

LAND OF THE FREE?

AN ANALYSIS OF CURRENT LEVELS OF DEVELOPMENT IN THE USA BASED ON INDICES OF INDIVIDUAL FREEDOM.



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Relative development thresholds that only deal in national averages do not give a full picture of the development levels of a nation. In today's climate of rising inequality (political, economic, and social), averages have served to keep historically dominant countries at the top of many development indices, while downplaying the importance of two vital pieces of development; namely individuals and institutions. By measuring the substantive freedoms of individuals in a society to calculate levels of development, the basic element of society, the individual, and the structures which contribute to or inhibit individual freedom, institutions, are put back into the center of development analysis. Theory presented by Amartya Sen in his book *Development as Freedom* presents the backbone of a framework that is used to analyze levels of substantive freedom in the United States of America. To answer the research question as to whether the US can be considered a developed country based on levels of individual freedom, the methodology involves testing the US on five key freedom areas. These freedoms are specifically chosen due to their intrinsic value for human beings, but also for their instrumental value in maintaining and expanding the real freedoms that individuals enjoy. The five areas are; political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security. Results show remarkable level of negative freedom in the USA, showing vigorous protection of individual rights in the form of free speech, consumption opportunities, and some of the best healthcare and education services available anywhere. However, a large part of the American population ranging from the bottom fifth to the bottom two fifths in income experience systematic freedom deprivation on a regular basis. In the same way that substantive freedoms of one kind can support agency and increase other freedoms, substantive freedom deprivation in one area can cause the limitation of other freedom areas. Specifically, the loss of political and social freedoms due to the loss of economic facilities is an occurrence all too familiar in the American experience. If Americans continue to prioritize government non-interference over substantive freedom of individuals, the American Dream can slide out of the price range of many more.

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INTRODUCTION

The act that brought about the end of WWII was not due to a super army but instead the use of a new technology, designed with the help of persecuted minorities, supported by a culture of innovation, built by an educated workforce, in the backdrop of a booming economy. It was now obvious to see that the land mass, population, and colonies owned were not as adequate an index of power as gross domestic product or rates of production.

Out of the ashes of World War II, two major superpowers emerged to the global arena. The Soviet Union and the United States were left to box it out by demonstrating which economic model of production would prove supreme. The measure of gross domestic product, which had been presented to the US Congress by Simon Kuznets in 1937 and consolidated as the primary measure of a nation's economy at Breton Woods in 1944, was consistently used to measure progress between the two pillars of the Cold War. The fall of the USSR left the USA as the yardstick by which to measure the progress of other nations and the formation of development indices. Remarkably, 1990 also marked the first edition of the Human Development Report published by the United Nations. Due to the influence exerted by behavioral and welfare economics on the field of development, the report acknowledged that "human beings could not be reduced to a single dimension as economic creatures." and that the study should expand to include the wide variety of human capabilities (UNDP 1990). The inclusion of human capabilities in the report moved the US one step down from their unrivalled 1st spot on the list of largest economies. Factors such as gender equality and life expectancy meant that the US had to settle for 2nd place behind Australia that year.

CURRENT AMERICAN DEVELOPMENT

During his inauguration, president Trump made a statement that not only created a plethora of viral videos, but also summed up his policy goals very simply.

"From this day forward, it's going to be only America first, America first." – Donald Trump

A few months earlier he surprised the media and academia with a shock electoral college win by mobilizing certain voter segments that too fear the direction in which America is headed politically and economically. The cry of "America first!" is a simple

agglomeration of these fears that The United States is gradually losing its hold on the number one position on the global stage. These fears, are, however, not without reason.

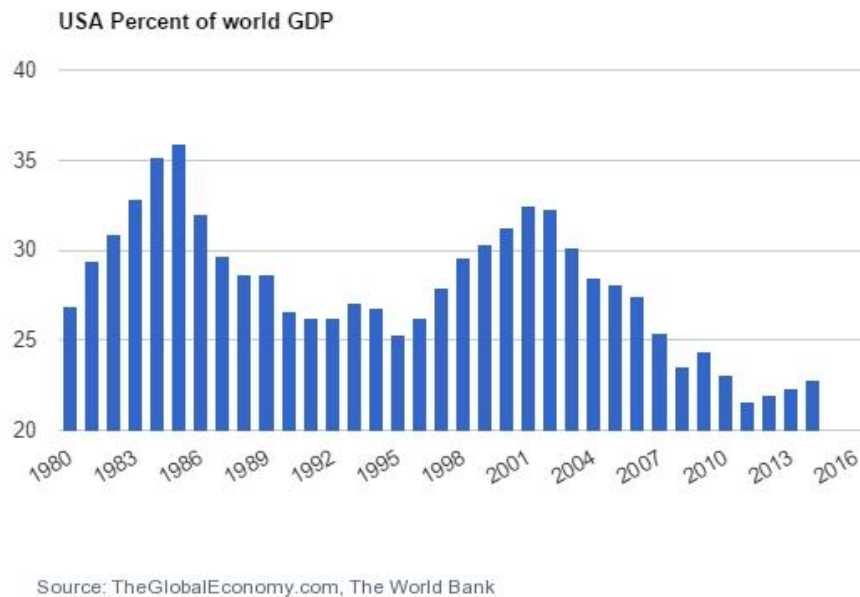


Figure 1 : USA Percent of World GDP (“USA Percent of World GDP - Data, Chart | TheGlobalEconomy.com” 2015)

A lot has happened since 1990 and the release of the 2016 Human Development Report shows that the US has only fallen further from the number one spot, currently sitting 10th. More worryingly, out of the top 147 nations, only Ukraine, Libya, and Tajikistan have slower average rates of human development than the US since 1990. (“Human Development Reports” 2015) The fall in ranking is not only visible in the numbers, but also apparent in the daily functioning of society. Trump personally offended voters in Los Angeles in September 2016 by insisting that the US had become a third world country after a presumably unpleasant experience in LAX airport (Romero 2016)!

As seen above (Figure 1) the US’ share of global GDP has decreased by more than 10% since the first term of Ronald Reagan, the poster child of conservatives and a frequently mentioned figure in the discourse of America’s “glory days”. This is, however, far from the only indicator of a slow decline. Other results place The United States at;

- 18th globally in freedom from corruption, behind Austria, Hong Kong, and Singapore (“Corruption Perceptions Index 2016 - Transparency International” 2016)

- 42nd globally in average life expectancy. (“The World Factbook — Central Intelligence Agency” 2017)
- 13th globally in the 2016 World Happiness Report. (Helliwell, Layard, and Sachs 2016)
- 29th globally in math and science results of 15 year-olds. (Fair Reporters 2015)

These indices, although randomly selected, go to show that Americans are not only losing grip of the world economy, they simply aren’t best at everything anymore. They still have bragging rights as to the most Olympic gold medals, largest overall economy adjusted for purchasing power, and greatest military expenditure, (“GDP Ranking | Data” 2017)and while this might be well and good if one is a professional hurdle-jumper or Navy Seal, how does this translate into tangible development for a majority of Americans that actually improves quality of life, not to mention historically ignored minorities? (African Americans have a lower life expectancy than inhabitants of rural India) (Sen 2001). There exists an obvious problem with these relative rankings that take national averages and set them up against other national averages and call those towards the top end “developed” and those that did not fare so well end at the bottom of the table with the label “underdeveloped”. Anytime a variable is averaged and used as an indicator, marginal utility is not taken into account (for example: the value of added income is different depending on the individual). Additionally, as aforementioned, different groups within a society can be overlooked in national averages by ignoring internal differences such as the urban/rural divide. (Nielsen et al. 2011)

The quantity of reports and rankings on development available can be overwhelming, with each report highlighting varying development statistics depending on scope, purpose, funding, etc. and most importantly the author’s understanding of the concept, process, and end goal of development. The coming sections that describe the theories and approach used in this paper should enlighten the reader as to the conceptualization of development used throughout.

WHAT IS DEVELOPMENT?

The Cambridge dictionary of a developed country could not be more ambiguous: “A developed country is a country that has a lot of industrial activity and people have generally high incomes”(“Developed Country Meaning in the Cambridge English Dictionary” 2017).

Although this definition may be sufficient for a superficial understanding of the concept, “a lot of industrial activity” will not serve as an appropriate indicator for this project in defining levels of development in the US!

“The International Monetary Fund says its own distinction between advanced and emerging market economies is not based on strict criteria, economic or otherwise. The United Nations doesn’t have an official definition of a developing country, despite slapping the label on 159 nations, and the World Bank had previously lumped countries in the bottom two-thirds of gross national income (GNI) into the category, but even that comparatively strict cut-off wasn’t very useful.”(Fernholz 2016).

As a result, nations get lumped together in categories that don’t necessarily portray their level of economic, social, and political development.

As the largest economy on earth, the USA is often not under suspicion as to how they snuck their way into the forefront of the developed nations. American citizens see themselves not just as the number one place in the world not just as an economic superpower but as the standard for liberal democracies everywhere and a model of political freedom. If one looks at the USA through the lens of typical modern indices such as per capita income, industrialization, or wealth, they come out on top. (“Better Life Index - Edition 2016”)However, if one is to look through a less normative lens, the picture might be quite different.

How should we then define development under a misunderstanding of what the aims of development consist of? If we can know the end goal of development, only then can we possibly evaluate at what level of development a certain country has arrived at.

More modern reports have shifted the focus from GDP and towards more inclusive quality of life variables such as happiness, transparency, and gender empowerment in their conceptualization of development, but being relative in nature they remain lacking in a definition of the end-goal of the development process.(Nielsen et al. 2011) The new Sustainable development goals are there to set the agenda for global development and to attempt to create a consensus for what projects are prioritized by government and non-governmental agents alike. Although the rankings are now based on these complicated

indices which take many variables into account, Amartya Sen, a key promoter of the Human Development Index, and heavily relied upon in this paper, has come around to say that he cannot possibly imagine "...a highly delineated formula of relative weights as being the unique blueprint for "the just society"" (Sen 2001, pp.286-287).

PROBLEM FORMULATION

In light of this, a new framework is needed to analyze national levels of development that is not based on the relative comparison of one nation to another. In particular, the so called "developed" nations which set much of the global development agenda, should be analyzed not on their relative superior position to "underdeveloped" nations, but on their adherence to the intrinsically valuable principles of human rights which make up the foundation of development. Individual freedom, in the form of substantive freedom, as defined by Amartya Sen the Nobel prize winning economist, will be further explored in this paper and will be the chosen indicator of development.

This leads us to the problem on which this study is based. Although there are many obvious superficial deficiencies within the political, economic, and social structures which make up the USA, there are few that would negate its position as a developed nation based on indexes of income and industrialization. Historically, the US and its inhabitants have not only prided themselves on their economic achievements but also on the virtuous nature of their nation's foundation, "liberty and justice for all". Americans have also not been shy in proclaiming their nation as the global example along with the humble nicknames "Land of the Free" and "Greatest Nation on Earth"! These lofty proclamations, among others, which are present in the first modern institutions on American soil need to be re-examined more than two hundred years later to see if they are a practical reality for all American citizens. The research question that leads the investigation in the following pages is as such:

According to a framework which defines development as an aggregation of human freedom, can the United States be currently classified as a developed nation?

By approaching this question with a critical view of the world system and use of appropriate theories, a framework is to be created with which development and freedom

can be defined and national levels of both can be analyzed, based not on their relative values to other nations but on the fulfillment of their intrinsic value.

METHODOLOGY

APPROACH

Since the intention of this paper involves challenging the current definitions (or lack thereof) of what constitutes developed, developing, and underdeveloped when referring to the economic and political spheres of current world states. An understanding of where the terminology came from and how it propagates the existing status quo is necessary to see through hegemonic norms so that the structures that set the agenda as to the purpose and priorities of development can be uncovered. To question the positivistic nature of quantitative development research such as the Human Development Index and the Sustainable Development goals which continually rank North America and Europe as the models which the rest of the world must strive after.

An opposing argument to the research question stated above may sound as follows; Numerous papers and reports have been published with better educated authors, better funding and larger scope than this humble thesis, and they have come to the conclusion that the USA is a developed nation. Thus, how can this paper do anything more than repeat these conclusions and make no contribution to the way we understand the ranking of development levels?

Critical theory, however, teaches us that theories and ideas do not exist in a vacuum. Theory cannot exist devoid of a purpose and can be a powerful tool in the hand of the wielder. This means that we have to look at *who* created the current indices for measuring levels of development, for *what purpose* and *when*, since theory cannot be removed from its historical and structural location.

WHO:

The end- goal of critical theory is the emancipation of the individual. Emancipation from what? The structures (political, economic, social) that oppress the individual and inhibit him/her from using one's capabilities to the fullest. Although criticized for its pursuit of utopia, critical theory works well for an analysis of development and freedom through its

concern for the individual but focus on the structures that either promote or inhibit development. This is reflected in the methodology of the paper inasmuch as finding levels of individual freedom are considered the end goal of the analysis, but it is the institutions that are analyzed in their role in freedom promotion.

As to the structures that have hereto defined and attempted to defined said definition of development; the United Nations, an international organization started by the Americans and designed to encourage peace and liberal values has, along with sub-divisions of the IMF and World Bank, has been the primary printing press of development literature and has a large effect as to the direction development studies has taken since its conception. These organizations have been effective tools since their conception that have served to further the US political, economic, and social agendas through soft power. Gramsci noted that hegemony can retain control not only by an iron fist but by the gradual acceptance by the masses of the status-quo. Neoclassical macroeconomics as set-forth by the Washington consensus has become the mainstream modus-operandi when approaching developmental problems.

WHAT (PURPOSE):

With economic growth being the end goal of developmental practice, the Washington consensus recommends privatization, trade liberalization, tax reform, competitive exchange rate, etc. as the means to achieving said goal. It can be said that economic growth rates that surpass population growth have contributed to lifting millions of people out of abject poverty, the issue of relative poverty has not been addressed (Table 1). “Trickledown economics” as popularized by the Reagan administration and accepted by the American population, “what is good for business is good for America.”(Short 2017)

Table 1 : Real Income Growth Since 1967 in the US (Short 2017)

Real Income Growth Since 1967	
Top 5%	101.1%
Top Quintile	83.0%
2nd Quintile	49.7%
Middle Quintile	29.4%
4th Quintile	18.6%
Bottom Quintile	25.5%

The ability of the US as a normative superpower has allowed the spread of Washington Consensus ideals, backed by the power of the conditional loan, to the far reaches of the planet. These now accepted and common norms and ideas such as trade liberalization and privatization might have increased global production, but have also opened hitherto unreached locations to the business and political interests of a global elite in an age where imperialism and slavery are considered morally wrong.

The introduction of modern reports that shift the focus from income per capita towards the previously unaccounted-for variables of clean energy, empowerment, and climate change. To a critical scholar, this shift in weighting might seem to suspiciously coincide with the fact that today, high growth rates are few and far between in the industrialized core nations. Considering the approach chosen, the hegemon has shifted the importance of factors that it now falls behind in (GDP growth, income equality) towards those it currently has an advantage in (clean energy, sustainable cities, low levels of hunger). This serves the hegemon to maintain the status quo with itself as a model and keep setting much of the global development agenda.

WHEN:

Critical theory, while lacking a praxeology, takes into historical power relations that have created current structures that can serve to oppress individuals. Critical theory, with its focus on the individual for the understanding of freedom and history and structures as key elements of legitimization and theory normalization, is a suitable guide in a process that seeks to understand the components of development and set new critical questions to the current global hegemon. The structures/institutions which oppress the individual did not just suddenly appear and neither do they exist in a vacuum. They, instead came about as a historical process and exist. A view of development studies as an academic discipline from a historical perspective is required.

Development studies came about in an anti-imperialistic, politically active young generation that felt an increasing degree of solidarity with the third world and had a desire to make a difference in the lives of individuals living in poverty. The zeitgeist of the time,

along with theories such as dependency and world system theory, was one of anti-modernization. In fact, the initial purpose of development studies was to question the status quo. A job market that emerged for the graduates among the leading development bureaus led in coordination with the increasing hegemony of neoliberalism led to a change in education curriculum. Graduates were then expected to be able to run a NGO or create a five-year plan with an emphasis on quantitative techniques. The goal was to make development more effective. However, the key negative element that critical theory highlights from this process is that development became de-politicized even though it may be granted that the conceptualization of poverty is much more complex than it was 40 years ago. (Schuurman 2009)

The reason the critical approach is used, is to understand the structures that lead to development. If the US is to be the object of a study that attempts to see if the US has the quality of institutions both political and economic that lead to development. In using this approach, sources of typical data that are typically used in the qualification of development cannot be taken at face value. Instead the organizations/institutions that release the data and set the worldwide development agency are to be seen as tools of a global hegemon (The United States) to maintain the USA as a model of development. Indices that are were created by the Western World with themselves at the top cannot be used as an unbiased method of analyzing the United States level of development.

Secondly, current positively inclined indices of development may give a detailed snapshot of the current state of a nation. They do, however, fail to provide any information as to the process of how said nation arrived at their current level of development.

These three components of critical theory will help us create a framework with which to analyze the institutions in the USA that serve to promote or inhibit individual freedom and henceforth development. Whenever an institution is identified, three questions can be asked about its nature.

1. Who created/formed this institution?
2. What purpose does this institution serve, both intentionally and unintentionally?

3. What are the historical forces that shaped said institution and what is the context it currently finds itself in?

These three questions allow not only for the better understanding of the nature of institutions, but also of the philosophical beliefs that are behind the foundation and operation of these historical structures. This fact is considered invaluable to the research, specifically when dealing with abstract terms such as development and freedom that can vary in meaning from individual to individual.

THEORY

Criticism aside, to move forward with an analysis of levels of development in the United States, one must come to a narrower definition of the purpose, process, and end goal of development.

The basis for the framework used throughout this paper is taken from Amartya Sen's *Development as Freedom*, first published in 1999. A Nobel prize winning economist, Sen cites an event from his childhood in India that strongly affected his understanding of the importance of freedom as a definition of development. A man who, due to economic poverty, had been forced to take a job in an area of the city that was hostile to his religious beliefs stumbled up to Sen's childhood home and was stabbed in the back. As grim as this event was, it opened Sen's eyes to the fact that development is much more than just income. In this case, economic unfreedom and religious unfreedom had both contributed to the death of this human being. As a result, a theory of development has been formulated which aims at "enhancing the lives we lead and the freedoms we enjoy," in other words, "expanding the freedoms we have reason to value," (Sen 2001, p.15). Sen also argues that getting to the level of the individual is most important. The overall perspective of ranking nations based on the average income level is valid as a method of measuring poverty, but cannot be considered a way of understanding unfreedom or the substantive freedoms that people can enjoy.

Public policy regarding development has historically followed a huge variety of directives based on ideology, religion, individual agendas, party strategy, etc. The Soviet Union, run by a communist elite, prioritized collectivization and increased production in

their development strategy. Mercantilists focused on a beneficial balance of trade to achieve political and economic development, and modern international organizations determine strategy based on complex reports or important issues as clean water provision or environmental sustainability.

Sen agrees that many elements such as industrialization and technological advance can lead to an expansion of freedom for the members of a society but also insists that they are in no way guarantors of it. The focus should shift away from the possible means and instruments of development and towards the ends that make development an important area of study. That end is increased individual freedom and the means include various methods of expanding the real freedoms people enjoy in addition to removing the sources of unfreedom which include poor economic opportunities, political tyranny, social deprivation, among others.(Sen 2001)

WHY FREEDOM?

Freedom above any other variables is to be used as an indicator of the means and end of development based on three primary characteristics of freedom itself. Namely the interconnectedness of freedoms and the synergic effect they have on each other, their ability to promote agency and positive action, and the intrinsic value of freedom as a basic human right.

-LINKAGES

Just as lacking political freedom can create social oppression and inhibit freedom promotion in the economic arena, the opposite is also true. Budding freedom in one area can contribute to freedom growth in another area of society. Although these linkages between freedoms are not always easily identified or understood, their existence is undeniable. Freedom creates freedom and due to this, no type of freedom can be considered a luxury in the process of development. There are some proponents of development as a process that requires blood, sweat and tears, and is ruined by giving individuals too much freedom before it can be supported by a robust economy and controlled by central government. (Sen 2001) This view of freedom as development proposes that many of the traditional goals of development cannot be achieved without first implementing high levels of individual freedom.

-AGENCY AND POSITIVE ACTION

Just because development aims to improve the quality of lives of individuals does not mean that said individuals are passive observers in the process. Sen himself says it best, “An approach to development and justice that concentrates on substantive freedom cannot merely patients to whom benefits will be dispensed by the process of development. Responsible adults must be in charge of their own well-being; it is for them to decide how to use their capabilities.” (Sen 2001, p. 286). With this perspective, human beings are more than capital or commodities, they are containers of untold agency and positive agency, but it is up to the individual to decide how to use these capabilities. According to Sen, a nation should not be ranked based on nominal factors but instead on the quality of liberty that it offers their citizens. This liberty can be used by individual citizens not just as a fulfillment of their natural rights as humans, but also as the ability to gain agency. Agency is the ability to influence one’s circumstances, political, and economic in order to shape one’s life in a way that lines up with said individual’s value system. Development is therefore the process of expanding or enriching capabilities and the opportunities by which an individual can use them. This definition is not far removed from a noble process set forth by Karl Marx: “Replacing the domination of circumstances and chance over individuals by the domination of individuals over chance and circumstances. (Sen 2001, p.289)”

-INTRINSIC VALUE

Family structure, beliefs, geographical differences, history are just a few of the heterogeneities which affect the valuation of the same basket of commodities by different individuals. A sick person with a digestive problem will not value increased meal variety if she cannot eat any of it. She will instead value medicine above other things of higher market value. Thus, one can see that income is not always an adequate indicator because it is not a guarantor for increased quality of life and neither does it reflect social structures which may render added income useless. The same sick woman could not benefit from extra income to buy medicine if living in a patriarchal society that forbids the saving of money by women or had insufficient infrastructure to enable her to obtain said medicine from a nearby city. The valuation of many key traditional development indicators varies greatly when one takes the individual as the object of study. Here lies another benefit of approaching development as freedom. Freedom is not only instrumentally important in bringing about the process of

development, it is also intrinsically valuable in and of itself and is to also be considered the end goal of all development processes. (Sen 2001)

No, the end does not justify the means! The Soviet method of production was seductive to many a Western scholar who wrote home romanticizing the rapid growth that took place between 1930 and 1970. Although impressive feats of production and infrastructure creation were possible under the iron fist of Stalin, they were often performed by mobilizing large masses of slave labor. Which areas were to be developed, was decided by a central party and not by the valuation of individuals who could use their capabilities in the way in which they seemed fit. The more modern examples rapid economic growth in China and South Korea have re-popularized rhetoric which supports temporary rights suppression in favor of steady economic growth.(Acemoglu and Robinson 2012) Sen states that the evidence supports that these nations achieved rapid economic development despite political oppression rather than because of it. It was because of high levels of education and healthcare among other freedom promoting institutions that contributed to this rapid growth in GDP. (Sen 2001)Those that are to set development agendas for organization and especially for nations need to be clear as to what the end-goal of development is. If we are to follow the theory set forward in development as theory then individual freedom cannot be suppressed for the “greater good” during the process of development because increased individual freedom is the purpose of all development work.

A NOTE ON FAMINES

Although not thoroughly used in this paper, Sen additionally presents a simple tool for analyzing the state of a nation's individual freedom and subsequent development. That tool is looking at a nation's history for the presence of famines. The theory behind it is based on research that shows famines as being more than just caused by a lack of agricultural expansion, outdated technology, and insufficient food production. Hunger is actually a surprisingly simple but accurate indicator of the functioning of economic, political, and social arrangements. The presence of famines can indicate a population stripped of social security entitlements such as food, political institutions that are irresponsive to basic needs and demands, and economic mechanisms that are not robust enough to handle internal and external changes. (Sen 2001)A quick analysis shows the truth of this claim. The global

hunger index (GHI) presented a list in 2016 of countries where hunger levels were highest. With the exception of Timor-Leste (133) and Zambia (139), the ten countries where hunger was most prevalent could also be found within the bottom thirty countries in the HDI report 2016 showing a strong correlation between poorly running economic, political, and social structures and the ability of individuals to escape the basest of unfreedoms; hunger.

That in the absence of other more complex indicators, hunger gives a clear picture of the freedom that individuals enjoy and their ability to influence their own destinies and achieve the things they have reason to value.

In light of all this theory, how do we apply it to the current condition of freedom in a nation-state? Every citizen could be asked about their perception of freedom and if they were satisfied that it was being met in their daily lives. Critical theory, however, does not approve of this approach as it leaves much to the perception of freedom. The accepted norms, attitudes, and most importantly perception of freedom experienced are influenced by the hegemon. (Hunt and Colander 2016) The idea that the government should stay out of business interests to protect liberty is an idea that clearly serves the interests of a business elite in the US. Liberty itself in the US is a cloudy issue. Even though the vast majority consider that any able-bodied citizen is able to get a job if they really wanted to, they are also a lot less economically conservative when it comes to the basic standard that people should have to survive. Inequality in the job market is accepted, but when it comes to politics, the vast majority agrees that the vote should be even. In this sense, economic freedom requires inequality but equality is the strong glue of American democracy. (McCall 2013)

As seen, the measurement of freedom is not without its challenges. The perception of what freedom is varies from individual to individual and from sector to sector. Although individual freedom remains the main object of analysis, the level of analysis is moved to a structural level. This agrees with critical theory and Sen's Development as Freedom and is summed up in this sentence; Individual freedom is largely based on social and economic arrangements (Sen 2001).

As stated previously, individuals do not live in a vacuum. They live in social structures, and are constantly affected, knowingly or not by the institutions that allow for

the daily functioning (or malfunctioning) of society. The effect that institutions have on individuals can be either positive or negative regarding the creation, maintenance, and expansion of freedom.

“What people can positively achieve is influenced by economic opportunities, political liberties, social powers, and the enabling conditions of good health, basic education, and the encouragement and cultivation of initiatives.”(Sen 2001, p.5) The capabilities that a person does actually have (and not merely theoretically enjoy) depend on the nature of social arrangements, which can be crucial for individual freedoms(Sen 2001). Therefore, by analyzing the nature of these social arrangements, a measure of the real freedom that individuals enjoy can be found. To do this, a practical framework is extracted from *Development as Freedom*.

FRAMEWORK FOR ANALYSIS FROM SEN’S DEVELOPMENT AS FREEDOM

Is it possible to extract from Sen’s theory of development a framework that can be used to analyze the level and quality of substantive freedoms that the individual of a nation enjoys, and the subsequent level of development? It is important to note that within welfare economics theory, the goal of development lies in quality of life and the freedom that individuals have to escape unfreedoms such as poverty, illiteracy, infant mortality. For Sen, five different, but complementary freedom types are vital for people to live the way they value, and escape deprivation and unfreedoms.

1. political freedoms: Opportunities of individuals to determine governing principles. Includes political dialogue, voting rights, and the right to dissent and critique.

2. economic facilities: The freedom of individuals to participate in consumption, production, and exchange of resources. Aspects of family distribution of income and access to finance fall under this category.

3. social opportunities: Society itself also creates structures that influence individual’s ability to participate in the first two categories and increase quality of life; for example, healthcare and education.

4. transparency guarantees: This type concerns the level of trust and openness that people can expect when dealing with each other.

5. protective security: In other words, a social safety net that prevents “abject misery” and creates a bottom line which individuals cannot fall past. Includes unemployment benefits and famine relief. (Sen 2001)

These five areas not only increase the freedom of individuals when expanded correctly, they are also connected and any policy changes should consider this even though this list is not exhaustive. One position proposes that the above freedoms are mutually exclusive; for example, political freedoms can at times be suppressed for increased economic opportunity in the future or that protective security removes incentives and therefore hinders economic growth. It is important to note that Sen does not agree that some freedoms may be suppressed for the sake of possible future benefits. This is not only because of the intrinsic value of individual freedom but also due to scientific proof that freedom in one area benefits and enhances freedom in another. A study by Acemoglu and Robinson, also documents the negative effects of extractive institutions that limit freedoms. They claim that historically, in these societies with extractive institutions, short term gains have been achieved but sustained economic growth and increased political opportunity could not be attained.

By taking the above five freedoms as the foundation of development, and analysis of freedom and its level of expansion should be possible on an individual basis and extrapolated to the national basis via the inductive method.

The methodology here includes analyzing from an individual level the perceptions that people have as to whether they experience the five types of freedom that Sen has outlined as necessary to development. While individual valuation is important, critical theory as the approach of this paper, demands an objective valuation of the institutions that influence the freedoms that individuals enjoy. The institutions of American life should not only be analyzed from an individual perspective but from a theoretical perspective that can clarify whether certain institutions protect and enlarge the freedoms that they claim to champion.

In summation, it has been difficult to come to a consensus as to what development is let alone where the emphasis should be laid. If development is to be considered an ever-increasing conglomeration of indices, then can the end of relative betterment justify the

means of development? If, on the other hand, we focus only on the processes and formations that create or enhance development, we face another development. Development studies here, lacks substance and the methods of evaluating progress. Approaching development as a field of enhancing people's substantive freedoms through inclusive institutions can serve to solve this dilemma by addressing both the means and ends of development. First of all, processes of development cannot be justified if they create unfreedoms (poverty, poor social facilities, tyranny) and hinder the free agency of people. This discredits the authoritarian growth model as a valid path to development on the simple fact that its very process denied individuals key freedoms that have intrinsic value. Secondly, as to the ends of development, this approach argues that the assessment of progress must focus on whether or not individual substantive freedom has been enhanced. (Sen 2001)

POSITIVE AND NEGATIVE FREEDOM

To continue with an analysis of the freedoms people experience, a brief explanation of different types of freedom is necessary. Negative freedom, is the absence of external constraints to individual freedom. Negative freedom can be understood as a right; the right to free speech, the right to live a long life, the right to turn left at a traffic signal. (Stanford University. and Center for the Study of Language and Information (U.S.) 1997) Important as negative freedom is in the creation of standards and overarching development plans, it is not an adequate measure of development levels. As well as the right to display agency, individuals need the ability to influence their lives in a way they have reason to value. This empowerment or ability to enjoy freedoms, be they economic, political or social in nature, is often referred to as positive freedom, but to maintain harmony with Sen's framework, will be referred to as substantive freedom throughout.

WHY NATIONS FAIL

Since the approach of this study lies in critical theory, the key unit of analysis are structures. The key structures of a society are its institutions. Therefore, the second sub-theory to be used in this paper as a tool to analyze the USA's current state is the theory set forth by Robins and Acemoglu in their book, *Why Nations Fail*, in which they attempt to determine the effects of inclusive and extractive institutions. In applying this framework to

the current quality of institutions in the USA, we can determine to what extent the institutions in the five key freedom areas determined by Sen can be examined. The inclusiveness vis a vis exclusiveness of the major institutions of the United States can give us an idea of the current level of development and a good idea of how development will proceed in the future, if institutions are not changed.

Robins and Acemoglu in their book, *Why Nations Fail*, present their view that the difference in levels of income and other development indicators between the two neighbor cities Nogales, USA and Nogales, Sonora is not due to geography, culture, religion or luck, but instead to their differing institutions.

“Countries such as Great Britain and the United States became rich because their citizens overthrew the elites who controlled power and created a society where political rights were much more broadly distributed, where the government was accountable and responsive to citizens, and where the great mass of people could take advantage of economic opportunities.” (Acemoglu & Robinson, pg.16)

Institutions when properly formed and preserved can serve to protect the political and economic freedoms and interests of individuals in a certain society. This approach, while maybe not as encompassing as the five freedoms proposed by Sen, still emphasizes individual liberty and sees economic problems as systematically rising from a lack of political rights. From a critical approach, the theory that institutions are to blame for the continuation of poverty and oppression, seems to fit. Institutions, as the structures and rules that have arisen through historical processes, need to be continually criticized lest they hinder human emancipation. For the sake of analysis, can we therefore define the qualities of institutions that are conducive to development and freedom and those that hinder them? Acemoglu and Robinson split institutions into two categories based on their effect on political and economic opportunities. Institutions can be classified either as extractive or inclusive based on the role that they play in expanding or constraining individual freedom. By looking at the definition and characteristics of inclusive and extractive institutions, we can compare them to the institutions of the United States, and get an idea as to their quality. First, we will look at the characteristics that define extractive and inclusive states.

EXTRACTIVE

- Economic and political monopolies that do not leave room for new entrants to market.
- Family and friendly relations not merit determines leadership.
- Economic entities play a large role in the formation of political institutions.
- Unsustained economic growth.
- Inequality
- Protection and consolidation of elites during a crisis.
- Institutional deterioration
- Absolutism
- Risk/Reward relationship not properly balanced.

INCLUSIVE

- Pluralistic political institutions
 - Secure and efficient property rights
 - Institutional movement, the allowance of creative destruction.
 - Trade allowed
 - Some degree of political centralization to invest when necessary
 - Civil society institution effective in organizing the interests of the population.
 - Free media
 - Efficient use of skills and labor
 - Widespread law and order
- (Acemoglu and Robinson 2012)

The above list is only a superficial overview of the countless institutional characteristics and factors that influence the real freedoms that the citizens of a nation enjoy. However, by looking at just a few of the properties that define inclusive or extractive institutions a broader picture of society as a whole can be accomplished. If a nation is found to have primarily extractive institutions, the result, which goes without saying is that individuals in that society do not experience significant individual freedom. With the use of these points, the key institutions of American society will be analyzed as to their inclusive and extractive nature, and the effect this has on the freedom of American individuals.

If oppressive structures of the status quo remain in place, development seems to be more circular than linear, taking one step forward then two steps back. This is why a thorough investigation of the quality of a nation's political institutions is critical for the understanding of a nation's economic development. Can a state be considered developed if all the conditions for an economic/political crisis are in place? Can it be considered developed if freedoms are in place but life expectancy is 30? Structural analysis can therefore give us a more dynamic view of the processes and outcomes of development than indices can. For example, increasing GNP per capita is an important engine of development, but it is by no means guarantor of it. (Sen 2001)

METHODS

The conventional wisdom is to solve a complex problem by using a complex model.

-Gerd Gigerenzer

Development is no easy topic. As history has shown, there is no simple way to define it, and there no definite consensus on how to achieve it. There has, however, been a sort of agreement that past models have failed simply, because they were not complex enough, biased, and did not include all the possible variables. The initial formula for the HDI which aggregated GDP per capita, adult literacy, and life expectancy. The 2016 report contains values adjusted for gender, human security, sustainability, environmental factors, among many other variables. Here we encounter the bias-variance dilemma. Complex models tend to have smaller bias but are susceptible to variance errors due to fine-tuning(overfitting) of variables. As exemplified by the latest economic crisis in the US, complex algorithms (ratings, risk-computations) missed the mark and created a false sense of security within the system. The popular saying "less is more" can be applied to the social sciences, specifically in situations of uncertainty. Additionally , a bias towards bias must be avoided because a simple qualitative framework can exhibit just as much accuracy in predicting future levels of development as a complex model that data fits past data and has no ability to predict future development. (Samson and Ariely 2015).

This project makes use of both qualitative and quantitative measures in the length of the analysis while attempting to keep simplicity at the center. The theory proposed in Development is primarily qualitative in nature due to the fact that freedom is not easily quantifiable as lamented in the 1990 edition of the HDR, “What is needed is considerable empirical work to quantify various indicators of human freedom and to explore further the link between human freedom and human development. “(UNDP 1990, p. 16) It is however, expressed in quantifiable terms such as hunger, participation, income, etc. and these indexes are also used here. Currently, one of the most reliable indicators of development at a national level is if a country has received membership in the OECD. The OECD also has published much data of its member countries and this has been extensively used throughout the analysis to find levels of freedom and development in the US.

As to the collection of data, this report makes sole use of secondary data that is readily available to the public and sources are a variety of news articles, academic journals, yearly reports, and books.

The initial idea that lead to the formulation of a research question came from a conversation between the author and a Chinese friend. This friend related a recent experience in New York and compared it to being in a “third world country” and how Chinese tourists often came home with tales of disappointment as to the level of development in the US. Based on this curiosity and the author’s own experience having lived in Peru, USA, Mexico, the United Kingdom, and Denmark and experiencing firsthand varying levels of development, initial research consisted of attempting to find a consensus as to the definition of development.

If development is to be seen as a process, then history is an integral part of it. The USA did not just wake up one day as the global superpower, but instead underwent an arduous and long journey that included throwing of the extractive power that was the English empire. Although not diminishing the causes of development to a Marxist material historicism, the approach from a critical lens takes into account the formation of structures from a historical perspective. History must be understood and accounted for if we are to understand the present and attempt to foresee the future. Methods of research that account for history are used, and various editions from different years of the Human

Development Report and UN Development goals are utilized to see how the passage of time has changed the use of various development indices and to see how nations have either progressed or digressed accordingly. History is vital if one is to understand the formation of institutions as proposed by critical theory; Who created the institution? - For what purpose was it created to serve? - and - What was the historical context in which it was created?

The methods applied in this paper trust on the power of simplicity. Based on the framework extracted from Development as Freedom, institutions from the five main freedom areas are selected. These are far from the only influential institutions in the US, but have been selected based on their current relevance, accessibility of public data, the obvious linkages from the institutions and the freedoms they promote or inhibit and the large immediate and noticeable affect these have on development. Secondly, they will objectively be analyzed to see if they are conducive to individual freedoms, the cornerstone of Sen's welfare economics framework. Thirdly, secondary data including interviews and surveys concerning people's view of the aforementioned institutions. Objective and subjective viewpoints are included so that these institutions can be analyzed from a theoretical perspective; also from the perspective of those that have to deal with said institutions.

HISTORICAL FORMATION OF INSTITUTIONS IN THE UNITED STATES OF AMERICA

Approaching the research question from a critical perspective requires an initial analysis of the historical forces that have formed the object of analysis of this paper; institutions of the USA. According to Robinson and Acemoglu institutions are not as eternal and unchangeable as one might think. They are instead, during their lifetime' susceptible to any number of 'critical junctures'; meaning in academic terms, "a major event or the confluence of factors [that] disrupts the existing balance of political and economic power in a nation." (Acemoglu and Robinson 2012, p. 161) In simpler terms, a decision-making crossroad.

The following are critical junctions which helped determine the course of American institutions as we know them today and the effect this has had on the freedom of its individuals.

THE MAYFLOWER COMPACT AND JAMESTOWN

The New World, Land of opportunity, land of the free; these are nicknames that have frequently been given to the US and these denotations are not without reason. It was the expanse of endless possibilities that attracted the first settlers to the coasts of North America. The two first European settlements in the New World set the stage for institutional development. The first permanent settlement within the modern-day borders of the USA took root in Jamestown, present day Virginia, and was a private venture initiated by the Virginia Company of London to expand English trade and to keep the stockholders content! If we ask the who, what, when from the critical theory framework, we find the institutions that set the foundation for Jamestown life and subsequently much of the North American continent. The Virginia Company charter was formed in a joint venture with the crown of England to create profit for shareholders and expand British influence in a setting where expanding European nations attempted to claim a stake in the mysterious New World. As a result, semi-extractive institutions were set up that pleased the crown and treasure seekers, but at the same time were accountable to shareholders at home that demanded efficiency and transparency. A colony exemplified by individual pursuit of wealth and success. ("Jamestown and Plymouth (U.S. National Park Service)" 2017)

In contrast to the treasure hunters that followed rumors of riches and greatness to the great civilizations of Central and South America, the primary goal of the Pilgrims was escape. Escape from oppressive and absolutist political and religious systems in Europe was enough of a motivator to face the perilous and unknown of the New World. The Mayflower compact, which was written upon the arrival of these religious refugees on North American soil is the first framework of government created there. Apparent in the first known record of this document is the united spirit and deep concern for the sustained common good of the colony's inhabitants.

[“covenant, and combine ourselves together into a civil body politic, for our better ordering and preservation, and furtherance of the ends aforesaid; and by virtue hereof to enact, constitute, and frame such just and equal laws, ordinances, acts, constitutions, offices from time to time, as shall be thought most meet and convenient for the general good of the

colony: unto which we promise all due submission and obedience.”] (“Mayflower Compact | North America [1620] | Britannica.com” 2017)

This excerpt is short but powerful, containing many of the elements for the creation, preservation, and expansion of individual liberty, while working together for the general good. Covenant and constitute represent the official introduction of the rules of the game. Just and equal, represent the idea that these rules of the game should not give anyone a head start. Finally, a civic body would meet to enact and preserve the laws that were made in the best interest of the colony. This assurance of the conservation of mass welfare and rights protection was the motivation that led to many future inclusive institutions that created individual freedom.

The two first colonies of what is now the United States of America set the stage for the institutional tug of war that would take place over the next centuries. On the one side a heritage of the individual pursuit of success and wealth and on the other a strong sense of justice, community wellbeing, and political participation. These concepts are by no means mutually exclusive, but they often conflict when individual freedom hampers community wellbeing and vice versa.

THE WAR OF INDEPENDENCE

This critical juncture marked the point at which the American colonists grew tired of the extractive British crown and decided it would be better if they created their own structures governed by themselves. Although the battle didn't claim more than five thousand American lives, it was the documents written as a result, primarily the Constitution, that has had the longest lasting effect. The Constitution, which is used today in all aspects of legislation and judiciary matters, represents the zeitgeist of the time and still defines the average American's understanding of freedom; the fear of large government represented by its separation in three branches and the independence of individual states; the importance of private property and the ability to protect it from others; an expedient and unprejudiced judicial system. (Killian et al. 2017) The role of the central government, the due process of law, and the right to bear arms remain some of the most controversial and heatedly disputed topics in American politics.

Already here we see a difference in freedom prioritization between the Constitution of the USA and the five freedoms presented by Amartya Sen. Sen's freedoms are more socially directed and do not set a limit on the amount of government intervention as long as certain intrinsic rights are preserved, such as the right to trade. Neither does The Constitution mention anything of a social safety net, one of the essential freedom areas in Development as Freedom. (Killian et al. 2017)

THE VICTORY OF BIG BANKING

No overview of the history of American institutions should exclude the mighty economic structures which have so greatly influenced the course of global history. The great banks which held the US government hostage at the last crisis, and forced a government bailout despite being self to blame for the mismanagement of funds and misleading of the general public, have not always had such a huge sway over American political life. In fact, since the beginning of the 19th century, the power of banks has swayed quite dramatically depending on new the legislation and party in power at the time. Thomas Jefferson warned against the political influence of big banks, Andrew Jackson prevented the further consolidation of the financial sector, and Theodore Roosevelt split them up with anti-trust laws. All of these events have significantly hamstrung the banks in their ability to influence politics, but as Simon Roberts says in 13 Bankers, "Money and ideology were mutually reinforcing." (p.19) The major victory for banks was not one definite law or moment, but the gradual acceptance as conventional wisdom in the mainstream of the main talking points of banking lobbyists. (Johnson and Kwak 2010) America needs big, powerful, risk-taking banks and that is just the way it has to be. Unregulated financial markets are good for America and the world. As these statements have been accepted, the big banks of Wall Street have consolidated themselves as "necessary evils" that may cause recessions and loss of employment and income, but also crucial for growth and innovation.

ANALYSIS

POLITICAL FREEDOMS

As seen in the previous section, history has played a role in the current status of intuitions in American life. If, however, we are to grade institutions as they exist presently, it is not the process that is important, but instead their current state. The sub-question that

guides the investigation in this subsection is as follows: How do the institutions of the USA contribute or hinder the practice of political freedom at an individual and structural level?

Engagement in political life, is of the utmost importance if individuals are to enjoy real freedom in all aspects of life and use their capabilities to the fullest. Theoretical freedoms may be ensured by important documents like the Constitution and inclusive institutions may be set in place to safeguard them, but it is the agency of individuals that creates the real freedoms that people can actually benefit from. The perfect institutions of political freedom, appealing to the highest ideals of equality, liberty, and justice are of no use if not actively participated in by the individuals over whom these structures impose.

In *Development as Freedom*, Amartya Sen consistently highlights the importance of discussion in the proper functioning of democracy and the role it plays in the process of development. Democracy in itself, like access to clean water or relative high levels of industrialization, is in no way a “mechanical device of development” (p. 158) guaranteeing its furtherment. Discussion in the form of public debate and channels of dissent and critique, first of all, allow for a better understanding of the needs and development priorities of the members of a society. In this way, public discussion also serves to form the agreed upon values of a society.(Sen 2001) From this point, public policy and various regulations can be formed with the influence of the general public to address the unfreedoms that are most pressing. In analyzing the level of political development or decay in the United States, civic engagement and public discussion are important indicators of individual freedom, the end goal of development.

Key to any institutional analysis of political institutions according to the theory of inclusive and extractive institutions is an understanding of the role money plays in its shaping. According to the theory, individuals and groups that have achieved economic/political power use that power to alter the economic and political conditions in their favor. It is not that the accumulation of wealth in itself is politically harmful, just when it is used by an elite to further their self-interest in a way that creates a vicious, extractive cycle. (Acemoglu and Robinson 2012) Because of this it is necessary to investigate the role of money in shaping politics in the USA.

The resulting index from the theory is a measure of the ability of people to act as agents of change and determine the political environment in which they operate. The following analysis of the level of political freedom in the USA contains a study of voter participation, a view of the role of money in American politics, and touch on the ability of its citizens to exercise free speech in dissent and critique.

VOTER PARTICIPATION

In the current political environment in the USA, one of the principle methods by which individuals demonstrate agency and voice their prioritization of the elements of well-being is through voting. In a representative democracy, those eligible to vote, choose the representative they believe is best suited to protect the way of life they have reason to value. In the absence of more ideal political structures than majority rule democracy, participation in the voting process is essential peacefully influencing the political environment and the linkages this freedom has with other freedoms, such as economic and social freedoms.

Ideally, a nation can demonstrate participation from wide voter base, that includes all segments of the population, becoming informed and making thorough choices. This active and participatory voter base should then make an informed decision, where the party that receives the majority wins. This is not exactly what happened in the 2016 American election. Post result studies showed that 58.1% of eligible voters actually voted,(Bialak 2017) and while that may account for an impressive 138 million people, it is still well below the OECD average of 68%("Better Life Index - Edition 2016" 2016). In contrast to the theory of quality institutions as a pathway to development, Sen highlights the importance of participation when it comes to political freedom. A nation may have the best institutions in the world, but if there is a sense of apathy or ambivalence when it comes time to create agency, then democracy can fail to politicize and respond to poverties in the achievement of social justice. He points specifically to the US on page 159 of *Development as Freedom*, as an example of a "well established democracy" that although having established many of the institutional forms necessary for democracy, still struggles when it comes to its effective practice; specifically, when it comes to the participation of various racial groups and lower income demographics. (Sen 2001) This quote from the OECD seems to confirm the former

statement by Sen. “Social and economic status can affect voting rates; voter turnout for the top 20% of the population is an estimated 75% and for the bottom 20% it is an estimated 53%, broader than the OECD average gap of 13 percentage points, and points to shortcomings in the political mobilization of the worst-off.” (“OECD Better Life Index” 2017). As a result, one cannot help but question as to how the USA, historically the global role-model and champion of liberal democracy suffers from such a seemingly disenfranchised voter base, primarily among the economically disenfranchised who in theory are most in need of an expansion of their freedoms. Poor infrastructure and low education levels cannot be blamed in hindering individuals from participating in the voting process since they lie above the OECD average in both of these areas and countries such as India, Nicaragua, and Iran have higher participation rates with much poorer infrastructure and education levels(DeSilver 2016). It is possible that money plays a role in voter participation in a nation with high levels of inequality like the US, however that will be covered in its own section. Here what will be covered is taken from Sen’s perspective of the inactivity of opposition politics in condemning the existence of widespread problems such as gender inequality, undernourishment, poor education, etc. The hypothesis therefore is that vigorous multiparty politics that brings active opposition against the status-quo should mobilize a larger percentage of the voter base and serve as an antidote to the apathy and alienation so present among large segments of American voters.

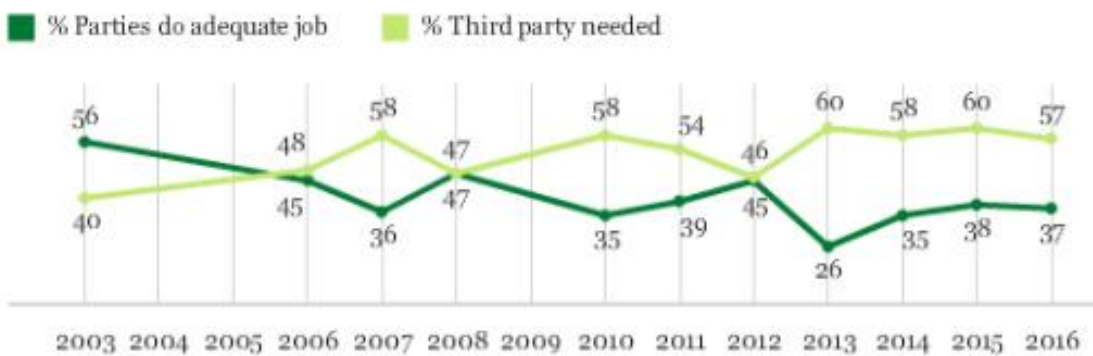
First of all, for there to be an opposition to raise awareness of current political deficiencies, there needs to be more than one political party to choose between. Just as individuals have different priorities when it comes to the things they value, it makes sense that in a representative democracy there must be different representatives to represent these priorities. American citizens backed by the freedom of free speech, have great freedom when it comes to political association. The Pirate Party and the New Black Panther party are just two example of the parties one can be affiliated with in the US. To be placed on the official ballot, certain requirements must be met as a party. While this cuts the number of parties down to 28, socialist parties and parties who primarily focus on the legalization of marijuana are still represented. However, the only three parties that made it on the ballot in all 50 states in 2016 were the Democratic, Republican, and Libertarian parties. (“List of Political Parties in the United States - Ballotpedia” 2017) To vote for other

than the Republican or Democratic party is often seen as a “throw-away vote”, a way to voice dissatisfaction, but without any real consequence. Either the Republican or the Democratic party has controlled the presidency and/or congress since 1857, and no more than 3 independent representatives have at any given point of time held seats in Congress since the start of WWI (“U.S. Senate: Party Division” 2017). A bipartisan political system is not necessarily a bad thing if valued by the individuals of a society, and it can lead to political moderation and the prevention of extremist parties coming to power. Neither should a bipartisan political environment discourage people from voting if the opposition is adequately able to appeal against the status quo and address issues once in power themselves. What do Americans themselves feel about the current balance?

Figure 2: Americans’ Views on Need for Third Party (Jones 2016)

Americans' Views on Need for Third Party

In your view, do the Republican and Democratic parties do an adequate job of representing the American people, or do they do such a poor job that a third major party is needed?



Note: 2007 and 2011 represent average of two polls conducted those years.

According to this data (Figure 2), the majority of Americans aren’t satisfied with the job done by either party, however, the third party received only 4% of the overall vote. (“Presidential Election Results 2016” 2016) This could be interpreted to mean that the poll was inaccurate or that third party voters are lazy, but it could also signify the existence of a widespread idea in America (confirmed by history) that other parties don’t stand a chance in the general election, so why bother voting if neither party addresses the problems. After a general election, the media often gives importance to the ability of a candidate to mobilize a certain segment of the population. For example, Obama in 2008 was able to mobilize low-

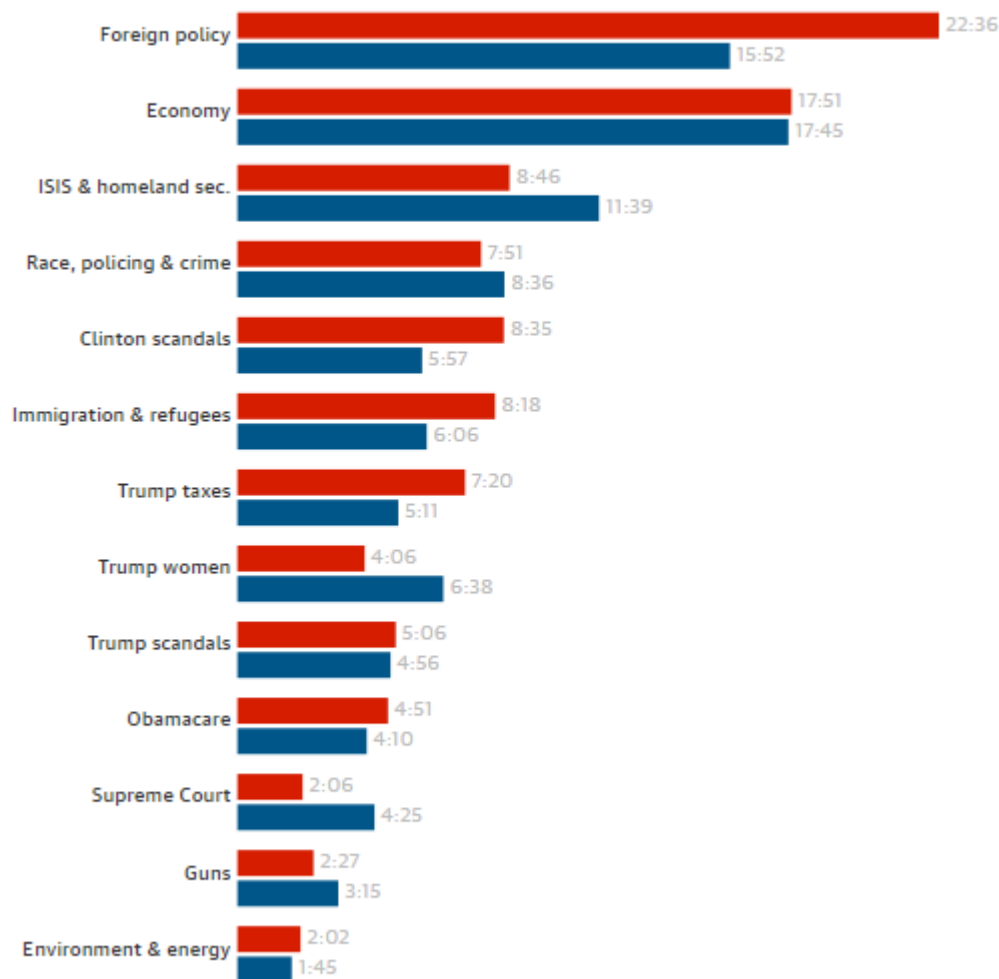
income, minority voters behind his message of Change, and benefit from an increased 62.2% voter participation(Ellison 2016).

In a bipartisan campaign trail, the focus is often moved from widespread unfreedoms and towards the individual candidates. According to Sen, opposition parties serve the purpose of giving attention to “areas of neglected social opportunity”, but was that achieved by either party? An overview of the three televised presidential debates shows what the candidates talked most about.

Figure 3: Debate topics by minutes (Sidahmed, Puglise, and Diehm 2016)

Debate topics

Hillary Clinton (■) and Donald Trump (■) talked about foreign policy the most during the three presidential debates. Here's how many minutes each candidate spent on the issues.



Source: Guardian analysis by Mazin Sidahmed | Graphic: Jan Diehm/The Guardian

The candidates are by no means unprepared when entering a debate, they have a strategy as to what they will talk about. The fact that the candidates used 45 minutes, a half debate talking about personal scandals, shows it is a viable strategy simply to personally discredit one’s opponent in a two-horse race. Additionally, to see if the opposing parties are raising awareness of the neglected areas of social opportunity, a comparison is made of debate talking-points and the five primary freedom areas of Sen’s framework; political freedom, economic facilities, social opportunities, transparency guarantees, and protective security. Political issues, primarily that of the US’s role in the global order and not the expansion of American’s civil liberties, was apparently of great interest to the candidates. Economic issues were also covered. The area of social opportunity was touched on with reference to some racial issues and Obamacare was mentioned, but the state of the nation’s education system was seemingly forgotten. Transparency guarantees, which prevent corruption, financial irresponsibility and underhand dealings (Sen 2001) were only referred to in regard to the candidates’ personal lives and protective security fell under the overarching topic of economy. Although this analysis is notably superficial, it shows that neither candidate was very good at demonstrating “constructive impatience” (Sen 2001, p.11) with the unfreedoms that plague American individuals and a little too good at pointing out each other’s flaws. The following survey conducted by CBS News and the New York Times demonstrates a large disconnect between where individuals have identified problems and what candidates actually talk about (Table 2).

CBS News/New York Times Poll. Oct. 28-Nov. 1, 2016. N=1,333 registered voters nationwide. Margin of error ± 3.

"In deciding who you would like to see elected president this year, which one of the following issues will be most important to you: national security and terrorism, the economy and jobs, health care, immigration, or something else?" Issues rotated

	10/28 - 11/1/16	9/9-13/16
	%	%
Economy and jobs	38	32
National security, terrorism	28	29
Health care	11	16
Immigration	7	8
Environment (vol.)	2	2
Something else	9	7
All are important (vol.)	3	3
Unsure/No answer	1	3

Table 2: Important issues to voters (“Problems and Priorities” 2017)

It is understandable that one would be discouraged from voting if he/she felt like neither candidate could address an important matter satisfactorily.

In conclusion, the bipartisan system affects voter participation in a three-fold manner. Firstly, the deeply established roots of the Democratic and Republican parties discourages would be third-party voters from voting at all, fearing a “throw-away vote”(Gonchar 2016). Secondly, in a bipartisan system, party goals can be achieved simply by discrediting the other; meaning constructive agency is not always necessary to attain or remain in power. Lastly, because both parties attempt to appeal to as large a voter base as possible, many individuals cannot find a representative with the same value prioritization as themselves and end up voting for the lesser of two evils (from their perspective) if they vote at all. It is not likely that the bipartisan division of power in the US change anytime soon, so what Sen advise under current conditions? First of all, individuals are not ignorant recipients of political discourse and public policy. Individuals are agents, and if they see an opportunity to gain or protect the freedoms that they have reason to value, they will act.(Sen 2001) Therefore, mobilization of a larger percentage of the American population will be mobilized to vote if candidates provide a more constructive criticism of the status quo and present voters with true opportunities to destroy systemic deprivation. This is much easier said than done since opponent bashing is much easier to do and if done effectively can produce the same result for those seeking control.

ROLE OF MONEY IN AMERICAN POLITICS

The OECD Better Life Index ranks the USA number five in civic engagement behind Denmark and southern neighbors Mexico. This broadened index accounts for stakeholder engagement for developing regulations in addition to voter turnout and measures openness, transparency, consultation methods, and feedback mechanisms. With the introduction of these indicators, the USA rises up the ranks of the OECD, but the picture is still incomplete. Washington is increasingly seen as a closed-door society (extractive institution) by the members of the general public. Trump raised a lot of support for his presidential run by not being a career politician and promising to give a hard time to the Washington establishment. 15% of those interviewed believe that changing Washington should be the president’s number one priority now that he is in office. A general picture of

mistrust and skepticism as to the practices on Capitol Hill is certainly not without reason. In American culture equality before the law and in politics is almost holy, but as demonstrated in *Why Nations Fail*, economic resources can be a tool to skew politics in the favor of a wealthy elite. As to the framework from Sen, individuals must be able to determine who governs them and by what principles. If money is allowed to determine political processes, then equality, a pillar of democracy is tainted. If this is the case, political freedom in the US might not be as developed as previously thought.

WHO DETERMINES THE INDIVIDUALS AND PRINCIPLES THAT GOVERN THE US?

As for the individuals, registered American voters select mayors, governors, Senators, and Representatives, and President through a trustworthy and transparent voting system. In theory, any American citizen over 35 who has resided more than 14 years in the country can become president. However, in reality, political positions in the US come with a price tag. Each Senator's seat that was won in 2016 cost the winning candidate an average of \$10.4 million. This marks a \$1.8 million per seat increase since 2014.(Kim 2016) Since 2010, and the case of *Citizens United vs. FEC*, corporations and unions have been able spend unlimited funds on political ads and other means of supporting or attacking individual candidates. While direct corporate contributions to candidates is still illegal, super PACs arose to take unlimited contributions from billionaires and use them in independent expenditures, primarily negative advertising(Dunbar 2012). When factoring in the expenditures by external political committees and political nonprofits (not required to disclose donors) the average Senate seat in 2016 jumps to 19.4 million(Kim 2016). Overspending is not a guarantee for a position as Trump won with \$646.8 million raised to Clinton's \$1,191 million, strengthening his businessman reputation(Allison et al. 2016). What if an individual wanted to become a representative in the House? If it is to be achieved with personal funds, the average cost of \$1.5 million is out of reach for all but 1.2 million households in the US which are worth from 5 to 25 million. Only 145,000 households could hope to pay the \$19.4 million for a Senator's position from their own resources.(Frank 2016) In response, one could argue what is to stop lower income citizens from banding together and bearing the cost together with many small contributions? In this way, the overall values of democracy would be preserved. Seats would be bought, but with the money of the many, protecting their interests. This is however, not the case. In fact, 0.52% of the US population

contributed 67.8% of all campaign contributions (“Donor Demographics | OpenSecrets” 2017)(“2016 Super PACs: How Many Donors Give? | OpenSecrets” 2016). The race to outspend one’s political opponent fueled by external contribution means that if a potential is not incredibly wealthy and can support their own campaign, then that person must appeal to a small percentage of the American population in order to raise the funds necessary to win.

“As of April 03, 2017, 2,389 groups organized as super PACs have reported total receipts of \$1,790,933,772 and total independent expenditures of \$1,104,481,088 in the 2016 cycle.” (“2016 Super PACs: How Many Donors Give? | OpenSecrets” 2016)

It is implausible that this kind of spending in the course of one year has had no effect at all on political outcomes, but as to the purpose of analysis, what does this mean for the political freedom of individuals in the US in a practical sense? First of all, representative positions are listed for sale beyond the personal means of most Americans. Charisma, qualification, strategy, and network are all still important to any candidate, but there exists a clear upward trend in the average campaign costs. This may also have an effect on the ability of challenging candidates to win against super PAC supported incumbents. The reader will be left to speculate as to whether challenger Ryan Solen’s \$10,180 campaign stood any real chance against the \$12 million spent by speaker of the House Paul Ryan to keep his seat (Kim 2016). The second effect on political freedom by money, is a misrepresentation of the real prioritization of values of the majority of American citizens. The campaign contributions from lower to middle income families are not as important as those from a small, wealthy percentage of Americans. It is therefore more important, in the sense of raising money, for candidates to align themselves to the political priorities of the economic elite, political non-profits, and super PACs. Once in office, loyalties are often kept with the groups that financially allowed for election to office. Elected officials can also be affected in their decisions by the promise of revived support in their bids for re-election.

Although a more depth analysis is required of all causes and effects, several Supreme Court rulings since 2010 (Citizens United vs. FEC and SpeakNow vs. FEC) have had a profound effect on the role of money in American politics and the substantive freedoms of individuals. The final rulings of the Supreme Court, in short, declared it unconstitutional to

limit contributions to groups that make independent expenditures, regardless as to whether those expenditures are overtly political in nature(Dunbar 2012). From a viewpoint of libertarianism, this decision is laudable as it removes the barriers to a certain form of agency for some individuals. However, from a viewpoint of expanding capabilities, and utilitarianism, the majority is hindered in using the instrumental freedoms available to it by the increasing price tag of political activity. This trade-off, as will be seen, appears to be a recurrent theme in American legislation.

MONEY AND LEGISLATION

In addition to affecting the election of representatives, do economic resources also play a role in the formation of policy and the everyday running of government that in turn alters individual freedom? Lobbying groups certainly seem to think so! In 2016, \$3.15 billion was used by 11,186 official registered lobbyists from all possible industries and sectors to influence Congress and Federal officials towards favorable decisions and legislature.(“Lobbying | OpenSecrets” 2017) The following chart demonstrates an interesting trend in lobbying (Figure 4)

Figure 4 : Total registered lobbyists in Washington and amount spent on lobbying
 (“Lobbying | OpenSecrets” 2017)

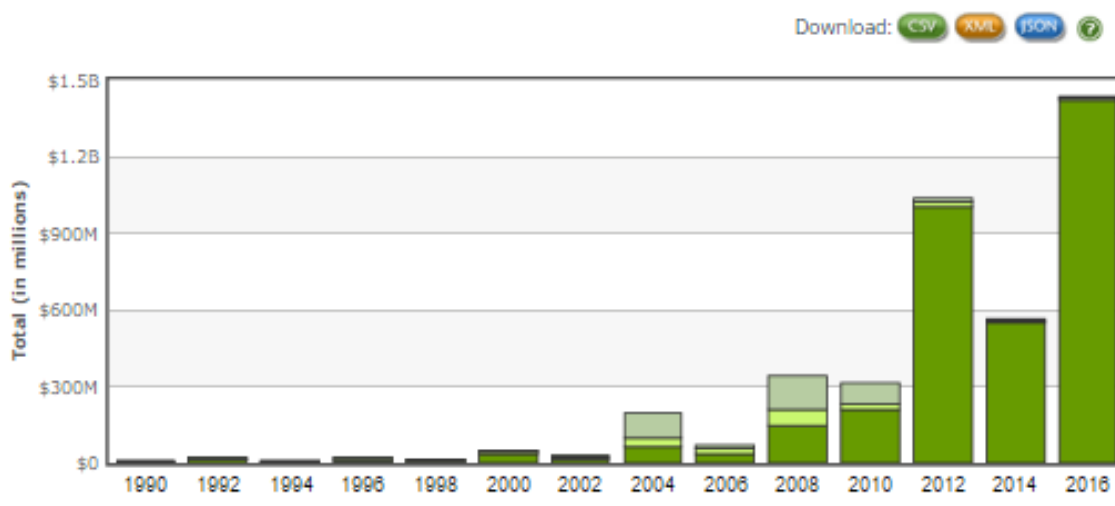


NOTE: Figures are on this page are calculations by the Center for Responsive Politics based on data from the Senate Office of Public Records. Data for the most recent year was downloaded on April 24, 2017.

Dollars spent on lobbying steadily increased until 2010 from where it has slowly decreased to present day. As many of the lobbyists represent corporate interest one may safely assume that businesspeople acting in self-interest do not invest without expecting a return. The noted increase in corporate spending for lobbying proves its apparent profitability. The gradual decrease represents an acknowledgement of the decreasing profitability of lobbying for some reason, or the emergence of a new, more profitable means to influence political outcomes (Figure 5).

Figure 5: Total Outside Spending by Election Cycle, Excluding Party Committees
("Outside Spending | OpenSecrets" 2017)

Total Outside Spending by Election Cycle, Excluding Party Committees



As covered in the previous section, several rulings in 2010 opened up new ways for industries and unions to channel funds into politics. The emergence of super PACs after 2010 and a decrease in lobbying spending in the same year is more than just a coincidence. Lobbying is however, not the only way that special interest groups can influence politics. Normally the corporations go to K Street Washington, but 2009 demonstrated the power of interest groups, as Washington came crawling to Wall Street.

In their book *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown*, Simon Johnson and James Kwak write of a meeting that took place between Obama and the thirteen CEOs of the nation's most powerful financial institutions. Yes, the banks needed the government for low interest rates and the injection of taxpayer money, but they weren't asking nicely. The financial system had grown so large that they held leverage over the government, knowing that if allowed to go under, a worldwide depression would most likely occur. Henceforth the term, "too big to fail", even though large part of the blame was theirs due to corruption and misinformation of the public. The initial big bank bailout in 2007 of \$700 billion is far from the whole story. An audit of the Federal Reserve mandated by Congress in 2011 revealed \$16.8 trillion of committed support, with \$4.6 trillion already paid

out, an equivalent \$14,192 per American.(Collins 2015) What implications does this have for the current situation aside from an ever-increasing indebtedness of the American taxpayer to the big banks? The 12 largest banks still control 70% of all bank assets, and lobbyists have successfully stalled important elements of the Dodd Frank legislation preventing investments in speculative securities using customer funds until 2017. Trump's first acts as president have been of deregulation, and he threatens to put Dodd Frank out of its misery by reinterpreting the Volcker Rule, a key element in consumer protection. Post-crisis legislation has also founded the Consumer Financial Protection Bureau which has been successful in returning 11 billion in wrongfully acquired bank gains back to customers.(Collins 2015)

Opposition to increased financial regulation claims it to be another example of government over-reach, stepping into areas that do not concern it. Fear of big government is understandable in a nation of pioneers and immigrants fleeing oppression and seeking to succeed. Still deeply imbedded in the American psyche lies the idea that what is good for business is good for America and it is this belief that has an effect on individual political freedom. This is often true, but it is by no means a law of nature. For all its ardent support, the trickle-down economy has left 50% of the American population with an average \$16,000 in pre-tax income, the same as 1980. (Long 2016) This shows what a great influence of the wealthy elite in shaping the American political consciousness towards their own business interests. Once again is seen the perception of freedom as the absence of barriers, not as the presence of capabilities.

Apart from all that, the most important indicator that money affects the practice of American politics was the fact that the matter was decided before it happened. The banks had grown too big to fail and were able to decide political outcomes, despite their own negligence, by effectively taking the economy hostage. (Johnson and Kwak 2010) The political freedoms of individuals in a society are in great danger when the wellbeing of financial entities is more important to a government than that of its citizens.

It is easy to judge the bailout in hindsight, not knowing the consequence of a full financial meltdown, but this analysis based on critical theory and development as freedom concerns itself with the structures of oppression that lead to the systematic deprivations of

individuals. It is true that much short-term suffering, in the form of unemployment and poverty was averted but only time will tell at what long-term cost the structures of the financial world were not changed.

DISSENT AND CRITIQUE

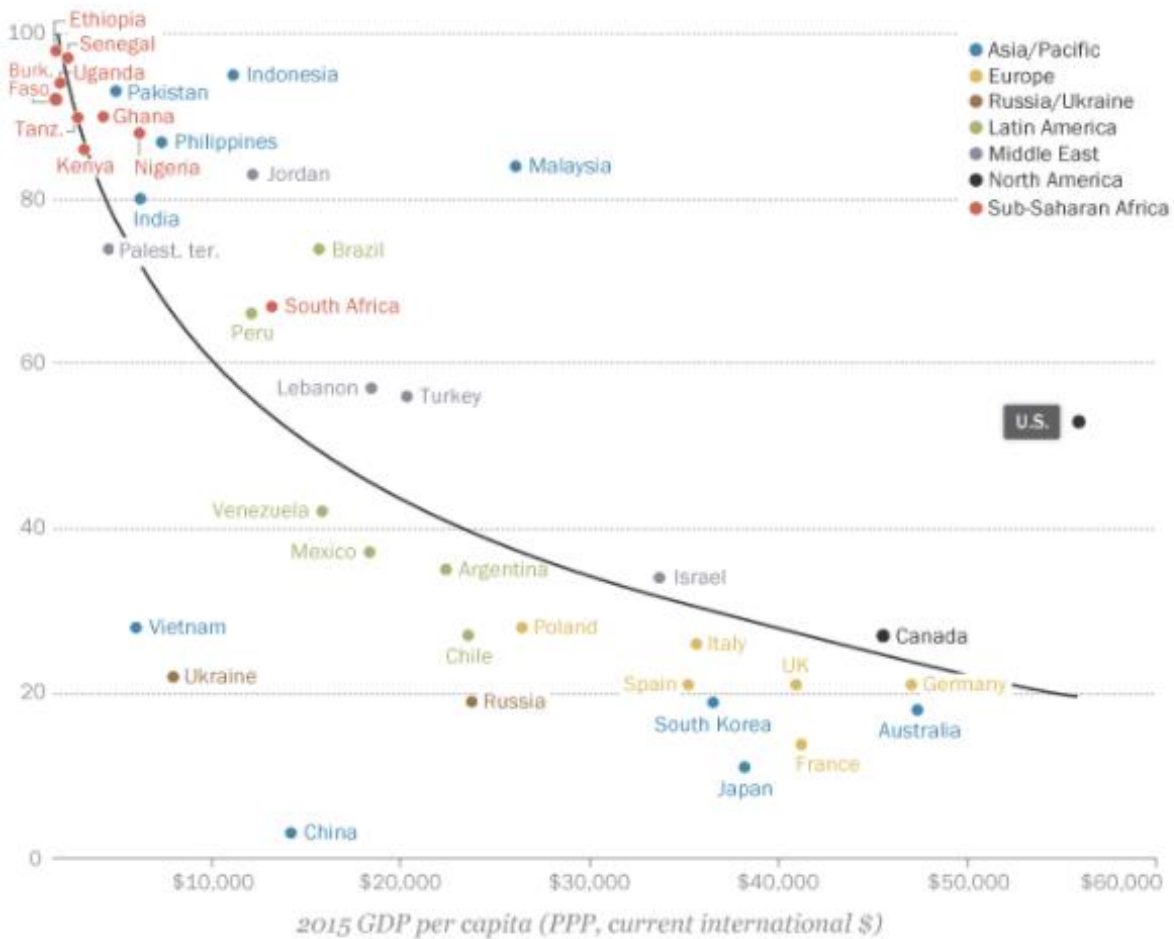
Dissent and discussion are necessary for a better understanding of what the needs of a society are. It is often assumed that poor people will prefer to have economic needs met before political needs and that they should submit to the will of an authoritarian regime in order to rapidly alleviate economic unfreedoms. History, however, shows us differently as poor people have consistently shown that they are just as intent on protesting and fighting for basic political rights as they are for basic economic opportunities (Sen 2001).

Recent movements in the US such as Occupy Wall Street and Black Lives Matter have brought to the forefront of American consciousness, discontent with varying aspects of US society. In response to Trump winning the presidency in November 2016, protests erupted around the country challenging the result, supporting minorities and spreading the word on social media, #notmypresident. Protestors, protected by the first amendment right to “free expression” were freely allowed to walk the streets opposing and even ridiculing the democratically elected leader of the country. The freedom of free expression should not be taken lightly as it is not enjoyed by a large portion of the planet. It is also here that the US shoots back up the rankings, gaining the number one spot on the Free expression index (Simmons and Wike 2015). The tenacity with which Americans protect their right to say what they want is also remarkable. Court rulings have interpreted the first amendment to include the right to; use offensive words to convey political messages, to burn the flag in protest, not to speak, etc. Even Ku Klux Klan members are also allowed to assemble and discuss racist viewpoints as long as they are not acted upon. Finally, defamation can be cause for a lawsuit but it is not considered a crime, instead it is a civil wrong. Together, these points are a big part of why America is referred to as the Land of the Free, but does the instrumental freedom of being able to dissent and critique lead to greater substantive freedoms for individuals?

Figure 6: Religion and Income (Theodorou 2015)

Generally, poorer nations tend to be religious; wealthy less so, except for U.S.

% who say religion is very important in their lives



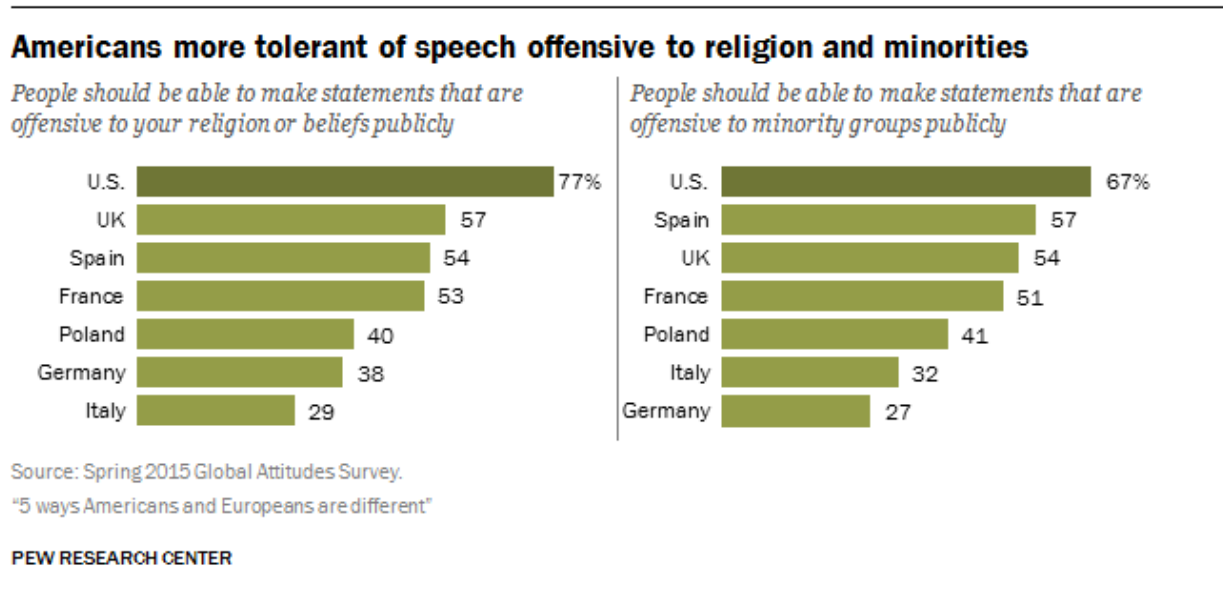
Source: Spring 2015 Global Attitudes Survey. Data for GDP per capita (PPP) from IMF World Economic Outlook Database, October 2015, accessed Oct. 29, 2015. Data for Palestinian territories GDP per capita (PPP) is for West Bank and Gaza from World Bank, 2014, accessed Oct. 29, 2015.

"Americans are in the middle of the pack globally when it comes to importance of religion"

America is, in many regards, a very religious nation in comparison to other nations in the developed group (Figure 6). There is a clear correlation between income and importance of religion, but the US remains a strong outlier with 53% of Americans reporting religion as very important in their lives (Theodorou 2015). As the values and moral guidelines of religion come into conflict with political outcomes, the ability of individuals to speak out against the government becomes more than just a theoretical right. The vocalization of dissent is a requirement in the fulfillment of certain religious beliefs, and for those that highly value religious activity in their lives, freedom of expression becomes an issue of quality of life. As one of these individuals, freedom of expression is a substantive freedom that increases personal well-being.

An interesting dilemma arises when free expression is practiced to the degree it is in the US which is presented in figure 7.

Figure 7: American tolerance of offensive speech (Wike 2016)



Dissent and critique is not only directed at policy or general decisions, but also at the individuals who have supported them. The scrutiny of public officials is important in maintaining transparency and avoiding corruption when done in a responsible manner. However, documented strategies of misinformation and intimidation have been carried out against all kinds of individuals with the purpose of furthering personal gains and value prioritization. These actions which have fallen under constitutional rights, have at times created social exclusion and limited the economic opportunities of the targets. As a result, the individual freedom of some is cut-off by the expression of others. In the absence of an accurate measurement for the net loss of capabilities as a result of the capability usage of others, a utilitarian perspective is adapted (most benefit for most people). Since most Americans hold the belief that offensive statements should be allowed regardless of their possible freedom inhibiting effect, the conclusion is that the pros outweigh the cons in the current state of freedom valuation by individuals.

CONCLUSION

First and foremost, the Founding Fathers of the USA should be recognized in their wisdom and foresight when shaping the vital institutions of US politics, such as the division of government and the drafting of the Constitution. Guarantees were set in place to limit the reach of the government, and to remove barriers to individual political freedom. In the definition of freedom as the absence of limitations (negative freedom), the US remains the Land of the Free when it comes to political freedom. Individuals are free to form any kind of political party they wish and write in their own name for president at the general election. Individuals, unions, and corporations, although not directly, are allowed to protect their interests through economic contributions. In case of disagreeable leaders and legislation, all Americans can express their dissent through nearly any non-violent method they can think of. These political freedoms are important for the preservation and expansion not just of themselves, but are also instrumental in the expansion of freedom elsewhere; i.e. economic and social freedoms. On the other hand, the Founding Fathers were not able to predict the bipartisanship and economic leverage of politics that can be found today in the political arena of Washington. These phenomena, along with free speech abuses, have negatively affected the substantial freedoms that Americans have reason to value. What are the specific limitations placed on the real use of individual capabilities? In conclusion, the bipartisan structure affects voter participation and a subsequent misrepresentation of citizen prioritization in government. The rise of super PACs has dramatically increased the price of running for public office, out of range of the majority of Americans, thereby increasing dependence on external support from a small margin of the overall population. The enormous size of the financial sector has led to a change in the structure of the political system where the democratically elected leaders answer the demands of an economic elite before the average voter. A misunderstanding of the responsibility that comes with freedom explained by Sen, has given to rise to fear and intimidation tactics that decrease the ability of the victims to lead the lives they have reason to value. All in all, the taciturn adherence to the principles of government non-interference have made the USA a wealthy and tolerant nation, while limiting the ability of most individuals in their ability to influence political outcomes. As a result, the status-quo is protected and the US will continue to slide down the HDI rankings as majority unfreedoms remain unaddressed.

ECONOMIC FACILITIES

Wealth exists to a degree it has never before been seen in history. Middle class citizens of any modern society can boast of an opulence that was unimaginable to kings and emperors in earlier times. The average American, does not just have greater wealth than Americans 100 years ago, but also access to a truly global market. Technological advances in transportation, refrigeration, and communication have greatly increased consumer opportunities and individual freedom when it comes to choosing which economic activities to partake in. The market mechanism, in allowing individuals to trade surpluses brought about by technology to attain demanded goods, average global wealth and well-being has increased.(Sen 2001) Few economists debate the fact that market mechanism has contributed greatly to economic growth and progress, but the method of its operation is heatedly argued. (Sen 2001)

As the analysis of key American institutions and how they contribute or hamper individual freedom spills over from the political sphere to the economic, we must look at how the literature defines individual freedom where it concerns economic matters.

However, one cannot come without the other. The principles of economic and political development are intertwined in a way that has been studied for hundreds of years(McCall 2013). Movements such as Occupy Wall Street and Black Lives Matter have brought to the forefront a long-standing question. Why doesn't the US do more to distribute income despite rising inequality?

A major issue lies in the deep-seated opinion of Americans. Market inequality is not important. Seen as an obvious result of the variance of work levels. However, equality of opportunity is highly valued and considered an inalienable right. (McCall 2013)

The ability of the free market to further development has been a subject of much contention. Though few would deny that trade can create economic growth for all parties involved, it is its side-effects which have been opposed by many, significantly, a spattering of socialist regimes in South America, Africa, and Asia. The possible side-effects of unhampered trade reads like a drug warning label and include dependency, lack of diversification, no protection for infant industries, unfair distribution of gains from trade, neo-imperialism, unemployment etc. The benefit here of approaching development as freedom is a that a relative comparison of the pros and cons of free-trade is unnecessary.

Sen argues that to see the market as merely a mechanism that creates growth is a faulty view to have. Instead the freedom of individuals to be able to exchange goods, is a basic human right, just like free speech. Just because not all conversations between all individuals are uplifting or pure in motive, this is not grounds for the oppression of free speech. In the same way, even though the exchange of goods by individuals is not unproblematic, neither should it be hindered. "The freedom to participate in economic interchange has a basic role in social living." (Sen 2001, p. 7) Therefore, the analysis that follows will not focus on the possible negative effects of economic exchange, but instead on the intrinsic value of individual choice in consumption, production, and exchange of resources.

CONSUMPTION

On a national level, there is no doubt that consumption in the USA is alive and well! A positive balance of trade has not been achieved since 1975 and the national debt continues to tick on past nineteen trillion at www.usdebtclock.org. Additionally, GDP per capita (PPP) adjusted in the US (\$56,115.72 in 2015) is far higher than the global average of \$15,690.65(also 2015). 12th globally is not a bad result; especially when one considers the outlandish incomes of some of the tiny oil republics. ("GDP per Capita (Current US\$) | Data" 2017) However, the theory used in this paper does not allow us to stop our analysis of possible consumption at a relative comparison of consumption power. Consumption is instead to be seen as a capability that allows individuals to escape unfreedoms; i.e. the consumption of food allows individuals to escape hunger, the consumption of transportation to escape unemployment. Purchasing power and other income related variables are important to the regard that they indicate the ability of individuals to influence the world they live in in a manner they see fit and have reason to enjoy.

In the same way, poverty is more than just a number. It is a multi-faceted unfreedom that affects the way that individuals are able to use their social and political unfreedoms. Therefore, the focus of analysis should be on internal differences of income instead of the relative comparison of national levels. It is the internal differences that individuals within a society come into contact with every day and effects the decisions that they make. In fact, the internal differences in consumption power are quite significant in the USA.

In 2015, 43.1 million Americans were under the national poverty threshold and 19.6 million Americans reported deep poverty, meaning they earned less than 50% of their corresponding official poverty threshold (figure 8).(Proctor et al. 2016)

Figure 8 : Official US poverty thresholds 2015 (“What Are the Poverty Thresholds Today? - UC Davis Center for Poverty Research” 2016)

Poverty Thresholds for 2015 by Family Size and Number of Related Children Under 18

Size of family unit	Related children under 18 years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person (unrelated individual)									
Under 65 years	12,331								
65 years and over	11,367								
Two people									
Householder under 65 years	15,871	16,337							
Householder 65 years and over	14,326	16,275							
Three people	18,540	19,078	19,096						
Four people	24,447	24,847	24,036	24,120					
Five people	29,482	29,911	28,995	28,286	27,853				
Six people	33,909	34,044	33,342	32,670	31,670	31,078			
Seven people	39,017	39,260	38,421	37,835	36,745	35,473	34,077		
Eight people	43,637	44,023	43,230	42,536	41,551	40,300	38,999	38,668	
Nine people or more	52,493	52,747	52,046	51,457	50,490	49,159	47,956	47,658	45,822

Source: U.S. Census Bureau.

To put this in perspective the US has the population of Taiwan living in poverty and the population of Romania living in deep poverty, meaning less than \$6165.5 for an individual without dependents.

But how does this affect the ability of individuals to lead the kind of lives they have reason to enjoy?

Income plays a huge role in social inclusion, as exemplified in this quote by Adam Smith.

“A linen shirt ... is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct.” (Smith, n.d. p. 4)

Consumption can therefore be regarded as a social process that allows individuals to escape social exclusion in addition to other more physical unfreedoms.

Figure 9 : Household Income Distribution (“Household Income Quintiles | Tax Policy Center” 2017)

Household Income Distributions 1967 through 2015										
Quintile	2011		2012		2013		2014		2015	
	Upper Limit	Mean	Upper Limit	Mean	Upper Limit	Mean	Upper Limit	Mean	Upper Limit	Mean
Lowest	\$20,262	\$11,239	\$20,599	\$11,490	\$21,000	\$11,594	\$21,432	\$11,676	\$22,800	\$12,457
Second	\$38,520	\$29,204	\$39,764	\$29,696	\$41,035	\$30,812	\$41,186	\$31,087	\$43,511	\$32,631
Third	\$62,434	\$49,842	\$64,582	\$51,179	\$67,200	\$53,741	\$68,212	\$54,041	\$72,001	\$56,832
Fourth	\$101,582	\$80,080	\$104,096	\$82,098	\$110,232	\$86,473	\$112,262	\$87,834	\$112,262	\$92,031
Highest Fifth	--	\$178,020	--	\$181,905	--	\$193,352	--	\$194,053	--	\$202,366
Top 5% ¹	\$186,000	\$311,444	\$191,156	\$318,052	\$205,128	\$334,465	\$206,568	\$332,347	\$214,462	\$350,870

Excluding the top 10 percent, the average yearly income, is closer to \$33,000 meaning that many of the ideals of the American Dream are potentially unattainable for a huge section of the American population (Figure 9). The lowest fifth also receives under the global average, meaning if they were to apply by themselves they would be rejected from the OECD. The US has a good size developing country within its own borders that additionally suffers from the social exclusion of not being able to consume at a socially accepted level.

AVAILABILITY OF FINANCE

Just because something is too expensive for the average citizen to buy with his/her savings, this does not mean it is unattainable thanks to the availability of financing, purchasing with credit. Financing is an important aspect of economic freedom in that it expands the economic entitlements of individuals. It is also an important factor in social mobility, allowing innovative, hard-working individuals to fund their endeavors and reap the benefits. In that sense, it is a key part of the American Dream, the ideal by which equality of opportunity is available to any American so that they may accomplish their highest aspirations and goals. Finance is vital to the freedom which allows individuals to achieve said aspirations and goals.

The World Bank’s Ease of Doing Business report ranks the USA as 8th globally when considering all variables, and 2nd globally in ease of getting credit. This means that only New Zealanders have better access to credit and Americans also have very secure legal rights as

borrowers and substantial credit information is available and distributed. (*Doing Business 2017: Equal Opportunity for All* 2016) The use of credit cards has increasingly become a very popular method of payment for everything from toothbrushes to airplane travel. Data from 2016 in America shows how widespread the use of credit cards had become. The average American adult then had 2.35 credit accounts, with estimates running from 564 million to 587.5 million active credit cards nationwide. As large a number as this is, it still indicates a 26% drop from 2011. (Comoreanu 2017) The accessibility of credit has greatly increased the freedom and quality of life for many individuals in America, and if this was the only grade to be given, America would receive an A+. However, the freedom of finance is closely related to the unfreedom of debt and Sen is clear in stating that freedom requires responsibility. One may say that the availability of credit has enlarged the economic entitlement of individuals to such a degree in the United States, that there also exists a great deal of irresponsible consumption by the means of credit; meaning people using more money than they can realistically hope to pay back.

The average American, we will call him Joe, has \$16,061 in credit card debt ranging in interest rate between 15% to 20%. That is not the only debt that Joe has when looking at his bank statements. He will also find in his household \$28,535 in auto-loans, a mortgage of \$172,806 and student debt in the range of \$49,042. Neither do Joe's children have too much to look forward to as Joe will most likely die with \$61,554 since he bought a house during his life. If he hadn't bought a house he would only have minus \$12,875 on his gravestone leading to possible repossession by creditors of any available assets. (Woolley 2016) Debt can be a large burden at a national level and this is also true at an individual level. Sen does not say much about debt in *Development as Freedom*, the negative effects of debt on freedom are obvious. Existing debt can limit the ability of individuals to receive further credit, start an education, to move cities, to change employment; nearly every freedom area can be negatively affected by debt. In reference to the "linen shirt" necessary for social inclusion, a study including data from USA, New Zealand, and the UK, analyzes the effect of unsecured debt on various indices of well-being. The findings indicated a strong relationship between debt and physical health effects, especially in the area of mental health. (Richardson, Elliott, and Roberts 2013) Although causality is difficult to ascertain, common sense dictates that large amounts of debt cannot be beneficial for stress levels.

The “linen shirt” necessary for social inclusion in the USA has become a paradox. One is expected to have a car, a bachelor level education, and to have purchased a large home to be able to move socially into the middle class. However, this cost of entry to added social inclusion and increased freedom has negative effects on freedom in other areas such as physical/mental health and retirement.

FREEDOM TO PRODUCE

America has come a long way since the days of slavery; forced labor that robbed millions of people of the freedom to choose their place of employment. A 4.7% unemployment rate is not perfect, but it is an impressive feat in the third largest nation on earth (“The Employment Situation - April 2017” 2017). This also means that the American ideal that if an individual really wants to work, there is a job for them. The ability of individuals to enter the work-place and participate with their capabilities in production has more than just economic benefits. Political influence, social interaction, sense of purpose, and increased experience for future employment. The US can also boast of a diversified economy offering jobs in many different sectors.

A minimum wage of \$6.25 at a national level was instituted to set a minimum standard of living, aid the lowest paid who were lacking bargaining power, and to protect the well-being of employees.

Following is the budget of an individual that lives in San Diego county and works 40 hours a week at McDonald’s at California minimum wage of 10.50 an hour. After taxes, she is left with \$18,551 in yearly disposable income. The minimum amount of money for food in San Diego for one person is \$3,798 per year. Having her own place is out of the question since average rents for a one bedroom apartment run at \$1,547 per month. A room on the bad side of town can be rented for \$600 per month with utilities, 7,200 yearly. Other posts include; health insurance \$900, car insurance \$747, gas \$1,825, phone and internet \$600. This means that before any purchases of medicine, clothes, furniture, computer, car, or phone, she has already used \$15,670 of her disposable income, leaving 2,881 for unexpected expenses, activities, paying back debt, and savings. (Josephson 2015)

If the wage from production does not allow an individual to influence the world manner then he/she is being stripped of agency. The larger the margin of wealth after the

“necessary” bills have been paid represents what is left for the enlargement of freedom, be it used for investment or recreation based on the individual’s preferences. Wealth is not to be sought for its own sake, but for the fact that it is an effective mean to having more freedom.

CONCLUSION

Firstly, the American consumer is not lacking in choices! High incomes among consumers and high competitiveness in the business world along with the ability of capitalism to find the cheapest prices worldwide have created a good environment for the consumer. The US, with its giant population and significant purchasing power of its individuals is the number one target market for many goods and services. The freedom of choice in this regard for American individuals is without equal. Good credit conditions both in availability and customer protection laws allows the consumption driven economy to be fueled beyond the actual means of its citizens. Financing is very important in the expansion of freedoms for individuals and the expansion of business ventures and economic growth. Just as credit can expand the opportunities people enjoy, it can come at a cost, significantly when looked at over a long period of time. Significant populations live in the country at undeveloped levels of income and while their negative freedoms are not necessarily stripped, their substantive freedoms are definitely limited.

SOCIAL OPPORTUNITIES

The analysis of social opportunities available to individuals in the USA must be approached differently than one might if analyzing another country. A look at national averages of healthcare and education is important, but does not indicate the full picture. As for education, primary and secondary education is universal and free. US math performance lies under OECD average while reading and science are above and education spending per primary student was \$10,959 in 2013. Per capita spending on healthcare (public vs. private) is the third largest in the world, \$9,403 in 2014 and average life expectancy is 78.8 years. (*OECD Economic Surveys: United States 2016*) As portrayed in the introduction, the problem with national average indices, is their inability to point out striking internal disparities. Therefore, the analysis of US social opportunities, primarily healthcare and education, that follows looks at both sides of the spectrum. This way, it can be seen if the institutions of

healthcare and education are inclusive and lead to the further expansion of individual freedoms.

If fault is to be found with the American health and education system, it is definitely not in their quality. The US dominates the QS university Rankings. The top two and a full ten of the world's top twenty universities are on US soil. Universities like MIT and Harvard are meccas of learning with only the very best professors and students allowed access. ("QS World University Rankings 2016-2017 | Top Universities" 2017) The US domination of hospital rankings is even more striking with 17 of the 20 best hospitals globally located in the States ("World | Ranking Web of Hospitals" 2017). Innovations in theory and technology that have emerged from American centers of learning and health have increased substantive freedoms in every area for many individuals. There are many reasons for individuals to value education and health due to the freedom it can give in other areas, for example, social standing, and economic wellbeing. Therefore, how substantively free are American individuals to prioritize education and health in their lives?

41.4% of Americans can boast of a tertiary education, above OECD average but below Korea's incredible 69% ("Better Life Index - Edition 2016" 2016). Healthcare services and hospitals are spread around the country and people in general report good health. Quality and availability do not seem to be an issue concerning social opportunities, what is it then? The answer is accessibility. According to Leslie Call, while Americans respond immediately to the threat of political inequality, economic and social equality, to a large degree, must be earned. This has run over into the way that tertiary education and healthcare is provided. High quality education is available to low-income students who "earn" the right through outstanding athletic prowess, academics, social activism, or often all three. Most are required to take out student loans which while effective in putting many people through higher education, are also responsible for long-term indebtedness and the possible resulting limitation of choices that comes with debt. As aforementioned, average student debt is \$49,042. The same is true for healthcare. High quality care is available if one doesn't mind going into debt again. 20% of people under 65 with health insurance reported difficulties in paying medical bills. Of the 11.3% of Americans without health insurance, 53% complained of economic difficulties regarding healthcare costs. Those with difficulties were then asked how they responded in order to be able to pay. 63% used some or all of their

savings, 42% extra hours or job, 14% moved or got roommates, 11% sought charity. These are not minor changes; they are major events which change the way individuals live out the freedoms they prioritize. The use of savings on healthcare strongly demonstrates the giving up of resources that were intended for other quality of life purposes. The American population without healthcare is 28.4 million. The sample before would therefore indicate that 15,052,000 (53%) have at some point been necessitated to give up one or more substantive freedoms to pay healthcare related costs. (Sanger-Katz 2016)

In short, once again the instrumental freedoms exist and they are of very high quality. However, the ability to make use of these freedoms to the fullest, substantial freedom, depends on the size of one's pocketbook. The monetarization of social opportunities is of no problem to those who can afford to pay the price, but the rules of the rules of the game by no means favor those with fewer economic resources. The pay for freedom system is unfortunately key in creating the vicious cycles so common in extractive institutions. Under vicious cycles or structures of systemic deprivation, the synergic effect of social opportunities be overlooked. Cheap insurance – higher out of pocket costs – less savings – less substantive freedom. Linkages must be examined further, but it is doubtless that social inequality maintained by economic inequality does not consolidate political equality. Finally, to end this section the reader will be left with a question to speculate upon; can an institution be considered inclusive if it functions relatively well for 90% while systematically depriving 10% of freedom?

TRANSPARENCY GUARANTEES

The capitalist system which has no better champion than the USA, has often been criticized for its lack of a moral foundation. The invisible hand that guides interactions within the system has become synonymous with unfettered selfishness and survival of the fittest. However, in Sen's own words, "to see capitalism as a system of pure profit maximization based on individual ownership of capital is to leave out much that has made the system so successful in raising output and in generating income." (Sen 2001, p. 265). In fact, the whole functioning of the market mechanism is based on trust carried out through a system of ethics and the freedom of individuals to carry out economic exchanges is partly dependent on the prevalence of nonprofit motives. Since institutions run on interpersonal

relationships, a mutual acceptance of a code of conduct is necessary for institutional development as well. Therefore, this section is dedicated to finding the condition of a code of conduct in American life, official or not, that contributes to the development and maintenance of trust, aversion to corruption, and forms of assurance outside of the justice system.

Rated by Transparency International's Corruption Perception Index, the US public sector ranks 18th out of 175 countries studied. A score of 74 out of a possible 100 indicates "clean" but still a long way from perfect. They also point out an important linkage between the inaction of administrations to address corruption as a key cause of public cynicism and resulting political inaction. ("Corruption Perceptions Index 2016 - Transparency International" 2016) For more data, the newly instated Global Business Ethics Survey by the Ethics and Compliance Initiative which interviewed company employees was referred to. Of the 13 major economies surveyed, the US scored close to the median value for many of the indices including; pressure to compromise standards 22%, observed misconduct 30%, rates of bribery and corruption 16%. Where US employees stood out, however, was in reporting misconduct with 76% of employees doing so. ("MEASURING RISK AND PROMOTING WORKPLACE INTEGRITY Global Business Ethics Survey™" 2016) This represents a still strong sense of justice and responsibility among the American workforce, and the existence of the non-profit values of capitalism necessary for its functioning. This could also be indicative of strong individual agency as a result of many years of non-interventionist government and the resulting independent private sector.

Despite books, articles, movies, and documentaries describing corrupt politicians and businessmen taking advantage of the working man, the US remains one of the best places in the world to do business and has in many ways maintained its moral backbone. The positive aspects of Weber's protestant work ethic are still alive in American society, even to the degree that a handshake or one's word are still important elements of American business ethics. Although far from perfect, a sufficient environment of trust has been created (backed by a strong legal system) that allows for the efficient exchange of goods and services. The Great Recession can hopefully teach Americans a valuable lesson on human nature and the importance of trust to the functioning of capitalism. Whether humans are inherently good or evil is not the question; but without structures of monitoring and

punishment, individuals will find ways of expanding their own freedom by significantly reducing the freedom of others.

PROTECTIVE SECURITY

No matter how well an economic system is functioning, there will always be a segment of the population vulnerable to slight changes in consumption, production, personal health, international relations, etc. Regardless of the changes that affect individuals, whether under their control or not, they can have a negative impact on their substantive freedoms, primarily in the area of economic opportunities and its subsequent linkages. Protected security which is manifested in the form of “fixed institutional arrangements” (Sen 2001, p. 40) includes unemployment benefits and income supplements so that a base line of freedoms is not removed from a certain segment of the population. Ideally the structures that provide a social safety net, are not to be relied upon permanently by individuals, but as a firm foundation that prevents extreme deprivation and provides a springboard for them to enter the normal economic functioning of a society, most often through employment.

As to the existence of protective security structures in the USA, certain considerations are to be made, and Sen draws an interesting comparison between the prioritization of freedoms between European society and the Land of the Free. Western Europe has been quite successful in avoiding the kind of income inequality that has become so prevalent in the US, in large part due to systems of comprehensive taxation and protective security. Regardless, unemployment in the same area can be considered a serious issue; Belgium 7.6%, France 9.6%, Italy 12%, Spain 18.4% (“Eurostat - Data Explorer” 2017). While the US has been much more successful at holding unemployment down; up to 10% during latest crisis but averaging around 5% the last 50 years (“Labor Force Characteristics (CPS)” 2017). These differences come down to a variance in beliefs concerning economic and social entitlements. In general, Americans have a social ethic towards the indigent and impoverished which Europeans find unacceptable. On the other hand, the unemployment rates currently found in Europe would not be tolerated in an American society that, in general, values the freedom of employment over income equality. Both sides have their pros and cons. On one side, a sturdy welfare system, in addition to preventing abject

poverty it can protect the capabilities of individuals. However, unemployment is more than just the loss of a job. Studies show it has a deep social cost, leading to loss of skill, motivation, psychological well-being, and family disruption, not to mention social exclusion. (Sen 2001) Thankfully, income equality and employment need not be mutually exclusive, but they can come into conflict with one another as individual social priorities fluctuate between efficiency and equity. (Sen 2001)

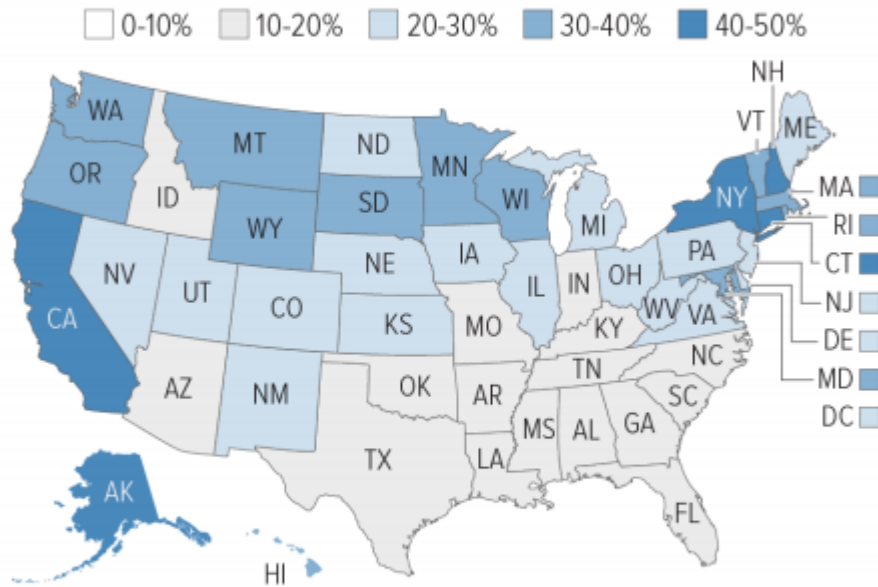
The overall social priority in the USA has been one of efficiency. The result is in many ways impressive; producing 24.3% of global GDP with only 4.4% of global population, and income levels among the world's highest while keeping unemployment relatively low. ("GDP Ranking | Data" 2017) However, the disregard for structures of protective security has in many ways undermined the ability of a segment of the population from taking part in this effective running economy and its benefits. By OECD standards, the US spends relatively very little on unemployment benefits, and public training and hiring schemes. 2009 marked a 15 year high for PES (public employment services) at 1.23% of GDP, but by 2014 this had fallen to %0.29 of GDP; only Mexico spent less as a percentage of GDP out of the 33 developed nations examined. (*OECD Economic Surveys: United States 2016* 2016) This has repercussions on an individual level. To receive public unemployment insurance payments, individuals must fulfill certain requirements concerning minimum earnings, physical wellbeing and active job-seeking. A best-case scenario for the unemployed individual in California entails weekly income of \$450, \$23,400 yearly, or 42% of the median income of \$55,775; also, just under the official poverty threshold of \$24,257. ("Eligibility for UI" 2017) In an approach that only takes cash income in consideration, unemployment is equal to falling below the poverty line. Low unemployment benefits are intended to create a powerful incentive to lower dependency and push individuals towards the labor market again.

Otherwise, the TANF (Temporary Assistance for Needy Families) is the primary money benefit given to individuals in case of low income. A block grant in the area of \$16 billion given to states to support payments to low income families, the TANF does not come close to giving citizens a poverty level income (Figure 10).

Figure 10: TANF Benefits as percentage of poverty line (Stanley, Floyd, and Hill 2016)

Maximum TANF Benefits Leave Families Well Below Federal Poverty Line

Maximum TANF benefit as percent of poverty line (for a family of three)



TANF = Temporary Assistance for Needy Families

Note: The federal poverty level for a family of three in 2016 is \$1,680 per month in the 48 contiguous states and Washington, D.C.; Alaska and Hawaii have higher poverty levels.

Source: 2016 Health and Human Services Poverty Guidelines. TANF benefit levels for a single-parent family of three were compiled by CBPP from various sources and are current as of July 1, 2016.

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In addition to lower purchasing power than TANF recipients in 1996, TANF beneficiaries are increasingly fewer and further between since states are not required to report what their portion of the TANF grant is used for. Nearly half of all TANF funds were used non-core activity programs, often as state budget state gaps that never reach low income families. (Schott, Pavetti, and Floyd 2015) A book entitled \$2.00 a Day: Living on Almost Nothing in America, by H. Luke Shaefer and Kathryn Edin, attempted to take the absolute poverty threshold of \$2.00 a day and apply it to American society. Their results of 1.2 million Americans living on \$2.00 a day created an uproar and indignation over the fact that there could be so many people living at a global level of poverty in America. This, however, is not entirely true. While some Americans at point in a year have a cash income of \$2.00 daily or less, the American protective security system is much more than cash transfers. Childcare, housing, education, and food stamps among other free services raise

the actual income of American on welfare well past the threshold of absolute poverty set by the World Bank. (Worstall 2015)

Everything taken into account, the US security net, in theory, can be considered sufficient to cover the basic freedoms of individuals in shelter, nutrition, and basic education. In reality though, many are able to fall through cracks in the protective security system where even basic freedoms are not removed. “In 2014, 1.49 million people used homeless shelters and 578,424 were recorded as being without shelter: sleeping on the streets, in tents, in cars, and other exposed places.” (W. 2017) This places the US once again at the wrong end of the OECD spectrum with 177 homeless per 100,000 whereas Spain, with its huge unemployment rate, 18.4%, manages to only have 43 per 100,000 inhabitants (Benjaminsen and Andrade 2015). The statistics on food security are also troubling. In 2015 5% (6.3 million) experienced very low food security, meaning normal eating patterns and food intake was changed during the year because of insufficient money or resources (“USDA ERS - Key Statistics & Graphics” 2016). As a percentage of the whole, these numbers are small and relative to global standings, significantly better than average. From a utilitarian view, as long as the majority thrives, structural change is irrelevant. Credit where credit is due; the US has been very effective at creating an efficient economic system that the majority can participate in and benefit from. However, the approach taken for this paper requires the acknowledgement of the roles of capabilities and the freedom of individuals to demonstrate agency. The value prioritization of efficiency over equality has no doubt increased the potential agency of some, while stripping it from others. The US systems of protective security, have always highlighted the ideally temporary nature of their services, but to a large degree (specifically among racial minorities) they have not been effective in re-mobilizing individuals for the work force. (“Welfare Statistics and Demographics – Statistic Brain” 2016) This is, in large part, due to that the level of the safety net is so far beneath the poverty level, it prevents none of the severe and rapid freedom constriction that can occur after loss of employment, bad investment, illness, etc. The great recession demonstrated the precariousness of many Americans caused by a low safety net and readily available credit. Small changes in national employment levels can leave many individuals plummeting towards welfare without it stopping any of the adverse effects of rapid social exclusion and economic freedom. Additionally, because much of the American

welfare is distributed in-kind, individual agency is limited. Ironically, in American society where money runs the show, it is harder to get money when it is needed the most. Supported by food-stamps and cheap housing, the first things to go when Americans hit a rough patch are savings, health insurance, and higher education; all vital in increasing social mobility (Sanger-Katz 2016).

Once again; No! The American dream is not dead! It is just too expensive for some and can turn to the American nightmare in the blink of an eye.

CONCLUSION

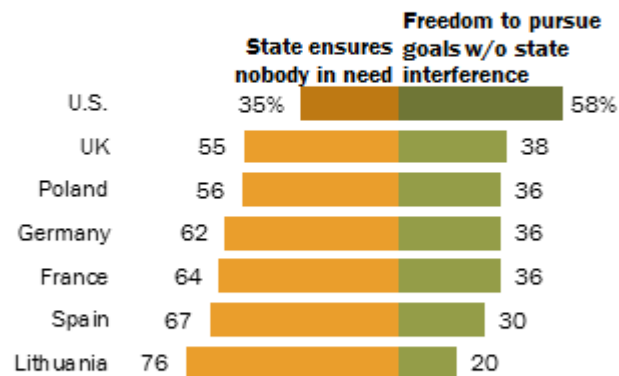
“Man is not free unless government is limited.” -Ronald Reagan

This quote by the “Great Communicator” sums up an idea that has deeply permeated every area of American life and the conceptualization of freedom by American individuals. Current surveys show differences in people’s understanding of the role of government based on varying understanding of freedom. From the figure, an interesting contrast can be seen between European and American understanding of freedom (Figure 11).

Figure 11: Individual liberty vs. state guarantees (Wike 2016)

Individual liberty vs. state guarantees

What's more important in our society, that everyone be free to pursue their life's goals without interference from the state or that the state play an active role in society so as to guarantee that nobody is in need?



Source: Spring 2011 Global Attitudes Survey.

"5 ways Americans and Europeans are different"

PEW RESEARCH CENTER

The freedom so cherished here by Americans and in many places in the Constitution is primarily negative in nature, relating the absence of anything that could hinder individual agency. Europeans can often not understand the vehemence with which Americans protest government expansion or removal of negative freedoms. The right to bear arms, to pay low taxes, and say to say outrageous and offensive things are still available thanks to their active defense by American individuals that often defend negative freedoms on principle, and not because of their instrumental value. On a hypothetical global ranking of negative freedoms, the USA would be at or near the top. Politically, Americans can assemble, vote, and protest freely; economically, Americans have high freedom to accumulate wealth and consume as they wish through numerous channels and opportunities; socially, have access to the best healthcare and higher education systems in the world; as for business, the US remains a friendly environment of trust for capitalism and demonstrates non-profit motivations among individuals; finally, as for protective security, Americans can get their basic needs met while attempting to enter a robust and efficient economic system. If the development of a nation was based on the availability and quality of negative freedom, the USA's development levels are relatively high. While the absence of actively oppressive structures is intrinsically important in the process and end goal of development, it does not describe

the entire picture according to Sen. Individuals must also be substantively (positively) free, in that they are able to actively use their capabilities in influencing their environment to line up with their value prioritization. Five instrumental areas of freedom are classified, in that they are instrumental in the ability to experience substantive freedom. In accordance with the theory, where instrumental freedom is readily available and used, substantive freedom is experienced. A different picture of development was therefore discovered when the theory of instrumental and substantive freedoms was applied. Like it or not, politics is one of the key ways that individuals make their freedom priorities known and contribute to the formation of institutions, the structures by which society functions and freedoms are inhibited or expanded. Good structures are not sufficient; institutions are only as good as the individuals that participate in them and American political participation is remarkably low. A bipartisan system along with the erosive effect of money has discouraged the average voter, supporting the vicious cycle by not representing the values of all individuals. Although average income is high, large inequality hides the fact that many Americans have a relatively low income in relation to low income quartiles of other OECD nations. In the US, where the social freedoms of healthcare and education are monetarized, low income often equates to a limitation of social freedom. Corruption and unfair tactics while not rampant, are present in politics and business, and contributed to the Great Recession which caused human deprivation through a recession of freedoms. While preventing absolute poverty in the US, the systems of protective security are not sufficient to prevent the rapid loss of social and economic freedoms that can occur by unemployment, bankruptcy, illness, etc. One may ask if it isn't just self-defeating to consider freedom as a measure of development. If Americans, in general, tend to favor negative freedoms at the cost of substantive freedom, should they not be free to do so? The answer is no! Not only is freedom instrumentally important in the process of development, it is also intrinsically valuable in that it allows individuals to lead the lives they have reason to enjoy. At critical junctures of American history, theoretical freedom has been protected often at the cost of real freedoms that people enjoy. Economic, political, and social inequality while contributing to faster growing capitalism, lower unemployment rates and wealth accumulation the likes of which has not been seen before, it has contributed to institutional erosion and a definite shrinking of substantive freedoms for a significant percentage of the American population. The top 25% of Americans experience some of the most substantive freedoms, and best quality of

life in the world. The bottom 25% of Americans (by income) would have a hard time making it onto a ranking of average substantive freedom in the OECD. While more research is needed to find the breadth of freedom deprivation in the US, a significant percentage of the American population does not experience substantive freedom to a degree that could be considered developed. As a result, more expansive definitions of development that account for internal disparities and not just national averages need to be researched. Additionally, if wider substantive freedom is the end goal of development, policy must protect it, not sacrifice it for the protection of negative freedoms. Elitist ideology that freedom will trickle-down eventually, has been found wanting. When approaching development as freedom, efficiency and equality suddenly aren't mutually exclusive. If the US is not to continue to fall down the HDI and OECD ranking indices, inclusive growth models must be adopted. This can be achieved while still following the guidelines of the Constitution and truly making the US a nation of "liberty and justice for *all*."

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