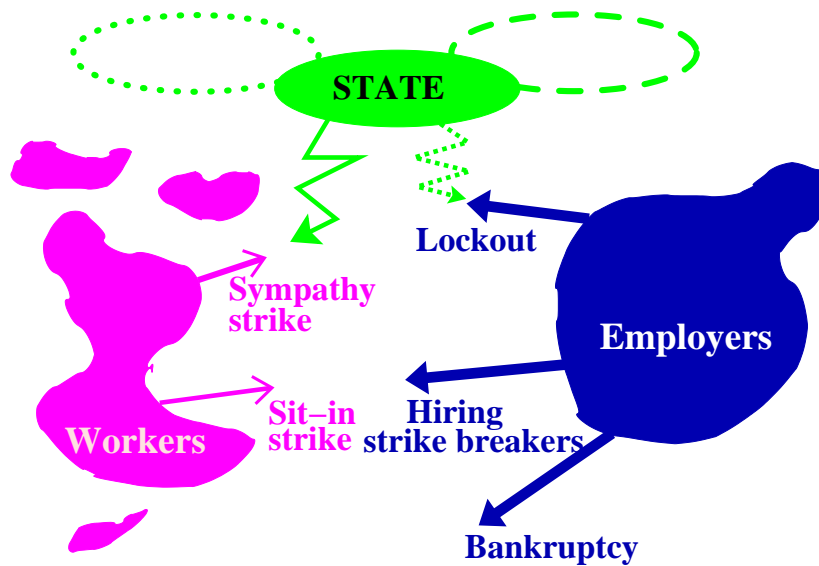


***Was there a phase transition in the
United States around 1975?
Part II: Widening rifts***

Bertrand M. Roehner
Institute for Theoretical and High Energy Physics
University of Paris
roehner@lpthe.jussieu.fr
<http://www.lpthe.jussieu.fr/~roehner>

Contents:

- **Rift between employers and workers: collapse of the unions**
- **Rift between rich and poor: increasing housing segregation**



If employers are authorized to recruit temporary workers during strikes, if they are allowed to use bankruptcy as a weapon of last resort, and so on then, the unions will lose one battle after another and eventually they will also lose their members.

It is the state who sets the rules of this confrontation and by so doing it determines the balance of power between the contenders and how national income will be shared between them.

The following studies provide more details about the present-day conditions of this confrontation in the United States:

- *Norwood (S.H.) 2002: Strike breaking and intimidation. University of North Carolina Press, Chapel Hill (328 p.)*
- *Smith (R.M.) 2003: From blackjacks to briefcases. A history of commercialized strikebreaking and union busting in the United States. Ohio University Press, Athens (Ohio) (179 p.)*

4) The Wagner Act gave broad rights to union. That was in 1935. These rights were already curtailed by the Taft–Hartly Act of 1947.



Federal tax rate for households in top 1% income group, 1948-1990

Year	Median tax rate (all households) %	Tax rate for top 1% %	Ratio top/median
1948	5.3	77	14.0
1955	9.0	85	9.4
1960	12	85	7.1
1965	11	67	6.1
1970	16	69	4.3
1977	20	35	1.8
1980	24	32	1.3
1985	24	25	1.0
1989	24	27	1.1

Notes: The figures in the last column show that in relative terms the weight of the federal tax for the 1% top rich began to decrease immediately after the end of the war. The most abrupt change occurred between 1970 and 1977 when the ratio was divided by 2.4. It would be interesting to have similar data for 1920-1940.

Source: Phillips (Kevin) 2002: Wealth and democracy. A political history of the American rich, p. 96

Signs of segmentation of the American society

1) Development of gated communities

- Difficulties for defining a gated c.: autarcy and exclusiveness are the crucial factors
- Fast development: from a few thousands in 1980 to 7 million in 2001 (Am.Hous.Surv)
There are numerous advertisements on the Internet and many articles in the NYT
- Gated c. provide a way to legalize various forms of segregation and segmentation:
rich/poor, retired/not retired, white/non white, etc...
- "White flight" (more exactly flight from poverty) draws people away from city centers toward exclusive gated c. located in the suburbs
- There are gated c. in many countries: Argentina, Brazil, China, South Africa, etc.
Wikipedia gives the name of gated c. in Beijing: Beijing Riviera (+ Capital Paradise?)

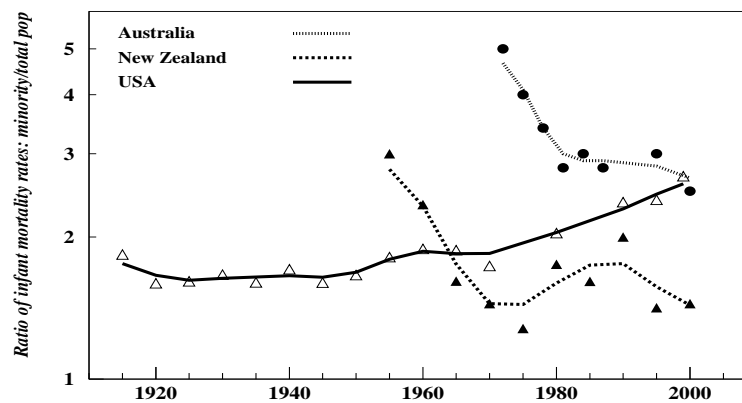
2) The personnel of American Armed forces is living in a world of its own

- Since WWII, special hospitals, special supermarkets, special schools, etc.
- Not only for active duty personnel but also for families and veterans

3) What about the integration of historical minorities?

We use again
the criterion of
infant
mortality rate

Aust: Aborigene
NZ: Maori
US: Afro-Am.



Questions for future research

and some quick, tentative answers for further discussion

- **Are there other countries which experienced a similar phase transition as the United States?**

The UK, Australia or NZ are likely candidates because of obvious similarities in their social organizations and political options (e.g. Thatcherism, Howardism) but this must be confirmed by specific data for each country (1).

- **Why was this transition particularly spectacular in the United States?**

1) Franklin Roosevelt was elected 4 times (1932, 1936, 1940, 1944) but died after the beginning of his fourth term. These 12 years of New Deal policy created a society characterized by a broad and affluent middle-class without parallel in other developed countries. That made the transition to a segmented, oligarchic society more spectacular than elsewhere, for instance in the UK.

2) Another factor sharpened this transition: neoliberalism was not invented by President Reagan; the ideas of free market, anti-unionism, anti-egalitarianism have been dominating the American society since the mid-19th century. The New Deal marked a temporary break. Strongly opposed, it was accepted due to the Great Depression and war economy. After the war, the country returned to its pre-New Deal creed.

- **Which countries are likely to experience such a transition in next decades?**

In countries such as Brazil or India which have not been particularly egalitarian in recent centuries such a transition would be hardly visible.

It would be much more visible in more egalitarian countries such as the Scandinavian countries or Germany.

(1) In 2005, the population in prison in England and Wales was 0.14% of total population as compared with almost 1% in the United States. In this respect it should be recalled that the operation of American prisons has been largely privatized in recent years.

References

Brown (S.) 2004: [Myths of free trade. Why American trade policy has failed.](#) New Press, New York.

[This study shows how through the lowering of custom duties and trade agreements (e.g. NAFTA, Free Trade Act of the Americans, WTO agreements) the neoliberal model of development was imposed worldwide.]

Newfield (C.) 2008: [Unmaking the public university. The forty-year assault on the middle-class.](#) Harvard University Press, Cambridge (Massachusetts).

[the author emphasizes the decline of public research universities (as opposed to four year universities in which little research is conducted) due to a drastic contraction of public funding. What makes this step important is the fact that public universities were institutions where children of both workers and managers were being united into a unified majority; that made them a cornerstone of social integration.]

Norwood (S.H.) 2002: [Strike breaking and intimidation.](#) University of North Carolina Press, Chapell Hill.

Phillips (K.) 2002: [Wealth and democracy. A political history of the American rich.](#) Broadway Books, New York.

Rodnesky (S.) 2004: [Conning the rich. The great American fraud.](#) BMES Press, Pembroke Pines (Florida).

[“To con” means to trick in order to make money. in the title “rich” refers to the upper middle class; the author argues that it was taken in by the class of the super rich, i.e. the group of the top 1% in terms of income and wealth.]

Smith (R.M.) 2003: [From blackjacks to briefcases, A history of commercialized strikebreaking and unionbusting in the United States.](#) Ohio University Press, Athens (Ohio).

Schulman (B.J.), Zelizer (J.E.) editors 2008: [Righward bound. Making America conservative in the 1970s.](#) Harvard University Press, Cambridge (Massachusetts).

[The papers in this book illustrate the change in trend that occurred in US political culture. Most of the contributions are qualitative rather than quantitative.]