

# THE UNITED STATES OF AMERICA

## Snapshot

And now we come to the end. And what better place to wrap up than with the United States of America? In recent years, it's become en vogue to claim that the Golden Age of America is behind us, that the once revered and feared American Empire no longer holds sway in the world, that some up and coming nation might remove America from its global sway. Or worse yet, that America is self-destructing from within, that its gluttonous values, its rigged economic systems and its hopeless political landscape will soon trash whatever is left of a once mighty people.

I'm just not buying it.

I just don't see what the doomsayers see. Yes, if you're comparing the US to a utopia, it inevitably comes up short. But when you compare it to other actual countries (not mere theoretical ideals), it's doing OK. Let's just see how America stacks up.

It has the largest economy in the world - \$15 trillion and counting – and the largest military in the world. Its troops are on 700+ bases in 156 different countries. It houses the most sought after universities in the world. Its Hollywood movies dominate. Its musicians sell millions of albums. Its franchises (Subway, McDonald's, 7-11, Burger King and Pizza Hut to name a few) sell goods everywhere. Its Coca-Cola is only NOT sold in Cuba and North Korea. It exports to the world the most cars, the most airplanes, the most computers, the most weapons, the most medical equipment, the most pharmaceutical drugs and the most food. It's on track to be the #1 exporter of oil by 2017. It has the most immigrants in the world. It would attract the most tourists in the world, if not for that darn Eiffel Tower. It gives out the most patents and copyrights. It has the most Fortune 500 companies. It has the most billionaires.

It looks like America is doing just fine.

## Problems of Abundance

But that doesn't mean the US doesn't have problems. Oh, it has a host of issues, roadblocks and conflicts that threaten to cause its people frustration and anxiety for years to come, but none of these is going to realistically bring down its civilization. America has always proven to be resilient, and its economic and political systems have always found a way of making life work.

Yet for another generation, America's greatest strength is its greatest weakness. America is a pluralistic society, welcoming all people and all ideas. Subsequently, its society has always lived in a paradox.

It might have the richest people, but it also has a huge income disparity. It might have incredibly fit people, but its obesity rates are scary. It might offer the best musical and cinematic offerings, but it also spews out a ton of garbage. It's the most religiously diverse nation on the planet, but it also has had a habit of persecuting those who believe in non-traditional faiths. Its people might claim its form of democracy is the best in the world and that



## Key Questions

- What health issues are facing America?
- Is America becoming more or less diverse in the 21st C?
- How has the American Family/ Household evolved?
- What issues are women facing in America?
- Describe the state of the Education system in the USA?
- Explain the causes of the Great Recession. What impact did it have to America & the World?
- What has caused America's Government to become so divided?
- Rank the Top 3 Foreign Policy issues facing the USA

it should be embraced by all other nations, but its people also believe its government is inept, ineffective and corrupt.

But the existence of the extremes doesn't mean the United States will ever cease being a free society. Over time its leaders have learned how to sever the bad while preserving the good. Today is no different. The question has always been, who gets to define what is "good."

Americans have the right to be anything they want to be.

### Obesity

One of the things it seems they want to be is fat. Obesity is defined as someone who has a Body Mass Index (BMI) over 30. It basically determines how much fat your body stores. For a woman who's 5'4", this would mean she weighs over 175 pounds. For a man who is 6' tall, he would weigh over 220. And America has the most of these obese people on the planet – 35.7% as of 2013 (and this doesn't even include those that are overweight – some 71% of Americans are overweight). Most worrisome is that the trend is only getting worse. Close to 20% of America's children are obese. Americans take in an average of 3,770 calories a day, while the average person only needs about 2000 calories a day. America is fat and it's getting fatter.

Obesity impacts not just our health, but our economy. Being overweight is directly related to increased rates of heart disease, stroke, respiratory problems, sleep apnea, cancer and diabetes (rates of Type 2 diabetes have been doubling annually for the last decade). 300,000 people die before their time because of their weight. If you're sick in America, it's probably because you're fat. And being overweight is costly. Americans (both private individuals and the government) pay over \$150 billion a year treating the effects of obesity. The desire to consume food is not only killing us physically, it's killing us economically.

Recognizing this issue, Americans have stepped up to tackle this problem. The health industry is booming. There are over 29,000 health clubs in the US. Natural and organic food stores have seen sales surpass 85% growth the past five years running, with no signs of it slowing down. At the school level, the US Department of Agriculture just launched their "The School Day Just Got Healthier" program. Since most kids eat the bulk of their calories at school, if America wants to see a change, it needs to hit kids while they're young. School cafeterias across the country have adopted the new federal requirements, adding more vegetables, low fat milk and nutritious grains, while taking away foods high in sodium and fat. The days of eating powdered donuts, French fries and chocolate milk for lunch are a thing of the past. Kids now are eating fruit salad, broiled chicken and brown rice.

But fighting the battle at schools will not be enough. To truly change the American diet, the country would need to revisit how it buys food and how it prepares food. A few years back, Time Magazine took a series of pictures for a photo essay on "What the World Eats." They arranged families around dinner tables lined with all the food they had purchased for the week. Families from Mongolia to Chad to Japan to Italy to Kuwait to Mexico participated. And what did we find out? Americans eat a ton of packaged food. They like their food symmetrical, easy to stack and easy to store. Fresh fruits, vegetables and raw meat are a rarity. Their food comes in cans, boxes and bags and can be prepared in a few minutes by zapping it in the microwave. On average, Americans spend only 75 minutes a day eating (one of the lowest levels in the world) and this directly correlates to their weight. Countries that spend a long time preparing meals and take time to enjoy them, often consume less calories and therefore pack on fewer pounds. If Americans ever truly wanted to lose weight, they'd get out of the drive-thru lanes, sell their microwave ovens and stop by the market a few times a week (not filling two carts full every Saturday morning).

Some cities and states have tried to legislate people into eating better. New York City Mayor Michael Bloomberg tried to ban large cups of soda (it was shot down in court). Some states require fast food restaurants to post the nutrition levels of their items. Some states are pondering fat taxes that will punish those who eat sweet or salty foods. But if Americans learned anything from their past, it's that they better be wary of legislating personal

behavior. Back in the 1920s, the Prohibitionists outlawed alcohol and which resulted in the dawn of the gangster age where mob bosses like Al Capone and Lucky Luciano filled the streets with blood as they tried to corner the market on black market booze. Americans might not want to see how far their citizens are willing to go to ensure they get their Krispy Kreme fix, their helping of chicken nuggets or their Big Gulp.

### Drugs

Speaking of getting their fixes, America is starting to change its stance on what to do about its drug culture. Increasingly Americans are taking drugs (and I'm not talking about the prescription kind, though 49% of Americans take some sort of a pill every month), and many wonder if it's worth it anymore to fight it. Since Richard Nixon first launched the War on Drugs in 1971, the US has spent well over a trillion dollars, and they have little to show for their efforts. America leads the world with people in jail for drug-related crimes – over 500,000 incarcerated and counting - yet it also still leads the world in illegal drug use (22 million Americans a year). In recent years, many states have taken a page from Prohibition repeal, and have actually reversed their policies on prohibiting marijuana use. The thinking being, that people are going to do it anyway, so states might as well save the money on law enforcement costs and make some money on the related tax revenue (which combined could save the country over \$75 billion a year). First, states made it legal to inhale/ingest marijuana for medicinal purposes. Then, they decriminalized it, so if you got caught, you'd get nothing more than a traffic ticket-sized warning. And today, after pot ballot measures passed in November 2012, states like Colorado and Washington are trying to determine how best to roll out (pun intended) this new good to grocery chains. In the not-to-distant future, you might find a bag of weed tucked in between a bottle of Tylenol and a box of Band-aids. The verdict is still out on what this will do to drug usage, as the past few years have shown that the reduced penalties for marijuana usage has led to increased usage of all illicit drugs.

### Drugs, Obesity & Minorities

One of the impetuses for resolving the complications caused by both obesity and drug usage is that the effects have disproportionately damaged minority groups. Obesity rates of African-Americans and Hispanic Americans far exceed those of White Americans (49.5% and 40.4% respectively, compared to 34.3%). Likewise, incarceration rates clearly show the disparity amongst ethnicities. One in every nine black men is in jail. One in every 36 Hispanic men is in jail. And one in every 106 white men is in jail.

### **Race in America**

These disproportionate effects on minorities have to be confronted as the faces of America are changing. Back when America was founded and the first census was taken in 1790, the United States was home to about four million people, with 3.2 million being white (80%), and the rest black. A century later, the United States reached 62 million people, and the breakdown went 87% white, 12% black and 0.1% Asian. And by 1960, the population hit 179 million, divided up into 89% white, 10% black, 1% Hispanic and .2% Asian.

Flash forward fifty years. Look at America today. In 2012, America's population was 308 million. 72% were white, 17% were Hispanic, 13% were black and 5% were Asian (this doesn't add up to 100% because some people are of mixed heritage). At this rate, it is predicted that whites will become a minority in 2043. So what does this mean for America? First, America has always drawn the line between being a melting pot and a mixing bowl. Do our different ethnicities truly merge together to form one society, or do we fragment and form independent cultures, some in conflict with others? At the turn of the 20th century, immigrants were forced to assimilate. They changed their names, changed their languages and often left behind their culture from the Old World. As the ethnic percentages have changed, the question has become – what America are different ethnicities supposed to assimilate to?

And do they even have to assimilate at all anymore? In Los Angeles alone there is Chinatown, Koreatown, Little Tokyo, Leimert Park (African-Americans), Boyle Heights (Mexican-Americans) and Persian Square (home to the most Iranians outside Iran). Whether America chooses to see this diversity as an asset or a hindrance remains to be seen, but as some states become more diverse than others (40% of Californians are non-white, whereas

nineteen states have fewer than 20% non-white citizens), America has the potential to become two Americas, one living on the coasts that is multi-colored and one living in the center which is monochromatic.

### **Households in America**

Ethnicity isn't the only part of America's demographics that are changing. The American household looks vastly different than it did just fifty years ago. At the tail end of the 1950s, the average American household started when a 22-year-old man married a 20-year-old woman. One year later, they had the first of their three children, and the father would then make enough money to support the household without even having a college degree (only about 7% had a university diploma).

Fifty years later, we have a different America. The average man doesn't get married until he's 28, and the average woman waits until she's 26. Married couples on average have only two children, but many couples are choosing to not even have kids at all (called DINKs – Double Income No Kids). 42% of all Generation X-ers born after the 1970s haven't had kids and they might not ever.

And then there's divorce. Divorce rates hovered in the low 20% range until the 1970s, when it skyrocketed to over 50% where it remains today. Many couples have decided to not even get married at all, choosing to instead "live together."

### **Causes of the Changes**

So what happened? How did America go from being a land where Dad worked while Mom cooked, cleaned and made sure little Suzy and Bobby grew up, to a land where Dad and Mom might not even be married, and if they did marry, there was a coin flip chance they'd end up one day divorced?

A few things happened. First, the birth control pill was invented. Once women started being able to control their own contraception, they increasingly wanted to have fewer and fewer kids, and they also wanted to stay in their careers later and later (which meant when they did want to have kids, they were too old and it wasn't so easy anymore to reproduce). Second, in 1973, the Supreme Court came down with their Roe vs. Wade ruling that made it illegal to outlaw abortions. Like with contraception, women could now better control unwanted pregnancies and better determine their future. Third, no fault divorce laws were passed. Before the 1970s, to divorce your spouse, you had to prove one of the big three – addiction, abuse or adultery. But by 1977, nine states had adopted no fault divorce laws, where you could just claim in the "Reason for Divorce" box – "Irreconcilable Differences." Women started getting out of doomed marriages, willing to give the whole single mom thing a shot.

And fourth, girls started playing sports. This one sounds a bit odd, but in 1972 Congress passed an amendment to the Civil Rights Act of 1964, and in the most important section for girls – Title IX – schools were mandated to provide equal opportunities for boys' and girls' after school activities. If you have a boy's swim program, you better have a place for girls. If you have a boy's volleyball team, you better have a girl's volleyball team. If you have a football team, you better let the girls try out, or you better create an opportunity for them to play something during that season (field hockey or lacrosse usually did the trick). Female participation in high school sports jumped more than anyone could have anticipated. In 1972, 294,000 girls played high school sports. Today that number has jumped up to 3.2 million. So what does playing sports have to do with households? Well, more girls playing sports means more girls learning leadership, determination and teamwork, which means more girls get scholarships, which means more girls attend college, which means more girls can be successful in the workplace, which means more girls develop identities outside simply making babies.

The combination of revolutions in family planning, a redefinition of divorce and expanded participation in extracurricular activities has increased the amount of women in the workforce, decreased the amount of women getting married young and having children young and increased the prevalence of divorce. Those realities, plus more welfare benefits for single mothers and a change in societal values where men no longer feel responsible for the care of their children, have created the greatest number of single mothers in America's history. Today, 9.9

million mothers raise their children as the head of household, many of whom do so without the help of a father. 27% of all these single mothers live in poverty, making up the largest single group in America. Because many of the children growing up in poor households themselves go on to become poor, America has created a cycle of poverty where your parents' marital status has become the single biggest factor determining your economic fate in adulthood. On average, children of poor parents are less healthy, less motivated, less safe and less exposed to role models in different income classes. As the rates of single parenthood and poverty continue to rise, federal and state governments will need to determine to what extent they provide safety nets to single parents below the poverty line with children, or to a greater extent, to any family below the poverty line.

### **Women's Issues**

But still, for the majority of women, the major issues in their lives are not dealing with divorce or raising children without help from a man. Two of the bigger issues are the lingering traditions of objectifying women and the enduring inequality in the workplace where women still earn less than men and have more difficulty rising to management positions.

### *Media & Objectification*

The objectification of women is nothing new in American, or really in any society. But today, as children spend over six hours a day in front of a screen, bombarded with media in the form of Internet, music, television or cinema, third party producers of images have far more control over our gender perceptions than ever before. Once upon a time, your view of the world was determined by your family, your town, your newspaper.

Today, those groups continue to play a factor in your perception of reality, but for many, media plays an even larger role. These makers of myth present idealized female forms that no mere mortal could ever replicate. To say nothing of the power of airbrushing, makeup, enhanced undergarments and a skilled plastic surgeon, models are still chosen from body types that make up less than 2% of the adult population. There's no way you can look like a model walking down the runway on Victoria's Secret Fashion Show, and there's no way you're looking like the model on the cover of Vogue, Cosmo, Elle or InStyle.

But that doesn't stop women from trying. Plastic surgery rates have not just doubled or tripled, in some cases they've gone up over 1000%. Women now lift their stomachs, their butts, their legs, their arms, their cheeks and their foreheads. They add silicone to their breasts and suck cellulite out of their tummies. And for those without the money to blow on the surgery of the month, many fall victim to eating disorders. In the course of their lives, one in six women will suffer from bulimia or anorexia in their lives, and many more will develop fitness obsessions, all in the vain of creating a body that will be wanted by society.

And even though these stats don't come as a surprise anymore, the media industries seem little-inclined to do anything about it. During the 2013 Super Bowl, carmaker Audi depicted a high school boy stealing his father's car and then running up to a strange woman and kissing her without her consent (aka...assault), and infamous sexist ad maker GoDaddy presented a dorky science dude awkwardly locking lips with a female judged less for her intelligence than for her appearance. At the Oscar Awards, women are still paraded up and down the Red Carpet as fans cheer their latest outfits, and talk show hosts ask truly cognitively-revealing questions like "Who did you do your hair?" and "Who are you wearing?"

And the music video industry has yet to turn the corner on their presentation of women, as artists such as Rihanna, Nicki Minaj, Lady Gaga and Katy Perry still sell more albums due to their ability to gyrate their groins, hike up their mini-skirts or shoot whipped cream out of their brassieres (Katy Perry can be blamed for the last one). All the while, a whole new generation of male Country, Rap and Rock stars continue to brag about their conquests of pretty little ladies. And with YouTube now running videos 24 hours a day, your videos won't be seen by just a few hundred thousand fans. They could be seen by hundreds of millions (and in 2013, the misogynistic, catchy, slightly disturbing video for "Gangam Style" eclipsed the one billion hit mark).

### Work Place Gender Equality

Outside the world of media, women still suffer. In the workplace, women have found that their gender was oftentimes an impediment to success. Just fifty years ago, job ads in newspapers came in two different sections – one for men and one for women. Female job openings were almost always clerical, with the occasional opening for a nurse or a teacher. Women could type, file, answer phones and look pretty for when a customer entered the office. The Civil Rights Act of 1964 outlawed such practices, making it illegal to advertise or hire for a job position based on race, religion, national origin or gender. But anyone who thought this law would actually change common practice didn't exactly understand how social change worked in American society. Blacks were officially freed from slavery in 1865. Yet, the vast majority of them remained destitute farmers in the South for another century. Brown vs. Board of Education made it illegal to segregate in schools. Yet, it took another decade before blacks and whites actually went to school together. So although this 1964 law mandated equal employment, actual practice took a lot longer to catch up to the idealized goal.

Five decades later, the US is still coming up a bit short in what it promised. In 1964, for the same job, a woman on average made 59.1% of a man's salary. In 2013, a woman still only makes 77.1% of a man's salary (and that number has more or less flat-lined for the last decade). When it comes to types of jobs available to women and men, stereotypes still exist. Women make up 11% of all engineers, 16% of all scientists, 31% of all lawyers and 34% of all doctors. These numbers show a dramatic improvement over the past few decades, but huge barriers exist to this day. In 2012, the National Academy of Science conducted an experiment where they two identical resumes to faculty members asking to be the graduate student's mentor. The only difference in these two resumes was one came from John and one came from Jennifer. John ended up being viewed as the better, brighter, more accomplished candidate, and he was even offered a salary substantially higher than Jennifer's. And these are the people that teach the future.

But gender bias isn't restricted to grizzly old college professors. One hundred high school students were presented with the following situation:

*A man and his son are driving home from dinner one night and they get into a horrible car accident. They are both unconscious and rushed to the hospital. At the hospital they are put into two separate rooms. The doctor walks into the boy's room and states, "I can't operate on this patient. He is my son." How is this possible?*

Of the one hundred students queried, 52 stated it was because the doctor was his homosexual other father, 31 stated it was because the doctor was his mother and seventeen gave up because riddles scare them. As much as these responses show how far the younger generation has come in accepting homosexual parents, it's fairly interesting how America's comfort with gender preference has leap-frogged its comfort with gender equity.

Gender equity goes beyond what fields of jobs are available. It also influences what level job is within reach. The term "glass ceiling" was created to illustrate how women might be able to enter certain fields, but there is an invisible ceiling that prevents them from being seen as management material. In 1990, 38% of management jobs went to women. Two decades later, that number has only grown to 39%. In 2013, of the 500 largest companies in America, eighteen were run by women (that was six better than the year before, so if you're judging the number based on percent growth, women are doing phenomenally well). The number for entrepreneurs looks a bit more hopeful as 44% of all small businesses are owned by women. Female entrepreneurs employ eighteen million workers and generate over \$2 trillion in revenue.

Women are steadily approaching equity in the workplace, but society will need to find a way of jumpstarting women's wages, while also ensuring fair access to upper management positions. Unfortunately, by the time this battle enters the adult business sphere, gender inequities are already firmly in place. To truly change cultural expectations, Americans have to revisit the education system. But unfortunately, US schools are already burdened with solving all 4,631 of the nation's other problems.

## Education

It's no secret US schools are failing. Pick a stat and you'll be depressed. US students rank 14th in the world in reading, 17th in science and 25th in math. 17% of students will use drugs during the day. 77% of high school students will be bullied. The freshman graduation rate is only 78.2% (though this is the highest rate in over forty years). Over 370,000 teenage girls will give birth this year.

They're not learning as much as they should, they're doing drugs and having unprotected sex more than they should and they're just not being nice to each other. But few signs point to it getting any better. Schools were charged with improving achievement of ALL students, so with both George Bush's No Child Left Behind program and Barack Obama's Race to the Top, teachers began prioritizing test scores over learning. Gone are the days of dodgeball, class musicals and Thanksgiving paper bag turkeys. At the youngest grades, in the most struggling schools, students constantly complete drill and kill assessment sheets that mimic the high stakes tests they'll take each year. A school's funding and future depends on the test scores, so teachers oftentimes forsake the inspirational activities for the ones that might correlate with success on an objective achievement test. To this point, it's not clear if Race to the Top is working, as reported data can be interpreted from different angles. Students are scoring better on tests, but is that because the students are learning more, or is it because the tests are becoming easier or is it because teachers are teaching the test? Critics of No Child Left Behind claim that it created a generation of test takers who lack the creativity and ingenuity to become leaders in their adulthood. Improved high school graduation rates point more to the failing economy and the fact that few high school students would consider dropping out after 2008 as there was a pretty good chance no jobs would be available for them.

Once high school students graduate high school, there's no guarantee college will be an option for them. For the upper echelon of students, for those who packed in 10+ APs, played three sports, sung lead in their school's rendition of Wicked, founded a service club that provided microfinancing to unemployed women in Cambodia and invented an incubator for newborns in India, for these elite few, college used to be a no-brainer, but now the costs are so prohibitive that even our best and brightest have to reconsider if college is an option. In 1940, only 5% of the workforce had a college degree. Today, 40% of Americans have a college degree. The largest determining factor of your financial success as an adult is your degree of education. If you don't have a college degree, you're going to struggle. Yes, there are exceptions, but they're rare (and you're not allowed to bring up Bill Gates, Mark Zuckerberg or Tiger Woods...if you can invent code or drive a golf ball 350 yards, you can drop out of college too).

The #1 reason why college is beyond so many Americans is cost. Let's take two schools UC Berkeley and Harvard – one a public school, one private, both with decent reputations. In 1960, the average salary was \$4,700. It cost \$2260 to go to Harvard and \$680 to go to Berkeley (and these costs included everything – tuition, room, board, vinyl records). Flash forward to 2013. The average salary has risen to \$51,413. Harvard today costs \$64,954 per year. Berkeley costs \$32,884. Those numbers look freakishly high (multiply them times four to get really nervous), but let's compare percentages. In 1960, you'd have to spend 48% of your dad's income to go to Harvard and 14% of his income to go to Berkeley. Today, you'd spend 127% of his annual income to go to Harvard and 64% of his income to go to Berkeley. It costs a ton more any way you look at it.

But it's not just how much it costs today. For those who decide to take out student loans, you could be stuck with a \$100K bill that you will be trying to pay off for the next twenty years (which could be a bit of a problem if you graduate college during a recession and there are no jobs available for you). Because of the huge cost of education, the best and brightest aren't always the ones attending college, but more the ones who can afford it. Sometimes these roster spots even go overseas. In fact, many public universities have started actively recruiting overseas, hoping these foreign students will pay the full tuition that will hopefully compensate for the lack of money state universities now receive from the government. America has created a situation where the children of the rich are the only ones who have the opportunity stay rich, and for the poor, the chance at the American Dream is increasingly becoming an inaccessible myth. If the cost of colleges doesn't come down, or if the federal

government or private interests don't find some better way of funding or delivering a college education, millions of Americans will see their opportunities extinguished through no fault of their own.

This is the world that greets the Millennials (the name given to the generation that followed Generation X, which was the generation that followed the Baby Boomers). These are the ones who first graduated from college in the post-2000 mini-recession, didn't have enough money yet to benefit from the housing bubble of the 2000s or have since graduated from college in the post-2008 Great Recession world. They're praised for being uber-tech savvy and scorned for being ultra-materialistic. But they have no money, and their odds of getting more money seem lower than any generation over the past century. They've graduated to a world of corporate layoffs, global outsourcing and strict bank lending practices that prevent them from getting credit cards and home and car loans.

When the 2008 recession hit, their unemployment rates hit 17%. Worse yet, their underemployment rates eclipsed 50% (underemployment is when you take a job way under your skill set). These graduates are managers at the local GAP, barristas at Starbucks, clerks at Hilton Hotels or waiters at your local Olive Garden. Oh, they might have jobs, but they're not exactly living the dream. Enterprise Rent-A-Car boasts that it's the largest employer of college graduates in America. That's a lovely stat. I'm sure a chance at coordinating a fleet of Ford Fusions and Chevy Aveos was just what kept these college grads focused as they pulled all-nighters doing finals week. And because they walk away from college with a ton of debt (72% have over \$25,000 in student loan debt, 6% have over \$75,000), they're forced to stick with these jobs just to make sure they stay ahead of their minimum monthly payments.

And if college grads are taking all of these service jobs, what are all the non-college grads doing?

That's the real problem. It's one thing to be underemployed, it a whole other thing to be living off a minimum wage salary with no benefits. The federal minimum wage is \$7.25 an hour, which equates to about \$1200 a month, which comes out at just over \$14,600 a year. The poverty line for a family of four is \$23,050 a year, so if just Mom is working at a minimum wage job, you're below the poverty line. 16% of Americans live below the poverty line. But it's not just the poorest of the poor that are suffering, middle class wages have essentially froze the last two decades, meaning you make the same amount you did back in the 1990s, but with inflation, everything costs a heck of a lot more. It's tougher and tougher making ends meet, and as manufacturing jobs head overseas (the one industry that employed the bulk of high school graduates in the 20th century), more and more people struggle to keep up with the cost of living.

### **Income Disparity**

But that doesn't mean there isn't wealth in America. Oh, there's wealth. It's just in the hands of a smaller and smaller pool of the super rich. America is living through the greatest income disparity since the 1920s – the decade known as the Roaring Twenties, the era before the Great Depression. How rich are the super rich? Let's just take the two richest guys in America – Bill Gates and Warren Buffet. As of 2013, they were worth \$72,700,000,000 and 59,700,000,000 respectively. Let's see how many regular people equal these two guys and they're combined wealth of \$132,400,000,000. I could just say these guys have more money than 135 countries earn in a year, but that's too hard to wrap your head around. Let's just see how many people living at the poverty line add up to their salaries. How many? 5,227,765. Two dudes equal over five million people. Let's look at it another way. \$100,000 a year sounds like a healthy salary. How long would it take for someone making \$100K a year to earn as much as these two guys currently hold in stocks and salary? Oh...just about 1.3 million years. These two guys make over \$4000 a second. They made as much as I make in a year in the time it took you to read this last paragraph.

And that's just two guys. The top 1%, the richest three million people, control 40% of our national wealth. Through a combination of upper class friendly tax laws, increased corporate profits due to layoffs and industry innovations and a growing number of entrepreneurs who got rich off the dot.com and technology booms, the rich keep getting richer and richer. They pay themselves well.



In the fall of 2011, it looked like the 99% might have had enough of the income disparity. Inspired by the Arab Spring movement and organized by a Canadian anti-consumerist news organization called Adbusters, a group of 2,000 marchers descended on Wall Street in October, eventually occupying Zuccotti Park. These protestors claimed they were against corporate greed and income inequality. The Occupy Movement soon caught on around the world, with protests popping up in 82 countries, some of which are continuing to this day. And all of these demonstrators were united by one event, the catalyst that opened the world's eyes to the level of corruption and corporate greed at the highest levels of the business world and the government, the catalyst that continues to this day to threaten to bring down the economic systems of developed and developing countries – the 2008 Great Recession.

### **The Great Recession of 2008**

For most tuning in to life in 2008, the Great Recession came out of nowhere. Life had been going well for the previous few years. Housing prices were up and the stock market was booming. It appeared the American financial industry had figured out new ways of making money for themselves, for investors and for American corporations.

The truth was they had created nothing new. What they had created was yet another pyramid scheme where those who jumped in during the early years made a ton of money, but those who threw their money into the game after the riches were already made, these late-to-the-party investors, they lost everything.

When the crisis came, it blew up in just a few months. First came the news that Lehman Brothers, the fourth largest investment bank in the United States, had declared bankruptcy. Then came news that other banks might be folding. Then the stock market dropped even deeper. The Dow Jones Industrial Average dropped from a high of 14,000 to a low of 6,594 on March 5, 2009. The government tried to stop the bleeding by brokering mergers between banks and by bailing out the larger banks, giving them \$700 billion. The government then tried to avert the next catastrophe by bailing out the auto industry with \$43 billion in loans to help pay pensions and medical benefits to their employees, and to jumpstart their businesses.

But regardless of what steps the government made, they were all just Band-Aids. The economy was dying. Companies laid off millions. Unemployment rates surpassed 10%, the highest rate since the Great Depression. Banks stopped loaning money. They were worried borrowers might never pay them back. Seventeen million homeowners lost their properties when they could no longer pay their mortgages. Americans were out of work, homeless and hopeless. Taking a page out of President Roosevelt's New Deal, President Obama tried to prime the pump and get the economy spinning again by infusing over \$780 billion for infrastructure improvements across America. Americans would be put to work building bridges, paving roads and constructing dams, and local governments would be helped out as the federal government granted them money to keep paying for medical insurance, education and energy.

And steadily the economy started recovering. It took years, but banks started lending money again and companies started hiring again. The stock market surpassed its previous high and people started moving back into homes.

But in the back of everyone's mind lies the lingering thought, "When will it happen again?" To answer that question we need to see how it happened the first time.

Nobody wants to hear this, but it happened because of greed, the American desire for short-term fixes. Americans of all classes, of all segments of society, wanted more, but they didn't want to pay their dues to get it. But let's not worry about greed for now, let's focus on two tangibles – the housing bubble and derivatives. An investment "bubble" is when the cost of a good (its perceived value) far outweighs its actual value, but people keep buying it anyway, making the bubble expand even further, until inevitably, it pops, and the value of the good plunges far below even its actual worth.

In the 2000s, the bubble revolved around real estate. In the 1990s, President Clinton pressured home lenders to loosen their requirements for loan eligibility, making it possible for every family, regardless of race, class, credit history or income, to buy a home. George Bush took this pressure one step further by arguing, "You don't have to have a lousy home. The low-income home buyer can have just as nice a house as anybody else."

Lenders had what they wanted. The government basically gave them permission to give loans to people who they knew wouldn't be able to pay them back. And the average American household jumped at the opportunity. They took out loans for properties way beyond their budget, buying McMansions on their middle class salaries. They refinanced their homes, taking the money to pay for education, health care, recreational vehicles and all the electronic gadgets available at your local Best Buy. But what happened to these loans? Didn't the banks lose money when borrowers couldn't/didn't pay back their loans?

Ahh...that's where it gets interesting, dare I say brilliant.

In the 1990s, investment banks had created this little investment tool called a derivative. Usually, investors buy stocks in companies or they invest in commodities like gold, soybeans or oranges. If the value of the company or the commodity goes up, shareholders make money. Fairly straightforward. But the investment bankers wanted a new way of making money, a new way of making even more money. They created the derivative. A derivative is an investment not in a product, but in the expected movement of the product. For example, you could bet money (pardon me, "invest" money) on a stock actually dropping in value. You could wager that it might hit a certain price. Or, you could even bet on the weather if you wanted. But the key factor that makes these derivatives so fascinating, yet disturbing, is that they aren't regulated. All stocks and bonds are regulated by the Securities and Exchange Commission. Roosevelt created this body to ensure the wild speculation and corruptive practices of the Roaring Twenties never held the nation hostage again.

Congress forgot about this little nugget of history, and passed laws preventing anyone from regulating derivatives, and by the end of the 1990s, over \$50 trillion was traded on the derivatives market, without any government regulations whatsoever.

And once the markets had derivatives, the financial industry had a place to put all these bad loans. They'd repackage them with other loans and then sell them to big-time investors under a clever name that masked their actual value. Let's walk you through the loan process. Let's say you buy a house in Portland, Oregon and take out a loan from Pacific Northwest Mortgage. This bank then immediately turns around and sells your loan to Bank of the United States. You receive a note in the mail saying your loan has been transferred to a new bank. You really don't care who gets your money, so you throw the notice away, remember to write "Bank of the United States" on your mortgage checks each month and then get back to your life. Your loan, however, gets bundled up with tens of thousands of other loans – some made to reliable borrowers (prime loans) and others made to huge credit risks (subprime loans). And then Bank of the United States renames this little package of loans. They might call it the "Emerging Development and Reorganization Mutual Fund." Then investment brokers get on the phone and start calling all their big-time investors - retirement funds for entire states, huge corporations with cash to spend or even small countries. They market these new bundles as being the best thing you can do with your money.

For awhile, this little scheme worked. Banks kept giving out loans, investors kept gobbling them up and everyone was getting rich. Until something happened.

People couldn't pay their monthly mortgage. They started realizing maybe they can't afford a \$3000 a month mortgage when they only make \$3500 a month. So they stopped paying. They defaulted. Banks had to foreclose on their properties and repossess them. And what happened to the little bundles of loans that were being sold around the world? They started losing value quickly? 5% one day. Then 20%. Then 50%. They plummeted.

But the investment bankers had already planned for this inevitability. They had bought insurance on all these investments, so when they tanked, they would make money on them tanking. And who was the company that was insuring all these loans? Insurance companies like AIG – American International Group. But what happens if all the subprime home loan bundles start dying? Well, AIG would then go bankrupt. The investment bankers had planned for this as well. They had bought derivatives that their insurance companies would go bankrupt.

So, they'd make money in the good times, and they'd make money in the bad times.

But what would happen if the entire market fell apart all at once. What if all of a company's investments fell at the same time? What if there wasn't enough insurance or derivative income to keep the investment companies afloat? What happens then? Well, this is when the banking industry claimed, and rightfully so, that they were "Too Big to Fail." If all the banks failed, then the entire economy would fall apart. Nobody would be able to borrow money – not state and local governments, not corporations, not individuals. Nothing would be made. Nothing would be bought. It would be economic Armageddon.

This was when the government stepped in and started bailing out the banks, bailing out the auto industry and bailing out state governments. And we solved all of the problems that got us into this mess, didn't we?

Well, not exactly. Investment banks can still buy and sell unregulated derivatives. Local banks can still make risky loans (though they're scared to do so...and in fact rarely give loans if at all). The banks that were too big to fail before the recession, only got bigger. Bank of America merged with Countrywide and Merrill Lynch; Wells Fargo merged with Wachovia; and JP Morgan took over Bear Stearns. The investment industry is even too bigger to fail. And the SEC has few powers to actually stop the bankers from turning to the dark side again, should the opportunity present itself.

So why didn't the federal government do more to prevent some of the pitfalls that put America in this predicament in the first place?

### **A House Divided**

Why not? For the same reasons this current Congress has seen its approval ratings drop to 13%. It seems like in today's political landscape, no one is willing to compromise, that every conversation, every issue becomes a zero-sum death match, where one side can't appear to lose so they have to ensure that the other side doesn't appear to win. So, every couple months, pundits at CNN, FOX and MSNBC count down to the fiscal cliff or the debt ceiling or the latest on the government's credit rating, manufacturing crisis after crisis after crisis, warning us that if such and such date comes and passes without an agreement, the world will end and we'll all be eating canned brussel sprouts in our 1950s bomb shelters. The crisis days unsurprisingly come and go, we're all still alive and Congress loses whatever remaining credibility it had left.

Today's politics has come down to the Republicans versus the Democrats. It appears their #1 priority is always winning the next election. And the best way to win? Make the other guy look bad. Label any of his proposals fascist or communist or socialist or anti-American and you're guaranteed to see bills die on the Senate or House floor. Even when committees bargain and compromise behind closed doors, even when a bill has enough votes to pass with a majority, the minority party in the Senate can always pull out the filibuster card. The filibuster is a lovely little invention of the 19th century, where Senators can delay votes on hot button issues by simply talking, talking about whatever they want – Mom's favorite cookbook, a few chapters from Fifty Shades of Grey or their opinions on which American Idol winner is the dreamiest. As long as they are willing and able to stand at the podium, they can talk, and they don't have to sit down until they have to pee, they need something to eat or the rest of the Senate takes a vote of cloture (67%) to shut them up. And because no party has enough votes to pass a call for cloture, the filibuster, or at least the threat of a filibuster, more or less prevents any substantive legislation from ever passing through Congress, let alone getting to the desk of the President of the United States.

So the country forever sits in a state of gridlock. And this stalemate doesn't just relate to economic issues, it hits on every topic that might arise. After the 2012 school shooting in Newton, Connecticut, the American public rightfully believed this was the time for us to revisit our gun control laws. In the span of 22 months, a Congresswoman had been shot in the head while giving a speech at a shopping mall, twelve moviegoers were shot dead at opening night of the new Batman film and now 27 teachers and children died in the classrooms of Sandy Hook Elementary School. If ever there was a time to revisit the conversation, the weeks and months after Sandy Hook was that time.

Not that we would ever really contemplate getting rid of guns (that's not even an option considering there are more guns in America than people), just that we might debate the need for your average citizen to own a machine gun. But what happened when the gun legislation hit the floors of Capitol Hill? The vitriolic extremists from both sides of the political spectrum went into overdrive, threatening and name-calling their opponents to such an extent that compromise was doomed from the start. Three months later, Obama stood in front of his White House podium with the relatives of the fallen children, scolding Congress for their inaction, "Shame on us if we've forgotten." No bill had yet passed through Congress, and Obama had no idea if or when he would look at a piece of legislation that might actually impact gun violence in America.

Why has it become so tough to get laws passed in America? Was this what the Founding Fathers envisioned over two hundred years ago when they delivered their version of democracy to the thirteen colonies to be ratified? What's gone wrong? Is our legislative system bloated, paralyzed or just dysfunctional?

Yes, yes and yes.

Over the past two centuries, the federal government has grown into the beast no one could have predicted. Prior to the Great Depression, the only times most Americans ever thought of the US government was when they had to mail a letter or when they saw a soldier in uniform walking down the street. But then the Great Depression hit, and households alone proved ill-equipped to alleviate the suffering. Enter the federal government. And since the 1930s, the federal government's responsibilities have spiraled out of control. They regulate everything from the cost of corn, to trade relations with Zimbabwe, to the legality of gay marriage, to the maintenance of Niagara Falls, to the production of medicine, to the repair of bridges, to the disability insurance of returning soldiers, to terrorist threats from splinter cells, to the possible victor in college basketball's March Madness tournament. Back in 1930, Roosevelt had six assistants. Today, Obama has over one hundred. The sheer volume of stuff the president, Congress and Supreme Court have to sift through is mind-boggling, and because every view is permitted in America, everyone feels their issue of the moment is the most critical concern to face the United States in the history of the union.

Coupled with the crushing scale of the government's responsibilities is the perpetual harassment and analysis of the choices made by the White House and Capitol Hill. The fourth branch of America – the media – is now on a 24-hour news cycle, where airtime must always be filled with images and analysis that will keep the attention-deprived viewers from turning the channel or clicking to another news site. Adding to the traditional news networks (ABC, CBS, NBC, Fox and CNN), a new generation of professional and amateur bloggers and watchdogs record every bit of political intrigue, sometimes even inventing news topics to increase viewership. But here's the problem with democracy. It's actually kind of boring. 19th century German politician Otto von Bismarck once admitted that "there are two things in life you never want to see being made – laws and sausages." In his era, and in the decades after, the media left the politicians relatively alone to make back-room deals or to pontificate in closed assemblies for the benefit of their colleagues. But laws were passed. But now, because of the limitless news programs and the millions of civilians with a cellphone, politicians are paranoid that a comment made or a stance taken could one day prevent them from being electable when the next cycle of balloting rolls along. So they guard their words, they fear compromise and they basically follow the party line, believing it's better to have allies of incompetence than speak their mind and be left adrift without party support.

And of course there's the influence of lobbyists. The urban Washington DC legend goes that the term "lobbyist" was created back in the mid-19th century, when you would have to wait in the lobby of the Willard Hotel for President U.S. Grant to stop by if you ever wanted to see your law get past the oval office. Since that time, lobbyists have become the key fixture in Washington politics. But they do provide a service. With the tens of thousands of pieces of legislation or initiatives that can be proposed in any one term, there is no way legislators can be expected to know all the different angles on all the different issues that cross their desks. Enter the lobbyists. Ideally, they would inform legislators of the pros and cons of a decision, and leave the decision-making to the Congress and the President. But over the decades, lobbyists and campaign fundraisers have developed a symbiotic relationship where financial assistance can be tied to political perspectives. And while close to 90,000 individuals lobby (though only 11,000 are registered "lobbyists"), not all lobbyists were created equal. Lobbying is a \$3.5 billion a year industry, and those corporations, unions and organizations with the deepest pockets oftentimes have the largest influence on the direction of the country. Not exactly what James Madison intended when he drafted the Constitution.

The reality of obstinate political parties, invasive media and persuasive lobbyists isn't going to change anytime soon. And now that America is no longer in the midst of a Cold War, they don't even have a common enemy anymore to fear or hate. At least for the five decades after World War II, politicians could come together on one thing – their fear and hatred of communism. But now, even America's foreign policy divides its polities.

### **Foreign Policy**

Discussing the scope of American foreign policy is almost impossible, because America's foreign policy involves essentially every country. Just look back at the last eight chapters and you'll see that the course of every country in the world is reliant to some extent on America. Look no further than the 2008 Recession to see how a financial crisis in the United States, and the subsequent drop in demand for consumer goods, decimated most nations' economic health. One of the bi-products of America's "policeman of the world" post-WWII mentality and the fact that Americans are the number one consumers of energy and consumer goods in the world (\$11 trillion in 2012 – five times more than #2 Japan), is that the United States is, like it or not, embedded in every corner of the planet. There was an expression in the mid-18th century that when France sneezed, the whole of Europe caught a cold. Well, in the 21st century, when the United States sneezes, the whole world gets pneumonia.

So, instead of going one by one down the list of countries to scrutinize America's degree of influence, let's instead look at a few foreign policy themes that Obama and future presidents will have to handle.

When Obama took office in 2008, he pledged to pull United States troops out of two countries – Iraq and Afghanistan. He's already made true on his promise in Iraq, and America's role in Afghanistan looks to be coming to a close in 2014. These two wars drained over \$1 trillion from America's economy, cost over 4,000 American lives and injured another 100,000 troops. But American withdrawal came not from any overwhelming evidence that the conflicts in the region had been resolved. In Iraq, Saddam Hussein might be dead, but sectarian strife between the Shiites, Sunnis and Kurds could still erupt into an all-out civil war at any moment. In Afghanistan, the Taliban has been shelled into submission, and, along with the remnants of the Al Qaeda terror network, have skulked back into society. But when NATO troops leave in 2014, there are no guarantees they won't simply come out of hiding and re-establish their sovereignty over war-torn Afghanistan.

So the questions for the United States are, first, will they follow through on their commitment to withdraw? But more importantly, if and when the worst-case scenarios come to fruition, to what extent will American leaders resist the urge to toss US military forces back into unwinnable situations? If ten years of war didn't bring peace, is there really anything more America can expect with Iraq III or Afghanistan II? Staying neutral will be especially difficult in Afghanistan, as neighboring Pakistan, home to Islamic militants and a nuclear arsenal, could prove to be a foe that could present an even more imminent threat to American soil.

Pakistan usually gets overlooked in any discussion on nuclear threats to the United States. Usually, all eyes focus on Iran and North Korea's attempts to enrich uranium and develop operational nuclear arms programs. Though for years, both Iran and North Korea claimed they were pursuing nuclear energy for purely domestic energy needs, the last few years have revealed that these hollow statements were nothing more than insulting ruses. Both programs appear to be within just a few years of finally realizing the fruit of their nuclear ambitions, as sanctions and threats have proved impotent. At least in Iran, there appears to be a glimmer of hope that a change in leadership in 2013 might put more stable minds in power. Mahmoud Ahmadinejad's influence over the government is in its waning days, as both the clerics and the educated classes have grown tired of listening to his unstable public ramblings and suffering through the economic despair caused by international sanctions. But the question remains, if Iran continues to develop their nuclear program (even under a new regime), what will be the breaking point for Israel? Iran has denied Israel's legitimacy, threatening to blow it off the map. Will Israel, the other nuclear power in the region, take matters into their own hands and take out Iran's nuclear plants militarily? And if so, will America sit back and passively watch their #1 ally in the Middle East take war to one of the pillars of the Axis of Evil, or will it commit both money and military might to the cause? This would be bad. Very bad.

North Korea's another story. Unlike in Iran where its leader is on his final legs, in North Korea, the fresh-faced boy-child Kim Jong Un jumped into power at the end of 2012 and has made it his mission to prove to the military leadership and his adoring followers that he is a supreme leader to be feared. After a failed first rocket launch, North Korea has since successfully sent a rocket into space, demonstrating their desire to not just develop nuclear bombs, but to also manufacture delivery systems to instill fear in every nation bordering the Pacific Ocean. In March of 2013 it appeared that every day some other declaration of death came out of Kim's mouth. First, he ordered an end to the six-decades- long Korean War ceasefire. Then he released a video showing North Korea attacking Washington D.C. and imprisoning the 140,000 US expats living in Seoul (all to the uplifting background track – "We Are the World"). He then threatened Japan and the US that he had his conventional artillery (the largest stockpile in the world) pointed at Tokyo and Hawaii. This wasn't the first time a North Korean leader had let his mouth get ahead of him, but the world doesn't yet know what to make of this boy and his toys. In a perfect world, his bombastic proclamations will calm down once he's proven his point that he's the unquestioned heir to the North Korean throne. But we don't always live in a perfect world.

While America is worrying about what to do with rogue nations intent on America's destruction, it will also need to ensure it continues to develop strategic and economic partnerships with those not bent on their annihilation. In the decade after 9/11, foreign policy experts focused their attention on those nations that could aid in foiling terrorist plots on US soil. Preventing another attack trumped all other policy decisions, so nations outside North Africa, the Middle East and Eurasia were moved to the back burner. During this decade, the nations of East Asia, Sub-Saharan Africa and Latin America pushed their own agendas without consideration for US interests. China ended up sweeping in and developing near monopolies on resources in the developing economies of Latin America and Africa, and nations like Brazil, South Korea, Singapore, India and South Africa established regional partnerships excluding the interests of the United States. America's Cold War spheres of influence no longer apply, and the US will need to establish how future relationships can be mutually beneficial, instead of believing other nations will simply accept the often-lopsided dealings of the latter half of the 20th century.

And then there's Israel - America's foreign policy elephant in the room. Since the 1970s, no other country has retained the US's unwavering support like Israel. The US commits \$3.1 billion of aid every year to Israel, the US provides Israel with state of the art military weaponry and training and the US has always been Israel's staunchest advocate in the United Nations (even when they invaded adjoining countries or killed civilians on freight ships). But America will need to decide if their partnership is unconditional. Obama journeyed to Israel in spring of 2013 and advocated for an independent Palestinian state. Lovely words, but words also stated by former presidents Bush II, Clinton and Bush I. At what point will America throw their support behind the Palestinians and push more aggressively for an independent nation? Ever?

The true point where America will need to reconsider their indissoluble alliance with Israel is when it comes to life with a nuclear Iran. Israel can't tolerate a nuclear Iran. Israel would be unwise to invade Iran unilaterally (the rest of the Muslim Middle East would descend into a horrific holy war), but if the US gets involved, America has a problem. Almost all of Iraq's oil goes through the Strait of Hormuz, surrounded by the Iranian military. If America is pulled into a war in Iran, they could see the oil supply to the world shut down, leading to another global recession. But more important than any profits lost through an oil embargo, the United States would lose all credibility in the region, and all the nations emerging from the Arab Spring would be hard-pressed to involve America in their development. The world doesn't want another Judeo-Christian vs. Muslim war. It destroyed the region in the 12th century. It could lead to World War III in the 21st century.

But enough with all the doomsday prognostications.

### **Conclusion**

Right now, America is doing just fine. It has some warts, some roadbumps and some challenges it will need to overcome. But what nation doesn't?

If you've learned anything in your readings, it's that the world has always struggled. But it has been out of our deepest, darkest hours that we as a species have cultivated our most creative solutions. Our world's story is one of strife and peace, one of deterioration and progress, one of recognizing problems and finding innovative ways of moving forward. We are healthier, more peaceful and more connected than ever before in human history. It is this connectedness that some might argue could lead to our demise. Or maybe it leads to our even more prosperous evolution. For we have proven time and again that when we combine our resources, our minds and our objectives, we can construct worlds far superior than those our ancestors endured.

We're still moving forward... writing the next chapter.