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Is America Still Free?

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Project Summary

“Is America Still Free?”

I was first inspired to research this topic after I had learned about the “Occupy” movement that took place in 2011. The idea of such vast economic inequality in our country was astounding to me and a topic that I believe needed to receive more attention. The purpose of my project was to bring awareness to a growing trend in our socio-economic environment which as of right now has limited checks and balances. In performing this research and being able to present my results during the poster presentation on May 1st, I feel that I have successfully achieved my goal of informing the public about an issue that is affecting many people, but few care to research.

The idea of capitalism in America was best explained by Adam Smith in his book, The Wealth of Nations. Smith had a simple definition for how capitalism should be enforced in America. It was founded on two main principles which were the limitation of government regulation and the economic structure of basic supply and demand. He believed that if we allowed the markets to fluctuate with ever-changing supply and demand, they would settle at a value which maximizes consumer welfare. In theory, this was how many individuals in our young country were able to create ultra-high net wealth for themselves. They were able to create a product or service which was highly demanded by the general public, and due to limited competitors in the market, they were able to maximize profit and wealth. This trend continuously grew as decades progressed and came to fruition in the late 1800’s with the gilded age and business moguls such as Rockefeller and Carnegie who controlled more than 5% of the nation’s GDP at the time. They were the beginning of the 1% as we know it to be today.

If we fast forward to the current capitalistic system that we have in place today,

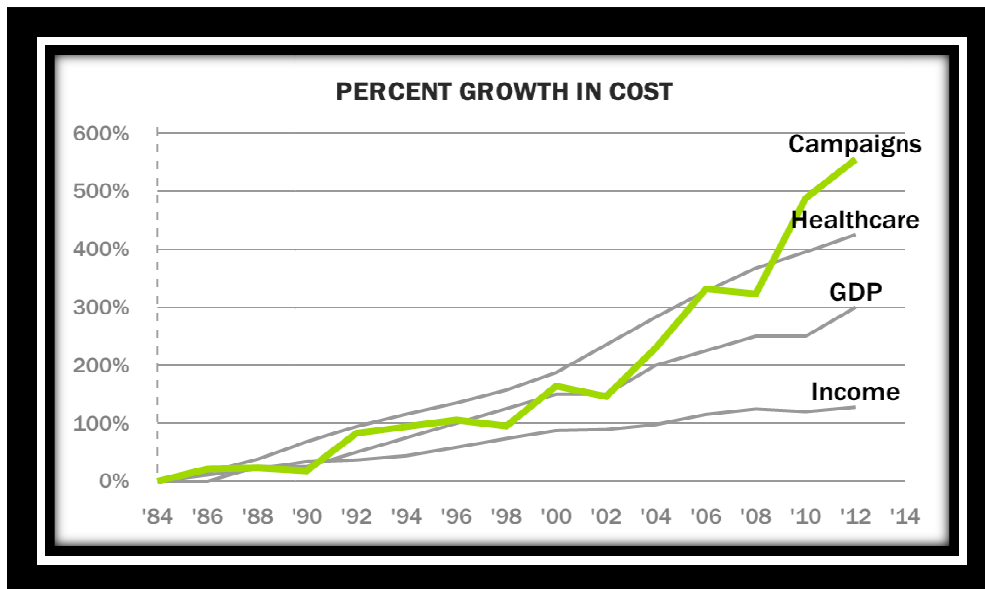
- Average CEO make 380X the average worker's pay
- The top 1% own 50% of the nation's financial assets
- The top 1% earn 24% of the total income earned each year
- The bottom 80% own approx. 7% of the Nation's wealth

These numbers are staggering in the perspective of the economic burden it places on the lower and middle classes. It is important to keep in mind that when we refer to the 1%, we are only talking about 3.2 million people. There have been many individuals that have become extremely wealthy under the modern capitalist model we have in place. This report was meant to bring awareness to the economic discrepancy that the majority of our citizens face. I am not bashing the idea of socio-economic classes, or implying that it would be in the nation's best interest to place everyone in equal classes and create a socialist system. It is very often the case we as "free" American citizens, are quick to criticize the actions of other countries while not examining or recognizing the faults in our own systems.

The second part of my research made the connection between the wealth discrepancy and how it relates to our current political system. In essence, our political leaders are elected into office to be the voices of the public and make legislation that is in the best interest of their respective jurisdictions. This seems like a perfect system to ensure fairness to all citizens, but if we more closely examine how the politicians are actually brought into office, it is quickly recognizable that the system is heavily weighted in favor of the wealthy.

In 2010, the future of the political election process was changed forever. The case of *Citizens United v. Federal Election Committee* was heard in the Supreme Court. This case was very complex but it focused was over a movie named *Hillary* which sought to criticize Hillary Clinton and her positions on various issues. Citizens United wanted to use general treasury funds to promote the movie which was prohibited by previous legislation. In 2002 the Bipartisan Campaign Reform Act banned corporations

from using funds to support candidates regardless of whether they were in favor or criticized the candidate. In a 5-4 decision on January 21, 2010, the Supreme Court ruled that corporations have the same rights as individual citizens and under the first amendment, they are able to contribute funds directly to candidates. This ruling created the modern day super PAC. A PAC is a political action campaign that seeks to fundraise money from both corporations and individuals to support a particular candidate. Before the Citizens United ruling, the amount of money that could be fundraised had to be from individual donors. Although some wealthy citizens heavily donated, the funds were not the astronomical numbers they are today. When asked why the cost of campaigning has increased so dramatically over the past 30 years, many candidates will use the simple answer of inflation. This is a complete fabrication of the truth. The graph below shows the normalized changes in cost of 4 main sections of our economy. The income trend line would be similar to the inflation given that income usually fluctuates with inflation rates.



If we compare the income increase which is approximately 100% over the past 30 years to the growth in campaign costs which are almost 600%, we can deduce that the increase in campaign cost has little to do with the overall economy. Also, in the 2010 section of the graph, there is a visible increase in the

absolute cost of campaigning which is mainly due to the passing of Citizens United and the large influx of cash that was donated by corporations.

Politicians understand that in order to win office, they need to out-fundraise their competitors. History has shown that the candidate that spends the most amount of money has almost always won the position. Given this information, many candidates will pursue wealthy individuals for donations. Now that the politicians have received the donation, they have basically become a slave to the wealthy and now have a completely biased opinion when voting on legislation to be passed. There is no question that the wealthy citizens have different outlooks on future legislation than the lower and middle-class.

Policy	% Wealthy in Favor	% General Public in Favor
Government must see that no one is without food, clothing or shelter	43%	68%
Minimum wage high enough so that no family with a full-time worker falls below official poverty line	40%	78%
The government should provide a decent standard of living for the unemployed	23%	50%
The government in Washington ought to see to it that everyone who wants to work can find a job	19%	68%
The Earned Income Tax Credit (EITC) should be increased rather than decreased or kept the same	13%	49%
The federal government should provide jobs for everyone able and willing to work who cannot find a job in private employment	8%	53%

SOURCE: Benjamin I. Page, Larry M. Bartels, and Jason Seawright, "Democracy and the Policy Preferences of Wealthy Americans," *Perspectives on Politics* [italized] 11:1, pp. 51-73.

Demos.org

A group of political authors polled a variety of people to see how they would vote on a particular topic if it was ever brought to a vote. Some of the results were staggering. The wealthy voted for legislation that protected their tax rates while vigorously opposing raising of the minimum wage and providing jobs to individuals whom were able to work. The issue does not lie in that fact that the two classes of people vote differently on issues, but rather that politicians will only be supporting one side of

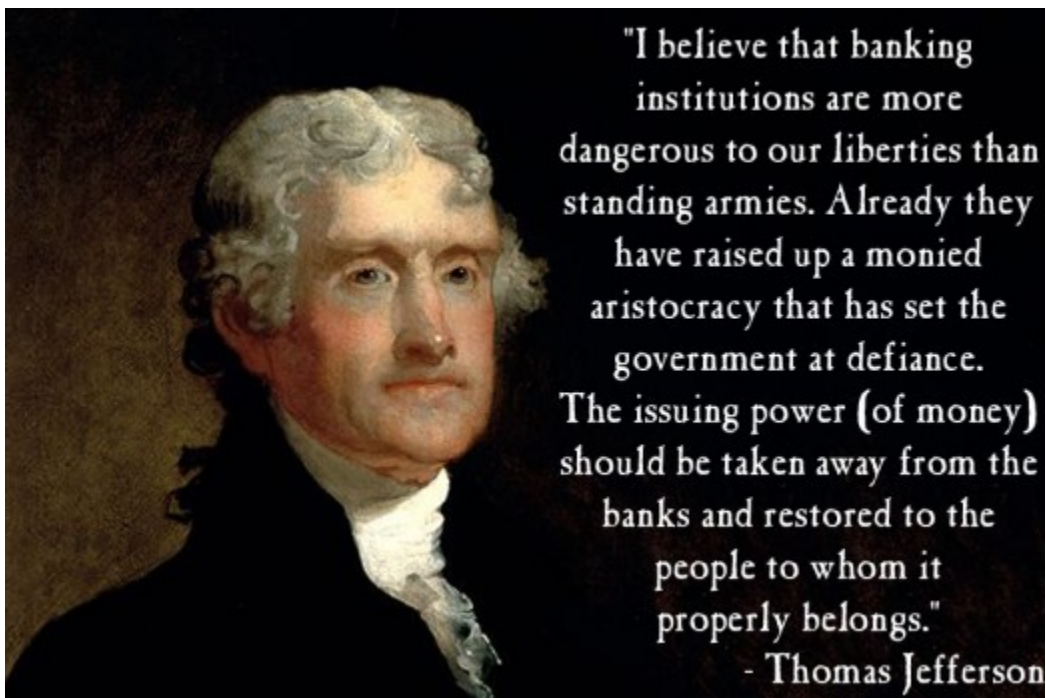
the vote given that they are in the deep pockets of the wealthy. This will undoubtedly give the lower classes less say in the future of legislation.

In order to draw some conclusions to this research, I created some initiatives that may help to change the course of politics moving forward. The first and foremost initiative is appealing to the younger generations. It will be my generation and the generation after me, that will have the most profound effect on altering the course of political history. If we were to take a poll of high school and college students, I would estimate that less than 30% would be able to speak knowledgeably about current world affairs and politics. Given the technology era that we are experiencing, there should be no reason why we are all not informed on current issues and politician's stances on critical topics. The root of the issue is not that the information is not available but rather there are more attractive options for young adults. No young adult is going to want to watch CNN or CNBC when they have Facebook and Twitter available. The integration of important worldly information in connection with fun and progressive technology which is attractive to younger generations is going to be the main asset available when trying to combat this inequality. If we have young citizens that are aware of the situations, then they will be in a position to change the issue and not be a bystander due to ignorance.

The second and third changes go hand in hand. There needs to be checks and balances on the creation of Super PACS. If there is ever going to be a change in the way that politics are run in this country, we cannot have corporations that can donate 1000X what the average citizen can donate and continue to say that the elections and legislation passed are non-biased. Along with curbing this power is the need for more lobbyists that will fight on behalf of the middle and lower class citizens. On average, corporations spend more than 10X what a Union spends on lobbying legislation. This means that even if a bill is not passed in favor of a corporation, they have the best and brightest lobbyists to contest the ruling and eventually get some version of it passed. We need to create some incentive to attract lobbyists to fight for the lower 80% of citizens. Finally, we need to continue to fund education. There

are many governors that are currently cutting education funding in order to give tax breaks to their wealthy citizens whom funded their campaign. For many lower and middle-class citizens, the opportunity for advancement is rooted in education. If we continue to cut funding to school districts, the opportunity for socioeconomic advancement will be diminished. We need to fight for the future generations of America because they will be the change we need to slow this inequality "freight train" from hitting the point of socioeconomic collapse.

In my opinion, America is still free but we are on a timeline to fix issues that have taken hundreds of years to create. We need to curb the power of the wealthy and their influential role in politics because if we are unsuccessful, we will see a government system that is similar to an unofficial dictatorship. The wealthy would rule all of the assets and create laws which have the ability to oppress the lower and middle-class citizens all while trying to continuously compound their wealth. It is important to remember that when our ancestors came over to America a long time ago, they came to escape the oppression they were facing from the Monarchy. If we do not change the future of our government, we will once again see history repeat itself where 80% of the people are ruled by 1%.



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