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“Recent Developments in Solidarity in the United States”

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Social solidarity is not a term in widespread use in the United States, but there is a continual concern with social cohesion and how it is achieved and in that sense, the question of solidarity is debated and discussed, albeit in a somewhat different vocabulary. Translating that discussion into the terms of this colloquium, one can say that the story of social solidarity in the post-WWII United States divides into two dramatically different periods. The first period, of solidarity, during the first three postwar decades, was characterized by a fairly tight income distribution and a welfare state which consolidated the reforms that grew out of the Great Depression and the New Deal programs of Franklin D. Roosevelt. In the more recent decades, beginning in 1980, the ethos of American society has shifted toward much greater emphasis on individualism, which is in many respects antagonistic to the notion of social solidarity in fact or as a goal of public policy. The period is marked by a reversion in the distribution of income to the kind of inequality characteristic of the beginning of the 20th century, a progressive withdrawal of government from the regulation of the economy, and a marked decline in the protection

offered to union organization and collective bargaining with a corresponding decline in union membership and power. The country has embraced a liberal market ideology. The political discourse, not only on the right but on the left as well, places a heavy emphasis on the competitive market as the template for the organization of social and economic activity. The country has also pushed very hard through international agencies to encourage other nations to pursue market-oriented policies, and we have not been shy about using our considerable power to motivate them to do so. In other areas too, policy has undermined social solidarity. The immigration system, which was changed in the 1960s to remove its racial biases, has operated in the second period to generate a large and growing group of undocumented workers who are effectively excluded from civic life. Many local communities are further marginalizing these people by restrictive and often punitive legislation supplementing the national rules governing the rights and restrictions of foreigners living in the U.S. Estimates vary but the number of undocumented foreign workers in the United States is in the range of 5-7% of the labor force (Passel and Cohn, 2011). In the 1990s, the public assistance system created as part of the social welfare system of the 1930s was completely revamped to eliminate permanent subsidies to the poor and force even single parents with small children to work.

The figures on the distribution of income are particularly striking. In the early postwar decades, income increases were guided by government policy— for almost two thirds of the period there was an explicit income policy. Percentage income increases throughout the distribution were fairly uniform and tracked the changes in labor productivity. In the 1980s, the incomes at the top of the distribution began to diverge— and diverged significantly and almost continuously throughout the next thirty years. The income of the top executives of the 350 biggest U.S. corporations, for example, rose from roughly 25% of median worker earnings in 1980 to 231% (Mishel and Sabadish, 2012). The top earning 1 percent of households gained about 275% after federal taxes and income transfers over a period between 1979 and 2007, compared to a gain of just under 40% for the 60 percent in the middle of America’s income distribution. Households at the bottom of the distribution actually lost ground absolutely (CBO, 2011). The percent of income earned by the top one percent of families rose from under 8% in 1980 to 14%

in 2010; for the top 0.01 it rose from 2% to 8%. The share of the top 1% is roughly comparable today to the share on the eve of the Great Depression (Piketty and Saez, 2012).

But the apparent solidarity of the first postwar period relative to the current one masked considerable social exclusion. The social welfare legislation of the 1930s was created through a compromise within the ruling Democratic party between the progressive Northern urban wing and the conservative rural Southerners who controlled key congressional committees. The compromise excluded *de facto* most black workers and left untouched the white supremacist institutions of the South. Immigration legislation was rigged to favor Europe and exclude non-white races from other parts of the world. It was a male-dominated society with an ethos in which the ideal role of women was as homemakers, and although a growing number of women worked they were confined to a restricted number of jobs categories (e.g., secretary, nurse, school teacher, telephone operator) with less power, lower wages, and lower social status than the jobs open to men. Other groups such as the physically handicapped or gays and lesbians were not recognized at all.

In the most recent period, the country has moved aggressively to admit all of these groups into the mainstream on an equal basis. As a result, if one looks at the distribution of income and social status in terms of these previously disadvantaged and socially stigmatized groups, there has been an enormous social revolution toward a more inclusive society, a revolution on the order of that which occurred in the 1930s with the rise of the welfare state and trade union organization. If one asks the question how do the members of any of the previously excluded groups feel about their economic and social position relative to their parents, the sense of progress is overwhelming. The ratio of median weekly earnings for full-time women workers relative to men rose from 60% in 1980 to 80% in 2009, and women who had been virtually excluded from high status professions such as doctor or lawyer came to equal that of men in terms of the numbers entering professional schools (Drago and Williams, 2010). Immigrants who compare themselves to those whom they left behind in the country of origin have made equivalent gains. The physical landscape has been completely redesigned to accommodate the handicapped. Gays and lesbians, who were barely mentioned in the early post-war

period, except in government witch hunts and dirty jokes, are being granted rights to marriage and military service and protected from job discrimination in many places. Despite the widespread talk of limiting pension payments for the elderly, the Federal old age pension system has not actually been touched, and is rigged to overcompensate for inflation so that an increasing portion of national income would be delivered to the elderly even if the proportion of elderly in the population were constant (although in fact it is increasing). The one group which has not had equally dramatic economic gains is, ironically, the black population whose protests became a model for the mobilization of these other groups. The average income of blacks relative to whites has stagnated in the last thirty years (after the gains in the 1970s). This is the result, however, of a growing divergence between the upper half of the black income distribution, which has actually gained relatively in the period, and the lower half of the black distribution whose relative income has declined. And the election of a black president has fundamentally altered the social status of African Americans and obviously boosted their sense of progress. At the same time, again despite the overall impression of the entrenchment of the welfare state, there have been significant advances as well. The most dramatic of these is “Obamacare”, promising medical coverage to a substantial portion of the previously uninsured, and an earned income tax credit which subsidizes the earnings of low wage workers. While we have basically eliminated outright grants to the poor, we have introduced a system of wage subsidies through the tax system which makes those who actually do work arguably better off than they were before the reforms.

Understanding the Paradox: Liberalism

One way of understanding these developments—and resolving the apparent paradox and the conflicting views of social solidarity and inclusion of the two periods—is in terms of the country’s commitment to an individualistic, liberal ideology. Such an ideology emphasizes the competitive market both for political and for economic reasons. The economic case for the market rests upon its efficiency and secondarily (although the case in theory is less compelling) its contribution to economic growth. The political case rests on the way in which the decentralization of power protects individual liberty. Milton Friedman in what is the classic contemporary American exposition of the case for

liberalism, Capitalism and Freedom (1962), rests his argument for the market solely on the political case, although the body of his scholarly research is focused on economic efficiency. In any case, the special efforts to promote the economic welfare of previously stigmatized and economically disadvantaged groups can be seen as an effort to remove impediments to freedom and equality of opportunity in a market economy, and in this sense are consistent with efforts to remove government impediments to market competition through deregulation. This is in part an ideological explanation, but it is also a tactical political connection: The business sector, particularly high tech industries, have been prominent not only in promoting deregulation and justifying their own very high economic gains but also in promoting the rights of gays, and women (less so of blacks and the handicapped) and of open immigration. At any rate, viewed in this way, it is the earlier postwar decades that need to be explained; the most recent period represents a return to the basic individualistic ethos of American society as consolidated and expressed through classic liberal ideology.

Other Models of Socio-Economic Organization

There is a widespread belief that classic liberalism and the kind of market fundamentalism which accompanies it today is fundamental to the American ethos. This belief is embodied in the academy in the literature on varieties of capitalism, which contrasts the “liberal market economy” of the U.S. with the “coordinated market” model that is said to characterize Germany and Japan. But the characterization of the liberal market as somehow essential to what America is all about is belied by the economy of the early postwar decades in which direct bargaining between unions and management, government wage and price guidelines/controls and internal corporate planning and management directives played at least as great a role in the coordination and direction of the economy as did the market. It was, moreover, a period in which social solidarity played a major role in governing behavior both within the corporate enterprise and in the suburban communities that sprang up after the war. Together these institutions were central, for example, in guiding women back into the subordinate household roles which they had played before the Great Depression. As this suggests, and has already been alluded to above, social solidarity in this period went along with the exclusion of many

social groups and the subordination of others in ways that were only recognized in the subsequent period when these groups became self-aware and politicized. In other words, the literature of the period emphasizes the way in which social solidity essentially meant social conformity, with little tolerance for diversity, dissent or deviance (e.g., Reisman, 1961; Whyte, 1956; and Galbraith, 1958, 1967).

A Second Individualist Model: Civic Republicanism

If the society is capable of generating and sustaining two such different models of social and economic organization, perhaps it is capable of generating others. And indeed at least one other model is suggested by contemporary American historiography: civic republicanism. One of the interests in this model is that it seems to combine an emphasis on individualism comparable to that of liberalism but with a recognition of society closer to that of the early postwar period, but a society at once much more tolerant and more open, demanding less conformity to a single set of norms. In the civic republic model, people realize themselves as individuals in a community of equals who share the same basic material with which to construct their lives. Individualism is expressed by creating a life out of this common material that is recognized by one's peers as unique and distinctive. Politics and economic innovation as well is a process of interaction through discussion and debate in which new understandings are reached and new solutions to the common problems are fashioned. An example of this kind of social structure implied by the republican model is an athletic team in which the members seek to distinguish themselves as individuals but must do so without undermining the cohesiveness of the team. Americans' understanding of themselves in the 19th and early 20th centuries, especially in small towns and on the frontier, appears to fit closely to this model. And it captures the flavor of relationships in many U.S. civic institutions. It also seems to capture the flavor of interaction in parts of the so-called new economy much better than the model of social and economic interactions at arm's length through a market. This is especially true of high tech conglomerations such as those in Silicon Valley in California or, for me much closer to home, in Kendall Square around MIT. But the interactions of industries in New York with a much longer tradition, like finance or fashion, also fit this model.

Together this brief review suggest that it is possible to fashion out of American experience several distinct normative visions, or templates if you will, of how to organize society, with very different implications for social solidarity. We are not doomed, as it has often seemed in recent years, to the values of classical liberalism or the models of the economist's theory of the competitive market. The three models that have been identified, moreover, hardly encompass all of the strands of American social thought and practice. Missing from the repertoire of ideas I have sketched out, for example, is evangelical Christianity which has been very vocal and influential in the last thirty years, although it does not sit easily with classical liberalism. It was this current of thought which was responsible for the multibillion dollar world AIDS program that was launched from the White House in the middle of the otherwise laissez-faire Bush Administration. An ideology of entrepreneurship has also emerged in the midst of the hegemony of market capitalism with surprising tropes about entrepreneurialism as "gift giving" and the moral obligation of the successful entrepreneur to provide venture capital to younger innovators (e.g., George Gilder).

This variety of alternatives raises the question of how the country moves from one dominant ideology to another and how further alternatives might be fashioned. And this question is obviously of special interest to those of us who have been so offended by the liberal ethos which has limited the country's imagination and dominated the public policy debate over the last thirty years.

The major changes in the guiding vision over the last century have been associated with unusually visionary and articulate presidential leadership. The immediate postwar regime with its emphasis on social cohesion (but also exclusion) emerged under Franklin D. Roosevelt and his New Deal in the Great Depression of the 1930s. The liberal regime which replaced it was ushered in 1980 by the election of Ronald Regan, who articulated the vision that has dominated American politics ever since. Both men were able to generate perspectives that gave coherence to developments which might otherwise have remained inchoate, while at the same time ignoring other developments with different implications for social and economic organization, and in so doing pushed them into the backgrounds of the public's consciousness where they lost place and influence over the society's evolution.

For those of us unhappy with the turn toward liberalism and market fundamentalism over the 1980s, the attraction of Barak Obama was that he promised to be one of these pivotal presidential leaders capable of rearranging the pieces of the American experience and rearticulating them in a new vision to guide the evolution of the society and the economy. The speeches from his first electoral campaign, as well as his writings before that, suggested his capacity to do this, and as the first black president, we believed that he would bring a unique perspective to the White House, one that seemed to require a fresh interpretation of the country's identity. The financial crisis of 2008, in the midst of which he came to office, certainly provided an opportunity to redefine the role of government in the economy. It called into question the policies of deregulation and undermined the faith in the market both among the professionals responsible for its management and the public at large. It also seemed to call into question the increasing portion of income going to very top earners which had been justified by their contribution to prosperity.

From this point of view, the President's first term proved to be an enormous disappointment, particularly in the economic realm. He did promote an active government effort to address the crisis, but largely through subsidizing the institutions of the financial sector whose excesses were responsible for the crisis in the first place. In the process, the government acquired direct control of over half of the national economy. But the Administration refused to use this control to address the structural problems which produced the crisis in the first place. It was very reluctant to impose new regulations and it quashed efforts in Congress to impose controls over the salaries of the executives of the institutions that it was managing. Indeed, the only criteria which the administration proposed to judge the success of its intervention was whether the government made a profit when it sold back the assets it had acquired in the crisis on the market to the private sector. The exception to this disappointing picture was the health care program which Obama proposed, and at the cost of enormous political capital managed to obtain passage for in Congress. This program represents the largest, and symbolically the most significant, expansion of the welfare state since the New Deal. But here too the President failed to aggressively promote the health care reform in the public arena or to articulate a vision of the role of government in the economy which the health

care reforms might represent. Polls indicate that the new program is not understood by the general public, and the opposition has used the debate about health care reform which Obama care catalyzed to articulate its own vision of reduced government.

In his second term, at least so far, the President has come closer to articulating an alternative vision. But he has done so particularly in response to the opposition and in publicizing and underscoring the very public role which the government has played in a series of natural disasters. At the same time, the President has been quite vocal and aggressive in expanding rights for two disadvantaged and socially stigmatized groups: undocumented immigrants and homosexuals. What seems to be emerging is thus a vision that is not very different from that which has guided the country in the last thirty years: A largely unregulated market but with a special effort to protect minority rights and to promote social inclusion, and a somewhat expanded role of government in case of extreme market failure (read natural disasters), an expanded social safety net (health care), and—a theme which has yet to be played out—an expanded role for redistribution after the market has played itself out through taxes and transfers. Thus we will hopefully find ourselves at the end of Obama’s second term with a different vision for American society but it will be a marginal change from the one which preceded it and nothing like the radical reconceptualizations of the Roosevelt or the Reagan presidencies.

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