# THE INSECURE AMERICAN

## HOW WE GOT HERE & WHAT WE SHOULD DO ABOUT IT

Edited by **Hugh Gusterson** & **Catherine Besteman**

Foreword by **Barbara Ehrenreich**

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*To Stanley Ann Dunham*

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# FOREWORD

Fifty or sixty years ago, the word *insecurity* most commonly referred to a psychological condition. Some people suffered from "insecurities"; otherwise, though, Americans were self-confident to the point of cockiness. Public intellectuals worried over the "problem" of affluence, which was believed to be making us too soft and contented. They held forums to consider the growing challenge of leisure, never imagining that their own children and grandchildren would become accustomed to ten-hour workdays. Yes, there remained a few "social problems" for sociologists to study—poverty, which was "discovered" by the nonpoor in the early sixties, and racial inequality—but it was believed that these would yield easily to enlightened policies. We were so self-confident that Earth itself no longer seemed to offer sufficient outlets for our energy and ambition. We embarked on the exploration of space.

It was at some point in the late 1960s or early 1970s that Americans began their decline from intrepid to insecure. The year 1969 brought the revelation of the massacre at My Lai and the certainty that the Vietnam War would end in disgrace as well as defeat. At the same time, the war was draining federal funds from Lyndon Johnson's Great Society programs, vitiating health services and hundreds of community development projects. Then 1970 saw the first national observance of Earth Day and the dawning awareness that our environmental problems went beyond scattered cases of "pollution." For the first time since Malthus, the possibility was raised that we might someday exhaust the resources required to maintain America's profligate consumer culture.

American business, beginning with the auto industry, woke up, in the 1970s, to the threat of international competition and initiated its long campaign to reduce both wages and the number of American workers. By the 1980s, big business had started the dismantling of American manufacturing—sending the factories overseas and destroying millions of unionized blue-collar jobs. The white-collar workforce discovered that even they were no longer safe from the corporate winnowing process. In the old version of the American dream, a college graduate was more or less guaranteed a middle-class lifestyle.

In the emerging version, there were no guarantees at all. People were encouraged to abandon the idea of job security and take on the project of "reinventing" themselves over and over, as the fickle job market required—to see themselves as perpetual salespeople, marketing "the brand called you."

Meanwhile, under both Ronald Reagan and Bill Clinton, the old confidence that we could mobilize collectively to solve social problems like poverty and racial exclusion was replaced by a growing mean-spiritedness toward the unlucky, the underpaid, and the unwanted. The war on poverty gave way to a war on crime, and when there were not enough crimes to justify this massive punitive enterprise, the authorities invented new ones—like the "crime" of drug possession and use. America achieved the embarrassing distinction of having the highest proportion of its citizenry incarcerated, surpassing both Russia and South Africa under apartheid.

Even into the new millennium, which brought the threat of terrorism and the certainty of global warming, we held our insecurities at bay with a combination of scapegoating, distraction, and delusion. Gays and illegal immigrants became our designated scapegoats, regularly excoriated by evangelists and cable news anchormen. War was at least a temporary distraction, even though it was the greatest non sequitur in military history: attacked by a group consisting largely of Saudi Arabians, the United States invaded Iraq. And then, at the personal level, there was the illusion of affluence offered by easy credit. If our jobs no longer paid enough to finance anything resembling the American dream of home ownership and college for the children, we could always borrow—take on a dodgy mortgage, refinance the house, sign up for more credit cards.

But distraction and delusion are not long-term cures for underlying anxiety. This book comes out at a time when more and more Americans are tumbling from insecurity into insolvency—bankrupted by medical debts, made homeless by foreclosure, ousted from their jobs by layoffs. The credit crisis that began in 2007, combined with stunning increases in the cost of fuel and ever-growing economic inequality, has created challenges not seen since the eve of the Great Depression. As I write this, the overwhelming majority of Americans believe that the country is "headed in the wrong direction" and fear that they will be the first generation to see their children live in more straitened circumstances than they have known.

*The Insecure American* would have been essential reading at any time in the last few years, but today it is indispensable. For the most part, we confront problems and issues only as they arise in the news cycle, taking them from sources usually short on facts and devoid of analysis. In contrast, the contributors to this book have been researching and thinking about their subjects—from militarism to health care, from foreign policy to poverty—for years. Many are academics who teach as well as write, and here they offer a powerful overarching lesson in clear and down-to-earth prose: that we can understand the forces that have robbed us of security, and—through understanding, combined with a renewed commitment to collective action—overcome them.

*Barbara Ehrenreich*

# ACKNOWLEDGMENTS

The remarkable group of contributors to this volume share a vision of anthropology's powerful perspective on contemporary social issues. Nevertheless, a book of this nature demands a lot from contributors, who must submit themselves to the vision of editors and attune themselves to the writing of their coauthors. We thank the contributors to this book for the good humor with which they wrote, rewrote, then rewrote some more as we sought to harmonize their essays into a single book. Surely the authors of the essays in this volume will be relieved to no longer find e-mails from us in their inboxes requesting yet another revision!

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# Introduction

Catherine Besteman and Hugh Gusterson

It was a bad year for Steve and Sarah Schober.

Steve Schober had worked as an industrial designer for Maytag in Iowa for twenty-five years. He had several patents to his name. Earning in the low six figures, he lived in an expansive Tudor-style home with his wife, Sarah, and his two teenage children. Then Maytag was bought by Whirlpool. Maytag's unionized plant in Iowa was closed, and the jobs moved to plants with lower wages in Mexico and Ohio. That was when Steve Schober, at fifty-two years old, found himself looking for a new job.

Steve considered taking a job with the post office, largely for the benefits, but eventually decided to start his own industrial design consulting business. His annual income promptly dropped over 75 percent to $25,000, half of which went to pay for a health insurance policy that cost over $800 a month. As Steve told the *New York Times*, "Health insurance was one of those invisible benefits of working for a corporation. You didn't even have to think about it."[1] To help make ends meet, Steve and Sarah also work on weekends, earning $10 an hour doing menial tasks at an auto speedway.

Less than a decade earlier the Iowa Maytag plant had employed 1,200 white-collar workers and 2,500 blue-collar workers. Its best-paid blue-collar workers could earn over $20 an hour, and this put pressure on other local employers to pay their workers well too. Now $12 to $13 an hour is thought to be a good local wage. The shift came when Whirlpool, realizing it would be more efficient to have one company with two plants than two companies with three plants, bought Maytag and moved a thousand jobs to nonunionized facilities in Mexico and Ohio. The plant manager in Ohio noted that, although his plant paid maybe $3 an hour less than the Iowa plant, "whenever we advertise for employment, it is not difficult finding folks." Meanwhile, although those laid off in the merger received severance packages, they lost their pensions. A few hundred, kept on temporarily to help move the Iowa plant to Ohio, considered themselves lucky to at least have a little extra time to seek new work. As one laid-off electrician, Guy Winchell, put it, “I really don’t know what I am going to do. I’ve thought about applying to hospitals because they have health insurance.” Like the more affluent Steve Schober, Winchell dreaded needing to use a health care system that seems to be designed for other people.

Most Americans know, or know of, someone like Steve and Sarah Schober or Guy Winchell. They are Insecure Americans. They are the archetypal character of our age in the same way that the immigrant worker was archetypal for the early 1900s and the newly prosperous Levittown resident has come to personify the 1950s. The Schobers’ story of downward mobility and collapsing support systems is the nightmare scenario that haunts millions of insecure Americans.

## THE NEW ECONOMY

In recent years stories like the Schobers’ have become increasingly common in the U.S. middle class. This is new and has dramatically accelerated since the 2008 economic crisis. Until recently middle-class Americans assumed that employment and rising incomes were inherent to American society. The social order created by the New Deal and the Great Society granted most Americans an expectation of shared economic risk, a rising standard of living, and an opportunity for upward mobility. This social order was anchored by the GI Bill, tax deductions for mortgage payments, high levels of defense spending that juiced up the economy, cheap energy, employer-subsidized health insurance, unemployment insurance to protect against periods of economic turbulence, and Social Security and Medicare for old age. Middle-class Americans were vaguely aware of an economic abyss on the other side of which lay chronic job insecurity, hunger, inadequate health care, and substandard housing in neighborhoods pockmarked by drugs and crime. They assumed that this life was reserved for what Michael Harrington famously called “the other America”[2]—the urban and rural underclass that was disproportionately nonwhite and was unable to transcend both the prejudice of mainstream society and its own lack of cultural capital. And even these people had a rudimentary safety net assembled under the Great Society programs—though a safety net with far more holes than was the case in the welfare states of Europe.

Until recently U.S. society was described by sociologists and economists as pearshaped. The underclass at the bottom and the class of super-rich at the top were relatively small, and there was a great bulging middle that accommodated everyone from plumbers and production-line workers to college professors and middle managers. The years of economic growth between World War II and the 1970s had benefited everyone relatively equally, ensuring that wages for average workers grew at the same pace as wages for executives and profits for investors. The basic employment structure of those years grew out of a compact that has come to be known as “Fordism.” (It is named after Henry Ford, who pioneered a new American model of prosperity by giving his auto workers high wages and a forty-hour week in exchange for high levels of productivity. In turn workers’ high wages and guaranteed leisure time enabled the consumerism that completed the circuitry of prosperity.)[3]The Fordist compact was based on a three-way understanding between employers, workers, and government. The government ensured a Keynesian fiscal policy designed to smooth out the business cycle, together with subsidies for education, housing, and retirement, while companies and their employees worked out a collective expectation of stable employment and employee benefits and an understanding that workers as well as managers would get a cut of the wealth created by rising productivity, in return for which labor unions would forswear industrial action, except in extremis.

By the 1980s the Fordist compact was clearly falling apart. At the top of the economic pecking order CEO salaries soared into the stratosphere. *Forbes* magazine reports that the top twenty private equity and hedge fund managers in 2006 were paid an average salary of $675 million[4]—sums that would have been unthinkable as recently as the 1970s. Meanwhile workers found themselves falling further behind. Today the archetypical American company is no longer Ford but Wal-Mart. As Jane Collins argues in this volume, if Henry Ford paid his workers well so they could afford to buy his cars, Wal-Mart pays its employees so badly that they can afford to shop only at Wal-Mart. Where Ford deferred to labor union seniority systems, creating job security and company loyalty, Wal-Mart prefers a revolving door for its employees: as a Wal-Mart executive noted in a 2005 memo, "The cost of an associate with seven years of tenure is almost 55 percent more than the cost of an associate with one year of tenure, yet there is no difference in his or her productivity."[5] Where Ford gave generous health benefits, Wal-Mart pays its employees so poorly that they often qualify for state medical assistance. And while Ford created a widening circle of regional and national prosperity by buying American parts for its products, Wal-Mart outsources as much of its production as possible to China, where a ruthless feudal-industrial regime ensures a reliable supply of well-disciplined cheap labor.[6] And now, in an era where wages for most Americans are stagnant or declining and everyone from computer programmers to radiologists lives in fear of seeing his or her job outsourced to Asia, the Wal-Mart effect is radiating upwards. Instead of wealth trickling down, as we were promised in the Reagan years when "supply-side economics" came into vogue, insecurity is trickling up the social ladder. No wonder Barbara Ehrenreich, writing on "the inner life of the middle class," titled her book *Fear of Falling*.[7]

The bottom of the old middle class is increasingly morphing into what sociologists Katherine Newman and Victor Tan Chan call "the missing class"—a class of about fifty million who "are neither officially destitute nor comfortably middle class" but are "near poor" despite being employed. Newman says they are "truly one paycheck, one lost job, one divorce or one sick child away from falling below the poverty line." They are "missing" in the sense that they have no place on old class maps of the United States and because they are largely ignored by politicians.[8] Their lives of precarious neopoverty, lived in fear of falling through the trapdoor into real poverty, are the leading edge of the new economic order. They are particularly vulnerable in economic downturns like the one that hit the global economy in 2008.

This is life under neoliberalism[9]—the aggressive, increasingly unregulated form of capitalism that has produced insecurity for a growing majority around the world in the contemporary era of globalization and high technology. While David Graeber provides an elegant and pithy primer on neoliberalism later in this volume, a few preliminary words are in order. The neoliberal order was forged under Ronald Reagan and Margaret Thatcher, when financial markets were deregulated and the bargaining power of labor unions began to decline in the face of offshoring and deindustrialization. This new economic order hardened in the 1990s with the end of the Cold War, the collapse of socialism as an alternative to capitalism, and the intensification of globalization. The computer revolution made it easier to automate certain kinds of work, to move billions of dollars across the world in thirty seconds, to outsource work to other countries, to build new kinds of delivery systems for manufactured products, and to create new kinds of financial instruments that brought extraordinary wealth to a burgeoning class of analysts and brokers to reward them for devising cunning new ways of squeezing liquidity out of the fabulously complex flows of capital that undergirded globalized capitalism.

These fundamental realignments have been under way for over two decades, although until the 2008 economic meltdown the mainstream media were slow to grasp their full extent. In the last few years, as a pervasive sense of economic insecurity infiltrated the majority of American households, the media began to recognize in the growing concentration of wealth a new "gilded age"—and for good reason. Some numbers tell the story of great wealth concentrating at the top while everyone else struggled to hold on to what they had. While the U.S. GDP grew by 160 percent since 1973 and the productivity of U.S. workers increased by 80 percent, the average wage of 90 percent of Americans *fell* by 11 percent when adjusted for inflation. But at the same time that incomes for the majority of Americans were stagnating or falling, according to the *Economist*, the incomes of the top 1 percent *grew* by 200 percent.[10] By 2001 the top 1 percent of U.S. society claimed a fifth of the nation's income and a third of all net worth—their largest share since 1929.[11] The top 20 percent went from earning thirty times what the bottom 20 percent earned in 1960 to earning seventy-five times as much by 2006. For the elite of the elite the discrepancy was even more spectacular: where the top hundred executives averaged thirty times the income of the average worker in 1960, in 2006 it was one thousand times.[12]

No wonder the *New York Times* titled one 2006 article "Very Rich Are Leaving the Merely Rich Behind," and published a front-page story on the inconvenience caused the "very rich" by the vexatious shortage of $20 million apartments and Ferraris in Manhattan.[13] In his book *Richistan: A Journey through the American Wealth Boom and the Lives of the New Rich*, Robert Frank tells the story of an eleven-year-old pleading with his parents to fly commercial for once, instead of on the family private jet, so he could see how the other 99 percent lived.[14]

A new, more pyramidal social structure has replaced the old pear-shaped social structure within which each generation expected to do better than its predecessor.

George Will calls the new order a "plutonomy."[15] The *Economist* suggests that "Americans may be sorting themselves into two more stable groups, the haves and have-nots."[16] A 2007 study by the Economic Mobility Project (funded in part by the American Enterprise Institute and the Heritage Foundation) found that a new generation of Americans is increasingly unable to fulfill the traditional expectation of doing better than its parents and that "only 6 percent of children born to parents with family income at the very bottom move to the very top"—a lower rate of mobility than in supposedly class-bound Britain.[17] As avenues of upward mobility closed down,[18] many middle-class Americans found themselves clinging to their class status in increasingly tenuous ways: by working longer hours, by sinking deeper into credit card debt, by borrowing against housing equity in the bubble market that preceded the real estate collapse, by relying on the cheap labor of illegal immigrants, and by replacing American-made consumer durables with less expensive imports from China. In the words of *Washington Post* columnist Harold Meyerson, "These are epochal shifts of epochal significance. The American middle class has toppled into a world of temporary employment, jobs without benefits, retirement without security"[19]—changes that would only be exacerbated by the liquidity crisis that struck the global financial system in 2008.

In this era of declining average wages, the average American family has managed to increase its income by 16 percent between 1973 and 2005 (years in which corporate profits reached their highest level ever as a proportion of national income) only by increasing the number of family members in the workforce and by working longer hours —an extra 533 hours a year per family compared to the previous generation.[20] More than ever before, families depend on multiple wage earners—whether that means more women entering the workforce or single people having to live with their parents or other relatives. The result is that, while Americans and Europeans worked roughly the same number of hours until the 1970s, now "on average, Americans work 205 hours more per year than the Italians, 270 more than the French, 371 more than the Germans, and an incredible 473 more than the Norwegians."[21] Part of the reason for this, of course, is that the United States is the only wealthy country that does not mandate paid vacation and paid sick days by law. One-quarter of Americans take no vacation at all.[22] Unlike 163 other countries, it also does not guarantee paid maternity leave, putting extreme stress on families with young children.[23] Thus, as sociologist Arlie Hochschild and economist Juliet Schor argue in their respective books, *The Time Bind* and *The Overworked American*, contemporary families feel afflicted not only by a shortage of income but by a chronic shortage of time—time to work and get household chores done, time to spend with children and aging parents, time to get a full night's sleep.[24] In this situation, according to one recent news story, "Lack of sleep [is] America's top health problem."[25]

These figures indicate a dramatic transformation in American society over the past three decades. Inequality has expanded at an unprecedented rate, as has the concentration of wealth in the hands of a privileged few. Social analysts write with alarm about the consequences for our democracy of such massive economic inequality. "Money is choking democracy to death," warns Bill Moyers in a speech about the dangers of a political system where wealth buys political influence and the consolidation of corporate control of the media has changed the media industry "from one of independently owned operators into something akin to a chain store," stifling critical reporting and instituting an informational culture of blandness.[26] Moyers repeats the much-quoted former Supreme Court Justice Louis Brandeis's admonishment that "you can have wealth concentrated in the hands of a few, or democracy, but you cannot have both."

Americans sense that something is terribly amiss, even if the full picture is not entirely clear. Downsizing has devastated communities across America, replacing stable unionized jobs with low-wage insecure service sector jobs. The 2008 real estate crash and stock market collapse wiped out home equity and retirement savings while increasing unemployment, thus exerting further downward pressure on wages. But Americans have lost more than wages and equity during these last few decades; a more equitable division of risk among all income categories has been lost as well. In the decades after World War II, Americans could expect support from their employers and their government for managing the risks of illness, unemployment, and retirement, but since the 1980s, responsibility for managing these risks has been shifted onto the shoulders of American families. This "Great Risk Shift," says Yale political scientist Jacob Hacker, is "the defining economic transformation of our times."[27] The number of employees who receive health care benefits, defined-benefit retirement pensions, and benefits from unemployment insurance has plummeted over the past few decades. Whereas in most other industrialized countries the government provides benefit security, American families are left on their own as employers have withdrawn coverage. Americans are feeling insecure because they are.

In the face of such rising insecurity, younger Americans are loading themselves up with debt to pay for their educations. In the words of Barbara Ehrenreich, "For years now, we've had a solution, or at least a substitute, for low wages and unreliable jobs: easy credit."[28] Between 1996 and 2006, the debt of the average college graduate increased by a staggering 50 percent.[29] Given that real wages have declined marginally since the 1970s for almost all Americans, these graduates are going further into debt than their parents did, only to fall further behind.

Americans have also been going deeper into debt to buy their homes in a kind of collective pyramid scheme that started to crash in 2006. As house prices climbed ever higher between 1995 and 2005, buyers found it harder to qualify for mortgages to buy them. In an atmosphere of fevered speculation, deregulated lenders accommodated developers, realtors, and buyers by relaxing their lending standards and allowing some buyers to borrow hundreds of thousands of dollars with no money down, no verification of their incomes, and much higher debt loads or lower incomes than would have been thought safe ten years earlier. Many of these mortgages had low teaser rates that, after a few years, left borrowers with payments that suddenly escalated by as much as $2,000 a month. When the crash came, as house prices hit their ceiling in 2006 and interest rate adjustments began to kick in, many home owners desperate to avoid foreclosure found that they could not sell because their homes were worth less than they had borrowed to buy them. When they tried to negotiate with the banks that had helped dig them into this financial hole, they found that their loans had been sliced into a thousand pieces and scattered across global financial markets. Instead of being able to talk to bank managers on Main Street, they found themselves confronted with impersonal financial bureaucracies that had turned them from customers into fragments of collateralized debt obligations and seemed set on autopilot to foreclose. In the ensuing meltdown, home owners lost not just their homes but their life savings, renters were evicted as banks took over their landlords' houses, banks were forced to write off hundreds of billions of dollars in losses, failing banks dragged down other industries with them, and the economic slowdown cost hundreds of thousands of jobs. The "irrational exuberance" in the housing and lending markets, to borrow Alan Greenspan's phrase, led to mass insecurity that affected everyone in the United States. The effects of the real estate and banking collapse of 2008 will be felt for decades.

Debt is an essential feature of neoliberal society. It greases the wheels of consumerism by enabling Americans to stretch to the edge of their means; it is also an apparatus for transferring wealth, via foreclosures and interest payments, from those who need money to those who already have more; and by squeezing more work out of the indebted it enforces social discipline. It is a major instrument of insecurity in the contemporary United States, both for individual Americans and for the country as a whole. (The national debt is almost $11 trillion at the time of this writing, while the U.S. trade deficit is currently at the highest level ever. The U.S. trade deficit with China alone is the highest imbalance ever recorded with any country.)[30]

Given its importance in the new social order, it is worth taking a moment to look more closely at one corner of the American debt machinery—the credit card industry—to see how its terms shifted against the average consumer in the era of neoliberalism and how it produced economic insecurity under the guise of facilitating the convenience of consumers. The credit card industry is the most lucrative sector of the U.S. banking industry—so much so that before its insolvency in 2009 Citibank was more profitable than Microsoft. In the 1990s, like much else, the credit card industry was deregulated so that it could charge whatever interest rates and late fees "the market" would bear. Although general interest rates are near historic lows, interest rates on credit card debt average around 30 percent. Some cards charge as much as 40 percent. At the same time, late fees have risen from $5 to $10 to around $30, and credit card companies have learned tricks such as short payment windows, payments due on Sundays, and so on, to increase the likelihood that people will have to pay such late fees. In 1996 the Supreme Court, in *Smiley v. Citibank*, ruled that credit card companies were free to set these late fees as high as they wanted. While increasing people's credit limits and lowering their minimum payments so they would go deeper into debt, the credit card industry also had this clever idea: get customers to open new accounts with teaser rates of 0 percent, then increase their interest rates to 30 percent if they are even a single day late on a payment —even if that payment was on another company's card. (This is permissible under a legal doctrine called "universal default," which allows your Visa company to classify you a bad debtor if you are a day late paying Mastercard, or vice versa.)[31] The result is a situation where the average American family is paying interest rates of 30 percent on a credit card debt of $8,000 that has become a semipermanent part of its financial scenery—on top of payments it may have to make on car loans and on the equity lines of credit that have become increasingly popular in the last decade. As of August 2007, Americans' credit card debt totaled "a whopping $900 billion," according to economist Joseph Stiglitz.[32] By 2007 the average American family was spending almost 20 percent of its income on debt payments, and "one in seven families is dealing with a debt collector. Children today are more likely to live through their parents' bankruptcy than their parents' divorce."[33] The resulting predicament is captured in the titles of recent books such as *Strapped: Why America's 20- and 30-Somethings Can't Get Ahead* and *The Two-Income Trap: Why Middle Class Mothers and Fathers Are Going Broke*.[34]

## THE MOST VULNERABLE

If the middle class is increasingly pinched, things are even worse in the financial underworld of the poor. Offshoring, union busting, the rising use of undocumented workers, the transition from a manufacturing to a service economy, and the delinking of corporate profit from employee compensation have pushed rising numbers of Americans into poverty and created an increasingly insecure world for the working class, the working poor, and the very poor. Offshoring and the deindustrialization of the American economy have cost the American economy three million manufacturing jobs since 2000. Christine Walley's chapter in this book offers a close-up, personal perspective on this loss by describing the devastating emotional and financial effects of downsizing on her father, his fellow steelworkers, and their families in Chicago's hardworking South Side during her childhood.

Collins's chapter on Wal-Mart, America's top employer, explains how the service economy that has replaced secure manufacturing jobs translates into chronic poverty. Before the 2008 financial crisis, thirty-seven million Americans, 12 percent, were officially classified as poor. This was an increase of five million since 2000. The number of Americans living in severe poverty (defined as a family of four with an annual income under $9,903) grew 26 percent from 2000 to 2005.[35] One in six American children lives below the poverty line (up from the one in seven when the war on poverty was getting under way in the late 1960s). Three and a half million of the Americans below the official poverty line work full time, but, as the *New York Times*'s Bob Herbert observes, "One of the biggest problems is the simple fact that full-time, year-round employment is not enough to raise a family out of poverty."[36] A recent Harvard study found that "a family with only one full-time minimum-wage earner can't afford a standard two-bedroom apartment anywhere in the country. While many languish on waiting lists for Section 8 housing, "For every new affordable housing unit constructed, two are demolished, abandoned, or become condominiums or expensive rentals."[37] According to government statistics, which almost certainly understate the problem, by 2007, 754,000 Americans were homeless.[38]

The Moody's economist Mark Zandi says, "Lower-income households have balance sheets about as bad as I've ever seen them—complete tatters. These households are on the financial edge, and if there's any slight disruption, like a car breaking down, it can be a real disaster for them financially."[39] In her best-selling book *Nickel and Dimed*, writer Barbara Ehrenreich describes the desperate efforts to stay solvent by those she befriended when she tried to experience the world of the working poor by entering the service economy as a waitress, a housecleaner, and a Wal-Mart employee. She finds people going without health care because they have no health insurance, sleeping in cars because they cannot scrape together the security deposit to rent an apartment, and sending their children to stay with relatives because they cannot afford to look after them. She turns her own efforts to make ends meet on the salaries she earned from these jobs into a vivid and riveting indictment of the conditions under which millions of Americans struggle for economic security through full-time, exhausting, demeaning, poorly compensated jobs.

Brett Williams's essay in this volume explores life on the edge of this financial precipice. She shows in particular how the poor have been forced to turn to predatory lenders and pawnshops for loans that both enable them to stagger from paycheck to paycheck and keep them on a treadmill of debt, paying usurious rates of interest that make the credit card companies look generous. (In some cases, if the interest on short-term payday loans were calculated on an annualized basis, it would be over 400 percent!) The exploding, largely unregulated industry of payday loan companies and pawnshops colonizing poor neighborhoods takes advantage of residents' needs for immediate cash to deal with family crises, offering fast credit to people whose neighborhoods are shunned by leading banks, and then financially destroying the borrowers and confiscating their property with devastating interest rates and repossessions. A clearer picture of how those better off benefit from the insecurity of poverty is hard to find.

Except perhaps in the health care industry. In a society where income distribution is increasingly bifurcated and risks are unequally shared, the American health care system produces two very different kinds of insecurity—one for the poor and one for the rich. At the bottom end of the social ladder, in a society where lack of insurance increases a child's risk of dying before his or her first birthday by 50 percent, thirty-eight million adults and nine million children lack insurance.[40] The number of full-time workers who lack health insurance continues to rise as well—to twenty-two million in 2006—as employers withdraw coverage. Uninsured families tend to defer treatment as long as possible—often until an illness has become more expensive to treat and harder to cure. The substandard quality of health care for the poor helps explain why, despite spending twice as much as the average developed country on health care, the United States is ranked forty-second in life expectancy. According to a 2005 UN report, the United States had the same infant mortality rate as Malaysia, although it was four times as wealthy as that country.[41] A disproportionate number of these children at risk are, of course, black and Hispanic. African Americans can expect, on average, to die five years younger than white Americans. The scandalous undertreatment of African Americans was tragically dramatized in 2007 by the death of Deamonte Driver—a twelve-year-old African American boy from Maryland whose infected tooth turned into a brain infection that killed him after his mother was unable to find a dentist who would treat him as a Medicaid patient. Follow-up investigations in Congress and the media found that local government lists of dentists who accepted Medicaid were hopelessly inaccurate or out-of-date and that poor minorities seeking subsidized health care faced a wall of indifferent bureaucrats and health care providers.[42]

Even those who do have health insurance increasingly find themselves being eaten by a system that is supposed to take care of them. Since 2001 the average family health insurance premium has gone from $1,800 per year to $3,300, and, in an era of increasing co-payments and deductibles, the portion of family income going to health care has increased 12 percent. In 1970 the average family spent 6 percent of its income on health care. The number is now 16 percent.[43] The *New York Times* observes that “medical catastrophes are the leading cause of bankruptcy, and most of those are people who have some insurance, clinging to the fraying edge of the middle class.”[44] As the popular documentary film *Sicko* dramatizes, health care plans can deny reimbursement for treatment that is not preauthorized (even if it involves emergency treatment for an unconscious crash victim), for treatment at a hospital outside its preferred network of health care providers, for “experimental” treatment, and for any condition it deems “preexisting” in the patient’s body. Perversely, doctors employed by the insurance companies to screen claims receive bonuses for denying reimbursement to patients who may sicken or die as a result. (So much for “Do no harm”!)

And, when care is given, it may have a dehumanizing quality, as anyone knows who has spent interminable amounts of time pressing 1 for this and 2 for that in the automated phone systems of hospitals and health insurance companies. In particular, the American health care system has difficulty in enabling patients to die with dignity. While Americans are notoriously anxious about aging, they are especially worried about how they will die, and an American death increasingly has become something to dread. In a now classic article in anthropology, Paul Farmer and Arthur Kleinman compare two deaths from AIDS: that of Robert, a well-off white man in Boston, and that of Anita, a poor Haitian girl. While Anita receives no meaningful medical treatment, she is touched that her family buys her a soft wool blanket, and she dies surrounded by those who love her as she tells her life’s short story. Robert dies in one of the best hospitals in the United States. When he asks to be left to die quietly, the doctors decide he must have AIDS dementia, and they order painful and intrusive tests against his wishes. He dies angry, isolated, and defeated, hooked up to the machines that cannot save him.[45]

In a heartrending essay in this volume about her mother’s death in a nursing home, Nancy Scheper-Hughes laments the dehumanizing care too often inflicted on Americans in their twilight years. Her mother is treated more as a body to be dealt with—a nuisance and an accounting issue—than as a loved human being to be cared for. In a perversely ironic twist, our medical system struggles to keep our elderly alive by treating them as objects of undignified medical intervention and indifferent bureaucratic domination. One and a half million Americans now live in nursing homes. A 2002 government study found that half of these nursing homes "are understaffed at levels that harm residents." In one case "an 88-year-old woman was found with ants crawling all over her body. Another went without food for a week before being transferred to the hospital, where she died." No wonder "thirty percent of seriously ill elders surveyed have told researchers that they would rather die than go to a nursing home."[46]

The combined pressures of rising financial insecurity and increasing numbers of people without health insurance have produced a particularly appalling outcome for America's most vulnerable citizens, the mentally ill and addicted homeless. In this book T. M. Luhrmann and Philippe Bourgois take us deeply into the worlds of homeless Americans to show how support structures for the poorest of the poor have been shredded. For mentally ill homeless women in Chicago Luhrmann argues the problem is not so much one of inadequate spending by government agencies as the dysfunctional ways in which these resources are deployed. Bourgois reveals the cruel and absurd cycle between emergency care and incarceration that ensnares many homeless addicts. People whose social value is challenged by mental instability and substance abuse are pushed to the very margins of care, subjected to a demeaning and complicated barrage of rules and requirements when they seek assistance and support. It is hard to imagine a less humane system of care than the one they describe.

While the costs of health care and health insurance continue to rise, along with the numbers of uninsured, the profits flowing to the health care industry have skyrocketed. Pharmaceutical companies, in particular, report staggering profits—$10 billion by Johnson and Johnson, $8 billion by Pfizer in 2005, for example.[47] Joseph Dumit, an anthropologist who studies the pharmaceutical industry, shows in his chapter how the pharmaceutical industry increases sales by defining Americans as "prediseased" or as afflicted by various psychological syndromes and therefore in need of permanent medication for chronic conditions. When, in the era of deregulation, the United States became one of only two countries in the world to allow pharmaceutical companies to advertise directly to consumers, Americans were flooded with advertising suggestions about possible ailments and their cures. Americans are increasingly worried that they are afflicted by such problems as depression, shyness, attention deficit disorder, sleeplessness, premenstrual syndrome, psychological compulsions, erectile dysfunction, restless leg syndrome, or high blood pressure—problems for which the solution is a pill. No wonder that, as the former *New England Journal of Medicine* editor Marcia Angell shows in her blockbuster critique of the industry, *The Truth about the Drug Companies*, the pharmaceutical industry was the most profitable in the country at the turn of the century.[48]

Dumit's essay speaks to the way that American society co-produces health and psychological insecurities by treating health care as a commodity to be bought and sold rather than as a public responsibility. Commoditizing everything intensifies the consumerism that is the engine of economic profit and growth, pushing us toward a system in which we are encouraged to believe that the market, for a price, can meet all our needs and desires. In her revealing chapter on the commodification of childhood, Juliet Schor shows how advertising companies are increasingly directing advertisements at children, the members of society least able to resist them, to develop a new and increasingly powerful subpopulation of consumers.

In the meantime, even as our society encourages consumers to get hooked on the drugs produced by pharmaceutical companies, it has cut treatment resources for those struggling with addictions to street drugs—one of the great scourges of our time, as the essays by Luhrmann and Bourgois make clear. Instead of the kind of resources for treatment one finds in many other industrialized countries, the United States now offers mandatory minimum jail sentences. Perversely, as Eric Schlosser shows in his book *Reefer Madness*, these sentences often fall disproportionately on petty dealers and users, since they have little information to trade with prosecutors in return for a reduced sentence.[49] The result is that the number of Americans incarcerated for drug offenses has risen from forty thousand in 1980 to half a million today, and those incarcerated are disproportionately poor and black.[50]

The United States also incarcerates people for petty offenses that would not draw a prison sentence in most other countries, giving it the highest incarceration rate of any country in the world—higher even than China's. With 2.3 million of its citizens behind bars, the United States accounts for 25 percent of the world's prisoners but only 5 percent of the world's population.[51] Roger Lancaster's chapter in this book exposes the vast extent of this catastrophic system of massive imprisonment. The flow of people into our prisons has not stopped the flow of drugs into our country, but it has created a flood of money into the prison complex, now often run by private contractors, and the specter of years behind bars is yet another source of insecurity for those at the bottom of society. Lancaster argues that a justice system that has created a felon class of thirteen million, that has devastated the African American population, that has redirected millions of dollars from schools to prisons, and that locks up more children for life than any other country on earth makes a mockery of democracy.

## THE INSECURE AMERICAN

There have been earlier attempts by social scientists to characterize the zeitgeist of American society. We are thinking of, among others, such books as William Whyte's *Organization Man*, David Riesman's *The Lonely Crowd*, Philip Slater's *The Pursuit of Loneliness*, and Robert Bellah et al.'s *Habits of the Heart*. Whyte, Riesman, and Slater wrote in the era of high Fordism. They were concerned that, in an era where large bureaucratic corporations were colonizing the economic landscape, American life was increasingly dominated by a comfortable conformism that, paradoxically, eviscerated community, creating a sort of social herd that was fundamentally lonely—what Riesman called "the lonely crowd." (A century earlier, De Tocqueville had also been troubled by this potential for conformism in American society.) By the early 1980s, as the Fordist compact was crumbling and a sort of consumerism on steroids was emerging, Bellah et al. worried that, for middle-class Americans in particular, processes of social atomization were eroding community still further, leading Americans to treat relationships as contracts to be entered into and dissolved when convenient. They worried about the implications of this for marriage in particular, and they deplored the narcissistic underside of a therapeutic popular culture that encouraged Americans to put "self-actualization" above duty, family, and community. They expressed concern about the ways in which individualism might undermine the social contract, creating a kind of existential insecurity, but they were not concerned—as we are—with the ways in which the international system, and U.S. military and economic policy within that system, are also generating insecurity that is felt as both collective and individual.

We argue that currently the dominant theme in American culture is insecurity. The conformism that worried earlier sociologists certainly finds ample expression in contemporary consumer and advertising culture and in some kinds of nationalist responses to the "war on terror." The willingness to treat other human beings instrumentally and discard them when convenient that disturbed Bellah and his collaborators is one of the hallmarks now not so much of marriage as of the neoliberal American workplace, where employees can be ruthlessly discarded if cheaper replacements are found elsewhere or if the wizards of Wall Street see a way to squeeze further profit out of a company by closing a factory or laying off thousands of workers. Walley's essay on deindustrialization in Chicago reminds us that the maximization of profit by corporate bean counters and investors also wrecks human lives and eviscerates communities. It is, in fact, a mechanism for transmuting derailed lives into profit. We are often told that "globalization" is the culprit, but the essays in this book point instead to the consolidation of corporate control and the aggressive drive to maximize corporate profit regardless of the human consequences.

The same neoliberal model that has so transformed the American economic landscape has had an even greater impact abroad. Peddled by international financial institutions and American foreign policy, and powered by financial deregulation and the rise of new forms of communications technology, neoliberal reforms on a global scale have wreaked havoc in the lives of poor and middle-class citizens across the globe, even while producing a small international class of cosmopolitan jet-setting elites. The rising inequality that seems apparent in the United States is magnified on the global scale, distancing the class of transnational elites from the concerns of ordinary citizens struggling to make ends meet. Neoliberal policies implemented throughout the world by the World Trade Organization, the International Monetary Fund, and the World Bank have succeeded in impoverishing farmers and workers and shredding social services like health care, education, and pensions, forcing many to leave home to find a way to survive. Yet, while trying to seal its borders against those impoverished by these harmful U.S.-supported economic policies, the United States offers comparatively miniscule levels of foreign aid. At just 0.16 percent of the GNP, the U.S. contribution is the lowest of all industrialized donors. Meanwhile, other donors pledged in recent years to raise their aid to 0.7 percent of the GNP, a figure that represents one-seventh of the U.S. military budget for 2005 and one-third of George W. Bush's tax cuts during his first term.[52]

It is no surprise that many people impoverished by a changing global economy are moving to cities and, illegally, crossing national borders to wealthier countries in search of jobs. It is now estimated that there are twelve million undocumented immigrants in the United States, and their presence provokes virulent debates about the alleged threats such people pose to the economic, physical, and cultural security of American citizens. Peter Kwong's chapter in this volume reviews the history of increasingly repressive legislation targeting undocumented immigrants, defined in popular and legal arenas as "criminals" because of their lack of papers. A number of local communities around the country have been discussing measures that would direct local police to search for them, deny them drivers' licenses, prevent their access to social services such as health and education, and even in some cases make it illegal to rent apartments to them. As Setha Low's chapter shows, nativeborn white Americans are retreating to gated communities in ever greater numbers, motivated in part by their fear of foreigners. Anyone who listens to talk radio will know how angry many Americans are about the growing swell of undocumented workers in the United States.

In this book, Peter Kwong argues that, although much of the political debate casts illegal immigrants as a security risk, the stakes are much more about economic profit than security. Illegal immigrants are used by employers to break worker solidarity, undermine wages, and heighten profits. By threatening undocumented employees with deportation, employers can avoid complying with labor and wage laws and repress worker dissent. The presence of this exploitable docile workforce has contributed to the economic pressure on middle-class Americans and the waning power of unions. Given the ever-growing number of undocumented immigrants living in the United States (from around three million at the end of Reagan's term to over twelve million today), that pressure continues to grow. Because these workers are constantly threatened by their vulnerability in the workplace, the possibility of raids by the Immigration and Naturalization Service and Immigration and Customs Enforcement, Border Patrol surveillance, and police harassment, immigrants are among the most insecure Americans. Proposals for a guest worker program would seem to offer employers a stable supply of carefully controlled, domestically unattached, politically impotent workers. But the drive to maximize employer profit, particularly in the manufacturing, construction, and the service industries, comes at a substantial cost. Not only does it move us closer to a system in which workers are stripped of their humanity and treated as commodities to be moved around by employers and governments, but it also undermines the responsibilities of employers to the communities in which they are located and creates frictions between those fighting for the crumbs at the bottom of society. Lee D. Baker's chapter in this book investigates the impact of undocumented workers on employment opportunities for African American workers and the tensions between African Americans and undocumented workers from south of the border. His revealing essay shows the enduring power of the color line in the United States, demonstrating that although Americans have elected an African American president and many African Americans have now secured middle-class status, lower down the economic ladder employers often prefer hiring undocumented foreign workers to hiring local African Americans, even if it means breaking the law. His chapter is a remarkable testament to the ongoing force and shifting dynamics of racism in contemporary America, showing that the powerful insecurities provoked by foreigners are surpassed by the even more deeply rooted insecurities white Americans have about African Americans, especially poor African Americans.

Fear of racial or foreign others has fueled a growing fortress mentality among the American public and the government. In a visible, although controversial, symbol of its claim to providing security, the American government has contracted with private firms to build seven hundred miles of fence across the country's border with Mexico. (The predictable result has been tunnels, a growing industry in forged ID documents, and more bodies in the desert than ever.) Massive investments in surveillance technologies and legal reforms to facilitate surveillance suggest a new American view that no price is too high for security. Selling security—or an image of security—is the newest big business. Remarking on the American trade-off of democracy for surveillance, journalist Naomi Klein ruefully muses: "Security is the new prosperity. Surveillance is the new democracy."[53] The obsessive focus on securitizing the landscape means turning American neighborhoods, schools, transportation centers, shopping malls, public spaces, and government buildings into fortresses surrounded by walls and monitored by surveillance systems.

In this book Setha Low takes a look at the explosive growth of gated communities, into which sixteen million Americans have now withdrawn. These middle-and upper-middle-class citizens imagine the gates will offer them and their children protection in an increasingly dangerous world. But what many residents find, Low reports, is alienation and a disturbing deterioration of democratic participation and community. Drawing out the fear of immigrants and minorities that often underlies the decision to move to a gated community, Low explores the irony that so many who live in gated communities depend upon immigrant workers to meet their needs for child care, housekeeping, maintenance, yard work, and even security patrols. The ineradicable presence of such people, even within gated communities, signals the impossibility of the social withdrawal that gated communities embody as fantasy. The gated community offers a disturbing microcosm of American society, surrounding itself by walls to keep out foreigners while depending on foreign workers to maintain the lifestyle inside the fortress. Residents within gated communities speak of this tension to Low, explaining why they use home alarm systems to ensure multiple forms of protection against foreign and ethnic outsiders. Taken together, the chapters by Low, Kwong, and Baker reveal how scared many Americans are about "foreign," "ethnic," and racial others. Few other aspects of American society generate such emotion and vehemence.

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