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## *Is the U.S. a Democracy, Oligarchy or a Plutocracy?*

In a country where political decision-making is often shaped by corporate lobbying, think tanks, and elite donors rather than the will of the broader public, Joe Biden has reignited the debate on the illusion of American democracy.



While the country was founded as a democratic republic, scholars argue that economic elites and corporate interests wield disproportionate power over policymaking, raising questions about whether the U.S. is still governed by the people. An important study conducted by Princeton and Northwestern University scholars concluded that U.S. political policies rarely align with the majority of citizens, as confirmed by Joe Biden on the eve of Trump's inauguration in his farewell address:

*“Today, an oligarchy is taking shape in America of extreme wealth, power, and influence that literally threatens our entire democracy, our basic rights and freedoms, and a fair shot for everyone to get ahead [...] The consequences would be dangerous if their abuse of power is left unchecked.”*

With the election of Donald Trump, concerns over the erosion of democratic norms have gained attention

This discussion explores the theoretical foundations of democracy, oligarchy, and plutocracy, drawing on political science research to assess where the U.S. falls in practice.

### **Definitions of Democracy, Oligarchy, and Plutocracy**

In political science, societies and governments are classified based on how power is distributed and who controls decision-making. The three main concepts relevant to this discussion—democracy, oligarchy, and plutocracy—each describe different forms of power structures:

#### **1. Democracy**

A system of government in which power is vested in the people, either directly or through elected representatives.

Characteristics: Free and fair elections, political pluralism, protection of civil liberties, rule of law, and accountability of leaders to the public.

Example in theory: The United States, in its constitutional design, is a representative democracy (or more accurately, a democratic republic), where elected officials govern on behalf of the people.

In *“Polyarchy: Participation and Opposition”* (1971), Robert Dahl defines democracy as a system with broad citizen participation, free elections, and political competition.

He argues that true democracy requires not just elections but also pluralism, civil liberties, and equal political access, conditions that many argue are eroding in the U.S.

#### **2. Oligarchy**

A system in which power is concentrated in the hands of a small, elite group, often based on wealth, military control, or institutional influence.

Characteristics: Limited access to political power, decision-making controlled by a select few, and a lack of broad public influence over major policies.

Example in practice: Countries where a small group of business leaders, military elites, or political dynasties exert disproportionate influence, often overriding the will of the broader population.

In *“Oligarchy”* (2011), Jeffrey Winters differentiates types of oligarchies, arguing that the U.S. functions as a civil oligarchy, where wealth concentration allows elites to shape policies while maintaining a democratic facade.

The author emphasizes how the ultra-wealthy influences politics through campaign financing, lobbying, and think tanks, limiting the power of ordinary citizens.

### 3. **Plutocracy**

A form of oligarchy in which wealth is the primary basis of political power—essentially, rule by the rich.

Characteristics: Economic elites dominate government policy, lobbying is disproportionately influential, campaign financing plays a decisive role in elections, and policies favour the wealthy at the expense of the general public.

Example in theory: A state where corporate interests and billionaire donors shape political decisions more than voters do, turning democratic processes into a facade for elite control.

In “*Capital in the Twenty-First Century*” (2013), Thomas Piketty examines how growing wealth inequality leads to a concentration of power in the hands of the economic elite.

Piketty warns that when capital accumulation vastly outpaces economic growth and wealth remains inherited rather than earned, democracy becomes a plutocracy, where the rich dictate public policy.

#### **The Illusion of Democracy: How Oligarchic and Plutocratic Structures Shape U.S. Politics**

Despite its constitutional framework as a representative democracy, multiple studies have found that the United States operates more like an oligarchy, where economic elites and corporate interests exert a disproportionate influence over policymaking.

Research from Princeton and Northwestern Universities (2014) concluded that U.S. government policies overwhelmingly reflect the preferences of the wealthy rather than those of the general public. This finding, echoed in reports by the BBC and UPI, challenges the traditional perception of American democracy and raises concerns about the nation’s political trajectory.

One key mechanism through which oligarchic and plutocratic control manifests is campaign financing. Following the Supreme Court’s *Citizens United v. FEC* (2010) ruling, unlimited corporate and individual donations have flooded the political system, enabling the wealthiest Americans to shape elections and legislative agendas. As a result, candidates are often more accountable to their donors than to their voters, reinforcing the notion that money, rather than public will, drives political outcomes.

Lobbying is another significant factor in the shift toward oligarchic governance. Corporations and wealthy interest groups employ highly paid lobbyists to influence lawmakers, ensuring that policies on taxation, healthcare, and regulation favour elite interests. The fossil fuel, pharmaceutical, and financial industries, for example, have successfully lobbied against

climate action, drug price regulations, and stronger financial oversight—issues where public opinion often diverges sharply from enacted policies.

The transition toward plutocracy—rule by the wealthy—is even more evident in economic policymaking. Tax cuts disproportionately benefiting the rich, deregulation of industries, and weakened labour protections have exacerbated wealth inequality, concentrating economic power in the hands of a small elite. French economist Thomas Piketty has warned that unchecked economic inequality threatens democratic institutions, as wealth translates directly into political influence.

More recently, with the election of Donald Trump, concerns over the erosion of democratic norms have gained attention. A 2025 analysis by *Politifact* discussed how the modern U.S. oligarchy does not need to resemble historical autocracies to be effective. Instead of outright authoritarian control, the American political system subtly reinforces elite dominance through institutional mechanisms like gerrymandering, voter suppression, and a media landscape largely controlled by billionaires. This allows the illusion of democracy to persist while decision-making remains in elite hands.

The existential question for the United States remains: Can democracy be restored, or has the country permanently transitioned into a system where wealth dictates governance? Without major reforms—such as stricter campaign finance laws, stronger lobbying regulations, and policies aimed at reducing economic inequality—the U.S. risks further entrenching itself as a hybrid system: a democracy in theory, but an oligarchy in practice, with plutocratic elements growing stronger over time.

### **Does Democracy Still Exist?**

While the U.S. still maintains the framework of a democracy, in practice, it operates more as an oligarchy with strong plutocratic tendencies.

Power is disproportionately controlled by economic elites and corporate interests, shaping policies in ways that often do not reflect the will of the majority.

The democratic system still functions, but it is heavily influenced by elite power structures, financial influence, and institutional barriers that reduce the actual power of the average voter.

Political decision-making is often shaped by corporate lobbying, think tanks, and elite donors, rather than broad public opinion.

Wealth inequality has grown drastically, with policies often favouring the rich (e.g., tax cuts for the wealthiest, corporate bailouts) while social programs for the poor and middle-class face resistance.

The revolving door between Wall Street, Silicon Valley, and Washington ensures that billionaires and corporate executives maintain direct influence over policymaking. Economic elites and business interest groups have a significantly greater impact on U.S. policy than average citizens.

In sum, as stated by University of Chicago economist Marvin Zonis, cited by Kishore Mahbubani, “the American system is facing a crisis of legitimacy [...] Money has become the key to American political life.”

Ricardo Martins, February 16, 2025

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