DEMOCRACY’S CHALLENGE

INTRODUCTION

It took three years to build at a cost of $7.5 million dollars—the equivalent of about $400 million today. It was almost 900 feet long—three football fields put end to end—weighed about 46,000 tons, and was 175 feet high from its keel to the top. Its owners said it was unsinkable. When it left the dock, the Titanic was the biggest, fastest, most luxurious ocean liner ever constructed.

The Titanic set sail on its maiden voyage from Liverpool bound for New York on April 10, 1912. On board were 2,228 people, as were 40,000 fresh eggs, 12,000 dinner plates, 6,000 tablecloths, and 1,000 finger bowls. As the boat cruised toward New York, first-class passengers spent their days swimming in a pool, exercising in a gymnasium, relaxing in a reading room, or exchanging pleasantries in a lounge reserved for them. In the evening they enjoyed elegant parties, drank fine wine, and ate sumptuous meals before retiring to their spacious staterooms. Many of the first-class passengers on board were familiar names from high society, such as John Jacob Astor IV, whose grandfather struck it rich in lumber and real estate; George Widener, whose family made its fortune in streetcars; as well as members of British nobility, such as the Countess of Rothes and Sir Cosmo Duff Gordon.

Passengers in third class did not have it as good. Families in third class were crowded into small rooms, which could barely accommodate two bunk beds and a toilet. Single men and women were housed in separate, congested, unpleasant holds below on opposite ends of the ship. There were only two bathtubs for use by the seven hundred passengers in third class. In addition, they were restricted from moving about the ship and from using the amenities reserved for first-class passengers. Many brought food for the duration of the trip across the ocean because they could not afford to dine on board. The price of the ticket had exhausted their savings. Unlike the Anglo-American
aristocracy in first class, many third-class passengers were non-British immigrants from such distant places as Poland, Italy, and Russia. They were fleeing persecution and poverty in the countries they had left behind in hopes of finding freedom and prosperity in America.

As the ship crossed the Atlantic, everything first appeared calm. Anxious to gain a competitive edge in the ruthlessly competitive steamship business—then the only means of transatlantic travel—the owners of the Titanic instructed the captain to increase the ship’s speed. Dismissing the risks involved, the owners hoped to break the record for transatlantic travel and arrive in New York a day early. This would attract even more publicity for the ship’s arrival and humble the competition. With its engines at full throttle, the Titanic entered treacherous waters off Newfoundland. Then disaster struck. An iceberg tore a 200-foot hole along the ship’s hull. The Titanic began to sink. Bedlam broke out on board. The Titanic was equipped with all sorts of luxurious facilities, but the owners had outfitted the ship with only enough lifeboats to evacuate half the passengers. When the Titanic began to sink, the ship’s owners ordered that first-class passengers be evacuated first. Meanwhile, third-class passengers trying to reach the lifeboats sometimes found the doors to the deck locked or blocked. Those fortunate enough to reach the deck found that first-class passengers were given priority on the lifeboats. Two-thirds of the first-class passengers were saved. The results of that tragic night were quite different, however, for the passengers in steerage: two-thirds froze to death in the icy waters of the Atlantic. Just as wealth, income, and social standing influenced how people lived on board ship, so it influenced who would die.

In many ways, the tale of the Titanic offers a powerful metaphor for key features of American society and politics even today. The United States remains the richest and strongest nation in the world. It is the biggest, fastest, most luxurious ocean liner around. Like the Titanic, it is also characterized by massive disparities in wealth and income that separate first- and third-class passengers. The richest 20 percent of American households earn more than half the country’s income; the poorest quintile earned just 3 percent. Since 1980, increases in earnings have been concentrated at the top. During the past thirty years, the average income of the top 5 percent of households grew at a rate more than four times as fast as the average income of the bottom 80 percent, the vast majority of the population. The U.S. Census recently reported that the top 5 percent of households earned just under $300,000; the next 15 percent earned about $120,000, and the remaining 80 percent averaged approximately $40,000. Disparities in wealth are far greater. Wealth—including housing, stocks, and bonds—is remarkably uneven. The best recent measures date to the start of this
decade, when the top 1 percent of households owned just over $13,000,000 in assets; the next 9 percent $1,645,000; the next 40 percent $272,000; and the bottom 50 percent just $22,000. The combined salary, perks, and bonuses for those at the highest rungs of large firms are astonishing. In 2008, the CEO of Motorola earned $104 million; of Citigroup, $38 million; of J.P. Morgan, $36 million; of American Express, $43 million; of Philip Morris, $37 million. These packages were further improved by attractive stock options, generous retirement benefits, and other benefits. Just before the steep economic downturn of that year, the top one-tenth of 1 percent earned 976 times more income than the bottom 90 percent. This degree of inequality is even greater than the situation that prevailed on the eve of the Great Depression that started in 1929, when the top hundredth of 1 percent of American families earned 892 times more than the bottom 90 percent.¹

These gaps are greater in the United States than in any other economically developed country. High-income people have more purchasing power than the rich anywhere else, while the poor, the bottom 10 percent, can buy less than the equivalent group in Canada and Western Europe. America’s poor lag further behind the rest of the population to a greater extent than their counterparts in these countries. Differences in wealth are also noteworthy. The top 20 percent of households own about 65 percent of the wealth in Canada, and 70 percent in Germany. That figure tops 80 percent in the United States. At the
WHAT DO YOU THINK?

Capitalism and Equality

As an economic system based on private enterprise and markets, capitalism has been widely interpreted both as creative and productive for the way it produces wealth and well-being, and as a supporter of economic and political freedom. Others have argued that capitalism is a system of exploitation for the way it generates significant benefits for some at the expense of others, and thus curtails individual freedom for those at the bottom of the distribution of wealth and income. Are these alternative positions equally convincing?

bottom of the social order, the number of poor Americans increased by more than 5 million between 2000 and 2008, and nearly one in five children under the age of eighteen fall below the government’s standard for poverty.²

Americans may all be passengers on the same ship, but they have very different experiences of the journey based upon their class position. Citizens who are at the top of the income and wealth distributions can afford first-class tickets. They have bigger homes, drive nicer cars, live in finer neighborhoods, and send their children to better schools than do citizens who can afford only third-class tickets. As on the Titanic, deep inequality also influences who lives at all. Membership in a higher social class reduces the risk of heart attack, diabetes, infectious disease, arthritis, and some cancers, and it is a more powerful predictor of health and mortality than genetics, exposure to carcinogens, and smoking.³ Wealthier citizens can afford good medical care, but those who are poor often have to take their chances in the open seas and hope for the best.

Another system of inequality overlaps that of class. Even after the election of Barack Obama, the country’s first African American president, and even after the longer-term growth of the black middle class of which he is a member, first- and third-class passengers often continue to be distinguished by the color of their skin and by the size of their wallet. Whites earn more, are more fully employed, are more educated, are less victimized by crime, and live longer than racial minorities. A 2008 study reported the median, or midpoint, of white earnings to be $30,485 per person. For African Americans the equivalent figure was $23,025, and for Latinos it was $20,255. The median net worth for whites was just over $140,000; for African Americans and Latinos, just under $25,000. Only
1 in 10 whites has less than a high school diploma, compared to 2 in 10 for African Americans and 4 in 10 for Latinos. Further, there is a persistent gender gap. The median income for a man was a little less than $33,000; for a woman, just $22,000.4

The example of the Titanic even extends beyond how class, racial, and gender inequalities shape and distort the quality of life. The opulence on board while the ship’s owners skimped on lifeboats is all too reminiscent of the immense resources society devotes to satisfying extravagant consumer desires while investments in the public sector, such as schools, the environment, and the safety net—especially in difficult economic times—are stressed and underfunded. The American welfare state does not provide enough lifeboats to those who need medical care, child care, or income support. More than 16 percent of American households would live below the poverty standard without the help of existing government programs that reduce that number to some 12 percent. Elsewhere, governments do much more to counter inequality. Although their poverty rates are equivalent, or even higher, before public policies kick in, welfare state programs in other rich industrialized nations have a bigger impact on poverty. In Great Britain, the welfare state reduces the poverty rate to about 6 percent, in the Netherlands to just over 3 percent, and in Sweden to merely 2 percent of the population.

Further, the degree to which businesses put profits above other values is eerily similar to the way the owners of the Titanic recklessly endangered the lives of their passengers. The tragedy off the Newfoundland coast occurred in part because the Titanic’s owners were intent on arriving early to gain favorable publicity and overshadow the competition. Regrettably, there are all too many examples of corporations seeking profits at the expense of their customers’ welfare. Recent examples include Medtronic implanted heart devices that malfunctioned in hundreds of patients and contributed to at least five deaths, Peanut Corporation of America (PCA) products infected by salmonella, and Phillip Morris cigarettes that cause cancer. Manufacturers who knew of the dangers they were causing decided it was cheaper not to make changes that were needed to enhance safety. Sometimes the price of greed can be more widespread and more systematic. Financial firms sought to take advantage of the housing frenzy of the early years of this century by creating new forms of debt instruments based on pools of mortgages. As a result, they became vastly overextended. When many borrowers could not afford the loans they had been encouraged to take, the whole financial system was put at risk and saved only by a massive bailout by the federal government.
CONSTITUTIONAL DEMOCRACY AND CAPITALISM

Although powerful, the Titanic as a metaphor breaks down at a crucial point. The United States is a constitutional democracy. The Titanic was not. The captain of the Titanic was accountable to the owners who employed him; the passengers did not elect him. By contrast, Americans can choose the people who govern. All adult American citizens today (except for prisoners and ex-felons in some states) have the right to vote, and each citizen gets the same single vote. Democrats and Republicans, as well as a host of minor political parties, compete actively to win the support of the electorate. Few countries allow as much freedom to engage in political debate. Citizens can mobilize to criticize the government and make demands for change. Newspapers and television provide regular reports of government activities, debate the wisdom of public policies, and expose wrongdoing by high government officials, including presidents.

These rights developed over time, often as the result of conflict and struggle. American constitutional government was first fashioned at a time when other countries were ruled by kings and emperors, not by elected officials whose actions were constrained by citizen rights. This revolutionary development came eleven years after the Second Continental Congress adopted the Declaration of Independence in 1776, rejecting British rule of the thirteen colonies and declaring that all human beings are owed the “unalienable rights” of life, liberty, and the pursuit of happiness. The government it first fashioned under the Articles of Confederation was relatively weak because each state retained its sovereignty and independence. There was no president; Congress was placed at the center of government and had the power to make war, sign treaties, borrow or coin money, and manage relations with Native American Indians.

It soon became clear that this limited national government was insufficient. The Constitutional Convention that met in May 1787 was called to invent a better, more practical, and more effective government. It found a solution to the problem that some states were more heavily populated than others by arranging for seats in the House of Representatives to be allocated by population so that bigger states had more representation; it also arranged for each state, regardless of its number of inhabitants, to have two members of the Senate. It adapted to the existence of slavery by deciding to count every five slaves as three persons for the purposes of apportioning seats in the House of Representatives, even though slaves were not citizens and could not vote. In this way, and by prohibiting Congress from abolishing the importation of slaves until 1808, and by including a fugitive slave clause that provided for the return
of escaped slaves to their owners, the Constitution recognized slavery as legitimate within the country’s constitutional democracy.

Most of us are familiar with the basic features of the Constitution. All House members are chosen by direct election every two years. Senators have been elected directly since 1913 (until then, they were selected by state legislatures), and have six-year terms that are staggered, so that one-third of the Senate is up for election every two years. Congress has specific powers. These include regulating commerce, borrowing money, collecting taxes, maintaining the armed forces, and declaring war. The president heads the executive branch of government. Elected by the electoral college every four years after the people vote, the holder of this office manages foreign affairs, serves as commander in chief, oversees the federal bureaucracy, and can veto congressional legislation. The judicial branch is topped by a Supreme Court whose members, appointed by the president and approved by the Senate, serve for lifetime terms. Their main task is to resolve constitutional controversies, including determining when federal and when state law applies and ruling on how citizen rights should be understood and carried out. The Constitution became the supreme law of the land once it was ratified by the states in 1789.

American citizens possess rights that are designed to prevent public authorities from acting in arbitrary ways. In 1791, four years after the Constitution was written, the ten amendments called the Bill of Rights were added. These amendments place limits on what government can do. Congress is not free to designate any single religion as having an official or established capacity, and it may not limit religious freedom, freedom of speech, assembly, and petition. The executive branch is not free to infringe on the right to keep arms, cannot arbitrarily take homes for use by the military, and, most important,

**WHAT DO YOU THINK?**

**Poverty and a Minimum Standard**

The Constitution is silent about economic inequality. Yet in setting out to enhance “life, liberty, and the pursuit of happiness,” it seems to imply that good government should not tolerate too much inequality and should be concerned about poverty because too few resources make it difficult, and sometimes impossible, for citizens to work to achieve these goals. Should the Constitution have mandated a minimum level of income and wealth for each citizen?
cannot search for or seize evidence without getting a court order on the basis of the probable existence of a crime. The judiciary is also constrained. Citizens cannot be indicted for serious crimes without a grand jury. Courts must offer speedy justice, provide trials by jury, and offer the right of the accused to know the charges and evidence and confront witnesses. Courts also cannot compel people to testify against themselves, nor can they try people more than once for the same offense. Punishment cannot be excessive, bail must be reasonably set, and property cannot be taken without proper compensation. An imprisoned person has the right of habeas corpus, the capacity to file a petition demanding that the courts determine whether the imprisonment is lawful. Moreover, the last amendment of the Bill of Rights, the Tenth, reserves to the states or the people any powers not explicitly assigned to the federal government.

Compared to those in other countries, most public authorities in the United States are accessible and responsive. Because it is limited by the country’s constitutional system, their rule is not arbitrary or unaccountable. Powers are divided—not, as in most political regimes in human history, concentrated in specific offices or persons. The national government is characterized by a separation of powers, and the capacity to govern is shared by the executive branch (led by the president), by the legislative branch (Congress), and by the judicial branch (the Supreme Court). These branches are in a relationship of checks and balances with each other. The president can veto congressional legislation; the Senate must approve key presidential appointments; the Supreme Court can review laws passed by Congress and signed by the president. The political system is characterized by federalism, a system that limits national power by reserving many powers and functions to the governments of the country’s fifty states. The country also has thousands of county, municipal, and township governments, as well as special-purpose units like school districts, in all of which residents have voting rights and decisions are made by majority rule. Government, in short, is accountable to the people, who are invited into the political process as participants. In the last resort, the people are sovereign.

Democracy cannot be judged, however, only by these cherished rights and formal procedures. It must be evaluated based on how they actually work; that is, by substantive as well as procedural democracy. Trials, for example, are often not speedy, and evidence is sometimes withheld from defendants who are not adequately represented by defense lawyers. Governmental power is at times arbitrary. Checks and balances do not always constrain the abuse of power. The substance of democracy, moreover, is also deeply affected when the democratic features of American government are combined with deep inequalities, and
when the unequal distribution of wealth and prospects between first-class passengers and those in steerage affects their ability to influence public policy. To what extent is **popular sovereignty** possible in a society characterized by large inequalities of resources?

We explore these issues in the pages that follow. We ask whether and how American democracy is distorted by large inequalities. When do political institutions function to permit, even promote, inequalities, and when do they make it possible for ordinary citizens to shape public policies and effect social, economic, and political change? We have two starting points—the country’s democratic institutions that are grounded in the Constitution that has governed the United States since it was ratified in 1789, and the character of the capitalist economic system, including the special informal status possessed by the country’s major business firms.

The country’s capitalist **market** economy—an economy that has produced great prosperity and economic development as well as significant inequality, insecurity, and cycles of boom and bust, some greater than others—is inherently not democratic. It is based on the capacity of some persons and firms, especially the largest, to invest capital in order to gain the largest returns. They take risks to maximize profits. When things go well, markets operate to generate productive investments, create jobs, and correct economic imbalances. When things go poorly, the sum of business decisions helps produce circumstances that put the whole economy in crisis. But in good times and bad, the basic economic decisions are made by those who own the means to produce goods and services, well outside the sphere of popular sovereignty.

Leaders in the marketplace have disproportionate power not only because they have more money and the ability to secure access and influence through lobbying and campaign donations but also because governments must act in ways that promote the prosperity of the private economy, the country’s great engine of wealth and employment. The well-being of everyone as measured by jobs and income depends on the investment decisions and the profits of private firms, and on corporate executives who decide about technology and the organization of work, where firms and factories will be located, how resources should be allocated, and how much executives and workers are paid. In observing this status and such developments, the political economist Charles Lindblom shrewdly observed how “business leaders thus become a kind of public official and exercise what, on a broad view of their role, are public functions.”

Because leaders of the private economy cannot be ordered to invest or perform effectively for the greater good, they sometimes have to be prompted and persuaded to do so. Public policies concerned with taxation, trade, and regulation,
among other matters, are the instruments the government utilizes to achieve this goal.

Business thus commands a privileged position in public life. “In the eyes of government officials,” Lindblom notes, “businessmen do not appear simply as the representatives of a special interest, as representatives of interest groups do. They appear as functionaries performing functions that government officials regard as indispensable.” Business leaders in general, but especially the leaders of major corporate firms, have a double advantage in the country’s democracy. With more money, they can afford to hire lobbyists, contribute to campaigns, create organizations, gain access to decision makers, and thereby influence debates about public policy. Even more important, they hold a key structural position—the jobs and income of many Americans depend upon corporate investment strategies and decisions. Consequently, they informally become key partners of government in what might be called a corporate complex. When key sectors of the private economy fail spectacularly, as the automobile industry recently has, government has little choice but to step in to shepherd them back to self-sustaining health. Thus when Chrysler and General Motors collapsed into bankruptcy in May and June 2009, the government spent over $60 billion, and temporarily took control of GM, in order to restore the companies to profitability while also overseeing a process that reduced the wages of automobile workers, laid off a third of the auto industry workforce, cut the health benefits of retirees as well as current employees, forced bondholders to to exchange their debt for nearly worthless equities, and virtually wiped out the company’s shareholders.

One consequence of the close relationship between business and government is that political views are unevenly represented in public debate. Key issues of manifest public significance—such as what to produce, where and how to produce it, and what to do with the resources generated by production—are decided by CEOs, managers, and governing boards with little public discussion, at least until a crisis occurs. The result is a public sphere more limited than the cacophony of debate between liberals and conservatives might suggest. The principle of majority rule, the very centerpiece of representative democracy, often applies to a confined range of questions. Some of the most important issues affecting the welfare of citizens may not even considered but are decided outside of democratic politics—in corporate boardrooms that are well outside the reach of majority rule.

It is impossible to understand the politics of power in the United States without paying attention to the many ways democracy and inequality intertwine to affect virtually every aspect of American life, including economic opportuni-
ties across lines of race and gender, the quality of city neighborhoods, the provision of services, the health of the environment, and the scope and character of political choices made by government officials and citizens. These are the issues we place front and center in this critical introduction to American government that highlights both the remarkable aspects of American political democracy and the recurring problems that distort it to make the country’s political system less democratic than it might be.

STANDARDS OF DEMOCRACY

When we judge American democracy, we have to start with the rights, institutions, and procedures that enable individuals and groups to make their views known and fairly select their leaders and public officials. These include civil liberties and civil rights, including freedom of speech, freedom of assembly, freedom of the press, and the absence of discriminatory barriers to participation. Without such procedural guarantees, it is extraordinarily difficult for people to formulate and express their interests. We have to consider the structure of government, the character of its institutions, and the mechanisms by which public policy is made. But we also must direct attention to the impact of deep and persistent patterns of inequality and investigate how, and with what consequences, valued features of democracy are affected by disparities in income, wealth, and life chances.

Efforts to assess American democracy by examining how popular influence and control are affected by the uneven distribution of income, wealth, and other assets have produced some of the best work by political scientists on American politics. In 1961, the political scientist Robert Dahl published a brilliant and influential study of politics in New Haven, Connecticut; his book *Who Governs?* has become a classic in political science. By commonly accepted standards, he argued, the city was a democracy. Virtually all of its adult citizens were legally entitled to vote, they had a choice of candidates, and their votes were honestly counted in free elections. In New Haven, Dahl found that “two political parties contest elections, offer rival slates of candidates, and thus present the voters with at least some outward show of choice.” Yet, he observed, although the city’s residents were legally equal at the ballot box, they were unequal in other ways that contrasted sharply with their formal political equality. Less than one-sixteenth of the taxpayers owned one-third of the city’s property. In the wealthiest ward, one family out of four had an income three times the city average; most of the families in the poorest ward earned under $2,000 per year. Only
one out of thirty adults in the poorest ward had attended college, in contrast to nearly half of those in the richest ward.\(^7\)

Can this combination of legal equality and class inequality be designated as democratic? Dahl put the question this way: “In a system where nearly every adult may vote but where knowledge, wealth, social position, access to officials, and other resources are unequally distributed, who actually governs? . . . How does a ‘democratic’ system work amid inequality of resources?”\(^8\) He placed quotation marks around the term *democratic* because its meaning in this situation is unclear. Should a democratic system be measured only by such matters as fair and open elections, or should it be measured by the control and distribution of resources? What, in short, is the relationship of *capitalism* and democracy?

In New Haven, Dahl was heartened to find that no single elite group made the city’s key political decisions. Rather, different groups determined policy in matters of urban renewal, public education, and the nomination of candidates for office. However, there was one feature that ran across different aspects of New Haven’s life. In each area, there was a wide disparity between the ability to make decisions by politically and economically powerful people, on the one hand, and average citizens, on the other. As a result of such disparities, Dahl noted, New Haven was “a long way from achieving the goal of political equality advocated by the philosophers of democracy and incorporated into the creed of democracy and equality practically every American professes to uphold.” Nevertheless, he concluded that “New Haven is an example of a democratic system, warts and all.”\(^9\)

Like New Haven a half-century ago, the United States can be considered a democracy, warts and all. But our understanding of American politics would be incomplete and inaccurate if we treated its limitations and flaws as minor or unfortunate exceptions. This book invites us to think about American democracy not only in terms of formal rules and rights, but by asking whether and when citizens have relatively equal chances to influence and control the making of decisions that affect them. Democratic procedures and institutions are essential to democracy. However, they do not guarantee it. What matters as well is the substance of democracy. The right to free speech is precious. But even in an age when the Internet and its blogs have opened up new means of communication, information can become distorted when those who own the media use it to express their views to millions while most Americans lack the equivalent means to disseminate their opinions to even a few. Political rights, such as the right to vote, are an essential part of any democracy. But these rights are undermined when candidates shape policies favorable to the wealthy, who
can provide them with campaign contributions that ordinary citizens cannot afford. Civil liberties are to be cherished. But these are perverted when, for example, some people can afford to hire expensive lawyers to take advantage of the right to a fair trial when others must rely on overworked and underpaid court-appointed attorneys to defend them. The point of these examples is that procedural rights are important, but they are also not enough. A successful working democracy requires (1) widespread participation in decision making, (2) an absence of restrictions on who gets to participate and on the fair terms of their participation, and (3) inclusive representation of the interests, values, and beliefs of citizens.

Democracy implies rule by the many, not the privileged few. Effective and extensive citizen involvement in decision making long has been regarded as a centerpiece of democracy. In the famous view of eighteenth-century French political theorist Jean Jacques Rousseau, persons develop political skills as active citizens when they can exercise real control over how political life is conducted and when they help shape the content of public policy. As social theorist Carole Pateman put it in her interpretation of Rousseau’s *The Social Contract*, “the more the individual citizen participates, the better he is able to do so. . . . He learns to be a public as well as a private citizen.”

When the country was founded, American democracy was limited and constrained because the majority were not permitted to participate in political life. Initially, many states and localities imposed property restrictions on voting. These limitations were eliminated by the early 1830s. Women lacked the right to vote before the Nineteenth Amendment, in 1920, brought them into the electorate. African Americans, including ex-slaves, were formally guaranteed the franchise by the earlier Fifteenth Amendment in 1870, five years after the end of the Civil War. But in practice they were largely kept out by a host of devices—including literacy tests, poll taxes, discrimination by electoral registrars, and a good deal of violence—until the Voting Rights Act of 1965.

Over the course of the history of the Republic, American constitutional government became more and more democratic, in the sense of including more and more citizens inside the political system as participants and voters, as a result of struggles to widen the franchise. With the passage of the Twenty-Sixth Amendment in 1971, nearly all adults over the age of eighteen became formally eligible to participate in American politics. As the country became more democratic, it also became a global beacon. Tens of millions fleeing oppressive conditions and seeking economic opportunity flocked to the United States, producing an increasingly varied population. At first, the population was divided between a majority of whites, mainly Protestants from northern Europe,
especially Great Britain, and minorities of African slaves and Native Americans. Over time, immigrant streams from Ireland and Germany, then from southern and Eastern Europe, and most recently from Mexico, the Caribbean, Asia, Africa, and Latin America have fashioned a population that is heterogeneous in race and ethnicity in the world’s most diverse democracy in terms of religion, culture, and place of origin.

Direct political participation is much easier to achieve in small groups and settings like juries, town meetings, or face-to-face community organizations than it is in societies as a whole, especially in a society as large and complex as the United States. For this reason, when we gauge whether the interests, values, and beliefs of citizens are present in an inclusive manner, we have to think not only about their ability and propensity to vote in elections, join campaigns, belong to political parties, take part in interest groups, or mobilize as activists in social movements, but how the country’s system of political representation actually works.

It is impossible for all citizens to participate simultaneously in making political and policy decisions. As a result, they depend on having their preferences literally “re-presented” by others inside the political process. This is what happens in legislatures—in Congress, in state legislatures, and in city councils—that are democracy’s core institutions. We elect persons who represent our views, who seek to make laws that serve both particular and general interests, and who are periodically judged by their constituents.

In assessing how well representative democracy is working, some key questions come to the fore. First, do the country’s representatives—the persons who make the laws and decide the policies—reflect the characteristics of the persons they formally represent, or is there a systematic bias that limits the presence of representatives based on class, race, ethnicity, sex, or religion? Having a diverse body of representatives is important because the more they reflect the range of the population, the more likely it is that the interests of different types of citizens will be adequately represented. Group members are much more likely than others to vigorously represent their own interests.11

Second, are representatives aware of, and responsive to, their constituents’ concerns? In practice, ordinary citizens often find it much more difficult than do the most privileged to achieve a representation of their interests, since those with more resources tend to perceive and promote their particular interests more accurately and effectively than other citizens. Thus, a key issue in a representative democracy is not who rules, but how those who rule use their power. How well do representatives perceive the preferences of their constituents, and how do they act on their behalf? Further, do they do so effectively?
WHAT DO YOU THINK?

Patterns of Political Representation

Before the ratification of the Nineteenth Amendment to the Constitution in 1920, most women could not vote. Before the Voting Rights Act of 1965, most African Americans were excluded from the franchise. These landmark legal changes widened democracy. How important is office holding, in proportion to their numbers, by women and African Americans for the democratic potential of voting to be realized?

Third, and broadest, is the question posed by Robert Dahl: “How does a ‘democratic’ system work amid inequality of resources?” As capitalism and democracy coexist in varied and changing ways, their character and content now, as in the past, are contested. High degrees of inequality stand as a barrier to the achievement of the fullest degree of democracy; that is, a democracy in which all citizens have relatively equal chances to influence the making of decisions that affect them. In turn, the openness of democratic political life invites and even promotes persistent challenges to the various dimensions of inequality that limit the meaningful scope of political life. By coming to understand the politics of power, we can better grasp the current limits of and opportunities for American democracy.

POLITICAL CHANGE

These issues are not new. They date to the earliest days of the Republic and have taken different form at different moments in American history. Within the ambit of the country’s representative democracy, Americans have weighed up the proper role for government in the economy, the extent to which inequalities of wealth and income are acceptable, and what, if anything, government should do to manage and limit these differences. The political system has been the focus of great debates about how foreign affairs dovetail with domestic concerns and about who should qualify to be a citizen and who should not. The meaning of federalism (how much power the federal government should have as compared to the states) and the character of the separation of powers (what balance should be struck between the president, Congress, and the Supreme Court) also have been been contested. So too have
the ways capitalism should be managed and regulated by the government, and how the operation of the economy affects the daily lives and opportunities of Americans.

The particular situations and conditions within which such matters have been debated and resolved have never been constant or static. Each generation confronts these matters in a particular way. Each generation thus must reassess American politics anew as it grapples with large-scale patterns of change that affect the character and contours of the country’s democracy. In the current era, three matters have come to the fore that have dramatically reshaped the character and agenda of American politics. As we explore the politics of power, we need to bear in mind these issues of great significance.

As the Lone Superpower, the United States Confronts a More Interconnected and More Unpredictable World

After the Cold War ended in 1989 and the Soviet Union collapsed in 1991, the United States was left as the only superpower in the world. Its military power is unrivaled. Hundreds of thousands of American troops equipped with the most advanced weaponry are stationed in over 61 military bases in 19 countries, and American military personnel are deployed in another 800 smaller installations across the globe. Spending more on defense than the next fifteen highest-spending nations combined, the United States has the most technologically sophisticated, best-equipped military in the world, bar none. The United States launched the Iraq War on March 20, 2003, and subdued the military forces of Saddam Hussein within weeks.

The biggest and most powerful military helps serve and protect the biggest and most powerful economy in the world. The United States is the largest national market, home to more leading corporations than any other country. Although it contains only about 5 percent of the world’s population, the American economy accounts for about a third of the world’s gross domestic product (GDP). Even in difficult economic times, the dollar continues to be the principal international medium of exchange, the currency in which the rest of the world does business.

This combined military and economic power underpins the country’s extraordinary influence in international affairs. There are few significant places or issues around the world where the United States does not project its power, from sending humanitarian aid to fight against the AIDS epidemic in Africa to negotiating trade agreements with China, from mediating the Arab-Israeli conflict to sending troops to fight the Taliban in Afghanistan, from confining
people designated as enemy combatants to confronting drug smugglers in South America. Yet the more the United States has outdistanced all other rivals, the more it has become clear that world security after the Cold War is difficult to guarantee, that military power alone does not assure the United States will be unchallenged, and that a proper balance between liberty and security is not easy to find. The most visible instances of this uncertainty and vulnerability remain the shockingly successful terrorist attack on the World Trade Center and Pentagon in September 2001, and the failure of the American occupation of Iraq to bring peace or order to the country over the course of many years. The perpetrators of 9/11 remain at large, the closing phase of the Iraq War has brought uncertain prospects, and the region centered on Iran, Afghanistan, and Pakistan remains persistently—even increasingly—dangerous.

In all, the world has become a more complicated stage. There are now more countries with more weapons of mass destruction, including growing nuclear arsenals, that can cause vast damage. Small conflicts now have a greater chance of escalating into larger ones that draw surrounding countries into the turmoil. The threat of terrorism remains and continues to haunt American society. And with the nation’s economy more integrated with the rest of the world, it is subject not only to deep challenges at home but also to market changes that occur beyond its borders and that it has little control over. As the world has become more interdependent, domestic politics has become less insulated than ever before. Throughout American history, the country has been shaped by war and trade; but the scope and velocity of today’s movements of people, ideas, money, goods, and weapons across national boundaries are unprecedented. Greater global interdependence increases American power and vulnerability at one and the same time. As a result, the politics of power is not crisply divided between domestic and international affairs. Issues that concern the interplay of democracy and capitalism cannot be confined to domestic politics.

Politics Has Become More Polarized

It used to be a truism of American political life that ideology was muted, that party differences were relatively small. Over the past thirty years, these patterns have been upset, even reversed. The Democratic and Republican parties have increasingly moved apart, both in their mass appeal and in their behavior in Washington. During this period, more and more Americans have recognized ever starker differences between the conservatism of Republicans and the liberalism of Democrats. More and more voters have become fixed in their partisan positions and ideological preferences, and elections are determined by
relatively small shifts in the middle of the spectrum. Many Americans remain
disengaged from politics, but those who participate tend to reliably line up on
opposing sides.

From the 1910s to the early 1960s, the Democratic Party housed liberal and
progressive politicians who supported unions, civil rights, and social equality.
It also sheltered the country’s leading segregationist politicians from the South,
where Jim Crow defined the law of the land. The Republican Party likewise was
quite heterogeneous; it included internationally minded, relatively liberal mem-
bers and isolationist, more conservative party leaders. But conservative Demo-
crats and moderate Republicans have become endangered political species. The
most significant cause of these developments has been the partisan realignment
of the South. Although the South was once solidly Democratic in its voting pat-
tterns, today it usually votes Republican in national elections and, increasingly,
in local contests as well. The result is more partisan combat, less civility, more
party unity, and less willingness to compromise.

This gulf has been shaped by divisions of class, race, and culture. In 1956
and 1960, those in the top income quintile were only slightly more likely than
those in the bottom quintile to identify themselves as Republicans; but today
they are more than twice as likely to do so. American politics is even more
sharply divided by race. With the mass departure of southern whites from the
Democratic Party after Congress passed civil rights legislation in the 1960s, the
majority of the country’s white voters became reliably Republican. By contrast,
African Americans and Latinos support Democratic candidates by significant
margins. Black voters in particular rarely give less than 80 or 90 percent of their
votes to Democrats. There also has been a growing religious division in the
electorate. Evangelical Protestants heavily tilt Republican. Mainline Protestants
and Catholics are rather closely divided. Jews and secular persons heavily lean
Democratic.12

Both as a cause and as a reflection of these developments, differences within
the parties have gotten smaller at the same time as differences between the par-
ties have become larger. The Republican triumph in 1994, led by Newt Ging-
rich, brought into the fold committed conservatives who sought to govern on
the basis of a common platform they called Contract with America. The return
of Democratic Party congressional control in 2006 was part of a strong liberal
tilt that was reinforced in 2008.13 Roll call votes in Congress today are more
divided between the two parties than at any time in the past half-century; lib-
erals are grouped almost exclusively in the Democratic Party and conservatives
in the Republican Party.
WHAT DO YOU THINK?

Political Conflict

In 1950, a committee of the American Political Science Association criticized American political parties for being too alike and insufficiently committed to distinctive ideologies. Today, politics has become more polarized between Democrats and Republicans, liberals and conservatives. This polarization has become a source of concern for placing politics ahead of a search for the public interest. Who has the better argument—the advocates of more or less polarization?

Economic Crises Returned, Calling into Question Both the Virtues of Markets and the Promise of Government

During the crisis of the 1930s, the New Deal program dealt with the collapse of many industries and widespread unemployment by transforming the role of government and extending its reach into the economy. As markets failed, they were resurrected by bold legislation and public programs. For the four decades that followed, democracy and capitalism learned to coexist on terms that extended the scope of governmental responsibility.

The election of Ronald Reagan as president in 1980, after a decade of economic difficulties culminating in high inflation rates, signaled the triumph of a more conservative ideology that called the role of big government into question. Four years before the election, Robert Bartley, then in charge of the editorial page of the politically conservative Wall Street Journal, observed that liberalism as an “establishment . . . has ordered our political and intellectual lives for the past two generations.” He predicted that “over the next few years we will see an increasing challenge to the very heart of liberal . . . thinking.”

The new ideology Bartley and other conservative intellectuals advocated, as a distinctly minority position, at the time was thought to be well outside the political mainstream. It held that government should do less, not more; that government should be smaller, not bigger; that more decisions should be left to the marketplace, not elected officials; and that society should provide more opportunity, not more equality. Just four years later, President Reagan drew on the ideas of a new generation of conservative intellectuals to implement this design for a more modest government and more reliance on the marketplace.
As a result of the Reagan revolution, conservatives came to set the main terms of public debate. The political center shifted to the right. Democrats, including President Bill Clinton, also invoked the virtues of smaller government, balanced budgets, and the marketplace. President George W. Bush and the Republican Party invoked these ideas and successfully appealed to a strong belief in the virtues of markets as they gained control over all three branches of government following the 2002 and 2004 elections.

The huge global crisis of 2008 and the deep recession’s slump in economic performance that followed called into question the ideology and practice of a less regulated capitalism. Even some of the most notable advocates of free-market capitalism had second thoughts. Alan Greenspan, who served as chairman of the Federal Reserve from 1987 to 1996, and who had been one of the country’s most articulate and important advocates of a smaller role for government and reduced regulation, found himself “in a state of shocked disbelief” that caused him to rethink his free-market ideology. Asked during congressional testimony in October 2008 whether “your view of the world, your ideology, was not right, it was not working,” he replied, “absolutely, precisely. . . . I have found a flaw [in that view]. . . . I have been very distressed by that fact.”15 Late in the Bush administration, and especially in the early period of the Obama presidency, government was called on to save the banking system, restore faith in Wall Street, stimulate the economy by massive public works spending, and initiate new ways to regulate reckless and speculative economic behavior.

Big government—as an idea and as a set of public policies—had returned. If the pro-market ideology of the past three decades had been a response to what were seen as failures of heavy-handed policies and bloated bureaucracies, the financial collapse and steep recession that began in 2008 undercut the idea that markets on their own can effectively correct themselves. But the return of a strong role for government comes with doubts and uncertainties about its capacities, programs, and choices. Will policymakers advance far-reaching structural changes, or shore up an older system? Will they cushion big business against risk or regulate how risk is apportioned? How will democratic pressures change or even transform the character of capitalism? Will attitudes and policies toward an ever greater degree of inequality alter? How will social policies seek to reduce insecurity and deal with those left most vulnerable to economic change? How will the globe’s increasingly integrated economy compete for attention with national imperatives and the wish to protect American citizens? How will global challenges and political polarization advance or impede a balancing role for government in managing risk and providing economic security? What new patterns linking capitalism and democracy will emerge?
CONCLUSION

The tension between democracy and capitalism, the manner in which formal, legal equality and real, substantive inequality interact, is the principal subject of this book. Capturing how the interplay of democracy and capitalism shape the politics of the United States is its task.

In Part I, “American Political Economy,” we consider the close relationship between the national government and the country’s market economy at a time of growing economic globalization by examining the changing role of government in advancing, regulating, and countering market forces in Chapters 2 and 3.

Part II, “Political Participation,” analyzes how citizens interact with their government. Chapter 4, treating parties and elections, studies polarization and new patterns of electoral mobilization, as well as the strategies used to affect outcomes. Interest groups and social movements are the subjects of Chapter 5, which analyzes how associations and patterns of activity in civil society shape American politics and open possibilities for change.

Having described how political preferences are transmitted to policymakers, Part III, “Political Institutions,” turns in Chapters 6, 7, and 8 to the interplay of political economy, political culture, and political participation in the institutional settings of the presidency, Congress, and courts.

Part IV, “Public Policy,” treats the public policy outcomes that these processes produce. Chapters 9, 10, and 11 reflect, respectively, on economic, social, and economic policy. Finally, our conclusion, Chapter 12, reviews the main points of the text and discusses possible futures for American politics and society.

CHAPTER SUMMARY

Introduction
Like the Titanic, the United States is a country with different social classes. The capitalist market economy has produced economic progress and much prosperity, but also a significant degree of poverty and disparities in wealth and income that are wider than those found in other economically developed countries.

Constitutional Democracy and Capitalism
The United States is a constitutional democracy, a form of government that prevents public authorities from acting in arbitrary ways, and is
based on formal procedures for electing officials, making laws, and implementing policies. American democracy guarantees equal citizens the right to vote, to participate in political debate, to criticize leaders, to mobilize and organize for desired ends. Key questions are how American government and politics either reinforce or modify the country’s patterns of inequality in wealth and income, and which citizens have more power to influence these outcomes.

Standards of Democracy
American democracy can be judged by a number of criteria. First is the extent to which all citizens can participate in selecting leaders and making decisions. Second is whether elected officials reflect the characteristics of the people who select them. Third is whether these leaders are responsive to the concerns of their constituents. Fourth is how democracy operates to reduce those inequalities that make it difficult to achieve a democracy in which citizens have relatively equal chances to influence in three dimensions.

Political Change
The character of American democracy is not static; it is vitally affected by large-scale change. Three recent changes have reshaped the content of American politics. As the lone superpower, the United States confronts a more interconnected and more unpredictable world. Politics has become more polarized. With the return of economic crises, both the virtues of markets and the promise of government have been called into question. In these circumstances, the book probes two main questions about the politics of power: How do deep inequalities affect the operation of American democracy? When does democracy heighten these disparities, and when does it become a tool to moderate these difference among its citizens?

Critical Thinking Questions

1. How much inequality based on class, or race, or gender is consistent with democracy?
2. Does citizenship exclusively include civil and political rights, or does it also contain a bundle of social rights? If so, what are they?
3. As the world’s lone superpower, what role should the United States play in world affairs?

4. Should we think about power as the capacity of some to get others to do what they want, or as the ability of the whole society to achieve goals citizens have in common?

Suggested Readings


