The Real American Exceptionalism

By David Morris, April 18th, 2011

http://defendingthepublicgood.org/ For Republican presidential candidates the phrase American Exceptionalism has taken on almost talismanic qualities. Newt Gingrich’s new book is titled, A Nation Like No Other: Why American Exceptionalism Matters. “American the Exceptional” is the title of a chapter in Sarah Palin’s book America by Heart. And woe be to those who take issue with the phrase. 2008 Presidential candidate Mike Huckabee declares, “To deny American exceptionalism is in essence to deny the heart and soul of this nation.” 2012 Presidential candidate Mitt Romney insists, “The reorientation away from a celebration of American exceptionalism is misguided and bankrupt.”

What is this American exceptionalism Republicans so venerate? After interviewing many Republican leaders, Washington Post Reporter Karen Tumulty concludes it is the belief that America “is inherently superior to the world’s other nations”. It is a widely held belief. Indeed, most Americans believe our superiority is not only inherent but divinely ordained. A survey by the Public Religious Research Institute and the Brookings Institution found that 58 percent of Americans agree with the statement, “God has granted America a special role in human history.” Let me make it clear at the outset. I too believe in American exceptionalism, although I don’t think God has anything to do with it. But I suspect my perspective will find little favor among Republicans in general and Tea Party members in particular. For I believe that America is exceptional in the advantages we’ve had over other nations, not what we’ve done with those advantages.

Indeed, to me there are two American exceptionalisms. One is the exceptionally favorable circumstances the United States found itself in at its founding and over its first 200 years. The second is the exceptional way in which we have squandered those advantages, in the process creating a value system singularly antagonistic to the changes needed when those advantages disappeared.

Americans did not become rich because of our rugged individualism or entrepreneurial drive or technical inventiveness. We were born rich. Ann Richards’ famous description of George Bush Sr. as an individual is equally applicable to the United States as a whole, “He was born on third base and thinks he hit a triple.”

When asked to identify the single most important difference between the Old and New World, renowned historian Henry Steele Commager responded, in the New World your baby survived. The New World had an abundance of cheap land which meant the New World, unlike the Old World, was largely populated by self-reliant property owners. Coupled with a moderate climate and rich soil, immigrants could grow all the food needed for their families, livestock and horses. There was plenty of clean water and sufficient free or low cost wood to build and heat one’s house.

The fact that Americans could choose to live on a farm also gave them significant bargaining power with employers. As a result wages in the New World were much higher than in the Old World.

The United States also benefited enormously from tens of millions of immigrants who, through a Darwinian-like process of natural selection, were among the most driven and entrepreneurial and hardy of their native countries. And on the dark side of the immigration picture, we also benefited immensely from millions of involuntary immigrants who provided an army of unpaid labor for southern plantations.

American exceptionalism must also include our unique advantage in having two oceans separating us from potential enemies. After 1815, no foreign troops ever again set foot on American soil. Indeed, America has benefited mightily from foreign wars. Arguably, the conflict between France and England had more to do with our winning independence than our own military efforts. In the first half of the 19th century, European wars led political leaders to peacefully sell huge quantities of land to the United States for a pittance (e.g. the Louisiana purchase of 1803 doubled the size of our infant nation).

A century later foreign wars again dramatically benefited the United States. “In the twentieth century the American
One consequence of universality is that even while they complain about taxes, Europeans can point to many aspects of
their lives where they directly and personally benefit from taxes (e.g. universal health insurance).

The list of exceptional advantages must also include our vast reserves of fossil fuels and iron ore. For our first 200
years we were self-sufficient in oil. Today we still export coal and are largely self-sufficient in natural gas.

Making a Sow’s Ear out of a Silk Purse: The Culture Born of American Exceptionalism

Americans became the richest people on earth not because we were endowed with inherently superior national traits
nor because we are God’s chosen people, nor because we have an elegant and compact Constitution and a noble
sounding Declaration of Independence. We became rich because we were exceptionally lucky.

But the myth that we became richer than other countries because of our blessedness encouraged us to develop a truly
exceptionalist culture, one that has left us singularly unequipped to prosper when our luck changed, when
inexpensive land and energy proved exhaustible, when the best and the brightest in the world began staying at home
rather than emigrating to our shores, when wars began to burden us and enrich our economic competitors.

The central tenet of that culture is a celebration of the “me” and an aversion to the “we”. When Harris pollsters asked
US citizens aged 18 and older what it means to be an American the answers surprised no one. Nearly 60 percent used
the word freedom. The second most common word was patriotism. Only 4 percent mentioned the word community.

To American exceptionalists freedom means being able to do what you want unencumbered by obligations to your
fellow citizens. It is a definition of freedom the rest of the world finds bewildering. Can it be, they ask, that the
quintessential expression of American freedom is low or no taxes and the right to carry a loaded gun into a bar? To
which a growing number of Americans, if recent elections were any indication, would respond, “You’re damn right it
is.”

Strikingly, Americans are not exceptional in our attitudes toward government. In a survey of 27 countries, two thirds
of the respondents on both sides of the Atlantic answered yes to the following question, “Does the government control
too much of your daily life? Is it usually inefficient and wasteful?”

What makes us exceptional is our response to the next question. “It is the responsibility of the government to reduce
the difference in income”. Less than a third of Americans agreed while in 26 other countries more than two thirds
did.

Citizens in other countries are as critical of their governments as we are. But unlike us they do not criticize the
importance of government itself or the fundamental role it plays in boosting the general welfare. They do not like to
pay taxes, but they understand the necessity of taxes not only in building a public infrastructure but also in building a
personal security infrastructure.

Far more than other peoples, Americans believe that skill and hard work are the keys to success and wealth is a
measure of how hard you work or how skilled you are. Which leads us to believe that people should have the right to
amass as much wealth as they can and view a graduated income tax as a punitive penalty on success and a sturdy
social safety net an invitation to slothfulness, reduced productivity and an overall slowdown in economic growth.

The expression, “The Nanny State” is singularly American. The expression “We’re all in this together”, while
rhetorically still extant in the United States, less and less describes the values that motivate our policies.

In contrast, Europeans believe luck and circumstance are more important than hard work and skill and a sturdy social
safety net is needed to help those who are unlucky. Acting on this principle, they have designed most of their social
benefits to be universal, as have Canada and Japan, unlike here where residents have to prostrate themselves before
bureaucrats to validate their penury before they are grudgingly doled out ever-smaller and temporary amounts of
assistance.

One consequence of universality is that even while they complain about taxes, Europeans can point to many aspects of
their lives where they directly and personally benefit from taxes (e.g. universal health insurance). Americans cannot.

For many Americans even means tested benefits are unwelcome. The term “welfare” is a pejorative a handout given to
undeserving people who will use it in unworthy ways. Ronald Reagan’s lethal phrase “welfare Queen” accurately
captured that mindset.

The new influence of Tea Party conservatives has taken this anti-social attitude a step further best reflected in the
speeches of Representative Paul Ryan, Chairman of the House Budget Committee and made concrete in his recent
budget. Ryan believes that helping the poor represents a “collectivist” philosophy. His heroine is Ayn Rand, the God
of libertarians. He requires his staffers to read Rand’s novel, Atlas Shrugged and calls Rand “the reason I got
involved in public service.”

Jonathan Chait sums up Rand’s moral philosophy, “The core of the Randian worldview, as absorbed by the modern
GOP, is a belief that the natural market distribution of income is inherently moral, and the central struggle of politics
is to free the successful from having the fruits of their superiority redistributed by looters and moochers."

For Ayn Rand charity is not only unwelcome; it is evil.

Do not confuse altruism with kindness, good will or respect for the rights of others...The irreducible primary of altruism, the basic absolute, is self-sacrifice—which means; self-immolation, self-abnegation, self-denial, self-destruction—which means: the self as a standard of evil, the selfless as a standard of the good. Do not hide behind such superficialities as whether you should or should not give a dime to a beggar. That is not the issue. The issue is whether you do or do not have the right to exist without giving him that dime.

That value system is made explicit in Paul Ryan’s much publicized budget which would slash taxes on the rich by almost $3 trillion while cutting spending on the needy by almost that much.

The United States is also exceptional among industrialized nations not only in having by far the world’s most unequal income distribution but in believing that this inequality benefits us all, despite mountains of evidence to the contrary.

The data is crystal clear. Since 1980, the income share of the upper 1 percent of Americans has doubled. The share going to the top 0.1 percent, those earning more than $1.2 million a year, has quadrupled. Meanwhile the average worker’s wages have declined. In 2004 a full-time worker’s wage was 11 percent lower than in 1973, adjusting for inflation, even though productivity had risen 78 percent between 1973 and 2004.

In the last decade, while the top 1 percent of Americans saw their incomes rise, on average, by more than a quarter of a million dollars each, the average income of the bottom 90 percent of all working Americans actually declined.

To Republicans, inequality is unimportant because of another aspect of American exceptionalism, the unparalleled opportunity in the United States for those with ambition and grit to move up the economic ladder. They insist, and most of us firmly believe, that America is still the land of opportunity, that the probability of a rags to riches saga is much higher here than abroad.

But recent data contradicts that fundamental tenet of American exceptionalism. A Brookings Institution report comparing economic mobility in the United States and other countries concludes, "..."Starting at the bottom of the earnings ladder is more of a handicap in the United States than it is in other countries." And more broadly notes, "there is growing evidence of less intergenerational economic mobility in the United States than in many other rich industrialized countries."

Another hobbling fundamental tenet of American exceptionalism is that we have nothing to learn from other countries. Why mess with God’s perfection? Back in the late 1980s I went to producers at Minnesota’s public television station, TPT and proposed a show tentatively entitled, “What We Can Learn From Others”. They wondered what in the world I was smoking.

This sense of uniqueness has most clearly been reflected in our debates on national health care reform. In 1994 both the United States and Taiwan engaged in national debates about how their health care systems might be improved. To come up with the answers, Taiwan’s leaders visited about a dozen other countries to gain insights about the wide variety of existing national health system structures and use these insights to tailor a system adapted to their own needs. US leaders visited no other countries. The debate rarely even mentioned other countries except dismissively and usually inaccurately (e.g. Canadians cannot choose their own doctors). This occurred despite the overwhelming evidence that the US medical system is the most expensive, the least accessible and by many measures, one of the least well-performing of any in the industrialized world.

The 2009 debate over health reform took place as the United States economy collapsed, unemployment soared and foreclosures mushroomed. Yet there was virtually no discussion about the relationship of health care and personal financial adversity. A study by Steffie Woolhandler and colleagues at the Harvard Medical School done in 2007 revealed a remarkable statistic: 62 percent of US bankruptcies were a result of medical expenses. Equally damning, 75 percent of the people with a medically related bankruptcy had health insurance.

How does this woeful statistic compare to other countries? It is impossible to say because in other countries such a statistic would be a sign of gross irresponsibility and perhaps a societal breakdown. On Frontline, Washington Post veteran reporter T.R. Reid examined health systems around the world. In the process he interviewed the President of the Swiss Federation. Switzerland had dramatically changed its own health system in 1994 through a national referendum.

Reid: How many people in Switzerland go bankrupt because of medical bills?

Swiss President Pascal Couchepin: Nobody. It doesn’t happen. It would be a huge scandal if it happens.

Conservatives proudly point to the Declaration of Independence as the foundational source of their guiding principles. “We hold these truths to be self-evident that all men are created equal that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.”

But American exceptionalism has bred a culture and value system that have in turn embraced policies that have made the pursuit of happiness exceedingly difficult.
More and more Americans are desperately trying to hold on. In an astonishing reversal of the first 200 years of American history when we were seen as perhaps the most optimistic of all peoples, we have become one of the most personally insecure.

To make up for the decline in wages, Americans are working longer hours and taking on more debt just to make ends meet. Today Americans are at work 4-10 weeks longer than their counterparts in Europe. Forty million Americans lack health insurance and tens of millions more have health insurance with limited coverage.

As I mentioned at the beginning of this article, at the founding of the American Republic a key difference between the Old World and the New World was that in the New World a baby survived. Today, the numbers paint a different picture. The proportion of infants that survive in the United States is one of the lowest in the industrialized world.

At the founding of the nation, access to low cost land transformed the United States into the first large nation in history populated principally by property owners. Since late 2007, however, there have been more than 7 million foreclosures in the United States and some predict another 2 million in 2011.

America has been and continues to be exceptional. At first we were exceptional because of circumstances that conferred on us enormous advantages over other nations. Today we are exceptional because of our culture, a culture born of our unusually fortunate history and now perhaps the single biggest handicap to our collective survival and prosperity in the less favorable circumstances of the 21st century.

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Charting American Exceptionalism

Sources


2. % of Total Income Received by Richest 0.1%. A B Atkinson, Thomas Piketty and Emmanuel Saez, Top incomes in the long run of history. 2009.http://tinyurl.com/4vje6q7


The New American Exceptionalism

Donald E. Pease

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PRESS UP of Minnesota:
- Video (Nov. 2009): Don Pease on the recent rise of "birthers" and the tea-party movement.
- USA TODAY
- Radio Interview with Open Source's Christopher Lydon
- The Korea Times
- The Statesman

OTHER:
- Pease talks about U.S. identity and the construction of state fantasies on the University of Minnesota Press blog.

Exposes the fantasies that shaped U.S. identity between the end of the cold war and the global war on terror

For a half century following the end of World War II, the seemingly permanent cold war provided the United States with an organizing logic that governed nearly every aspect of American society and culture, giving rise to an unwavering belief in the nation’s exceptionalism in global affairs and world history. After the collapse of the Soviet Union, this cold war paradigm was replaced by a series of new ideological narratives that ultimately resulted in the establishment of another potentially endless war: the global war on terror.

In *The New American Exceptionalism*, pioneering scholar Donald E. Pease traces the evolution of these state fantasies and shows how they have shaped U.S. national identity since the end of the cold war, uncovering the ideological and cultural work required to convince Americans to surrender their civil liberties in exchange for the illusion of security. His argument follows the chronology of the transitions between paradigms from the inauguration of the New World Order under George H. W. Bush to the homeland security state that George W. Bush’s administration installed in the wake of 9/11. Providing clear and convincing arguments about how the concept of American exceptionalism was reformulated and redeployed in this era, Pease examines a wide range of cultural works and political spectacles, including the exorcism of the Vietnam syndrome through victory in the Persian Gulf War and the creation of Islamic extremism as an official state enemy.

At the same time, Pease notes that state fantasies cannot altogether conceal the inconsistencies they mask, showing how such events as the revelations of prisoner abuse at Abu Ghraib and the exposure of government incompetence after Hurricane Katrina opened fissures in the myth of exceptionalism,
allowing Barack Obama to challenge the homeland security paradigm with an alternative state fantasy that privileges fairness, inclusion, and justice.

"At last, a genealogy of the paranoid style of U.S. nationalism that has some real psychological and historical depth. With characteristic brilliance, Donald E. Pease uncovers the dark side of the nation’s soul from Hiroshima to Abu Ghraib—via Vietnam, Waco, and Oklahoma City. The New American Exceptionalism sparkles with original insights."
—Nancy Fraser, The New School for Social Research

"Its scope, theoretical adventurousness and lucidity, radical commitment to ethical acts, and seriousness make The New American Exceptionalism an unusual and stunning work of American cultural and political theory. This is a major book by a major critic on the United States’ state of exception and state fantasies; Donald E. Pease’s text explains how American exceptionalism has shaped and directed the U.S. citizens’ desire for a fully realized national culture. It is a thrilling guide to American Studies and dialectical psychoanalysis from one of the most incisive thinkers of his generation."
—José David Saldívar, University of California, Berkeley

"A passionately argued analysis of how successive governments have constructed specific images to forge the ideas of a unified national culture—despite the fact that American society has gradually fragmented over the last three decades."
—Journal of American Culture

"All in all, the book is a brilliant rhetorical performance."
—Choice

"This “exceptional” work of great scope and brilliant insight marries cultural history with political theory. It is relevant, thought provoking, and even ground-breaking."
—Myrna Katz Frommer and Harvey Frommer, Travel-Watch

Donald E. Pease is Avalon Foundation Professor of the Humanities at Dartmouth College and director of the Futures of American Studies Institute. He is the author of Visionary Compacts: American Renaissance Writings in Cultural Context and the editor of several volumes including, with Amy Kaplan, Cultures of United States Imperialism.

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Responding to Sarah Palin hammering Pres. Obama for allegedly disbelieving in US “exceptionalism,” defined by her as superiority, Purvis applies the concept to US variegated “distinctiveness,” if we are to understand US greatness, and in order to justify our nationalism. But Purvis warns that failure to recognize the nationalism, the national pride, felt by the people of other nations, would be presumptuous and perilous, and he cites China, Vietnam, and Iran. They too believe in their national exceptionalism.

Obviously the term is complex. A recent book on the subject with 353 pages restricts the analysis to the perspective of human rights and international law, entitled *American Exceptionalism and Human Rights*, edited by Michael Ignatieff. The writers focus on U. S. human rights traditions and performance in comparative perspective; that is, “on U. S. projection of power, influence, and moral example overseas.”

This focus necessitates at the beginning distinguishing the types of U.S. exceptionalism. He formulates three: First, US commits itself to international rights humanitarian law conventions and treaties, and then exempts itself from their jurisdiction. Second, the US maintains double standards, judging itself and its friends by more permissive criteria than it does its enemies. Third, the US further denies jurisdiction to human rights law within its own domestic law.

These arrogant practices make the US exceptional in yet another perspective by the ways they undermine our international leadership. Ignatieff summarizes: “No other democratic state engages in all three of these practices to the same extent, and none combines these practices with claims to global leadership in the field of human rights.” Dick

DOUBLE STANDARDS OF US EXCEPTIONALISM

**U.S.-Backed Bloodshed Stains Bahrain’s Arab Spring**

Posted on Apr 12, 2011

By Amy Goodman
Three days after Hosni Mubarak resigned as the long-standing dictator in Egypt, people in the small Gulf state of Bahrain took to the streets, marching to their version of Tahrir, Pearl Square, in the capital city of Manama. Bahrain has been ruled by the same family, the House of Khalifa, since the 1780s—more than 220 years. Bahrainis were not demanding an end to the monarchy, but for more representation in their government.

One month into the uprising, Saudi Arabia sent military and police forces over the 16-mile causeway that connects the Saudi mainland to Bahrain, an island. Since then, the protesters, the press and human-rights organizations have suffered increasingly violent repression.

One courageous young Bahraini pro-democracy activist, Zainab al-Khawaja, has seen the brutality up close. To her horror, she watched her father, Abdulhadi al-Khawaja, a prominent human-rights activist, be beaten and arrested. She described it to me from Manama:

"Security forces attacked my home. They came in without prior warning. They broke down the building door, and they broke down our apartment door, and instantly attacked my father, without giving him a chance to speak and without giving any reason for his assault. They dragged my father down the stairs and started beating him in front of me. They beat him until he was unconscious. The last thing I heard my father say was that he couldn’t breathe. When I tried to intervene, when I tried to tell them, 'Please to stop beating him. He will go with you voluntarily. You don’t need to beat him this way,’ they told me to shut up, basically, and they grabbed me ... and dragged me up the stairs back into the apartment. By the time I had gotten out of the room again, the only trace of my father was his blood on the stairs."

Human Rights Watch has called for the immediate release of al-Khawaja. Zainab’s husband and brother-in-law also have been arrested. Tweeting as “angryarabiya,” she has commenced a water-only fast in protest. She also has written a letter to President Barack Obama: “If anything happens to my father, my husband, my uncle, my brother-in-law, or to me, I hold you just as responsible as the AlKhalifa regime. Your support for this monarchy makes your government a partner in crime. I still have hope that you will realize that freedom and human rights mean as much to a Bahraini person as it does to an American.”

Obama condemned the Gadhafi government in his speech justifying the recent military attacks in Libya, saying: “Innocent people were targeted for killing. Hospitals and ambulances were attacked. Journalists were arrested.” Now that the same things are happening in Bahrain, Obama has little to say.

As with the uprisings in Egypt and Tunisia, the sentiment is nationalist, not religious. The country is 70 percent Shia, ruled by the Sunni minority. Nevertheless, a central rallying cry of the protests has been "Not Shia, Not Sunni: Bahraini." This debunks the argument used by the Bahraini government that the current regime is the best bulwark against increased influence of Iran, a Shia country, in the oil-rich Gulf. Add to that Bahrain’s strategic role: It is where the U.S. Navy’s 5th Fleet is based, tasked with protecting “U.S. interests” like the Strait of Hormuz and the Suez Canal, and supporting the wars in Iraq and Afghanistan. Surely, U.S. interests include supporting democracy over despots.

Nabeel Rajab is the president of the Bahrain Center for Human Rights—the organization formerly run by the recently abducted Abdulhadi al-Khawaja. Rajab is facing a possible military trial for publishing the photograph of a protester who died in custody. Rajab told me: “Hundreds of people
are in jail for practicing their freedom of expression. People are tortured for expressing their freedom of expression. Thousands of people sacked from their jobs. ... And all that, because one day, a month ago, almost half of the Bahraini population came out in the street demanding democracy and respect for human rights.”

Rajab noted that democracy in Bahrain would lead to democracy in neighboring Gulf dictatorships, especially Saudi Arabia, so most regional governments have a stake in crushing the protests. Saudi Arabia is well-positioned for the task, as the recent beneficiary of the largest arms deal in U.S. history. Despite the threats, Rajab was resolute: “As far as I’m breathing, as far as I’m alive, I am going to continue. I believe in change. I believe in democracy. I believe in human rights. I’m willing to give my life. I’m willing to give anything to achieve this goal.”

Denis Moynihan contributed research to this column.

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The Myth of 'American Exceptionalism' Implodes

Until the 1970s, US capitalism shared its spoils with American workers. But since 2008, it has made them pay for its failures

by Richard Wolff

One aspect of "American exceptionalism" was always economic. US workers, so the story went, enjoyed a rising level of real wages that afforded their families a rising standard of living. Ever harder work paid off in rising consumption. The rich got richer faster than the middle and poor, but almost no one got poorer. Nearly all citizens felt "middle class". A profitable US capitalism kept running ahead of labor supply. So, it kept raising wages to attract waves of immigration and to retain employees, across the 19th century until the 1970s.

Then everything changed. Real wages stopped rising, as US capitalists redirected their investments to produce and employ abroad, while replacing millions of workers in the US with computers. The US women's liberation moved millions of US adult women to seek paid employment. US capitalism no longer faced a shortage of labor.

US employers took advantage of the changed situation: they stopped raising wages. When basic labor scarcity became labor excess, not only real wages, but eventually benefits, too, would stop rising. Over the last 30 years, the vast majority of US workers have, in fact, gotten poorer, when you sum up flat real wages, reduced benefits (pensions, medical insurance, etc), reduced public services and raised tax burdens. In economic terms, American "exceptionalism" began to die in the 1970s.

The rich, however, have got much richer since the 1970s, as every measure of US income and wealth inequality attests. The explanation is simple: while workers' average real wages stayed flat, their productivity rose (the goods and services that an average hour's labor provided to employers). More and better machines (including computers), better education, and harder and faster labor effort raised productivity since the 1970s. While workers delivered more and more value to employers, those employers paid workers no more. The employers reaped all the benefits of rising productivity: rising profits, rising salaries and bonuses to managers, rising dividends to shareholders, and rising payments to the professionals who serve employers (lawyers, architects, consultants, etc).

Since the 1970s, most US workers postponed facing up to what capitalism had come to mean for them. They sent more family members to do more hours of paid labor, and they borrowed huge amounts. By exhausting themselves, stressing family life to the breaking point in many households, and by taking on unsustainable levels of debt, the US working class delayed the end of American exceptionalism - until the global crisis hit in 2007. By then, their buying power could no longer grow: rising unemployment kept wages flat, no more hours of work, nor more borrowing, were possible. Reckoning time had arrived. A US capitalism built on expanding mass consumption lost its foundation.

The richest 10-15% - those cashing in on employers' good fortune from no longer-rising wages - helped bring on the crisis by speculating wildly and unsuccessfully in all sorts of new financial instruments (asset-backed securities, credit default swaps, etc). The richest also contributed to the crisis by using their money to shift US politics to the right, rendering government regulation and oversight inadequate to anticipate or moderate the crisis or even to react properly once it hit.

Indeed, the rich have so far been able to use the crisis to widen still further the gulf separating themselves from the rest, to finally bury American exceptionalism. First, they utilized both parties' dependence on their financial support to make sure there would be no mass federal hiring program for
the unemployed (as FDR used between 1934 and 1940). The absence of such a program guaranteed that real wages would not rise and, with job benefits, would likely fall - as they indeed have done. Second, the rich made sure that the prime focus of government response to the crisis would benefit banks, large corporations and the stock markets. These have more or less "recovered".

Third, the current drive for government budget austerity - especially focused on the 50 states and the thousands of municipalities - forces the mass of people to pick up the costs for the government's unjustly imbalanced response to the crisis. The trillions spent to save the banks and selected other corporations (AIG, GM, Fannie Mae, Freddie Mac, etc) were mostly borrowed because the government dared not tax the corporations and the richest citizens to raise the needed rescue funds. Indeed, a good part of what the government borrowed came precisely from those funds left in the hands of corporations and the rich, because they had not been taxed to overcome the crisis. With sharply enlarged debts, all levels of government face the pressure of needing to take too much from current tax revenues to pay interest on debts, leaving too little to sustain public services. So, they demand the people pay more taxes and suffer reduced public services, so that government can reduce its debt burden.

For example, California's new governor proposes to continue for five more years the massive, broad-based tax increases begun during the crisis and also to cut state services for the poor (reduced Medicaid funding) and the middle class (reduced budgets for community colleges, state colleges, and the university system). The governor admits that California's budget faces sky-high interest costs and reduced federal government assistance just when the crisis increases demands for public services. The governor does not admit his fear to tax the state's huge corporate and private individual wealth. So, he announces an "austerity program", as if no alternative existed. Indeed, a major support for austerity comes from the large corporations and wealthiest Californians, who hold the state's bonds and want reassurances that the interest on those bonds will be paid.

California's austerity program parallels similar programs in many other states, in thousands of municipalities, and at the federal level (for example, social security). Together, they reinforce falling real wages, falling benefits, falling government services and rising taxes. In the US, capitalism has stopped "delivering the goods", as it so long boasted. The reality of ever-deeper economic division clashes with expectations built up when wages rose over the century before the 1970s. US capitalism now brings long-term painful decline for its working class, the end of "American exceptionalism" and rising social, cultural and political tensions.

Richard Wolff gives his monthly talk on global capitalism at the Brecht Forum in New York on 18 January; for more information about Professor Wolff's lectures, podcasts and media appearance, visit his website

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