

Through my research and zine, I explored notions of capitalism and democracy. I used oil paint and gouache to create paintings motivated by my interpretations of and reactions to the American economy. I then compiled these works, other art, interviews, and excerpts from my essay to create a short magazine that considers the topic in a multifaceted manner.

I believe this work continues the discussion of these topics, and explores them from new angles. I encourage you to pick up, read, and explore the magazine as a contribution to this larger discussion.

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# Modern Capitalism

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This paper addresses both the political and economic climate of the 21st century. In this paper I aim to present logical and credited figures in order to present the conclusion that America's economic and political systems are broken. After researching both capitalism and democracy I believe the solution to fix America's problems starts with the people. If any change is to come, we the people must become educated on relevant topics and participate in politics so to procure the change needed.

I became truly interested in America's economy over spring break although I thoroughly enjoyed learning about it in prior history classes and learning about it through current events. I think now, in our political climate, more than ever, it is imperative to have complete transparency about our political and economic systems. As Robert Reich, a political commentator once said, "The largest party in America, by the way, is neither the Democrats nor the Republicans. It's the party of non-voters". This I find important because, with the transparency I hope to display, will come an understanding of the need to vote in elections.

My initial idea for this paper began with a series of questions: What do people do all day? How were they getting money? Where do they work? I began thinking about this because of how focused I am, and many of my peers are, on the next few years of our lives and all that entails, for example going to college and settling into a job. But what came as a surprise to me when I started to look into people's work is that money creates more stress than personal relationships and even their own jobs. Northwestern Mutual's 2018 Planning & Progress Study found that, Money is the number one cause of stress for Americans. I see a lot of poverty and homelessness in New Mexico but what I couldn't comprehend was why so many Americans, even people who can actually work full time, seven days a week are still worried about their money. Our system of economy should allow the people who are working to get ahead to actually *get ahead*. In America, how do democracy and capitalism interact? What is wrong with our system of economics when people who work full-time struggle to find stability?

Capitalism is one of the most important aspects of American life. In simple terms, capitalism is a free market economy where the people participating control the trade and industry and the government set very few regulations. Embedded in capitalism is the idea of the American dream in which, through hard work, upward social mobility is achievable, as well as monetary success. This idea, I believe, pushed America to become one of the most innovative and successful countries in the world. Capitalism did this by creating equal opportunities for people while creating few barriers in the path of economic mobility. Increasingly though, I have seen how this is, in fact, not at all how the system of capitalism in America works.

What is imperative to understand is that capitalism in America today is not nearly as simple as the way that I defined it above. In fact, a true free market economy (capitalism) is not the economy in America. We actually have a mixed economy in which the government combines elements of free markets with government intervention and in some cases economic planning. This idea is more easily understood if we look back in our country's history. For 89 years slavery was legal in the United States, until the 13th amendment was passed in 1865. Before this, slaves were seen as property; a commodity that could be bought, sold, and traded until the government changed the rules of that economy. Because the government makes the rules in which the economy can best function, it is not truly a capitalistic economy. It is beneficial to not be a true capitalist economy when we think about regulations like those that protected the life and dignity of African Americans, and others, in our country. But, on the flip side of this, is a cruel and controlled corporate economy in which the governmental rules can be shifted to benefit a group of people—usually those who already have economic power. Increasingly, people seem to be losing in a

system that wants them to fail. We are the wealthiest nation in the history of the world and a large number of people are struggling to survive. According to a 2016 United Way study surveying all 50 states, forty-three percent of households can't afford the basics to live. This means they don't have a high enough income to cover the combined costs of housing, food, child care, health care, transportation, and a cell phone. Also, according to a recent survey from the Federal Reserve, forty percent of American adults don't have enough savings to cover a \$400 emergency expense such as an unexpected medical bill, car problem, or home repair. It seems to me that America is nowhere near economically stable enough when close to half of the American people couldn't stay out of debt if they got into an accident. Capitalism, a system where equal opportunity combined with hard work should give Americans the potential to move upward in terms of their socioeconomic status, is not working.

When thinking about Americans citizens' welfare it is startling from my perspective how largely the system of economic mobility is failing. Economically, America is not poor and now in 2019, we are experiencing a very good economic climate. To understand why our economic system is failing it is important to understand how the data may be misconstrued by politicians and news sources. In the past year, according to the U.S Bureau of Labor Statistics, the average U.S. household spends \$5,000 a month. The average amount in an Americans savings account is \$16,420. This is enough money to cover three months or more of expenses. This means that logistically speaking, the average U.S. adult is in decent shape in terms of emergencies or unexpected expenses. What is so important to understand, though, is that these facts pertain to the average person, and this is where people are misled. When we look at the median savings account balance, the average in an Americans savings account is \$4,830, this number tells us a completely different story: that in fact, Americans don't have enough money in the bank to cover one month worth of expenses. The reason why looking at the average American is not an accurate representation of Americans, in general, is because people in the top ten percent have incomes well in excess of 100,000 dollars and make up 49.98% of the income of the United States with the top one percent making 17.5% of the income of the united states. With such a large amount of money sitting solely in the top 1%, it is easy to see why an average of U.S. citizens could be skewed. This misrepresents the "average American" as being quite comfortable in the United States. More startling is that the U.S. Government Accountability Office says that nearly half of Americans over the age of 55 have no retirement savings at all. In fact, people who do make much more money than the other 99% of the population can and do sway news, media, research, and political entities, to present facts that serve to further benefit themselves.

In 1970, foreign corporations started to control and change the rules of the economy. The Federal Trade Commission, the primary economic regulatory agency in the US, was shut down due to a lack of funding. The deprivation of government funding came directly as a result of lobbyists and lawyers of companies who wanted to push back against regulations that the Federal Trade Commission was producing. At the time, some of those regulations involved research on tar content of cigarettes and also a ban on television ads aimed at children promoting sugary snacks. From the views of large corporations, this research could have been harmful to companies' profits and so the extremely wealthy Americans started to influence the political sphere, changing and crafting laws that would be beneficial to the people already residing in the top 1%. For example, the GOP tax law recently increased the share of tax law benefits for the top 1% to record a record 1 trillion dollars in stock buybacks that do little for working Americans. The way that the people and corporations exploit the government and create policies is through campaign contributions, well-funded research institutes, and public relation think tanks. The people who

argue for these laws and ideas are called *lobbyists*. In a recent year corporations spent around 3.15 billion dollars on lobbying. For me, this completely shifted the way that I view government. Those 3.15 billion dollars, when divided between each person in Congress, would hypothetically give each Congressman or Congresswoman 5.9 million dollars. That idea leads me to believe that there is no way that our government runs without manipulation from outside forces. Researchers at Northwestern and Princeton did a study on how much power a normal individual has in our democracy. The study spanned from 1982 to 2002. They discovered that if large corporations want a bill passed there is nearly a 60% chance it will pass and if they don't want a certain law, it does not pass at all. If nearly no (10%) citizen wants a particular law passed there is around a 30% chance it passes anyway. However, laws that nearly every voter (90%) wants also only have a 30% chance of passing. The researchers at Princeton and Northwestern concluded that, "The preferences of the average American appear to have only a minuscule near zero, statistically non-significant impact upon public policy." To me, this was very surprising and extremely rattling. Just in the past month, I saw The Green New Deal, a policy to limit the effects of climate change, fail to pass even with more than 80% of Americans supporting the policies in the proposed bill. As well, in the past few days the decision to retract all funding for trans people in our military and disallow them to identify as such when on duty. Things like this make me sure that America's Economy is not only immoral but also not capitalistic.

Another harmful fact exposing how American economics is skewed comes from Robert Reich, Former United States Secretary of Labor. He presents that the five largest oil companies receive tax breaks of over four billion dollars a year with a net income of fifty billion dollars. And although these corporations employ many workers and help boost our economy, these tax breaks only serve to widen the wage gap between workers and managers. Since President Trump took office, General Motors has received five hundred million dollars in tax breaks. General Motors CEO Mary Barra received twenty-two million dollars in total compensation while the company plans to shut seven factories, cutting 14,000 jobs by the end of 2019. The estimates of total tax subsidies over one year for large corporations is one hundred billion dollars, which is more than the annual budget for the Department of Education which is 68 billion dollars. This means that the government helps large corporations more than our educational system. This might be the most damaging fact of all my research.

One thing that I have struggled to grasp is the difference in wages between the person in charge and the workers. In my opinion, teaching is one of the hardest and most important jobs on the planet. The cultivation of creativity and intellect should be valued much higher in our system. In our system of government, education exists as an example of a socialist system. All states have public education through twelfth grade which should benefit everyone equally. But the government helps fund large corporations with more dollars than they do the educational system. In my opinion, if public education had more resources and the teachers had the proper motivations to do their job and do it well, our country would be better in many ways. It seems as though our educational system reflects the same inequality as in our economy where the CEO's of large companies make a huge amount more than the workers. At my school, which is private, the headmaster makes 10 times that of any teacher who interacts with children and is accountable for the student's growth. Something about that seems wrong. In my opinion, if primary educators pay was increased and secondary education was free, citizens would be given more enriched and equal opportunities to cultivate specific qualifications and impact our country in a very positive way. Along with this investment of resources into education, I would also love to see a shift in how the education system is run placing more capital with the teachers.

The idea of economic democracy could return more balance into the American system of capitalism. In which currently most businesses control lies in the minority and not the majority of the members. Economic democracy demolishes the idea of capitalism and instead works through a system where the workers hold control over the manager. The creation of a democracy in the workforce would mean the need for a workers' union would not exist. Instead, the workers could participate in the workplace democracy by voting for managers and changes in working conditions. Workers would stop being controlled by big business and start working for themselves under the protections and name of a corporation. Managers would still run the business side of things while the people who are actually producing the goods or service do their jobs. The main idea behind this is that the quality of work and pride in work would improve seeing as they would work for themselves. Another thing that is interesting to think about is after slavery was banned, capitalism simply shifted its focus from owning the workers to making them rent themselves out for work through contracts. I think it could be concluded that corporations are still using a modified system of slave labor. In many workplaces, we can see that it is very hard for the workers to have any say in their working conditions. They do not have autonomy over their schedule, the ability to care for children, or sick family members. In terms of creating a system that is creatively motivated, giving workers a voice in their workplace with their fair share of the profits would, in my opinion, boost production and innovation seeing as the workers could delegate the company to their liking with the majority getting what they want. By creating a knowledge-based economic system, where education is very important to the government, innovation and production would rise. This would require government policies that encourage higher education and investment into workers welfare. In my opinion, the system of democracy should be implemented in some degree to certain business structures making our economy fairer for working, middle-class Americans.

In conclusion, the economic system in America is broken. The rich continue to gain more wealth through corporate tax breaks, while the middle-class shrinks and more and more Americans are impacted by the imbalance of the distribution of wealth. Although some of these facts may go unnoticed, only 20% of Americans in 2017 said they would trust the government to do right. It seems as though many Americans in 2019 are worried or stressed or are at least thinking about our government. I hope that in the upcoming elections these concerns for America are voiced in ways of voting. This topic is important to consider in order to change the current system of government. It is important to always seek information and to form opinions that are based in logical and credited sources. If Americans continue to become educated and continue to vote their voices will be heard. I don't think that America's economic problems are between Democrats and Republicans, but between pro-corporations and pro-people because increasingly our lives and our governments are being changed by large organizations.

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