

The United States of America: Liberal Democracy or Liberal Oligarchy?

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Liberal Democracy is a system of governance conditioned not only by political liberties such as free and fair elections, universal suffrage, and rights to run for office, but also by constitutional liberties such as the rule of law, respect for minorities, freedom of speech, religion and assembly, private property rights, and most importantly, a wide separation of powers. The founding pillar of liberal democracy, therefore, is its citizens' ability to influence the government's policy formulation through the exercise of the aforementioned political and constitutional liberties. In other words, while a flawless correspondence between government policy formulation and majority preferences is idealistic, government responsiveness to citizens' interests and concerns, in the process of policy formulation, is of central importance when evaluating democratic governance.

Ergo, by embracing the *Iron Law of Oligarchy* and *The Elite Theory's* perspective, this paper will illustrate how the U.S. system of governance, while providing constitutional, that is, civil liberties to its citizens, espouses more focused and more powerful interests over more diffused and less powerful interests. This inevitably results in the U.S. political system being a liberal oligarchy rather than liberal democracy as it is presumed by many (see Dahl, 1971, 1985, 2006; Tocqueville, 2000; Monroe, 1979; Key, 1961 and famously Lincoln, 1989).

First, the paper will review the *Iron Law of Oligarchy* and *The Elite Theory* while highlighting some of their most prominent advocates. Next, by briefly reflecting upon the definition of *the oligarchs and the elites*, the paper will place the concept of political influence that corporate power exerts in context. Subsequently, the paper will survey an eminent empirical study that found a vast discrepancy in the U.S. government's responsiveness to the majority preferences as opposed to the preferences of the elites. Last, the essay will illustrate how studies confirming an ostensibly desirable degree of government's responsiveness to the preferences of *average citizens* neglect the reflection of those preferences to those of wealthy citizens.

The Iron Law of Oligarchy and The Elite Theory

Political theory, *The Iron Law of Oligarchy*, was first proposed by Robert Michels in his book *Political Parties* (1999) and later developed into *The Elite Theory* by scholars such as C. Wright Mills, Elmer Eric Schattschneider, G. William Domhoff, etc. Opposing *pluralism*, the theory focuses on the disparity between the political influence exerted by the *oligarchs* or the *elites*, actors that control considerable concentrations of wealth, as opposed to that of the *average citizen*. This school of political thought argues that the U.S. system of governance espouses more focused and more powerful interests over more diffused and less powerful interests. That is, the advocates of the *Elite Theory* stress that, in the case of the United States' government policy formulation, influence is conditioned by affluence.

Mills (1959), in his *magnum opus*, *The Power Elite*, offered a comprehensive description of how U.S. political, economic, military and social elites have dominated key issues in public policy formulation. Similarly, in *The Semisovereign People*, Schattschneider asserted that the realm of the *pressure system* is actually fairly small:

“the range of organized, identifiable, known groups is amazingly narrow; there is nothing remotely universal about it” (1960: 30).

Schattschneider continues by arguing that

“business or upper-class bias of the pressure system shows up everywhere” (ibid: 30), therefore, the “notion that the pressure system is automatically representative of the whole community is a myth” (ibid: 36).

Instead, Schattschneider posits,

the “system is skewed, loaded and unbalanced in favor of a fraction of a minority” (ibid: 36).

G. William Domhoff made a significant contribution to the elite theory with his book, *Who Rules America: The Triumph of the Corporate Rich*. Domhoff (2013) presented a detailed depiction of how operating through various organizations such as think-tanks, opinion shaping apparatus and lobby groups enable elites to control key issues within policy formulation.

Oligarchs and The Elites



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According to Aristotle (1996), *oligarchs* are citizens who control and command an extensive concentration of wealth — who always happen to be ‘the few’. Similarly, people who, due to their strategic positions in powerful organizations, have the ability to influence political

outcomes, are classified by most scholars as *economic and political elites* (Higley, 2006). Therefore, the terms *oligarchs* and *elites* are often used interchangeably. These individuals can “affect the basic stability of political regimes, the overall arrangements and workings of political institutions, and the key policies of the government” (Higley and Burton, 2006: 7). Typically, elites and oligarchs consist of the top directors and executives of the major corporations. Nonetheless, they can belong to other essential sectors of the society such as political, military and administrative (Keller, 1963). By owning a wealth-producing property, these individuals make large-scale investment and, therefore, employment decisions, which ultimately regulates the United States’ economy (Higley and Pakulski, 2012). Therefore, a large percentage of American economic assets are disproportionately controlled by a rather small number of corporations.

The degree to which such private and totally unaccountable concentration of wealth has the potential to translate into political power is aptly synopsised by a closer look at *Fortune* 500 companies. For instance, in 2015, the top 500 corporations had a total revenue of \$12 trillion, which represented two-thirds of the United States’ GDP (Fortune 5000, 2015). Therefore, a fairly small number of individuals disproportionately control the economic might of the United States. By obtaining access to influential policy makers, these individuals exercise power through congressional campaigns’ contributions. Consequently, according to Centre for Responsive Politics (2016), campaign donors spent nearly \$3.1 billion in 2016’s elections alone. In their study titled *Campaign Contributions Facilitate Access to Congressional Officials*, Kalla and Broockman (2015) concluded that superior access to policy makers are indeed obtained through political campaign donations.

Empirical Study

Over time, a variety of diverse actors that seem to have influence on U.S. policy formulation have been identified. Coincidentally, normative concerns that the U.S. political system is vastly influenced by capital driven individuals and groups have been growing. Until recently, however, providing empirical evidence that supported these concerns proved to be very difficult, almost impossible. Nonetheless, several, fairly recent empirical studies have demonstrated that, in the case of the United States, the policy making process is influenced, to a great degree, by more focused and more powerful interests compared to more diffused, less powerful interests (see Gilens and Page, 2014; Winters and Page, 2009; Page, Kalla and Broockman, 2015; Jacobs and Page, 2005; Bartels and Seawright, 2013; etc). However, due to its limited scope, this paper will survey only one of these studies.

By employing an imposing data set drawn from a heterogeneous set of policy initiatives, 1,923 in total, Gilens and Page demonstrated that

“economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while mass-based interest groups and average citizens have little or no independent influence” (2014: pp. 565).

By comparing policy preferences of American citizens at the 50th income percentile to that of American citizens at the 90th income percentile, Gilens and Page (2014) found that the United States’ policy formulation is conditioned by the preferences of the latter group far more than it is conditioned by the preferences of the former group. In fact, the influence that the medium voter exerts on the U.S. policy formulation is “near zero” (Gilens and Page,

2014: pp. 576). By including the data that dates all the way back to 1980 the authors illustrated that such state of affairs has been a long-term trend, making it harder for ordinary citizens to comprehend, let alone reverse. However, “ordinary citizens, might often be observed to ‘win’, that is, to get their preferred policy outcomes, even if they had no independent effect whatsoever on policy making, if elites, with whom they often agree with, actually prevail” as policy formulation is not a *zero-sum game* (Gilens and Page, 2014: pp. 570). Nevertheless, it is crucial to point out that this correlation is erroneous in terms of causal impact and, consequently, provides a false sense of political equality. In other words, the results obtained by the authors demonstrate how the relatively high level of government’s responsiveness to the preferences of average and low income citizens is nothing more than a reflection of the preferences shared by wealthy citizens. However, by incorporation a multivariate analysis of different test groups, Gilens and Page (2014), illustrated how the influence of average citizens’ preferences drops rapidly once their preferences differ to that of wealthy citizens.

The ideal of political equality that average American citizens, as well as many scholars, hold dear, stands in stark contrast to the immense representational biases demonstrated by Gilens and Page. While acknowledging that a perfect political equality has a particularly idealistic character, the enormous dichotomy in the system’s responsiveness to citizens at different income levels reinforces doubt associated with the presumed liberal democratic character of American society and leads this paper to conclude that the U.S. is, contrary to popular belief, a liberal oligarchy as opposed to liberal democracy.

Conclusion

By embracing the *Iron Law of Oligarchy* and *The Elite Theory’s* perspective, this paper illustrated how the U.S. system of governance, while providing constitutional, that is, civil liberties to its citizens, espouses more focused and more powerful interests over more diffused and less powerful interests. This inevitably results in the U.S. political system being a liberal oligarchy rather than liberal democracy as it is presumed by many. First, the paper reviewed the Iron Law of Oligarchy and The Elite Theory and highlighted some of their most prominent advocates. Next, by briefly reflecting upon the definition of the oligarchs and the elites, the paper placed the concept of corporate power and political influence it exerts in context. Subsequently, the paper surveyed an eminent empirical study that found a vast discrepancy in the U.S. government’s responsiveness to the majority preferences as opposed to the preferences of the elites. Last, the paper illustrated how studies confirming ostensibly desirable levels of government’s responsiveness to the preferences of the *average citizen* neglect the reflection of those preferences to those of wealthy citizens.

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