No common good?

by Gary Dorrien in the April 19, 2011 issue



The common good is taking a beating. Economic inequality, to cite only the most important measure of social health, has accelerated dramatically in the U.S. since the early 1980s. One percent of the U.S. population holds between 34 and 39 percent of the nation's wealth; the top 5 percent hold between 66 and 72 percent of the wealth; and the bottom 50 percent hold 2 percent of the wealth. The share of America's income held by the top 1 percent of the population has more than doubled since 1980, while the bottom 90 percent has, since 1975, coped with flat wages and mounting debt.

How could a nation possessing a strong tradition of middle-class democracy allow the middle class to be eviscerated? How could a democratic electorate support policies that turned American society into a pyramid, devised lift-the-drawbridge municipal arrangements, decimated public schools and, until recently, been willing to leave 40 million Americans without health insurance? Faced with corporate flight to low-tax and cheap-labor markets, why would Americans support tax incentives for corporations to ship their jobs overseas? These questions have been asked before. They were asked poignantly in 1985 by sociologist Robert Bellah and his colleagues Richard Madsen, William M. Sullivan, Ann Swidler and Steven M. Tipton in the best-selling book *Habits of the Heart: Individualism and Commitment in American Life.* In the wake of Ronald Reagan's massive electoral victory in 1980 over Walter Mondale, a symbol of New Deal liberalism, the Bellah group challenged Reagan's campaign slogan that it was "morning in America."

The Bellah group countered that America was wracked with terrible problems of economic injustice and moral cynicism. In the past, they argued, the ravages of American individualism had been mitigated by the influence of biblical religion and civic republicanism. These moral traditions taught an ethic of community stewardship and provided a litmus test for assessing a society's moral health. The test was: how does society deal with those who are less well off? Scripture condemns inequality and oppression, taking the side of the poor against the principalities and powers that exploit them. Republican theory from Aristotle to the American founders assumed that a free society could survive only if there is an approximate equality of opportunity and condition among citizens.

The Bellah group acknowledged that these moral convictions had always been contested in the U.S., but they argued that these convictions were being erased. American youth no longer knew or cared about the biblical sources of the American experiment or the social gospel dream of a cooperative commonwealth. A new and largely unchurched generation voted for Reagan and cheered his broadsides against liberalism, unions, the welfare state, the feminist and peace movements and the mainline churches. The dominant trend in American life, according to the Bellah group, was toward an atomized society that reduced all moral and social issues to the language of possessive or expressive individualism.

Habits of the Heart struck a cultural nerve. The book's portrait of an increasingly rootless and narcissistic American middle class was heralded as a telling critique of the loss of community in American life. In the academy the book fueled an upsurge of communitarian social theory, which began with Michael Sandel's landmark critique of the liberal ideology of the "unencumbered self," *Liberalism and the Limits of Justice* (1982). Communitarians criticized the egocentrism of America's dominant culture, contending that American conservatism and liberalism were overly preoccupied with individual rights and individual success. Both of America's dominant political traditions eroded the connections between individuals and their

families, communities and nations. Both traditions rationalized the assaults of global capitalism on communities, mediating institutions and the environment. Communitarians resurrected John Dewey's understanding of democracy as a "great community" of shared values and his conception of politics as the project of continually re-creating the public. The more progressive versions of communitarian theory followed the Bellah group in stressing the wealth and poverty test of a society's moral health.

Habits of the Heart had its flaws. It focused on the condition of professionally oriented, middle-class, mostly white Americans. The book lauded Martin Luther King Jr. as an exemplar of the U.S.'s best moral traditions, but it offered no account of the African-American culture that produced him. It took a liberal feminist perspective for granted without discussing feminism or the implications of its argument for feminism. It could be read as a nostalgic lament for a lost Christian America, though the authors disavowed that reading. The book seemed strangely removed from important debates of the time over racial, cultural and sexual politics. These drawbacks made the book ripe for hijacking by conservatives who wanted to ignore its animating concern with social justice.

Nevertheless, *Habits of the Heart* portrayed the eclipse of moral community in ways that went far beyond its focus on upwardly mobile white professionals. The Bellah group stressed that many Americans no longer took ethical instruction from character-shaping communities of any kind. Asked to explain their moral values, Americans increasingly fell back on the ethos of the sovereign consumer. The religious and republican moral languages of America's past were being displaced by an individualistic pursuit of success or emotional satisfaction that placed highly tenuous selves at the center of a meaningless world.

The ethic of individual rights and individual success provided the primary operative frame of moral reference even for those Americans who identified with a religious, cultural or political community. For the Christian right, American capitalism folded seamlessly into the Christian gospel. Mainline churches, on the other hand, struggling to stay in business, took the therapeutic option, providing undemanding communities of care for religious consumers and preaching an innocuous gospel that threatened nobody.

Habits of the Heart called for a renewal of morally generative communities of memory that cared about social justice. It warned that the erosion of America's

religious and democratic traditions had seriously weakened the force of the biblicalrepublican ethic. Many Americans claimed to believe that poverty could be alleviated by private charity. This belief was closely tied to the dominant American dream of becoming a "star," a dream assiduously promoted by commercial culture.

The Bellah group contrasted two kinds of American dreams, both deeply rooted in U.S. history. In the dominant dream, the individual attains enough success so as to stand apart from others. In the other dream, the individual lives in a society that is "really worth living in."

A good society subordinates private interest to the common good, the Bellah group argued. It reduces the punishments of failure and the rewards of success. It resists the relentless capitalist drive to turn labor and nature into commodities. It expands opportunities for socially useful work and promotes economic democracy by expanding areas for cooperation and community development. It recognizes that commercial society is at war with the natural ecology and its social ecology. *Habits of the Heart* called for a "new social ecology" that strengthened the social ties that bind human beings to each other.

Bellah and colleagues came close to saying, 26 years ago, what must be said today—that American democracy and the world's ecology are being routed by the unsustainable demands of corporate capitalism. The Earth's ecosystem cannot sustain an American-level lifestyle. There are limits to economic growth. Global warming is melting the Arctic ice cap at a shocking pace, as well as large areas of permafrost in Alaska, Canada and Siberia, and destroying wetlands and forests around the world. We have to find alternatives to a system that constantly demands more freedom for itself to pile up more wealth for the few while treating the destructive aspects of its activity as somebody else's problem.

The Bellah group did not foresee 20 years of unleashed greed in the financial sector. It did not foresee the abolition of the Glass-Steagall Act, which had separated commercial banks and investment firms, nor Wall Street's soaring traffic in derivatives. Yet it saw the problem clearly enough to write a sequel, *The Good Society* (1991), that stressed the necessity of creating structural alternatives to corporate capitalism. *The Good Society* made a programmatic argument for expanding the cooperative sector, reducing the anxiety and cynicism of economic life, building a movement for economic democracy and helping people to be secure enough to make commitments to each other and pursue activities that are good in themselves.

The Bellah group insisted that its social vision passed Reinhold Niebuhr's tests for realism. They appealed to Niebuhr's passion for justice, his commitment to democracy, his emphasis on the limits of politics and his commitment to re-creating the public. They portrayed Niebuhr's work as an important corrective to Dewey's idealistic liberalism, suggesting that Niebuhr was right about the inevitability of violence and collective egotism. The Bellah group accepted Niebuhr's thesis that politics is about the struggle of competing interests for self-promoting power. Movements based on ethical concern for the common good or religiously inspired good will do not change structures of power. In the social arena, power can be challenged only by power.

The Bellah group absorbed these lessons deeply enough to understand that simply returning to a pre-Niebuhrian progressivism would not do. The social gospelers mistakenly thought that a cooperative commonwealth was literally achievable, partly because they refused to accept that group egotism is inevitable. Any worthwhile social ethic had to absorb Niebuhr's point that every social gain creates the possibility of new forms of social evil.

But the Bellah group did not relinquish the idea of a good society. The common good emerges from discussion and struggle; it is never settled definitively, but some idea of it is necessary to provide a vision of what is worth struggling for and to test the boundaries of possibility. In the dominant version of the American dream, the Bellah group observed, there is no such thing as a good society or the common good. There is only the sum of individual goods. "But in our complex, interdependent world, the sum of individual goods, organized only under the tyranny of the market, often produces a common bad that eventually erodes our personal satisfactions as well."

We have accumulated a staggering "common bad" since these words were written. The celebrants of neoliberal globalization derided political attempts to channel economic forces. They were far too credulous about the self-correcting capacities of the market, which supposedly made it unnecessary to regulate banks and investment firms. They disregarded the huge imbalance between economies relying on debt-financed consumption and those promoting saving and production. Above all, they wrongly supposed that the ever-widening chasm between productivity and wages could be bridged with more and more borrowing. Contrary to the argument of best-selling books on this topic, the U.S. did not ensure its prosperity by relinquishing its manufacturing base and donning what Thomas Friedman called the "golden straitjacket" of neoliberal orthodoxy. From the late 1940s to 1975, productivity and wages both soared in the U.S., creating a middleclass society. But wages flattened after 1975 while productivity kept soaring. The rich got fantastically richer in the 1980s and 1990s while everyone else fell behind and took on debt to keep from drowning. During this period nearly every manufacturing-oriented country outperformed the U.S. in income growth and did so with more equitable distributions of income.

Then the global integration of two radically different models of growth—debtfinanced consumption and production-oriented export and saving—created a wildly unstable world economy featuring asset bubbles and huge trade imbalances. In the U.S., credit-card debt increased sevenfold (adjusted for inflation) from 1975 to 2008, and outstanding household debt exploded from 47 percent of the gross domestic product in 1975 to 100 percent in 2005.

First the U.S. hollowed out its industrial base that paid decent wages, providing incentives to firms to manufacture things elsewhere. Then Wall Street fell in love with credit-default contracts. In 1998 this sector of the financial world had a total value of \$144 billion. By 2008 that figure was at \$62 trillion—and at the heart of the financial crash. At the same time, the U.S. rang up enormous trade deficits that left it dependent on China, Japan, Germany and Saudi Arabia to finance its debt. The nations that supported the deficits bought up U.S. companies and factories. Then the entire economy cratered after the debt reached its outer limit in the U.S. housing market, the mortgage bubble burst and world credit markets froze.

All of this was fueled by policies that favored the financial industry and real estate over manufacturing, local communities and equality and by legislation that gutted the progressive tax system. In the 1980s the U.S. cut the marginal tax rate for individuals from 70 percent to 28 percent and cut the top rate on capital gains from 49 percent to 20 percent. These measures fueled a surge in inequality. By the end of the decade, the top fifth of the population earned more than half the nation's income and held more than three-quarters of its wealth while the bottom fifth received barely 4 percent of its income.

The Clinton administration restored some balance, boosting the marginal rate to 39.6 percent, after which the Bush administration got it reduced to 35 percent and

lowered the rate on capital gains to 15 percent.

A progressive system would have additional brackets for the highest incomes, as the U.S. once did. It would lift the cap on the Social Security tax, taxing salaries above \$102,000 per year, or at least, as President Obama proposed when he campaigned for president, imposing a Social Security tax for individuals earning more than \$250,000.

Talking about policies that encourage greater equality has become quaint. The race to the bottom unleashed by economic globalization has convinced many people that nothing can be done about discrepancies in wealth. But that verdict is a nonstarter for Christian morality, and it is not true. If we think that we cannot do anything about economic disparities, we will soon be stampeded into believing that Social Security is unfeasible and that we might as well abolish what remains of the progressive tax structure.

Three years ago the big banks had to be bailed out because they built up mountains of debt by gambling on derivatives. Today the big banks are bigger than ever and have resumed exactly what they were doing to cause the crash. The joint lobbying powerhouse for the nine biggest banks, the CDS Dealers Consortium, lobbied ferociously against the mild provisions of the 2010 financial reform bill, even though it was loaded with exceptions for corporate users of derivatives and exemptions for foreign exchange swaps. Fifteen years ago the six largest banks in the U.S. controlled assets totaling 18 percent of the nation's gross domestic product. Today that figure is 65 percent.

For a while the Obama administration talked about creating a bad bank to soak up the toxic debts of the too-big-to-fail banks. Then it settled on an "aggregator bank" that blends the original giveaway plan with some elements of the bad bank topped off with an auction scheme to find private buyers for the toxic debt. The government is teaming up with hedge funds and private equity firms, subsidizing up to 95 percent of deals partnered with them, to buy up bad loans and toxic securities. This program, besides being obsequious to Wall Street, is the most cumbersome and nontransparent of the options that the Obama administration considered. Essentially it is a scheme to pay huge bribes to private investors to buy the bad loans and toxic securities for more than they are worth. The big banks are balking at it anyway, because they don't want to be hamstrung by the government as they resume the very practices that caused the crash. If we can talk about creating bad banks or aggregator banks to soak up toxic debt, we ought to be able to talk about creating publicly financed good banks to do good things. Public banks could finance start-ups in green technology that are currently languishing and provide financing for cooperatives that traditional banks spurn. They could be financed by an economic stimulus package or by claiming the good assets of banks seized by the government. Today the only state in the U.S. that isn't reeling from the credit crunch is North Dakota—the only state that owns its own bank. North Dakota has its own credit machine, making it less dependent on Wall Street than the rest of the country. Significant movements to establish state banks have arisen in Massachusetts, Washington, Illinois, Michigan, Virginia, Missouri, New Mexico and Vermont. If half these movements succeeded, it would be a huge step toward economic democracy.

Economic democracy is about extending the values and rights of democracy into the economic sphere and creating environmentally sustainable economies. In its fullorbed version it features mixed forms of worker, community and mutual-fund or public-bank enterprises.

The factors of production do not trump everything, but those who control the terms, amounts and direction of credit play a huge role in determining the kind of society we live in. We are getting a dramatic demonstration of that today. Gains toward economic democracy are needed for the same reason that political democracy is necessary: to restrain the abuse of unequal power and create a world that is livable for everyone.

The challenge is to build up the communities of memory that care about social justice and the common good. They have to be led by stubborn types, as the Bellah group understood. Three decades later, we need them more than ever.

Part of this article is adapted from Gary Dorrien's new book, Economy, Difference, Empire: Social Ethics for Social Justice (Columbia University Press).