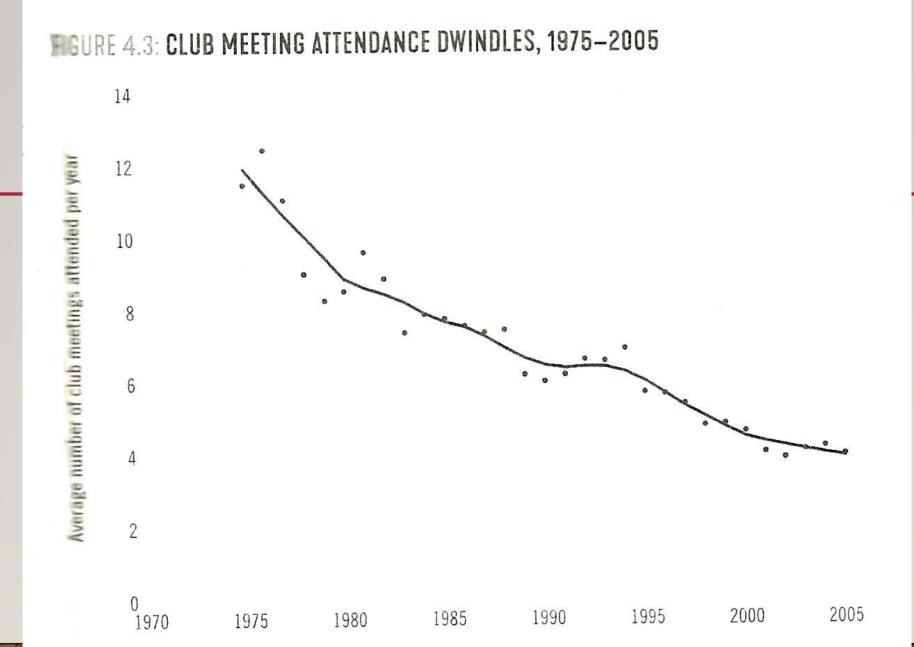
Civic Associations

- Most chapter-based civic institutions of American life at the end of the 20th century were founded in several decades of exceptional social creativity around the beginning of that century.
- These included the Red Cross, the NAACP, the Nights of Columbus, Hadassah, the Boy Scouts, the Rotary Club, the PTA, the Sierra Club, the Gidean Society, the American Bar Association, the Farm Bureau Federation, Big Brothers, the League of Women Voters, the Teamsters Union and the Campfire Girls, just to name a few.
- Civic organizations were largely segregated at the beginning. But many women's groups and black organizations shifted their focus to grass roots mobilization on behalf of social and political reform on issues like temperance, child labor, women's employment, kindergartens and women's suffrage.
- The first Rotary Club was established in Chicago in 1905 by Paul Harris, a young layer. Within 4 years his club had 200 members, and within 6 years Rotary clubs existed in every major city in the country.
- The pattern was documented in Putnam's book, Bowling Alone and in shown in Figure 4.2 which is a composite of the membership rates for 32 diverse national charter-based organizations ranging from B'nai B'rith and the Kinghts of Columbus to the Elks Club and the PTA.

FIGURE 4.2: MEMBERSHIP RATE IN NATIONAL CHAPTER-BASED ASSOCIATIONS, 1900-2016



Source: Putnam, Bowling Alone, 53-55; Taylor Mann.



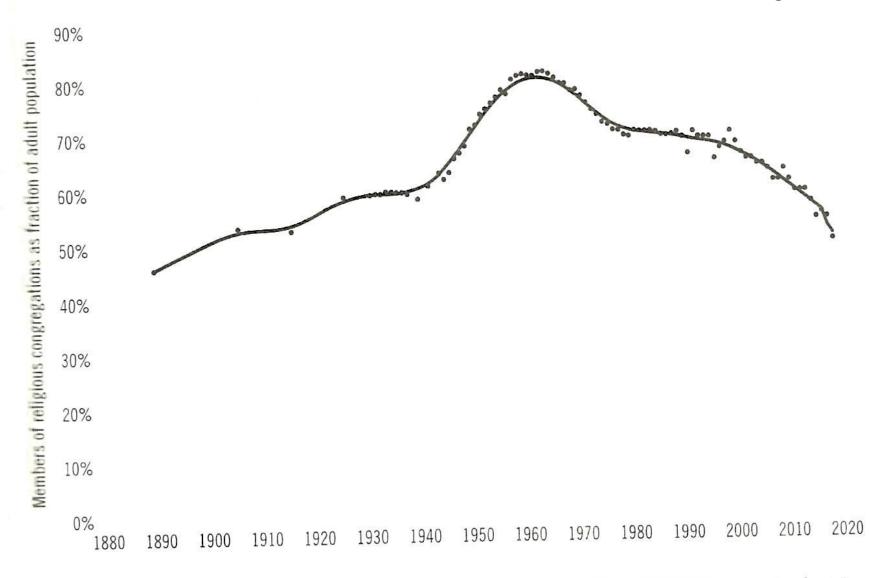
Source: DBB Needham Life Style surveys, updated. Data LOESS smoothed: .33.

Religion

- With the exception of "a few agrarian states such as Ireland and Poland," observed one scholar, "The United States has been the most God-believing and religious-adhering, fundamentalist and religiously traditional country in Christendom."*
- Faith communities in which people worship together are arguably the single most important repository of social capital in America.
- Studies cannot show that churchgoing produces social connectivity probably the causal arrow between the two, points in both directions. But it is clear that religious people are active social capitalists.*
- The anxieties if WWII heightened American religiosity no atheists in foxholes, it was said.
- The onset of the Cold War was proclaimed to be about opposition to "godless communism."
- In 1954 President Eisenhower proclaimed, "Our government makes no sense unless it is founded on a
 deeply felt religious faith and I don't care what it is."





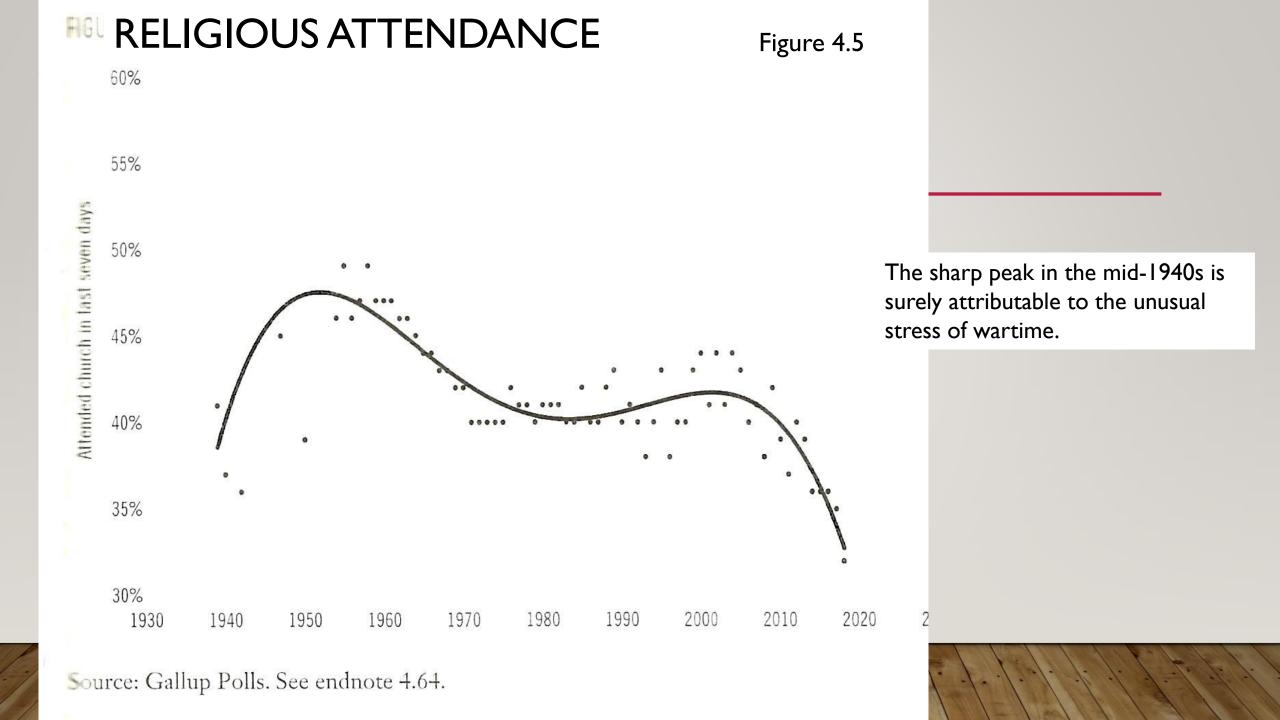


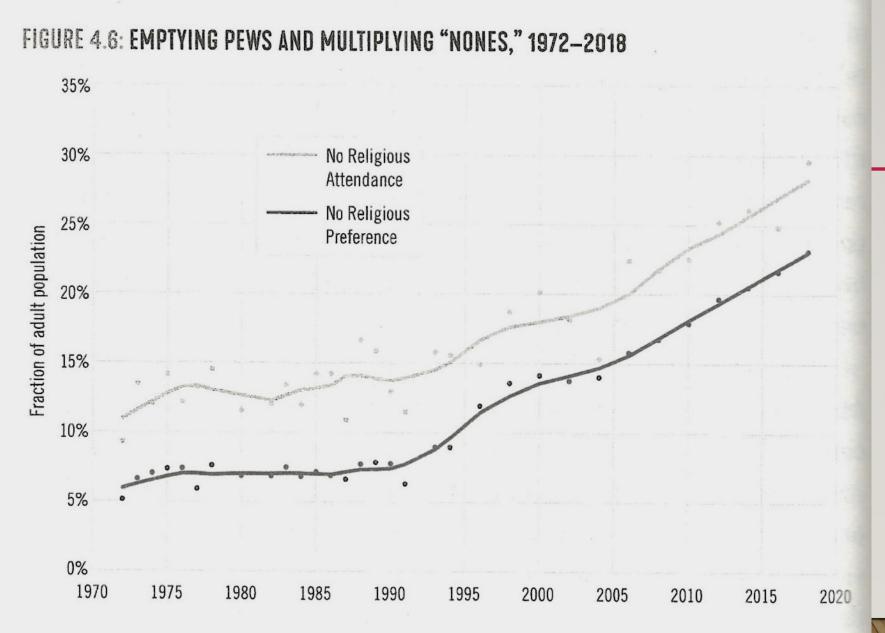
The figure shows how church membership rose steadily from 1890 until about 1960, followed by a long slow slump of close to 30%.

Source: Historical Statistics of the US, Gallup. See endnote 4.60. Data LOESS smoothed: .15.

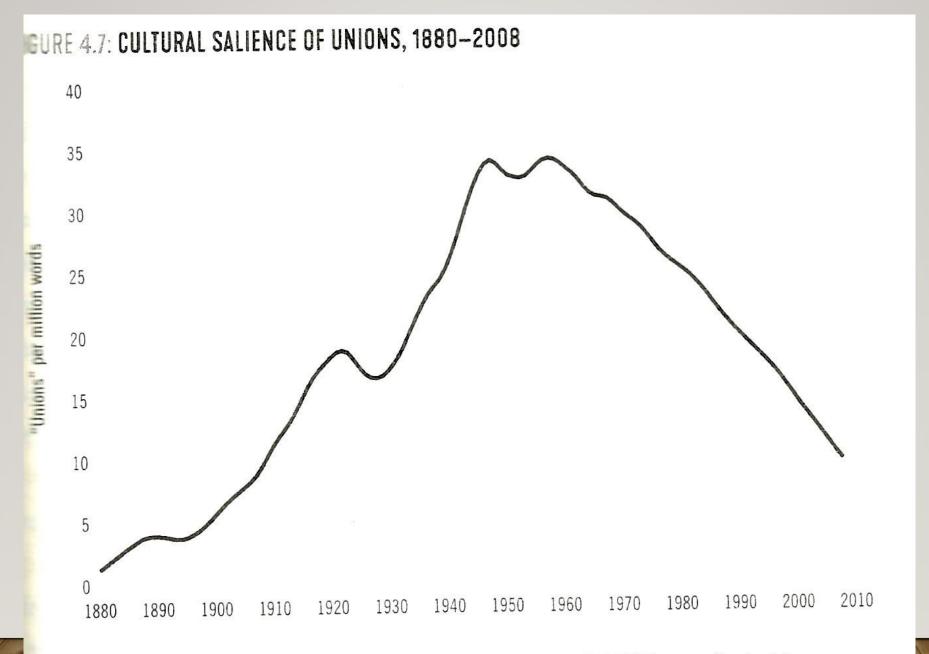
Religion, Continued

- Among those in the WWII generation and their elders there was virtually no decline. Among those aged 18-29 (the Baby Boomers), weekly religious attendance was cut nearly in half (from 51% in 1957 to 28% in 1971).
- The 60s represented a perfect storm for American institutions of all sorts.
- Mainline Protestant churches were especially struck by demoralization. Harvey Cox's book The Secular City (1965) criticized religious institutions as overly bureaucratic, hierarchical and beholden to wealthy donors. He called on readers to pursue "creative disaffiliation."
- Among Catholics, divisions over the liberal reforms of Vatican II, leaving the church was not common but ignoring its precepts was common. Regular attendance at Mass fell so rapidly during the 60s that Catholics alone accounted for much of the total decline in religious attendance.
- The rise of the "nones" in the 1990s was also driven by generational factors.
- Per capita religious giving as a fraction of income fell by 60% over the 50 year period starting in 1968. Giving to the United Way, the largest single charity in America also fell steadily during this period.

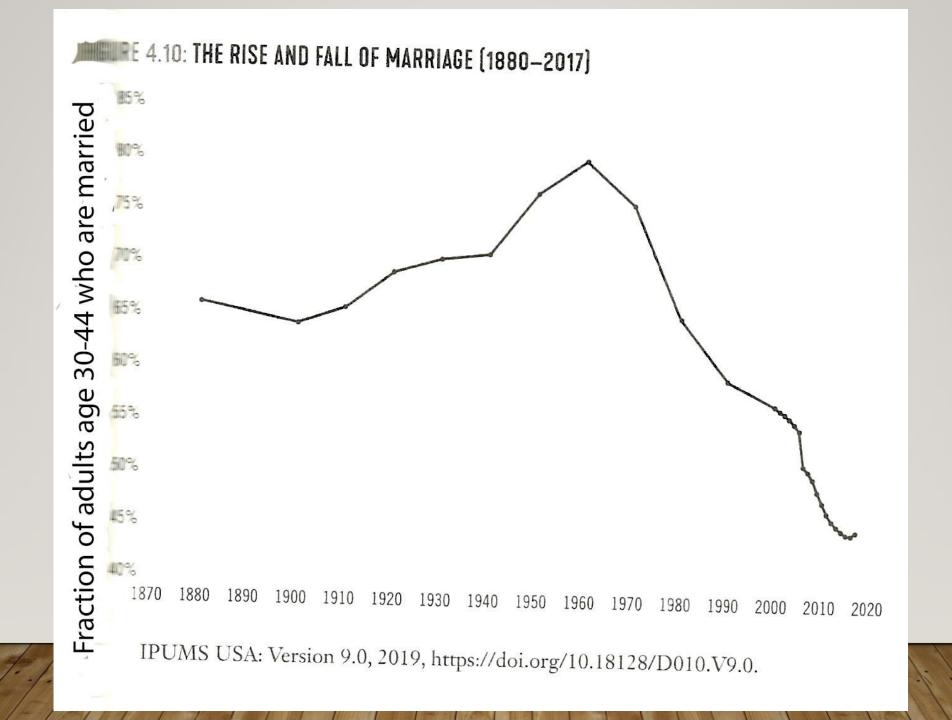




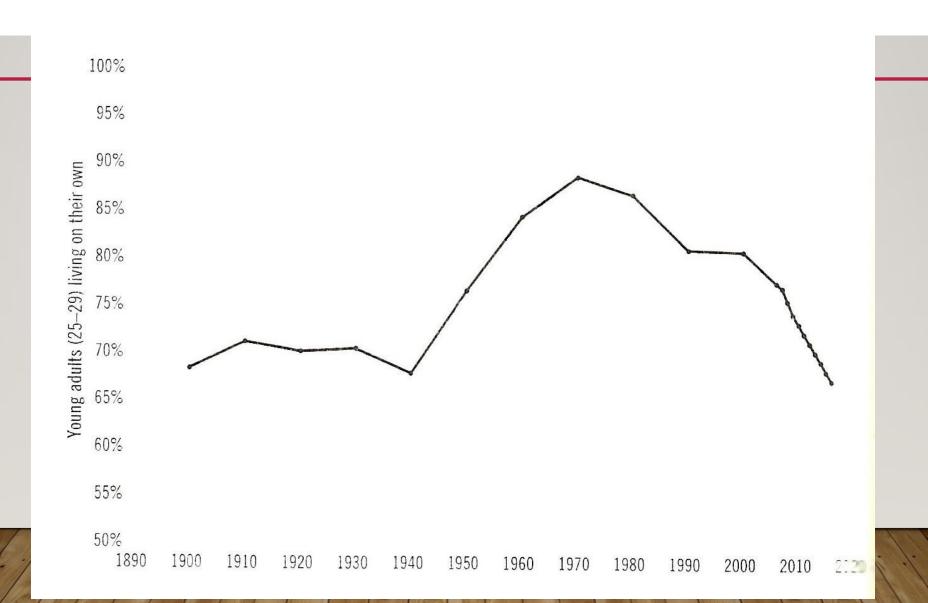
Source: General Social Survey. Data LOESS smoothed: .25.



Source: Ngram. See page 169 below and endnote 5.19. Data LOESS smoothed: .15.



The Rise and Fall of Independent Living, Yong Adults (25-29), 1900-2016



Social Trust

- When de Tocqueville visited the US in the 19th century he was struck by haw Americans resisted temptation to take advantage of each other and instead looked out for their neighbor because we pursued "self interest rightly understood." When such norms prevail, its effectiveness is manifest in generalized social trust.
- Research suggests that trust and "social capital" influence a wide range of significant economic and political phenomena (e.g. economic success).
- Trusting generally declines when partners are of different races or nationalities.
- The best evidence from surveys suggests that social trust rose from the mid-1940s to the mid-1960s and thereafter fell. The 2010s, social trust collapsed to less than half of what it was measured at previously. (roughly 2/3 down to 1/3).

The Decline of Neighboring (from Bowling Alone)

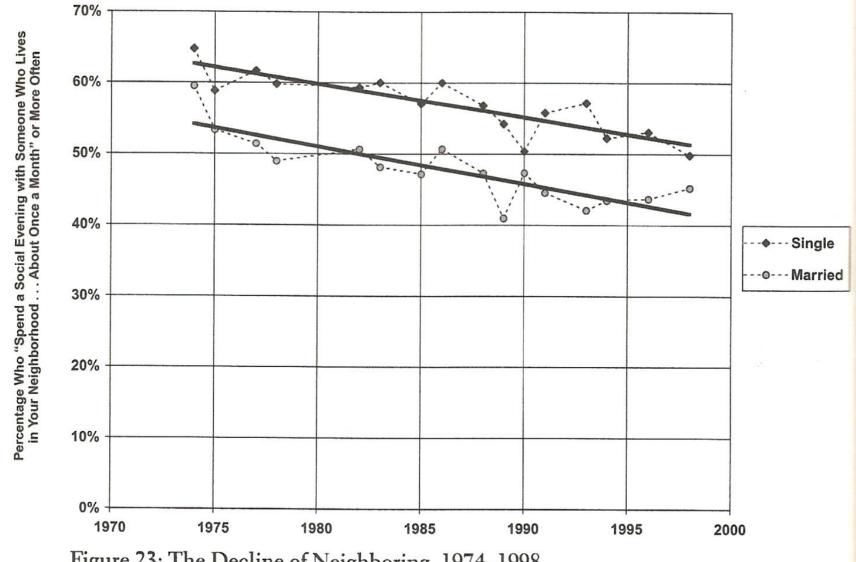
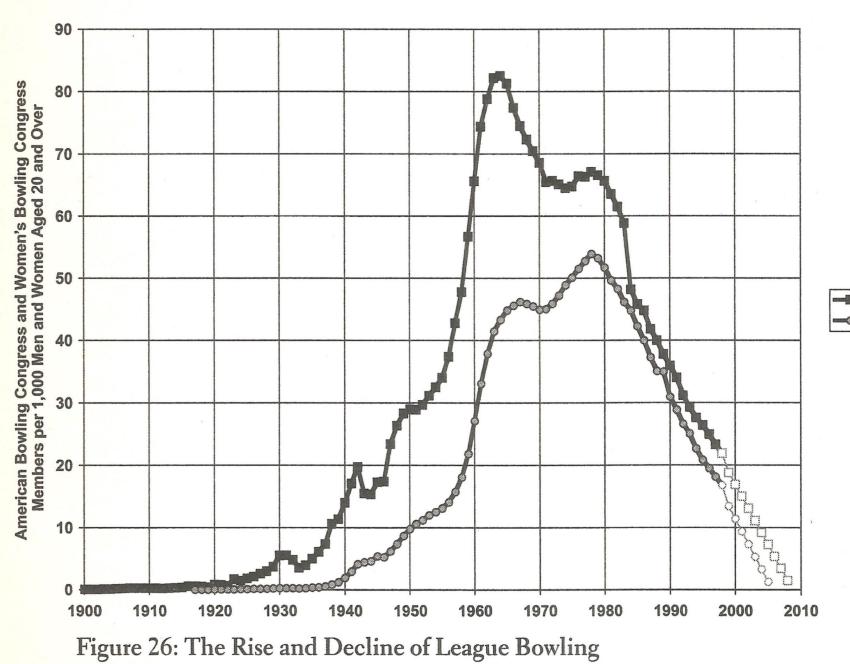
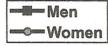


Figure 23: The Decline of Neighboring, 1974–1998

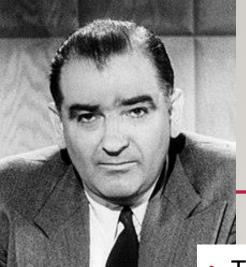


The Rise and Decline of League Bowling



Fanfare for the Common Man: 1920 – 1950

- In the period following WWI the communitarian thrust of American politics and culture seemed to dissipate during the Roaring Twenties. It is more remembered for "flapper" dancing, prohibition, gangsters and stock market gyrations.
- Herbert Hoover published his book American Individualism in 1923. He argued for a paradoxical blend of individualism and communitarianism, insisting that "laissez-faire was irresponsible and that individualism without equal opportunity was repressive." But as president, Hover enacted orthodox conservative economic policy.
- The stock market crash of 1929 dropped the curtain on the Roaring Twenties. Unemployment shot up from 3% to about 25% in 1933. Individualism could hardly solve such a massive collective problem. In politics, the New Deal reanimated the communitarianism of the Progressive Era.
- From the New Deal through World War II and into the postwar period, the exaltation of shared varues social solidarity and the ordinary middle-class way of life intensified.
- The term "American Dream" had first been popularized by James Tuslow Adams in 1931, who explained, "It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and recognized by others for what they are rather than the fortuitous circumstances of their birth."



Rumbles of Dissent in the 50s



Sen. Joseph McCarthy

- The dark side of communitarianism became visible became visible in Senator Joseph McCarthy's attack on "subversives" in the early 1950s. He sought to exclude "deviants" from government service. The Red Scare gradually waned but the concern that a shift towards "conformity" began to spread, especially among intellectuals.
- Cultural rebellion against convention emerged. In literature, the 50s brought Catcher in the Rye by J.D. Salinger and Lord of the Flies by William Golding. In movies the trend inspired Rebel Without a Cause starring James Dean released in 1955.
- Social psychologist Solomon Asch conducted an experiment and discovered people often gave manifestly incorrect answers to questions when they were in the presence of a majority of people who gave those answers. The experiment became an instant classic and was repeated many tines in the 50s and early 60s. But when the replications continued in the 70s and 80s, the size of the "Asch effect" diminished and then disappeared. Asch subsequently agreed that the cultural and social pressures for conformity in the earlier years could have contributed to his findings.

David Brooks

- Brooks is a political and cultural commentator who writes for *The New York Times*.
- He has worked as a film critic for *The Washington Times*, a reporter and later oped editor for *The Wall Street Journal*, a senior editor at *The Weekly Standard* from its inception, a contributing editor at *Newsweek*, and *The Atlantic Monthly*, and a commentator on NPR and the *PBS NewsHour*.
- Brooks graduated from the University of Chicago with a degree in history.
- Ideologically, Brooks has been described as a moderate, a centrist, a conservative, and a moderate conservative. Brooks has described himself as a "moderate."
- He has written several books including:
 - The Social Animal: The Hidden Sources of Love, Character, and Achievement (2011)
 - The Road to Character (2015)
 - The Second Mountain: The Quest for a Moral Life (2019)

Ted Talk: The Lies our culture tells us about what matters, 2019

