The American small-town as a literary construction has been studied extensively in criticism. These studies mostly concentrate on the different manifestations of the small-town America during the 19th and 20th century. In these works, a main thread that surfaces is that the American small-town is either a preserver of traditional values against encroaching capitalism, or a dying human-settlement with no relevance in the modern day. In my thesis, I argue that the situation is more complicated than this binary opposition. I contend that the American small-town emerges as a site of tension that is torn between the onslaught of industrial capitalism and a nostalgic feeling towards a past that does not exist anymore. Moreover, this manifestation becomes much more palpable during social upheavals. I argue that in order to protect itself against the change, the small-town tries to act as a social body, as a unified whole against the transformation that comes with capitalism. This protection manifests itself as various acts of ritual sacrifice. In the three texts I examine in my thesis, I trace this occurrence using the grotesque as a literary mode. The grotesque, which is a harbor of incongruities such as the mundane and the dreadful, the familiar and the unfamiliar, and the regular and the irregular, provides me with the perspective to examine the American small-town not as an either/or construction, but a site where incompatible doubles play themselves out, and to show that the small-town is still a rich pool of signification from which we can detect the substantial changes the United States went through during the past century.