

Decline and fall: how American society unravelled

Thirty years ago, the old deal that held US society together started to unwind, with social cohesion sacrificed to greed. Was it an inevitable process – or was it engineered by self-interested elites?

- George Packer
- [The Guardian](#), Wednesday 19 June 2013



Youngstown, Ohio, was once a thriving steel centre. Now, the industry has all gone and the city is full of abandoned homes and businesses. Photograph: Brian Snyder/Reuters

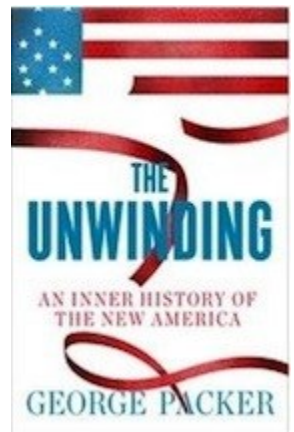
In or around 1978, America's character changed. For almost half a century, the [United States](#) had been a relatively egalitarian, secure, middle-class democracy, with structures in place that supported the aspirations of ordinary people. You might call it the period of the [Roosevelt](#) Republic. Wars, strikes, racial tensions and youth rebellion all roiled national life, but a basic deal among Americans still held, in belief if not always in fact: work hard, follow the rules, educate your children, and you will be rewarded, not just with a decent life and the prospect of a better one for your kids, but with recognition from society, a place at the table.

This unwritten contract came with a series of riders and clauses that left large numbers of Americans – black people and other minorities, women, gay people – out, or only halfway in. But the country had the tools to correct its own flaws, and it used them: healthy democratic institutions such as Congress, courts, churches, schools, news organisations, business-labour partnerships. The civil rights movement of the 1960s was a nonviolent mass uprising led by black southerners, but it drew essential support from all of these institutions, which recognised the moral and legal justice of its claims, or, at the very least, the need for social peace. The Roosevelt Republic had plenty of injustice, but it also had the power of self-correction.

Americans were no less greedy, ignorant, selfish and violent then than they are today, and no more generous, fair-minded and idealistic. But the institutions of American democracy, stronger than the excesses of individuals, were usually able to contain and channel them to more useful ends. Human nature does not change, but social structures can, and they did.

At the time, the late 1970s felt like shapeless, dreary, forgettable years. [Jimmy Carter was in the White House](#), preaching austerity and public-spiritedness, and hardly anyone was listening. The hideous term "stagflation", which combined the normally opposed economic phenomena of stagnation and inflation, perfectly captured the doldrums of that moment. It is only with the hindsight of a full generation that we can see how many things were beginning to shift across the American landscape, sending the country spinning into a new era.

In [Youngstown, Ohio](#), the steel mills that had been the city's foundation for a century closed, one after another, with breathtaking speed, taking 50,000 jobs from a small industrial river valley, leaving nothing to replace them. In Cupertino, California, the Apple Computer Company released the first popular personal computer, [the Apple II](#). Across California, voters passed [Proposition 13](#), launching a tax revolt that began the erosion of public funding for what had been the country's best school system. In Washington, corporations organised themselves into a powerful lobby that spent millions of dollars to defeat the kind of labour and consumer bills they had once accepted as part of the social contract. [Newt Gingrich](#) came to Congress as a conservative Republican with the singular ambition to tear it down and build his own and his party's power on the



rubble. On Wall Street, Salomon Brothers pioneered a new financial product called [mortgage-backed securities](#), and then became the first investment bank to go public.



A steelworker in Youngstown, Ohio, in 1947. Under the old deal, his hard work was to be rewarded. Photograph: Willard R. Culver/National Geographic/Corbis

The large currents of the past generation – deindustrialisation, the flattening of average wages, the financialisation of the economy, income inequality, the growth of information technology, the flood of money into Washington, the rise of the political right – all had their origins in the late 70s. The US became more entrepreneurial and less bureaucratic, more individualistic and less communitarian, more free and less equal, more tolerant and less fair. Banking and technology, concentrated on the coasts, turned into engines of wealth, replacing the world of stuff with the world of bits, but without creating broad prosperity, while the heartland hollowed out.

The institutions that had been the foundation of middle-class democracy, from public schools and secure jobs to flourishing newspapers and functioning legislatures, were set on the course of a long decline. It is a period that I call the Unwinding.

In one view, the Unwinding is just a return to the normal state of American life. By this deterministic analysis, the US has always been a wide-open, free-wheeling country, with a high tolerance for big winners and big losers as the price of equal opportunity in a dynamic society. If the US brand of capitalism has rougher edges than that of other democracies, it is worth the trade-off for growth and mobility. There is nothing unusual about the six surviving heirs to the Walmart fortune [possessing between them the same wealth as the bottom 42% of Americans](#) – that's the country's default setting. Mark Zuckerberg and Bill Gates are the reincarnation of Henry Ford and Andrew Carnegie, [Steven Cohen](#) is another JP Morgan, Jay-Z is Jay Gatsby.

The rules and regulations of the Roosevelt Republic were aberrations brought on by accidents of history – depression, world war, the cold war – that induced Americans to surrender a degree of freedom in exchange for security. There would have been no [Glass-Steagall Act](#), separating commercial from investment banking, without the bank failures of 1933; no great middle-class boom if the [US economy](#) had not been the only one left standing after the second world war; no bargain between business, labour and government without a shared sense of national interest in the face of foreign enemies; no social solidarity without the door to immigrants remaining closed through the middle of the century.

Once American pre-eminence was challenged by international competitors, and the economy hit rough seas in the 70s, and the sense of existential threat from abroad subsided, the deal was off. [Globalisation](#), technology and immigration hurried the Unwinding along, as inexorable as winds and tides. It is sentimental at best, if not ahistorical, to imagine that the social contract could ever have survived – like wanting to hang on to a world of nuclear families and manual typewriters.

This deterministic view is undeniable but incomplete. What it leaves out of the picture is human choice. A fuller explanation of the Unwinding takes into account these large historical influences, but also the way they were exploited by US elites – the leaders of the institutions that have fallen into disrepair. America's postwar responsibilities demanded co-operation between the two parties in Congress, and when the cold war waned, the co-operation was bound to diminish with it. But there was nothing historically determined about the poisonous atmosphere and demonising language that Gingrich and other conservative ideologues spread through US politics. These tactics served their narrow, short-term interests, and when the Gingrich revolution brought Republicans to power in Congress, the tactics were affirmed. Gingrich is now a has-been, but Washington today is as much his city as anyone's.

It was impossible for Youngstown's steel companies to withstand global competition and local disinvestment, but there was nothing inevitable about the aftermath – an unmanaged free-for-all in which unemployed workers were left to fend for themselves, while corporate raiders bought the idle hulks of the mills with debt in the form of junk bonds and stripped out the remaining value. It may have been inevitable that the constraints imposed on US banks by the Glass-Steagall Act of 1933 would start to slip off in the era of global finance. But it was a political choice on the part of Congress and President Bill Clinton [to deregulate Wall Street so thoroughly that nothing stood between the big banks and the destruction of the economy](#).



One of the 99%: an Occupy Wall Street protester in Union Square, New York, in 2011. Photograph: Spencer Platt/Getty Images

Much has been written about the effects of globalisation during the past generation. Much less has been said about the change in social norms that accompanied it. American elites took the vast transformation of the economy as a signal to rewrite the rules that used to govern their behaviour: a senator only resorting to the filibuster on rare occasions; a CEO limiting his salary to only 40 times what his average employees made instead of 800 times; a giant corporation paying its share of taxes [instead of inventing creative ways to pay next to zero](#). There will always be isolated lawbreakers in high places; what destroys morale below is the systematic corner-cutting, the rule-bending, the

self-dealing.

Earlier this year, Al Gore [made \\$100m \(£64m\) in a single month](#) by selling Current TV to al-Jazeera for \$70m and cashing in his shares of Apple stock for \$30m. Never mind that al-Jazeera is owned by the government of Qatar, whose oil exports and views of women and minorities make a mockery of the ideas that Gore propounds in a book or film every other year. Never mind that his Apple stock came with his position on the company's board, a gift to a former presidential contender. Gore used to be a patrician politician whose career seemed inspired by the ideal of public service. Today – [not unlike Tony Blair](#) – he has traded on a life in politics to join the rarefied class of the global super-rich.

It is no wonder that more and more Americans believe the game is rigged. It is no wonder that they buy houses they cannot afford and then walk away from the mortgage when they can no longer pay. Once the social contract is shredded, once the deal is off, only suckers still play by the rules.

[Review of Packer's book.](#)

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The Unwinding: An Inner History of the New America by George Packer – review

George Packer does a fine job of charting US decline. But where's the anger?

- [Sukhdev Sandhu](#)
- [The Observer](#), Saturday 15 June 2013

'History of disassemblage': The US flag fades along with a wall in Calvert, Texas.
Photograph: Jill Stephenson / Alamy



One of the odd things about American news programmes is how little American news they feature. Typhoons and hurricanes, crazies and lone gunmen, Barack Obama staging a press conference, 10 seconds about the Middle East, a famous actor doing something scandalous, back to the weather: all this giddy fragmentation is further punctuated by so many commercial breaks or mentions of what's coming up after those breaks that it can be hard to tell the difference between reportage and retail. America itself – its landscapes, rhythms, textures – is more invoked than evoked. A mere brand or sign. A tool to manufacture a togetherness that doesn't exist.

[George Packer](#)'s new book is about this missing America. Spanning three decades, it's a [history](#) of disassemblage, a chronicle of a nation where the "structures that had been in place before your birth collapse like pillars of salt across the vast visible landscape – the farms of the Carolina Piedmont, the factories of the Mahoning Valley, Florida subdivisions, California schools". It's also a threnody, a lamentation about the silence, at least in political circles, around those collapsing structures: "An old city can lose its industrial foundation and two-thirds of its people, while all its mainstays – churches, government, business, charities, unions – fall like building flats in a strong wind, hardly making a sound."

Packer, a staff writer at the *New Yorker* and author of *The Assassins' Gate*, a 2005 study of the US war in Iraq, is also a novelist. *The Unwinding* is strongly influenced by the USA trilogy (1930-36) of John Dos Passos, a political radical in his early days and a literary modernist, who famously claimed that "Mostly USA is the speech of the people".

Like him, Packer constructs his factual narrative from the stories of a broad range of characters: Madison-raised Dean Price is hauled out of his mixed high school by his racist father, weans himself on self-help books and opens up a slew of truck stops, convenience stores and burger joints before becoming an evangelist for biofuel. He is equal parts dreamer, indomitable entrepreneur, utopian Del Boy.

Then there's Jeff Connaughton, an idealistic lobbyist, White House lawyer and former aide to Joe Biden who recalls in savage detail how his initial admiration for Obama's vice-president turned to disgust, not just because of Biden's foibles (cribbing from a Neil Kinnock speech, mistreating people close to him) but more importantly because of his absolute failure to push through legislation that would have broken up those national banks whose greed and corruption brought America to the brink of economic meltdown. Packer has a great deal of time for these men, and for Tammy Thomas, a black American woman from Ohio who grew up taking care of an alcoholic mother who was in and out of jail for drugs, fraud and robberies. Somehow, in spite of the steel mills in her home town closing down and having to raise her children in a gang-colonised neighbourhood, she becomes a community organiser. Less warmly – though by no means acerbically – portrayed is [Peter Thiel](#), a billionaire venture capitalist and libertarian co-founder of PayPal, who finances projects involving seasteading and reversing human ageing.

Like Dos Passos, Packer interlaces these stories, themselves recounted in small sections, with "newsreels" in which the mood of a particular year – or rather the hysterical sound-and-fury of its public discourse to which his own subsequent stories offer a more considered, infrasonic counterpoint – is jerry-built from newspaper headlines, tweets, television listings and pop lyrics. Also, again like Dos Passos, he includes potted and sometimes vinegary biographies of various American public figures including Jay-Z, Oprah Winfrey, Colin Powell, conservative activist Andrew Breitbart and, a little puzzlingly, the writer Raymond Carver. These can be damning. Of [Newt Gingrich](#), married to Jackie though widely known to be a philanderer, he writes: "He tried to keep it to oral sex so he could claim literal fidelity if anyone asked but within two years the marriage was over, another adoring woman about to become the next Mrs Gingrich, the advocate of civilisation standing at Jackie's hospital bed as she lay recovering from uterine cancer, a yellow legal pad with divorce terms in his hand." Mostly, though, they feel like material worked up from magazine profiles or overambitious efforts to anatomise a nation through its celebrities.

Packer isn't too clear about when "The Unwinding" took place. At one point he asks if it began with the end of the Reagan recession in 1982 and the bubbles – bond, tech, stock, housing markets – that followed. Was it caused by the deindustrialisation of the 1970s? Many of the factories that disappeared for ever were "hot, filthy, body-and soul-crushing" but they offered decent wages and a sense of belonging – to a community, a class, a nation – since extirpated. Or were its seeds planted in the 1950s – a decade of unrivalled middle-class prosperity – with the rise in car ownership and shopping malls, developments that would contribute to the decline of Main Street as both a real and symbolic common space?

Packer sometimes channels and sometimes overlays the voices of his confidants to point the finger at various modern criminals: lobbyists, Wall Street bankers, cynical politicians. But though he talks about how Washington was "captured" and ventriloquises Connaughton's growing disenchantment by talking about how "everything he had learned in law school... was bullshit", he doesn't name names and, like the sonorous and stylistically adept *New Yorker* writer he is, mostly keeps his anger in check.

Yet the subtitle of *The Unwinding – An Inner History of the New America* – brings to mind [JG Ballard](#)'s notion of "inner space". Deploying deliriously anti-humanistic prose, Ballard drew on his fascination with America's dark psycho-interiorities to produce extraordinarily prophetic publications such as [Why I Want To Fuck Ronald Reagan](#) as early as 1968. Equally, *The Unwinding* could have learned from the roiling prose-fire of *Rolling Stone* journalist Matt Taibbi who likened Goldman Sachs to "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money".

Packer's book – so decent, meticulous, concerned – reads like both a shrine to and the embodiment of a form of civics that barely exists in America these days. Is lambent lamentation enough?