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SUPA NOVA

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Preface

What do you get when you bring together SUPA students' work in one place? An explosion of talent!

SUPA students are some of the brightest stars in their schools. Ready for the challenge of university courses, they don't just aim for the moon, they launch themselves into a whole new galaxy of learning.

While every SUPA student offers something extraordinary, SUPANOVA has the difficult task of shining a light on only a few of the works submitted. Unfortunately, not every one can be published, but we thank all of those who submitted and congratulate those who were chosen to represent SUPA and their schools.

This year's SUPANOVA explores topics in Syracuse University's Writing 105 (look for the cool graphic essay!), Sociology 101, Economics 203, and Psychology 205 courses. You'll find that these students aren't just repeating the themes and examples of their textbooks. Rather, they question real, diverse issues that confront them every day—body consciousness, consumerism, and the Great Recession, to name a few.

We are sure you will be impressed with the essays in SUPANOVA 2012 and with the effort that went into them by students throughout our enhanced concurrent enrollment program. Surely, a new generation of star thinkers is in the making!

Syracuse University Project Advance
Summer 2012
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Writing & English

Each section of Syracuse University WRT 105 is a community of writers who meet together with the specific purpose of developing as critical readers, writers, and thinkers. Students learn strategies of critical academic writing in various genres, including analysis, argument, and researched writing. Students learn to develop ideas through the choices they make as writers, from invention to making and supporting claims, to sentence-level editing, to designing finished print and digital texts. The course challenges students to understand that effective communication requires people to be aware of the complex factors that shape every rhetorical context, including issues of power, history, difference, and community.

Bottles of Obscene Enjoyment: Abercrombie & Consumer Culture

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In seventh grade, I bought my first and only bottle of cologne. I don’t remember exactly why I bought it, but in the midst of Bar-Mitzvah parties and social interactions with girls, it somehow seemed like the right purchase to make. So one day I walked into an Abercrombie & Fitch; the cloying, woody, and sharp odor of “Fierce,” Abercrombie’s signature scent, greeted me. I bought the smallest size, 1.7 ounces, for $44 (five years later it’s still ¾ full). A shot-glass of scented oil set me back the equivalent of a seven-hour shift at minimum wage (Fox). I left the store with a bag sporting an image of a young, half-naked man — the cologne was tucked safely inside, and the bottle has been gathering dust ever since. In terms of “use-value,” it was a terrible purchase. The cologne was just that: cologne; I didn’t need it to live. In fact, I’ve found since that I didn’t need it at all. So why did I buy it, and what exactly was I buying? I was buying, according to their website, “…not just a cologne” but “a lifestyle” (Abercrombie & Fitch). More broadly, the precise manner in which I was sold a certain “lifestyle” — including through images, text, ads, myths, and narratives — is the strategy employed by almost any modern producer of commercial goods (Abercrombie is simply a visible and informative example). The cologne, then, is not the whole story; it represents a logical extreme of certain trends in global, post-War capitalism. A close reading of Abercrombie as a business and brand can give insight into this broader system (Consumerism/Capitalism) as well as its consequences.

During the first decades of the 20th century, the United States underwent rapid industrialization, coming to a head during World War II when the country’s Gross Domestic Product (a measure of production, consumption, and government spending) nearly doubled in the
space of eight years (Harrison 10). After World War II, the United States emerged as “a world-
dominant power,” with the goal of incorporating a “grand area” of the globe into its state-
capitalist “hegemony” (Chomsky). A vast state-corporate complex had been born, nurtured
with War spending. As this spending gradually decreased, new markets were needed to ensure
a “successful [economic] reconversion from war to peace” as well as a “prosperous peacetime”
(Cohen). Or perhaps, less optimistically, the new markets were needed to cement the dom-
nance of corporations/private power in the US economy. Regardless, one significant result was
a new permutation of capitalism: the perfection of a bur-
geoning “mass consumer economy” (i.e. the “conversion
from building tanks and munitions for battle to producing
cars and appliances” for consumers). Concurrent with this
new domestic market was the growth of the public rela-
tions and marketing sectors to “get Americans to cooper-
ate” with the new consumerism (Cohen). In other words, a
system of propaganda, which manipulated Americans into
buying things they didn’t need (an ideology of and for con-
sumerism), was necessary for the new economy to func-
tion. This system has evolved over the past half-century
but is still ideological in character, playing to our uncon-
scious drives and desires, perpetuating the sale of over 20
trillion dollars in goods per year in Western nations (“The
State of Consumption Today”).

This is where Abercrombie enters the discourse, firmly stationed within post-War con-
sumer culture and profitable consumerism. In name, Abercrombie & Fitch has existed since
1892. It was originally an upscale sporting goods store that outfitted the wealthy and privileged
(from Teddy Roosevelt to John F. Kennedy). The store was associated with the “outdoors” and
exploration; Ezra Fitch’s attempt to sell the “lifestyle” of the outdoors in the 1920s certainly
foreshadowed the Abercrombie of today. In 1977, the company declared bankruptcy (another
sporting goods company bought it and had little success) and, in 1988, The Limited Inc. ac-
cquired the name. Since then, the company has been reinvented as an upscale clothing store
with four brands: Abercrombie & Fitch, abercrombie kids, Hollister, and Gilly Hicks
(McBride). With its integration into the post-War consumer-capitalist model, Abercrombie
needed an ideology that would attract consumers, realized in its “lifestyle brand.” We will em-
bark on an analysis of this ideology (and its manifestations) presently but, as a prelude, we may
note that Abercrombie’s first move post-1992 transformation was the hiring of Bruce Weber as
its photographer (Weber is famous for his photographs of Calvin Klein models, and his pro-
vocative and sexual images are part of the Abercrombie Ideology) (McBride).
Now situated historically, Abercrombie (and its ideology) must be situated theoretically. Slavoj Žižek, a philosopher and critic of modern capitalism, refers to contemporary ideology (he is talking about anti-Semitism and Socialism, but the ideas translate to the language of consumer culture) as the “obscene enjoyment” or “sublime” character that is beyond a phenomenon’s (in our case clothing) objective “use-value.” This ideology is not “aimed” at a concrete goal (an explicit injunction to consume), but instead is composed of “form,” appearance, illusion, effect, and fantasy, which impel us to consume (92). This notion is critical to an understanding of modern capitalism, where products are made to evoke a “transcendent surplus” beyond their use-value; we buy experiences and lifestyles, not products. This “surplus” is by definition phantasmatic; it is a surplus of unconscious feeling rather than economical value (232). Though this system of ideology is ubiquitous in today’s capitalism, perhaps nowhere is it more visible for me and my peers than within the symbolic domain of Abercrombie & Fitch.

Walking into Abercrombie can be overwhelming. The lights are dim, electronic music pulses, and strong cologne makes the air stuffy. But what stand out the most are the images. Grey-scaled tapestries adorn the walls, and pictures of East Coast prep schools and laughing teens are found next to the dressing room. Even the innocuous price tag carries a miniature pornographic image.

The largest image, easily 10-foot-tall, is directly behind the entrance, and depicts a muscled, shirtless, hairless man. These images, which saturate the Abercrombie experience both online and in the store, are essential in shaping the larger “brand image”; they show the Subjects that a consumer is invited to idolize and become. One of the most striking photographs I encountered was at the entrance to Hollister. The image again is easily ten feet tall, backlit, and framed by white pillars supporting a tiled roof; it is clearly the archetype — the brand condensed into an image, a shrine to Abercrombie’s Ideology. A brown-haired and blue-eyed young man rests casually against a black background. He is shirtless, tan, and his red bathing suit is pulled far below his well-developed hips and abs. A whistle around his neck and text to his left that reads “On Duty” implies he is a lifeguard, fitting him perfectly into the Pacific/Surf narrative that Hollister cultivates, while his provocative stance and lack of clothing offer him up as a sex object (to be
desired or aspired to). It is interesting to note that he has no hair (except on his head), a universal characteristic of male Abercrombie models; it elevates him as a sexual object even while removing him from reality (because nobody really looks like that). The positioning of the image invites identification (he oversees the shopping experience); his body epitomizes the “…rock-hard, athletic gay male…aesthetic” that Susan Bordo traces to the Calvin Klein era circa 1970 (thanks, again, to Bruce Weber) (Bordo).

A certain vision of the ideal male is being displayed, furthering the Ideology through unconscious references to sexuality and the “SoCal” narrative. Another striking image is less prominently displayed, though perhaps carries more ominous implications [see end]. In the “jeans” section of Abercrombie there is a small poster with a woman’s legs visible. There is text: “Introducing the redesigned, 2012 SKINNY.” Next to the text, the woman is wearing “skinny jeans.” Her hips are very (almost too) slim. An image from the Gilly Hicks website is similarly troubling; the model, in her miniscule bikini, is visibly emaciated (like the “lifeguard,” she is sexualized and idealized even though her bony frame is unattainable for most women).

Clearly, these images are aimed at convincing us to buy “Abercrombie,” and they utilize various ideological strategies (evoking the lifeguard narrative and the Greek-god physique, selling sex etc.) to this end. In positioning these images as Subjects to identify with, Abercrombie sells us a fantasy of what we should look like; they manipulate us with images, narratives, and sex. But when a hairless and “six-packed” male or an emaciated, half-naked woman becomes our cultural norm, the dangers of this fantasy are revealed.

A final image, also on the website, illustrates the narrative elements of Abercrombie’s Ideology. The image advertises the “elements of ivory” or “privileged prep” line, a tribute to “Abercrombie & Fitch’s East-Coast, Ivy League style and heritage” (Abercrombie & Fitch). The image depicts a large, gothic, ivy-covered building, presumably the “prep” school with which the consumer is invited to identify. The image itself is unremarkable (no libidinous, muscled bodies), but the narrative it represents is. The website states that Abercrombie is “…rooted in East-Coast traditions and Ivy League heritage,” a wholly false claim as we saw earlier (the name alone was sold in 1988). Yet truth doesn’t matter. The point is that Abercrombie looks and feels authentic, that it possesses the “sublime” character, the “unattainable something” (to use Žižek’s vocabulary of ideology) that makes it the “object of our desire” (109). Therefore, the image of the prep school is not literally representative of where we should identify (geographically), just like the muscled lifeguard is not the literal object that Hollister asks us to desire. Ra-
ther, these images are references, symbols, “object-causes” of desires, which are then sated by the buying experience. In the above instance, vague notions of a certain lifestyle and class (connoted by “Ivy League”) strike a chord inside us, and we buy. This use of narrative should be unsettling, an indication that we are not fully in control of the “objects-causes” of our desire. They manipulate us; we write ourselves, however unconsciously, into their fictitious stories.

Both the images and the narrative are synthesized and strengthened by the store itself, the epicenter of Abercrombie Ideology. Louis Althusser, French philosopher and Marxist, would surely agree that the best place to see ideology is in its physical manifestation (i.e. in the place where our “imaginary distortion” of the world is “endowed with material existence”) (180). Though he uses this notion to analyze religious rituals and legal activities, we can make the leap to an ideology of consumer culture. So, where Althusser sees “[going] to Church to attend mass” as a manifestation of religious ideology (belief in God and the Bible), we should see the rituals and practices of the store, along with its structure, as reflections of Abercrombie Ideology — penitence and almsgiving make way for purchases of Polo shirts.

Consequently, a brief look at Abercrombie shorts (women’s shorts) may give us a window into the ideology itself. A casual comparison between Abercrombie and Old Navy, which, according to its website, “provides the latest fashions at great prices for the whole family,” is striking (“Old Navy”). We see from the pictures a dramatic difference in length (Abercrombie is much shorter), as well as the ragged, shredded look of the Abercrombie pair compared to Old Navy. What explains the difference? The answer is a difference, not in corporate structure or target market (both are large corporations and target teens/adults), but a fundamental difference in ideology. Abercrombie sells sexuality and transgression, and this ideology is manifested in tiny, frayed, and ragged shorts.

Even more intriguing is the price differential. A casual survey puts the average Abercrombie pair at around $40 (though as high as $54); Old Navy shorts are less than half of that (Abercrombie & Fitch, “Old Navy”). Either Abercrombie’s ideology allows it to charge a higher price (they are selling more than “just shorts”) or the price itself is an ideological strategy, con-
veying a sense of “higher class” or exclusivity. The shorts are just one example of how Abercrombie Ideology (and consumer culture as a whole) can have very real effects on things as intimate as how much upper thigh a woman displays to the world.

The last domain for analysis is the store itself, a synthesis of the images, texts, narratives, etc. that evoke and symbolize the Abercrombie Ideology. The store is a shaper of Abercrombie’s Ideology. Hollister’s store is more extreme to this end, and so serves as the most visible example.

Hollister is dark, darker than Abercrombie, with louder music. Its exterior is meant to imitate a California surf shop, complete with stucco walls and a tiled roof. Directly past the entrance are two worn, leather armchairs with copies of “Surfer” magazine on them, which pair seamlessly with the half-naked lifeguard photo above. Inside, clothes are neatly stacked next to bottles of cologne and “accessories” like $20 flip-flops. A hallway opens into the main room, which sports the California state flag, a rack of surfboards, a shelf of magazines and CDs, and a television wall displaying live feed of Huntington Beach, California. These elements are meant to evoke feeling and effect; the magic of SoCal is present in the store, and can be mine to take home — for a price. This ideology of Hollister is described in shocking clarity by the corporate website: “Hollister is the fantasy of Southern California…It’s all about hot surfers and beautiful beaches…Young and sexy…[a] laid back and all-American image gives Hollister an energy that’s effortlessly cool. Hollister bring Southern California to the world” (Abercrombie & Fitch).

This “coolness,” “energy,” “fantasy,” and “image” is all symbolized through the store (though Žižek would note that this symbolization merely evokes the ideology, it does not “exhaust” its totality). Similarly, Althusser would characterize the store as a “point of reflection”; the space where the various signifiers of the Hollister “fantasy” (surfboards, palm trees, etc.) allow the consumer both to observe the big Other that is Hollister and to interpellate himself into its world (though now the subject is made in Hollister’s image, not God’s) (180). That pseudo-public space like a Hollister store is dominated by the symbolic representation of an ideology (designed to manipulate its subjects for a profit) is troubling. At the very least, it serves as a warning that space is not neutral and must be viewed critically to uncover the ideologies it fosters within us, consumers.

In the final analysis, it is clear that we are almost always buying more than just a product. With Abercrombie, we are buying “…the essence of privilege and casual luxury,” while Hollister sells “…the fantasy of Southern California (Abercrombie & Fitch). Certainly, the Abercrombie Ideology is troubling in itself; it perpetuates idealized, sexualized, and unattaina-

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1 In the Lacanian sense, symbolism is akin to signification; Abercrombie is signified by the store.

2 Another Lacanian term, the big Other is the Symbolic order or collective that determines and bestows meaning, akin to “God” in Christianity.
ible archetypes, as well as myths about who we should see ourselves as (whether it is the Surfer or the Prep), and even unhealthy messages about what our bodies should look like (just ask the bathing suit model). My cologne, then, was not “just cologne;” it was a depiction of the ultimate (and unachievable) body, a display of raw, male sexuality, and a “point of reflection” for the big Other (Abercrombie): its headless torso left me free to interpellate myself —however unconsciously— onto the image and into the larger myth, perpetuating the monstrosity that is Consumer Capitalism.

Beyond the ideological consequences of the Abercrombie Ideology, or the more general effects of consumerism on culture, an economic system based on Consumerism has enormous human and environmental consequences, of which I sample just one. Our precious goods are often manufactured overseas in de-humanizing factories. Marx, in “Alienated Labor,” gave a critique of such centers of industry during the late 1800s (he saw within the very act of production a radical departure from “human nature”). But if he saw a modern sweatshop, the dependence on which landed Abercrombie & Fitch (along with many other clothing retailers) in The International Labor Rights Forum’s “2010 Sweatshop Hall of Shame,” he would reel at the “…poverty wages, unsafe work conditions, illegal suspensions for union members, and child labor” that sustain the global economy (Phanor-Faury).

This is a cost of the system (there are many others, including pollution and debt) that cannot be ignored. If such costs are not directly caused by the ideologies of consumerism, they are certainly perpetuated by them. Therefore, a move to dismantle the ideologies that “bamboozle” and manipulate us as consumers cannot be separated from a humanistic effort to dismantle systems of modern capitalism that are damaging our planet and fellow humans. Abercrombie stands as a symbol of the ideologies directed against us (designed to isolate our consumption from humans need and global consequence), and we must take from our reading, if nothing else, a posture of radical criticism, directed towards similar institutions and the economic system in which they (and we) reside.

Works Cited


Why the Cape Matters

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Whenever I have seen an ant the past two weeks I pause, uncertain of how to react (whether to kill it, let it go, etc.). And this, I suppose, is the whole point of my project. For all the project’s possible failings, the contrived nature of its central metaphor, its self-reflexive and hyper-aware passages, and its inability to convey a pure/original message (as well as its tacit acknowledgement of this failure), it does (hopefully) do something; it makes people think a bit more deeply about ants, themselves, and expression. This message, expressed through an overarching allegory, is less of a direct thesis and more the conveyance of a certain mood or attitude about the world. Speaking as the Author and supreme authority on the book’s true meaning (which is, of course, an impossible position), this intended message (both for the ant and for us) is one of cautious optimism (perhaps even wary celebration), a celebration of expression in the face of Nothingness.

To clarify (slightly), the posture that we cultivate could be characterized as one of ultimate uncertainty and failure, yet hope in the fleeting here-and-now. To accomplish this goal we used poetic text to tell Ant’s story, and beautiful images to bring it to life — displaying the concepts in a new and accessible way. The graphic novel medium allows simultaneous (and mutually reinforcing) signifiers to tell a story greater than text or illustration could alone. Beyond our main goal of creating a piece that evokes our “post-modern posture,” I think we also engage some key aspects of Theory and philosophy (the four largest ideas being Subjectivity, Existentialism, Ideology, and Agency). Or rather, engaging these ideas is an integral part of achieving the larger goal (i.e. imparting our message).

So, contrary to Slavoj Žižek’s advice for authors giving talks on their own book (loosely paraphrased: don’t read a passage and say “Hmm, what do you think ‘the author’ meant when he said that?”), I want to give a general summary of our piece and the Theory it explicates.

We open with Mr. Duffy (PA teacher extraordinaire)’s classroom. Situating the piece within a familiar setting allows us to identify more closely with the plot and character. Mr.
Duffy discusses agency, and students respond (we are given a direct clue to the central theme, bordering on a PoMo awareness). Next we embark on a bit of 3rd person narration, a sort of philosophical and biological introduction to “ants,” which is accompanied by views of the fictional ant farm in Mr. Duffy’s room. The ant farm is our crucial metaphor; we want the reader (eventually) to think about the ways that his/her life is an “ant farm.” Of course, the literal circumstances of the narrative (a hyper-aware, conscious ant) are ridiculous, but isn’t that the point of a metaphor — that a fantastic or improbable comparison reveals some underlying truth?

Anyway, in addition to “setting the stage,” the opening panels also convey something about subjectivity. We see the Farm in all its rigid, social glory, and learn that ants are subjects in the most literal and dogmatic sense. Visual and literary tropes throughout signify the social nature of ants, how they are mechanical, unable to act outside of their allotted role. For example, the text in the confrontation scene (frame 15), as well as the image in frame 17 — a line of ants, one has its head turned — denotes a system of conformity (albeit with one dissenting voice). Frame 6 goes further, inviting a direct comparison between ant and human societies, with every subject on his or her busy way; everyone has a job to do. In frame 12, we compare ants to robots, and Ant realizes that he, himself, is such a robot; this parallels our confrontation (as subjects) with our own social construction and “robot-ness.”

Existential isolation and despair also play a role in the development of our hero. Ant is disappointed that he cannot talk with his fellows, and is unable to understand or speak out to the students (who tower over him with their empty promise). For Ant, the students represent Subjects who possess authority and meaning. To establish the students as supposed keepers of meaning, I allude to Kafka’s work\(^1\). It is Ant’s confrontation with one student (frame 22) that highlights the failure of communication lying at the heart of our existential reality. During this dramatic moment, Ant is face to face with the Subject; there is only silence. In this total failure, we see perhaps the futility of an absolute answer to any question, and the impossibility of authentic/true communication.

Though perhaps to a lesser extent than subjectivity or existentialism, ideology makes an appearance in the piece, and carries its familiar and foreboding message. In who else but ants could we see so clearly Marx’s alienated laborer, the “cog” in the machine, the blind producer who owns not the product of his own work? Of course, ants do not really have a choice. More precisely, they lack the capacity for choice altogether (“Ant” the protagonist being a special exception). The opening panels depict the ants as a “blind herd”; they do not even realize that

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\(^1\) I drew heavily from his short stories Before the Law and A Message From the Emperor for inspiration. Perhaps no one can capture the existential need for meaning (access to the law, reception of the Dream) coupled with its infinite elusiveness as beautifully or powerfully as Kafka. Ant’s longing to communicate with these mysterious shapes is the same longing felt by generations of philosophers and artists as they wrestled with meaning in an ultimately meaningless world.
they are enslaved. Surely this is a powerful (if tenuous) allegory for ideology, which Marx described as such: “They do not know it but they are doing it” (Capital). On the last panel, the students, supposedly masters of meaning and Author-ity (and ready to ace their final project), are shown with ant antennae. They are not aware of the antennae and the message is clear: even those who suppose themselves above and beyond the ideology of simple ants are not; we are all ants! And if we are all ants, constructed socially (though for real ants the construction is biological) and blinded by an ideology that structures our very perception of the world, what can we do? Where is there room for movement? We turn to Ant to find out. After the Failure, Ant is returned to the ant farm. He experiences the bitterness and emptiness that come with the realization of ultimate meaningless. At this moment he learns the most important lesson of agency: that what matters is not what cannot be known or done, but what can. Even if Ant is not able to attain Truth or communicate with his Subjects, and even if he is constrained by his society, surroundings, and his very body, he can still think and he can still create (even if his creation is unoriginal or meaningless). This in itself has value. So, Ant has “an idea,” he acts on it, and, though the cape he cuts from a nearby leaf is stupid, pointless, etc., the “point” is that he made it. And, as the next panel says, that “will have to do.” Ant’s expression is largely symbolic, but then, so is most expression—so is this essay. The larger message of his small act of defiance is that it is often the act of expression, itself, that matters most, beyond what is being expressed or its effectiveness.

In this way, Ant exerts agency; he remains “glass-half-full.” It is this stance, this way of looking at the world, which is such a critical and empowering element of Literary Theory. The idea of agency as expression speaks to our collective experience, not just an ant in an ant farm. I see Ant’s ersatz cape as an answer to the 20th century philosophers who wept at an empty universe. Ant’s small triumph is also a cautious warning to those Americans who in 1957 laughed quietly as nine black students (The Little Rock Nine) expressed themselves in a way the world would never forget. I see his cape in the illicit newspapers which kept the press alive in a frigid and starving Warsaw Ghetto, and in Mumia Abu Jamal, a jailed-for-life Black Panther who empowers himself (as well as his followers) every time he speaks from within prison walls. When people speak, communicate, and create (even if their speech is imperfect, their communication a failure, and their creation an “empty gesture”), their success, however small or fleeting, is real, and is worth fighting for.

\[2\] In fact, I want Ant’s experience to mirror that of Nietzsche/Sartre’s “Nausea” and Kierkegaard’s “Despair.” These emotions accompanied each existentialist’s acknowledgement of ultimate nothing-ness, without Truth or real understanding. This is the reality that I believe we all face, and it takes true courage to look it in the eye (as Ant does in my favorite panel, 23).
The Ants
Go Marching
One By One

uh....
...that’s great, but maybe we should think about some of the ways society constrains the subject.

Like Willy in *Death of a Salesman*? Yeah, his own fantasies enslaved him.

But who is more enslaved than the ant?
Ants are blind, mechanical, bureaucratic, socialist; the most successful animals on the planet. For an ant, society is inscribed into its DNA, its body, a product of two billion years of sheer evolution.

They are slaves to their genes, their nature. None are selves, none have consciousness.
I know I do because I feel trapped in my body. I am aware that I’m trapped in my body.

I do.
I am built to be a worker, destined to cut and carry and toil. My function follows my form; and my mind is along for the ride.

I am aware so I must exist. I must exist because the loneliness of my existence is almost unbearable. I feel lost.
Some days I gazed out over the vast expanse of torrid sand, and marvel at the little black robots that surround me, each scurrying off to do its job. But I am one such robot.
The partition. It looms. I dream of escape, of abandoning the life to which I am destined. I dream of a man sitting before the door to the Law, and of a humble subject awaiting a Message from the Emperor.

"Can't you see we are caught!? We are in a fucking ant farm!"

If only I could pass through, and discover the secrets of the veiled nebula beyond. My fellows disgust me. Sometimes I try to talk to them, to break the silence.
“Can’t you see the partition? The shapes and colors? Don’t you want to know what they mean? No, all you can do is act out your part like a fucking machine.”

Silence.

I gaze at the partition and the shapes beyond. They become more real than the farm.
Their mysterious promise beckons.

And today it wins — I wrench myself out of the rut that is my existence, and ascend the smooth wall...towards the sky.
I run towards the source of the noise. There is someone there I think, someone big. Someone who can account for my pathetic, little existence.

Please, help me. Talk to me.

Hey, it's an ant, it must have escaped! Let's call it Michel.

I hear what sound like words. I am screaming to them.
Silence.
Put it back Giuliana, so it can do its job. The workers are supposed to carry the leaves.

There you go Michel.

My voice is gone. If I had tears they would be running down my cheeks.
We rescued little Michel!

I feel betrayd. I feel nauseous. I feel empty and alone. The shapes beyond the partition are once again unfocused. My fellow slaves surround me.

But, hold on. I lapse momentarily from ultimate despair. I had a bit of an idea.
Not a big idea, nothing to take away the pain, but still...

I know the gesture is an empty one, totally meaningless. Even summoning the will to suppress my instincts is almost too much. But look, look what I made.
It will have to do.

The ants go marching one by one hurrah hurrah hurrah. The ants go marching one by one hurrah hurrah hurrah. The ants go marching one by one they all go marching down to the ground to get out of the rain. Boom! Boom! Boom!
Fin
Sociology

Syracuse University’s SOC 101 is an analytic, skills-based introduction to sociology. The emphasis is on analytic reading and conceptual analysis. The approach to sociology is to view it as an empirical social science, and the readings are based on empirical research studies or are review articles of research in an area of sociological investigation. The course introduces C. Wright Mills’ classic notion of “the sociological imagination” and the promise of sociology, and encourages students to see and think about the social world, themselves, and the relations between themselves and the social world in new ways.

The Effects of Media on Adolescents’ Body Image

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Abstract

In western society, body image is a persistent factor in the daily life of everyone, but of teens and children in particular. Teens are pushed to drastic measures due to the emphasis to be thin and look like runway models. Like many teen girls, I look at these models and say, “Wow they are so skinny!” and “Why can they be that thin and not me?” Their thinness is equated with beauty too often without the mindfulness of potentially damaging consequences. Culturally based perceptions of beauty have led me to falter and give in to unhealthy habits. I have gone a week at a time where I eat just enough for sustenance. The mass media portrays me as slightly overweight because the size double-zero image is emphasized on every Manhattan billboard and point of purchase magazine rack. Dove created a video called the “Evolution of Beauty.” This short video displays how many images are Photoshopped to the point of absurdity. This is reinforced in Photoshop by Adobe, where, interestingly enough, the creative directors behind this campaign were Nancy Vonk and Janet Kestin. But the campaign was written by a man, Jesse Rosten. We are bombarded with stick thin, tall, and cosmetically altered images that give the perception of beauty that a small group of lucky women are graced with. Men are slapped with overly muscular, tan, and towering expectations for appeal by mass media. Structurally, the commercial presentation of beauty is not only unnatural; it is unrealistic. “The models are lucky enough in the first place, but then they get improved by Photoshop; male models are often on steroids and have dieted for WEEKS to get their abs to look like that for basically a few hours, just for a single photo shoot”(Cohen, 2012). This image is on television, in schools, peer groups, and even permeating families with “Biggest Loser” competitions. We cannot get away from these haunting images of perfection.
For my efforts, I utilized ProQuest databases to search for peer-reviewed/scholarly journals in order to access evidence that would render scholarship. Also, Andrew Cohen, a Yale PhD Sociology candidate, provided insight and experience to assist this effort. When first searching “body image in media,” ProQuest came up with a wide variety of body image issues in other countries and articles on eating disorders and obesity. I am encouraged that there are a significant number of people concerned with this topic, who really wish to reduce the number of life-threatening eating disorders in teens and children. The media has been given carte blanche to redefine for adolescents and children what beauty is and how we see ourselves.

This struggle affects all races, ages, classes, and genders. Growing up in the affluent suburban of Penfield, New York as a white female, I have not had to face aspects of racial or economic discrimination. Gender discrimination is present, but not in an overt manner. Few students struggle here, except with the aesthetic concept of ideal body image. Our demographic is the one that is hardest hit. Many of our male students are socialized to strive for extra muscularity, reinforced by television shows such as Jersey Shore, with overly muscular actors and “buff” superheroes as one seeks respect from a hyper-masculine culture and the attention of the ladies. Thinking back, there was no time in my life where we had not been force-fed these images from the mass media. Even in public spaces, it is staring us in the face. Many advertisements project the perfect man or woman urging one to buy their product, but “the perfect people are not the only ones urging you to buy the product; they’re suggesting that you can be like them if you get the product. Think about commercials where there’s some definitely UNPERFECT person, pre-product. Like, weight loss commercials – there’s a fat person they show to tell you that looking fat is bad, and you should avoid it. They don’t only teach kids the perfect ideal – they also teach kids what to avoid!” (Cohen, 2012). What we buy into, more than the product, is the look of these models. One is left with the impression that aesthetic perfection is possible. During early adolescence, my friends and I were focused on looking cool and fitting in, so naturally we declared these unhealthy skinny models an inspiration. The way they dressed, did their hair, the clothes they wore, and the ever-pressing size of their waistlines influenced the way we defined our ideal body image. As a girl who has never worn jeans larger than a size 5, I still falter and give in to the outstanding pressure to be thinner. Although I approach such efforts with an understanding of the sociological imagination and the impact of environment on behavior and preferences, I often conform to peer group norms and expectations. Adolescent males are clearly not immune to such behavioral expectations, especially when it comes to media as an agent of socialization. “For the pattern of media use, boys showed a greater attraction toward and recall of muscular appearances and athletic ability in all media venues, whereas girls’ responses indicated a greater proclivity toward beauty and looks” (Jung & Peterson, 2007). All of the subliminal messaging ingrained into my brain from the moment I
started watching television at the age of 2 reinforced this image. No one in western society is immune from having these images thrust upon them.

This issue is not only national but it is also a worldwide epidemic. Girls as young as 8 years old are talking about what is good to eat to stay or become thin, not healthy, mind you, but thin. Where are these girls learning this? Is this unique to my generation and subsequent ones to follow? My answer is the media. Every little girl and boy sees images of the ideal body type countless times per day. A CBS news article says, “we’ve gone from being exposed to about 500 ads a day back in the 1970s to as many as 5,000 a day today” (Johnson, 2009). There is a large population of people with eating disorders out there that go unnoticed because it is acceptable to sacrifice them in order to generate revenue for clothing designers. Runway models have proven that although everyone knows of their disorders, little is done about it. These women need to stay thin in order to maximize dividends for shareholders. The models feel the environmental pressure to be thinner than the model standing next to them. Dr. Adrienne Key, a psychiatrist, conducted a study that indicated “as many as 40% of models may currently be suffering from an eating disorder. The report suggests that there are a growing number of women with hidden eating disorders. If this is the case, perhaps current known cases may be just the tip of the iceberg” (Key, 2007). Undiagnosed eating disorders are dangerous because of the potential to skew quantitative data. In turn, the funding to further research on the detrimental effects of eating disorders will diminish.

There is help for those afflicted. National Eating Disorders Association (NEDA) is a non-profit organization dedicated to supporting an individual who is struggling with an eating disorder. It also provides counseling for their families. They lobby for prevention, improve access to quality treatment, and increase research funding to better understand and treat eating disorders. Like the people who work for NEDA, there are many other private benefactors who contribute to better their immediate environments. Their mission is to support individuals and families affected by eating disorders. This serves as a catalyst for prevention, cures, and access to quality care. One can contact a volunteer who is a trained “friend” for assistance in overcoming obstacles relevant to an eating disorder. Also, there are scholastic programs, which will send individuals informational newsletters and CD-ROMs. NEDA now operates on a global scale. Their program follows the philosophy that: “Eating disorders arise from a variety of physical, emotional, and social issues, all of which need to be addressed for effective prevention and treatment” (National Eating Disorders Association, 2012). NEDA provides one with different ways of prevention and a list called “50 Ways to Lose the 3Ds: Dieting, Drive for Thinness and Body Dissatisfaction.” They provide tips on how to minimize the desire to be thin (as opposed to healthy) by providing research that requires one to consider the environmental influences (agents of socialization) on individual and group behavior. This helps suppress and expose how the media’s portrayal of beauty is too often guided by corporate considerations (profit). NEDA is helping adolescents challenge the media by raising awareness.
Slater and Tiggemann focus on self-objectification, defining it as “a form of self-confidence characterized by habitual monitoring of one’s outward appearance, and is theorized to lead to a number of negative consequences including body shame and appearance anxiety, which, in turn, are suggested to contribute to disordered eating” (Slater & Tiggmann, 2010). A growing number of adolescents truly are ashamed of their bodies because they aren’t thin. Children and teenagers rapidly adapt the images of thin to their behaviors and attitudes. Then, many attempt to project these “values” onto others. It is not uncommon for bullying to result. There is no remorse for what kids do. To go from being picked on by one’s peers to facing media bombardment of female objectification is intimidating. My developing sociological mindfulness has helped me to recognize the pressures placed on young people to conform to distorted body images. My peers self-objectify or risk social isolation. As a self-described people pleaser, I do my fair share of self-objectification. Am I good enough? I could be smaller, I could put on more make-up, I could become friends with people I envy, or acclimatize to be more like the “beautiful” people. Sophie, a high school senior, said, “in middle school I was teased and called fat by guys almost daily — because I didn’t look like a model. I changed my eating habits to get smaller — so that people would stop making fun of me. I ended up continuously comparing myself to these women with their tiny waists. I couldn’t fully accept myself unless I closely resembled how they look.”

Peterson, Paulson and Williams, go along with Slater and Tiggeman’s claims that there are three factors that influence adolescents’ body shame and disorders. The first being whether family life is functional, explaining how “a disturbed mother-daughter relationship is often identified in the formation of eating problems. Further, studies have identified links between parents’ own dieting and worry about weight, parents’ encouragement of their children to lose weight, and parental appraisals, teasing, and comments concerning weight and shape of their children”(Peterson, Paulson & Williams, 2007). Paradoxically, parents are ridiculed by pediatricians and other parents when their children are overweight. Rarely, do we call in to question the role of income and education when it comes to the family’s dietary decision-making process. Veronica, a high school junior, said, “my uncle would constantly call me fat, and too fat for my family. My parents continuously would say that I wasn’t pretty enough, that I am too big, and that I should be more like my ‘angelic’ brother. The effect this had on me was that I engaged in anorexic and bulimic eating disorders. My friends figured it out and tried to help me, but I never received treatment.”

The second factor that should be considered when examining the causes of eating disorders among adolescents is the peer group. “Peers may have a significant influence in the development of eating disorders, especially during adolescence when intimacy, conformity, and closeness in relationships are important to win approval and esteem from others” (Peterson, Paulson & Williams, 2007). Many children have mean dispositions given their individualized interactions with the agents of socialization; some will rip others apart to elevate their own self-
image. They feel pressured to be mean in order to fit into a certain group and to avoid social isolation. For example, “Darla the second-tier fourth-grade girl...described how, in fear, she used to follow the clique leader and parrot her opinions: ’I was never mean to the people in my grade because I thought Denise might like them and then I’d be screwed. Because there were some people that I hated she liked and I acted like I love them” (Adler & Adler, 1998). Conversely, if you loved someone, one may act like you hated them in order to gain the approval of a clique. When one is in adolescence, there is nothing more one craves than acceptance from one’s peers, especially without sociological mindfulness. Positive feedback is preferred, but negative is taken to heart and used to create an insecurity thus leading to bad habits such as underage drinking, recreational drug use, and eating disorders.

The last factor Peterson, Paulson and Williams identify is the media, which is used “to influence adolescents’ definitions of attractiveness. Many believe that the mass media encourages an obsession with weight, as those portrayed in it are often close to the societal ideal body weight and size, a depiction that most adolescents are incapable of duplicating”(Peterson, Paulson & Williams, 2007). Media is the biggest influence. Girls and boys are inundated with this impossible image of perfection from the moment they are able to see advertisements on television. The media emphasizes thinness, and the only way adolescent children can even imagine to become that thin is with eating disorder tactics, with anorexia nervosa and bulimia being the leading two poisons. Veronica also said that “media creates a standard of how girls should look, and when I saw that, it always felt like I wasn’t good enough. It is kind of like I thought that I could never be the person they would want me to be until I looked like that, and I wasn’t good enough for myself either.” Morrison talks about how media is the biggest influence as well, explaining that “mass media promulgates a muscular body ideal for males: dissemination on this ideal encourages males to adopt a ‘body as object’ rather than ‘body as process’ orientation” (Morrison, Kalin & Morrison, 2004). Earlier in the text, he discusses a comparable model for female body orientation. The “body as object” perspective says that people in general look at their bodies as an object they can change in any way they see fit, without fully appreciating the potential for long-lasting consequences such as a clinical eating disorder. In reality, this is miles from the truth, but adolescents cannot see this due to a lack of education or life experiences. Society doesn’t have enough positive reinforcement that curves are good. The most significant reinforcement we get is, “fat is bad, thin is good.”

The numbers of adolescent and adult eating disorders are increasing. Both are very serious, but adolescent disorders are turning into lifestyles taken on starting at the age of 8 or younger. The media has taken control of body image and has been projecting these unrealistic ideals to both boys and girls. Boys are ingrained with this tall, muscular, thin, tan, and macho guy. Hyper-masculinity is ingrained into boys by the G.I. Joe dolls, actors in Hollywood, and superheroes with bulging muscles. This is what we see as socially acceptable, and if you do not fit this image you must change yourself in order to achieve this image or suffer the consequenc-
es of teasing and bullying accompanied with feelings of inadequacy and inferiority. Girls are googley-eyed staring at models that are stick thin, tall, and naturally beautiful, which is how the media has falsely encouraged girls to think that all men want itty-bitty women. This is not true based on an online survey (which is not the most accurate means of obtaining information), which “found that when shown pictures of three bikini-clad models, four out of five men said they were more attracted to the size 12 and size 14 models than the model who was a slimmer size 8” (Tippet & Marcus, 2008). With models on average wearing a size 00-2, this is nearly impossible for a normal woman to achieve because such professional models either have an eating disorder or their image is altered by software packages like Adobe Photoshop. The images that are portrayed to teens and adolescents are unrealistic because they depict an unhealthy body type or a body that has been altered to fit the image of perfection.

Doctored images portrayed by advertisers are being called into question by the Dove Company in their “Evolution” commercial. This shows a model (average person) being transformed into the acceptable image with a team of professional hair and make-up stylists. Then the final picture for the billboard goes through an entire day of editing. This process takes the women’s facial features and enhances her eyes and slims the bridge of her nose to make it seem like her face is thinner. An example of this type of image enhancement is when Redbook took a picture of Faith Hill for the cover, where “Ms. Hill’s silhouette has been redrawn, under-eye lines have been smoothed out and one of her arms has been halved in size” (Mascia, 2010). Those were only a few of the changes made from the raw photo to the one that appeared on the cover. Another example is the Photoshop by Adobe. This is a spoof on what types of beauty products will help you achieve what you want by replacing the name with the function on Photoshop such as the healing brush that erases blemishes and the liquefy function that allows one to reshape one’s waist. Also it has a hue/saturation function that allows the color of skin and hair to be changed. This effort is particularly motivational because it was inspired and directed by women for women.

This research effort opened my eyes to how the world works, what the media does to command my attention, and the lure to generate revenue at the expense of humanity. In a commercial “for designer jeans, for example, the target audience would be fairly affluent teenagers. The same advertisers wouldn’t be interested in sponsoring reruns of Murder, She Wrote, which appeals primarily to an older audience” (Cyber, 2011). The models in those commercials will be thinner and show teens and adolescents this image of perfection. The media persuades “tweens” and adolescents that you are not accepted unless you conform to a socially constructed version of beautiful.

The easily influenced minds of adolescents are being poisoned by the media, parents, and peers with this idea that any fat is horrible and thin is the only way to go. One thing I have learned is that awareness is a pivotal aspect to lessening the detrimental effects of the commer-
cial mass media. Also, we need to perpetuate a culture that emphasizes how eating disorders most likely develop, how to recognize warning signs, and where to seek help.

References


The Psychosocial Impacts of Chronic Illness in Young People

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Abstract

Chronic illness has been a part of my life for two and a half years in the form of a bone tumor and specifically, chronic pain. The general circumstances of my illness were analogous to the majority: prolonged absence from school, social events, and physical activities as well as countless medical tests, procedures, and appointments. Regardless of the obstacles, I was able to maintain a 98 GPA and pass the NYS Regents exams with flying colors. My social life has improved and I am psychologically and emotionally healthy. Many children, however, are not as lucky as I am.

Now that my health has progressed to the point where I am socially accepted as “normal,” my friends feel more comfortable in asking about my medical condition. After responding to their questions, many (ignorantly and dramatically) replied, “How the hell did you not kill yourself?” This paper is my response to their ill-mannered inquiry. Via Syracuse University Online Database as well as the University of Rochester Medical Center Website, I investigated the psychosocial effects of chronic illness on young people. I also researched the relation of these effects to the young patients’ culture, gender, age, and socioeconomic status as well as the outside influences of medical and educational institutions. Further, I sought to find the roots of a chronically ill teen’s psychosocial health while ill: I explored why some can cope, while others cannot.

Investigation

Evidence shows that 45% of children with chronic illness fall behind in school and 35% of chronically ill children receive failing grades (Kaffenberger 2006). Teens, especially, have a much greater risk for mental illness than their healthy counterparts. Medical and educational institutions have large deficiencies concerning the management of chronic illness in teens because of the complexity of its effects on these patients. Factors such as age, gender, culture, and socioeconomic status influence the personal experience of chronic illness. A study conducted by Kiernan et al. measured the R-PIE (Perceived Illness Experience Scale) of children ages 7 to 17 years of age from different European cultural backgrounds. The study concluded that girls were more concerned about how their illness affected their physical appearance more than
boys. Further, children of Central European countries were generally less concerned with how their illness affected relationships with their parents and their activity level (e.g. sports) than the children of Southern and Eastern European countries. These variations can be attributed to gender and cultural deviations among healthy children (e.g. healthy females are generally more conscious of physical appearance than healthy males). A qualitative study conducted by Venning et al. (2008) in “Understanding Young People’s Experience with Chronic Illness: a Systematic Review” was conducted and its findings further support the analysis that children younger than 12 years of age tend to focus on the physiological effects of their illness, whereas teens focus on the social impact of their illness, especially their deviance from “normalcy.” Children from Taiwan seemed to show relationship conflicts with their parents and focus on anxieties of the future more so than subjects from the US and Canada (Venning 2008). No two teenagers are the same. And consequently, no two psychosocial perceptions of chronic illness are the same.

The subjective and individualistic nature of chronic illness mixes with the objective science of medicine like oil and water. Medical institutions, as a whole, face numerous difficulties in treating these psychosocial conditions not only because of the intricacy but also because of the disconnect between physical and psychological medicine. This problem has become increasingly prevalent in the healthcare field because of the growing specialization of medical care. Medical physicians are infinitely doomed to view a patient through a scientific lens. “A chronically ill patient has a body, but is a person. Accordingly, whereas chronic illness is a disease, it is also an experience” (Leifer 1996, p.752). When a chronically ill patient is referred to a psychiatrist by his physician, he unfortunately is faced with more “medical red tape.” Since medical specialization has caused psychiatrists to narrow their practice to behavioral neurochemistry, psychological medicine proves to be just as incapable of meeting the psychosocial needs of the chronically ill patient as physical medicine (Leifer 1996). Treatment by psychological medicine and physical medicine simply results in two non-integrated entities treating a single subject void of collaboration. Medical institutions prove to be even more of a hindrance than a help for patients with a low socioeconomic status. Inability to afford medical bills can prevent patients from seeking psychosocial treatment in the medical field, thus negatively affecting family relations. This adds additional stress and anxiety to an already shaky emotional state.

High school is the heart of a teen’s social life; it is the source of sports, peers, and social activities. Chronically ill teens, however, are absent from school almost three times more than their healthy peers. These absences may rob the teen of an inclusive high school experience. “Prolonged absences contribute to a sense of learned helplessness and despair, and they interfere with coping and the rehabilitative process” (Kaffenberger 2006, p.224). Therefore, a teen’s reentry to school is equivocal to reentry to social “normalcy.” Communication is imperative to reentry and should be a priority of the parents, doctors, and teachers.
Nevertheless, educational institutions have discrepancies in their system to aid in the transition back to school for chronically ill patients. According to a study conducted by Kaffenberger (2006), 83% of secondary school counselors feel unprepared to provide chronically ill patients with necessary educational modifications. Such modifications should include: coordinating communication among teachers and parents, providing 504 plans, and creating a plan to acquire missed credits needed for graduation. Home-based instruction prior to school re-entry, as well as parental communication and advocacy, play a critical role in the education dilemma. Generally, home-based instruction is not assigned to a student unless there is a planned absence of at least 30 days and once the student returns to school, the services are terminated. Most students with chronic illness are able to attend school only for partial days, which, in many cases, makes home instruction obsolete. Communication is a crucial part in the education of a chronically ill patient, primarily to ensure that a personalized plan for graduation and transitioning back to school can be obtained. Too often, the parents of a chronically ill student “delay contact with the school, mistakenly believing that school issues are no longer a priority or lacking the knowledge of how to access school resources” (Kaffenberger 2006, p.226). Socioeconomic status can also obstruct the education of a chronically ill patient. Since most students with a low socioeconomic status attend poorly funded schools, the school may not even offer home instruction, let alone offer the preparation and resources needed by school counselors in order to accommodate the student as well as their parents.

In order to answer my original questions — which were: why did I progress through my chronic illness with minimal to no psychosocial damage? And, why do teens living with chronic illness do not have the same outcome as I did, and vice versa? — I looked back on my own chronic illness experiences through a sociological lens, thereby focusing on the external influences I found in my research.

First of all, since I am a teenage girl, I was not as anxious about the pain and medical procedures as I was about all the activities I was missing, and I was preoccupied with “normalcy,” especially since I was not able to experience my first two years as a high school student. I also developed a negative body image during my illness; I hated my body for all the pain it had caused me and how weak and problematic it had become. I experienced social isolation because of my prolonged absence from school and wanted more than anything to return to “normal.” I did, however, have a strong relationship with my family, which was not deterred by the illness.

An advantage available to me, unlike most chronically ill teens, was the accessibility of both medical and educational institutions. Their proximity offered positive experiences and thus I was able to improve the psychosocial effects of my illness. I now realize that the majority of doctors who failed to treat and empathize with the chronic illness experience did not do so because they were inconsiderate jerks (I used a much more derogatory term at the time) but because they were simply restricted by the flaws in the medical system, created by over-
specialization of medicine. My favorite doctor was Dr. Sanders from the University of Rochester Medical Center. His success in treating both the pathological and the psychosocial factors of my illness was not solely due to his compassion towards my personal experience. Rather, he succeeded because he recognized the systemic flaw with the treatment of the chronic experience. Instead, he coordinated what he liked to call a “team approach” to treatment. He referred me to and was in consistent contact with a physical therapist, a pain clinic, and a division of Strong Hospital known as Adolescent Medicine. Each of these resources were an essential part of my rehabilitation and were extensively involved in my illness and treatment. The Adolescent Medicine Division of Strong Hospital is “a team of healthcare providers who offer comprehensive medical and psychosocial care to adolescents, young adults and their families” (Adolescent Medicine 2010). They augmented my treatment by assigning a case manager specifically to me, who organized an individualized team of specialists, who not only responded to my illness and psychosocial needs but also served as a liaison between all my service providers.

My educational institution was also unique to the average chronically ill teen. The home instruction provided at Penfield High School was more flexible than other options, and allowed me to attend half of my classes and then be tutored at home for the classes I was missing. This made my transition back into high school a smooth one. With the help of my family and Adolescent Medicine, I narrowed my friend circle to my “true friends” who supported me through my illness and helped me make the social transition back to high school.

Other factors influenced the availability of these superior institutions. My demographic is suburban middle class; the school I attend is more economically fortunate than those of lower socioeconomic status and therefore was able to provide special services and accommodations to aid in my education. My family was also able to afford the medical bills, which included not only prescriptions and procedures, but also fees for Adolescent Medicine and other services not covered by insurance. My mom is a teacher in my high school; education is highly valued in my home and did not take a back seat during my illness. Her knowledge and resources in the educational field allowed for contact between home and school and advocacy for my education (since my counselor failed to facilitate the communication).

Conclusion

The psychosocial effects of my illness were not due to my incompetency to prevent my illness from affecting me, but were simply a result of my gender and age. As much as I would like to take ownership for all of my success throughout the duration of my illness, it is my research and analysis that proves otherwise. “Killing myself” was not an option. It was the medical and educational institutions provided by my socioeconomic status, as well my mother’s profession in education. My experiences during my chronic illness were rare and somewhat unique. Research conducted worldwide clearly identifies significant psychosocial factors at play during chronic illness in teens. Further, research in this area is necessary for the development of multidisciplinary services incorporating both the medical and psychosocial components of a
teen’s chronic illness. Through research and personal experiences, I have concluded that medical institutions that deliver comprehensive multidisciplinary treatment and educational institutions that provide personalized accommodations are imperative for the restoration of the patient’s psychosocial state prior to illness.

References


Economics

Syracuse University ECN 203 is an introduction to mainstream economic thought designed for students with a liberal arts interest. The goals of this course are to introduce students to the ideas that form the foundation of modern Western (neoclassical) economic thought, to examine the basic framework (the model) that economists have built on this foundation, and to show how this model is applied to current issues facing individuals and society. The course begins with a presentation of the scientific method, which is then used to analyze the question: How do individuals and societies make choices when they are faced with scarcity?

Of Boom and Bust: An Analysis of The Great Recession, Its Causes, & the Future of the Global Economy

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On a gray winter day in February 2004, Ben Bernanke – now chairman of the Federal Reserve – made famous the term “Great Moderation,” referring to the overall decrease in volatility of the American economy over the past two decades. As Alan Greenspan continued to enjoy the public’s praise as the maestro, the savior of the economy, it seemed that the business cycle had finally been tamed. Five years later, the United States Economy was in shambles. The Dow Jones industrial average was in a seemingly unshakable plunge, investors were heading for the hills, and unemployment and bankruptcy rates were rising to alarming levels. Today, as policymakers continue to fight for traction and consumers slowly emerge from their fallout shelters, the question remains: How did the Great Moderation decay so quickly into the largest economic downturn since the Great Depression?

The following essay will investigate the primary causes of the economic meltdown of 2008 by analyzing key policy and market developments under an economic lens. Furthermore, it will address America’s options in moving forward by reflecting on the measures already taken by monetary and fiscal policymakers in the United States and abroad. Lastly, it will delve into the outlook of the global macroeconomy. In particular, it will note the short term and long term implications of the dollar as the world reserve currency and postulate as to actions that could help avoid future economic calamity.

Because it was widely held that a decline in home values was the trigger to the economic meltdown, many were quick to search for scapegoats in the housing market. But when the dust settled, it became clear that there was some ulterior cause to this economic debacle. Sure, the recently nationalized mortgage institutions Fannie Mae and Freddie Mac had been overly lax
with lending standards, and in retrospect Alan Greenspan’s refusal to increase interest rates after they were slashed in 2001 seemed like a blatant disregard for the safety of the credit world. But how could one sour sector leave the entire Western world gasping for air? In unraveling the intricacies of the increasingly nebulous global financial system, it appears that the application of new (and often poorly understood) investment tools to the charging housing market established an inherently unstable network of risk assumption and maturity mismatches that left the financial world susceptible to the type of self-reinforcing bank runs that they believed to have solved. As the housing bubble began to deflate in the mid 2000s, our new-age financial system was exposed to extreme stress that eventually spilled over into the real economy, and the Great Recession was born.

Just as the tale of the American Revolution begins long before the first shots at Lexington, our investigation into the events of 2008 must begin with an inquiry concerning the factors that allowed the global financial system to become so devastatingly unstable. Ironically, one of the major developments leading to the aforementioned conditions was made years ago in Boca Raton – an area that would be amongst the most severely damaged by the real estate crash.

In 1994, a number of J.P. Morgan employees working offsite in Boca pioneered a product that would radically revamp the finance industry. Known as credit default swaps, these products were a means for banks to shed the risks associated with their loans by including a third party. The third party would insure against the risk of a loan default in return for periodic premiums, while the original lender would be free of the risk associated with its loans (Phillips n.pag.). These swaps fell under the umbrella category of derivatives, or financial instruments that derive their value from the value of another asset (Tett 277).

As a whole, the derivatives market had experienced feverish growth during the end of the 20th century (Phillips n.pag.). By evading regulation and providing the means for banks to either hedge against risk or make high-stakes bets on the future positions of markets, derivatives became the favored tools of new-age investors the world across. Although regulators were originally suspicious of the new investment instruments, lobbyists at J.P. Morgan and other major investment banks thwarted early attempts at oversight by convincing regulators that an unregulated derivatives market would translate to unparalleled efficiency in the financial sector (Tett 28). Later, the hastily created International Swaps and Derivatives Association succeeded in shelving no less than four congressional attempts to regulate the derivatives market by arguing that the actors in the derivative market had strong incentives to regulate themselves. Much of the momentum for these decisions was courtesy of the ideological movement based on the assumption that free markets are self-remedying (Tett 38-40). In time, these assumptions would prove to be incompatible with the new derivatives market.

Temporarily free of regulation, the derivative market would receive one final boost to send the market into overdrive. In August of 1996, the Federal Reserve released a statement suggesting that banks might be allowed to reduce their reserve levels by insuring against the
risk of default by employing credit derivatives (Tett 49). The risk of credit default had long been the bane of bankers – so long as there was a risk involved in loaning, banks would be required to maintain a certain level of capital on reserve, as opposed to using that capital to produce a higher level of revenue. Following the 1996 ruling, the derivative market took off. Banks industrialized the derivatives market by bundling credit default swaps and other types of debt into Collateralized Debt Obligations, or CDO (Krugman149). Each CDO was then sliced into various tranches, which featured a specific level of risk and a complementary level of reward, thus allowing investors to select the risk-reward package that best suited their interests (Tett 52-53). Senior tranches were low-risk and would receive payment first in the event of a massive default. Junior tranches would be the first to suffer losses during a default, but were compensated with higher premiums (Krugman 149-150). By overhauling their derivatives activities, banks were able to remove vast amounts of risk from their balance sheets by catering to the interest of those willing to assume the risk of default. Bankers believed that they had solved the fundamental problem of banking by creating a hyper-efficient system to distribute risk throughout the global financial system based on the relative abilities of banks to assume said risk, but several trends began to undermine the accuracy of their analysis.

First was the distorted incentive to assume risk during a period of economic boom. As the economy grew, bankers had a strong incentive to hoard unwanted risk and rake in mountains of premiums that were, at the time, free money. This distortion led to the concentration of risk as opposed to its dilution. Additionally, the market showed an inflated demand for high-risk debt as insurers demanded higher premiums. As bankers distilled loan packages to create ever-increasing returns on their financial instruments, they were left with piles of derivatives backed by ultra low-risk loans (Tett 61). It was difficult to find insurers for this “super senior” risk, as its insurance would pay only token premiums, so as banks increased their output of mortgage-backed derivatives, their balance sheets accumulated billions worth of super senior debt, creating a ticking time bomb that would eventually lead to massive losses (Tett 61).

Just as the derivatives market was revolutionizing the global financial system, another crucial economic development was underway. The house – the traditional asset for the middle-class family and the symbol of the American dream – became the center of speculative activity due to a combination of government actions and market forces. As many politicians rely on the mammoth middle class as a constituency, it is little surprise that housing has been the target of many government actions in the past several decades. During the 1980s, Congress acted to increase the availability of credit in the unusually high interest rate environment of the time. The Alternative Mortgage Transaction Parity Act of 1982 allowed the use of alternative means of payments like balloon payments and variable rate mortgages (“Alternative” n.pag.). Although this act helped to extend credit in the tight credit environment of the early 1980s, as the high interest rate environment disappeared, alternative payment practices remained legal, causing
both an overextension of credit and obscurity in the definition of mortgage payments that contributed to the wave of defaults in 2007 and 2008.

The misconceptions that surrounded the mortgage giants Fannie Mae and Freddie Mac are also relevant. Their government-sponsored position gave investors a false sense of security when analyzing the risks in mortgages made by these institutions (Geisst 382). This habit became truly dangerous as nonconforming or sub-prime mortgages entered the market. These mortgages did not strictly follow traditional lending considerations such as credit history, employment history, and sources of income. The implicit government backing of Fannie Mae allowed the sup-prime market to get off the ground before it became widespread during the early 21st century (Krugman 149). Consideration should also be given to the Tax Reform Act of 1986, which “allowed interest deductions on a primary residence as well as one additional home” (Pennington-Cross 38), and the Tax Relief Act of 1997, which extended the capital gains exclusion to new homes, giving investors added incentive to increase their activities in the housing market (“Recent” n.pag.). As the American economy hurtled towards the 21st century, this legislative upmanship created an environment perfect for rampant residential speculation. Moreover, when the dot-com bubble came to a spectacular end in 2001, the Federal Reserve slashed interest rates to prevent an economic slowdown (Krugman 151). Because the housing market was essentially unscathed through 2001, the change in interest rates acted to accelerate residential speculation.

As the housing market began its now infamous charge during the first part of the new millennium, investors applied derivatives to mortgages and home loans. The inherent risk of the sub-prime market produced the high premiums that insurers so tragically desired (Tett 95-96). As a result of the booming housing market and the low level of defaults, prudent financial institutions that paid high premiums to shed their risk were quickly left behind by those who hoarded debt and collected tidy profits (Tett 77). In this way, the financial system had suddenly shifted to create scenarios that favored the concentration of great amounts of risk. Worse yet, the mutations in the derivatives market set the foundation for systemic instabilities that were highly sensitive to market changes.

Most notably, the price signal was dangerously distorted in the derivatives market. Because most derivatives were not sold on a regulated exchange, as were most stocks and bonds, the quoted market price did not necessarily reflect the level of supply, demand, and risk in the market. Most institutions adopted the credit ratings assigned by the major rating institutions as a proxy price (Tett 132). CDO producers, however, had access to the models that rating agencies used to evaluate risk. This allowed financiers to tweak their products to yield a higher credit rating without sacrificing the attractive high-paying premiums (Tett 100). Additionally, the devices used to assign risk values for early corporate loan CDO had relied on prior corporate default waves to predict the interconnectedness of default risk in the debt packages. Because the housing market had been largely stable in recent decades, no data existed for what might hap-
pen in the event of a national housing market slump, further skewing the perceived risks involved in investing in housing derivatives (Tett 67). Without a price signal to effectively match supply and demand, and to adjust for perceived risks, the market was vulnerable to a consumer overreaction to sustained losses.

While the market distortions piled up, many banks blindly pushed their systems to the limit. In an effort to squeeze every last penny out of their newly liberated reserves, financers used cheap short term borrowing by structured investment vehicles (SIV) to fund the purchase of long term, high interest investments (Tett 98). Similar maturity mismatches were employed by auction rate securities, where the interest rate on a long-term bond is reset at regular intervals by means of Dutch auctions. Although investors in auction rate securities held bonds contracted for as long as 30 years, they saw the bonds as highly liquid because they could be sold to other investors at auction. Little did investors know, many banks propped up auctions by buying unwanted bonds in an effort to maintain the appearance of high liquidity (Pressman 1). Both systems, however lucrative, were sensitive to a loss in short term borrowing sources. And so the scene was set for a dramatic market correction. Unfortunately, few saw the potential for self-reinforcing cycles of de-leveraging, asset-devaluation, and decaying investor confidence that would transform this market correction into a full-fledged financial crisis.

As previously mentioned, the eventual deflation of housing prices was the trigger to this correction. Housing demand began to decline as early as 2005, but prices did not fall for some time. As phrased by Nobel Laureate and Princeton University Professor Paul Krugman: “…sellers don’t start cutting prices until it becomes painfully obvious that they aren’t going to get a full-price offer” (166). Thus the housing market continued to appear attractive through the middle of the decade. But as the delinquency rate on sub-prime mortgages began to rise in 2007, junior tranches took serious losses. The demand for sub-prime backed instruments evaporated in the face of these losses, further hurting housing demand in a vicious cycle (Krugman 168). As boom turned to bust and the derivatives market was put under stress, it became clear that many of the devices were quite overrated. The asymmetry of information in the financial system now worked against the major investment banks: ratings agencies were unsure of the level to which these assets had been overvalued. Nobody knew for sure if the market was indeed “overreacting” as the investment banks claimed, but investors were sufficiently fearful as to deflate the demand for mortgage-related derivatives (Tett 173). As demand dropped, so too did the market price of the debt bundles, forcing banks to write-down the value of their holdings in yet another self-reinforcing cycle.

Because many financial institutions sat atop mountains of super senior debt, even a tiny devaluation of these assets rattled Wall Street to its core. Among other reports that rang out in late 2007, Citigroup debt write-downs totaled $8 billion, Merrill Lynch lost $8.4 billion, and the Union Bank of Switzerland lost $13.4 billion. In the matter of 6 months, over $240 billion worth of super-senior-related write-downs ravaged the global financial system (Tett 203-207).
Suddenly banks saw their already thin capital cushions disappearing. No longer could banks afford the practice of propping up auction rate security markets. Within several months of the super senior write-downs, the auction rate security market was totally illiquid. As banks allowed auctions to fail, investors who thought they held cash-equivalent bonds suddenly found their money tangled up in decades-long agreements (Ryan 26). Furthermore, investors feared that the stockpiles of super-senior debt parked in structured investment vehicles could cause the vehicles to default and, as investor confidence fled, so too did the vehicle’s means of funding. As the SIV losses were piled upon the financial system’s already startling bill, banks began to reduce liquidity across the board, and lending costs skyrocketed (Tett 229).

Soon the credit freeze took hold of the “real” economy as ordinary firms found themselves without the means to obtain the capital necessary for day-to-day business. As per norm, these firms turned to cutting pay and decreasing their labor force as an emergency means of altering their cost structure. And as the American people felt the squeeze, the recession machine began to churn: demand for goods and services decreased, investment in the economy slowed to reflect the plunge in consumer confidence, and the Great Recession was born.

Quantifiably speaking, the collapse of the finance system in 2007 and 2008 caused the Dow Jones Industrial Average to fall over 7,600 points from a peak of 14,164 in October of 2007, to a 12-year low of 6,547 in March of 2009. The stock market crash was prompted mainly by a series of bank failures related to overexposure to super senior risk. The failure of Bear Stearns Co. in late 2007 prompted the market decline, and the failure of Fannie Mae, Freddie Mac, AIG, and Lehman Brothers within a two-week span during September of the following year convinced both investors and regulators that this crisis was legitimate, that there was indeed a housing bubble, and that the economic situation would get worse before it got better (Goldman).

The effects of credit-freeze related layoffs took a heavy toll on the American working class as unemployment increased from 4.7 percent in October of 2007 to 10.0 percent in October of 2009 (“Labor” n.pag.). As our model suggests, this increase in unemployment was not abrupt. Unemployment rates crept slowly upward as the loss of income caused the demand for consumer products to fall, leading to further job losses. With consumption tumbling, the gross domestic product (GDP), which measures the net value of new production in a nation during a given year (Evensky 296), began to fall.

Today the unemployment rate stands at roughly 8.6 percent, and estimates suggest that the United States GDP grew by 1.8 percent in 2011 led by 3.9 percent growth in manufacturing (“Economic” 184). Much of the credit for this turnaround goes to the operators at the Federal Reserve, who acted in coordination with other central banks around the world to inject liquidity into a frozen system to lower interest rates, to attempt to reduce borrowing costs, and to help reduce the impact of bankruptcies on the economy by mediating the private purchase, government assumption, or liquidation of failing institutions (Federal Reserve Bank of St. Louis 4-
In addition, President Barack Obama’s Stimulus Bill – which totaled 787 billion dollars in tax cuts, government works programs, and foreclosure rescue – effectively prevented the economy from collapsing into a state of total dissolution (“Obama” n.pag.).

But these figures paint a deceptively optimistic view of our current economic position. The actions carried out by the Federal Reserve and Congress were a de facto demand-side recovery strategy, which, as the figures above suggest, achieved some level of success. But the level of government debt due to inflated mandatory spending, the staunch Republican opposition to further spending or tax hikes for the wealthy, and the Federal Reserve’s inability to cut the federal funds rate any further effectively rules out the option of further demand-side stimulus. And given the nature of this recession, a supply-side stance would be highly irrational. Investment has stalled because investors are not confident that there is significant demand among the American consumers; increasing the amount of capital held by investors would not remedy this quandary. Although the American economy is growing again, it is arguably at its most vulnerable position in recent history. A serious external shock to the economy could bring about another recession, leaving the Government of this nation holding a set of economic tools that have outlived their usefulness. So what are our options? And how did America, the lone nation atop the global hegemony at the conclusion of the 20th century, find itself in such a predicament?

To address these inquiries, we will have to leave the world of finance, derivatives, consumer confidence, and bankruptcies and venture into the arena of global economics. In particular, we will see how the global system of currencies has brought this nation’s economy to its knees, and how a change in the status quo of the global reserve may be the solution to this country’s financial woes.

One might imagine that holding the world reserve currency would translate to great economic power. Indeed that is how many of the politicians at the 1944 United Nations Monetary and Financial Conference rationalized the adoption of the dollar as the international reserve. However, the nation that backs the world reserve currency is actually at a distinct economic disadvantage in the long run. Although this may seem paradoxical, it is clear when the idea of a world reserve currency backed by an individual nation is examined under a macroeconomic lens. Because the dollar is the reserve currency of the world, the global demand for the dollar is truly vast. This high demand keeps the market price of the dollar high, or, in other words, it pushes the dollar to an artificially high exchange rate with other currencies. This strong dollar contributes to a trade deficit as American exports are relatively expensive in foreign nations, and imports from around the world out compete American with products in domestic markets. Exporting nations then use this money to re-invest in US firms to avoid inflation in their markets. This cycle, like many we saw earlier, is self-reinforcing. Each year, as the US is forced to pay interest on loans to other nations, the trade deficit, or current account deficit, grows. As this happens, more foreign investment is siphoned into the United States. This
trend has changed the composition of the US GDP from relying on exports and interest on loans (as it did in the post WWII era), to relying on foreign investment. And as we tragically learned in 2008, an investment-heavy economy, while often fast-growing, is also much more susceptible to speculative crisis than is a more balanced economy. Worse yet, the global demand for the dollar effectively nullifies the American ability to depreciate our currency to aid national exports during a time of economic crisis. For most nations, the natural devaluation of the national currency can help to jump-start the economy in the event of a recession. But due to the integration of the US financial system with the global economy, such a phenomenon does not exist to aid the United States. Compounding America’s currency woes is the Eurozone crisis. The proliferation of sovereign debt crisis due to the contradicting needs of the many nations under the euro currency umbrella has weakened the prospects of the euro as an alternative to the dollar, thus driving investors back to the dollar in droves. This trend had rendered futile the Federal Reserve’s attempts at quantitative easing, or devaluing one’s currency to aid one’s exports (“QE” n.pag.). America is much like a microeconomic firm fighting a market price – an increase in the supply of dollars is largely ineffective in budging exchange rates, as foreign export-driven economies like China, Saudi Arabia, and Japan are much more willing to accept domestic inflation than they are to see the exchange rate tip to favor the United States.

At some point, however, the export-driven economies of the world must realize the long-term implications of their actions. If the US economy ultimately loses traction in its monetary policy and sees its fiscal policy disintegrate behind mountains of debt, the global economy may eventually abandon the dollar. If such an event were to occur without smooth transition, the economic calamity that would ensue would dwarf the events of the past five years. In many ways, the conundrum of the dollar as a world reserve parallels the housing bubble: players in the system must weigh short-term prospects against collective long-term implications. Already the International Monetary Fund has suggested the possibility of a basket of currencies taking the place of the dollar. Others have suggested that a basket of commodities – usually a combination of precious metals – could also serve the purpose of the world reserve (Rooney, n.pag.).

As we reflect on the recent economic downturn, it is apparent that a lack of oversight in a quickly-mutating financial world and the flawed assumption that deregulation would create an efficient, self-correcting market combined to create a system that concentrated risk and created the potential for vicious self-reinforcing cycles to wreak havoc on the American economy.

As we look to the future, regulators will be charged with the task of keeping up with the pace of economic innovation. These regulators must be always circumspect of the assumptions upon which models of the global economy are based, remembering that one flaw in an elemental assumption will be multiplied by billions of transactions worth trillions of dollars and has the potential to expose the entire globe to excessive risk. Additionally, we can view the Great Recession as a manifestation of the world’s adoption of the US dollar as the world reserve currency. Just as Milton Freidman championed the long-term stability implications of fiscal
policymaking even in the light of the apparent successes of short-term monetary policy, world leaders today must see past the short-term benefits of our current reserve system to the advantages of an alternative international reserve system. In adopting one of the postulated neutral international reserve options, we can take a step closer to achieving the sustainable macroeconomic growth and stability sought by economic policymakers the world across.

**Works Cited**


NSBD: The Not-So-Bad Depression

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Envision America.

We are a nation that was created from nothing: assembled from refugees of persecution, won in an impossible war, and governed by a radical Constitution. There is no American race, no homogeneous culture to bond us together, yet the melting pot (or, for the politically correct, the “tossed salad”) has time and time again produced generations of rugged individualists. Those who gave up their lives to make the trek across the Atlantic were the most determined of the bunch (Steingart n.pag.), and our culture reflects that. From our humble beginnings emerged the greatest superpower the world had ever seen, and so emerged the American Dream. For those of us willing to work hard are surely entitled to the best that opportunity and prosperity have to offer. We are, to the very core, a nation of irrepressible ambition and unchecked aspirations.

We have been known to overreach, exerting our global influence in regions best left alone as we take up the white man’s burden. Domestically, our individualistic philosophy makes our businesses perhaps more susceptible to the dangers of a loosely regulated free market. But while specific cases of corporate and individual greed may be the immediate cause of the global financial crisis, the true cause lies deep-rooted in our paradigm: America is no longer on top of the world (Steingart n.pag.). World War II was a freak accident that wiped out Europe and left the United States as the sole capitalist survivor; yet we Americans adopted this role as if it were our destiny. We peacefully colonized the world with our culture, “from the T-shirt and rock ‘n’ roll to e-mail” (Steingart n.pag.), and discovered we liked to be in charge. Adapting to the new reality of a global balance of power will not be easy.

The transition may have been inevitable, but it was spectacularly accelerated by the No-So-Bad Depression. Enter 2006.

In the preceding decade, the price level of American homes increased by 124% (“CSI” n.pag.). It was an undeniable bubble: in 2005, The Economist labeled “the worldwide rise in house prices... the biggest bubble in history,” and economists had predicted the bubble as early as 2002 (“In Come” n.pag.). Yet deny it the banks did. Alan Greenspan, then Chairman of the Federal Reserve, only admitted to “a little froth in the market” (Posner 89), and Ben Bernake, the current chairman of the Federal Reserve, denied entirely the existence of a bubble, attributing the increase in prices to fundamental changes to the housing industry (Posner 90). While
the benefit of hindsight makes bubbles easier to spot, even if the banks did recognize the bubble, it is not surprising that they chose to deny its existence. Banks, rationally, were resistant to transfer investments from mortgage-backed securities to lower-risk, lower-return assets lest they miss out on greater returns from the wave other banks were still riding. But by 2005 and 2006, national housing markets had “cooled” or “corrected” (“CSI” n.pag.)—the bubble had burst.

Yet over the same period (1997 to 2006), Britain’s housing prices increased by 194% and Spain’s by 180% (“CSI” n.pag.). So why was the U.S. economy so sharply affected? Clearly, in and of itself, the bubble would not have been detrimental. The real culprit was subprime lending (“CSI” n.pag.). Borrowers with risky credit ratings were allowed to take out unsafe mortgages, as banks aggressively lured in these borrowers through adjustable rate mortgages (“CSI” n.pag.). With the “promise” of rising house prices and lower teaser rates for the first few years, these borrowers easily took out mortgages they had no hope of paying back. These NINJA (No Income, No Job, or Assets) loans required absolutely no borrower verification, besides a credit rating (Conway n.pag.). Quite literally compounding the problem were the wide-ranging and relatively unregulated financial innovations. Mortgage-backed securities allowed subprime mortgages to be bundled with other assets and sold, disguised, to investors (Posner 37). Derivatives—any financial instrument whose value is derived from another asset (“Derivatives n.pag.”)—allowed investors to wager upon the future success (or failure) of a company. Collateralized debt obligations (CDOs) distributed risk by pooling assets that were later resold to investors in different tranches. Higher tranches were repaid sooner (and potentially insured), but lower tranches offered higher returns for the higher risk (Jarvis n.pag.). If the assets soured, the lower tranches might not be repaid. Throughout the decade, subprime mortgages composed an increasingly large percentage of CDOs (“CSI” n.pag.). Credit default swaps (CDSs) were often used to insure these mortgages many times over. Investors could purchase a CDS from a bank, paying monthly premiums that brought the banks huge profits (Clark n.pag.). If the mortgages defaulted, however, the bank had to compensate the investor the full face value of the loan.

The moment the housing bubble burst, the wave of defaults was unleashed. The straight costs of the defaults may have been manageable—foreclosure upon a well-constructed mortgage is often no loss at all (Posner 20). The homeowner’s down payment plus the revenue from the sale of the home will cover all costs, unless the home has significantly depreciated in value. But with the rapid collapse of housing prices, the homes had significantly decreased in value. Additionally, for a given default, the bank might now owe a dozen investors the value of the CDS—the very same banks paying out billions of dollars in bonuses the year prior (“CSI” n.pag.). The resulting evaporation of credit was astounding, and some of the largest banks on Wall Street soon found themselves completely insolvent. The leverage ratios at which the big
investment banks were operating left no room for error. At one point, the ratios were as high as 40 to 1—for every $40 in assets, there was only $1 to cover losses (FCIC xix).

The ensuing crisis highlighted the market’s inability (or unwillingness) to accurately price risk. “Properly” designed CDOs and mortgage-backed securities could be stamped as “AAA” (highest quality) by rating agencies, yet plummeted in value with the housing crisis. Who was to blame? In January 2011, the Financial Crisis Inquiry Commission concluded that “the three credit rating agencies were key enablers of the crisis” (xxv).

Why all the interest in subprime mortgages in the first place? Leading up to the crisis was a period of excess liquidity, a situation that would soon be turned on its head. The Federal Reserve depressed interest rates following the dot-com bust and the terrorist attacks of September 11, 2001 to keep the economy stable (FCIC xxvi). Domestic banks jumped at the chance to utilize the widely available credit, and international investors were eager to buy U.S. real estate assets. By many accounts, there was a global savings glut (Jones 5). Many developing nations, including Brazil, Mexico, Argentina, and many Asian nations switched from investment (through borrowing from developed nations) to saving, after a “series of financial crises in the 1990s” (Jones 5). Demand in the United States and other advanced economies for investment was high, and the United States housing market was a prime candidate due to its depth and sophistication (Krugman n.pag.). The capital inflows created an illusion of wealth, masking the problems beneath.

Any claim that this crisis was “unavoidable” is sorely misplaced. The near-meltdown of 2008 and the global recession that followed were forewarned by the housing bubble, the increases of subprime lending, and the expansion of unregulated derivatives markets and the deregulation of strictly-controlled markets. But a “culture of irresponsibility” had arisen:

Financial institutions made, bought, and sold mortgage securities they never examined, did not care to examine, or new to be defective; firms depended upon tens of billions of dollars of borrowing that had to be renewed each and every night, secured by subprime mortgages; and major firms and investors blindly relied on credit rating agencies as their arbiters of risk (FCIC xvii).

“What more could one expect on a highway where there were neither speed limits nor neatly painted lines?” asks the FCIC (xvii).

A brief timeline of the crisis is enlightening. In February 2007, the first signs of trouble were revealed. HSBC announced that “its bad debt provisions for 2006 [would] be 20% higher than expected—after problems in the US housing market” (“US Housing” n.pag.). Those provisions were estimated to total nearly $10.5 billion, as more and more HSBC’s mortgagors were unable to meet their payments. In June of that year, two Bear Sterns hedge funds, heavily invested in the subprime markets, almost entirely evaporated. By March 2008, Bear Stearns became insolvent (“Rescue” n.pag.). In a move backed by the United States government, JP Mor-
gan Chase acquired Bear Stearns “for less than the value of its New York City skyscraper,” and the Federal Reserve assumed nearly $30 billion in assets (“Economic Crisis” n.pag.). Until that September, economic analysts of the time had been hopeful that the crisis could be contained. In rapid succession, major financial institutions crumbled. Confidence waned in Fannie Mae and Freddie Mac, the giant government-sponsored enterprises (GSEs) responsible for much of the mortgage securitization, and their stocks plummeted. On September 7, the Treasury Department announced a federal take-over of the two GSEs (US Takes Over” n.pag.). Less than a week later, Lehman Brothers, the fourth-largest investment bank in America, filed for bankruptcy. The federal government refused to step in, and the collapse sent shock waves through the economy (“Top” n.pag.). Merrill Lynch, fearing a similar collapse, was quickly acquired by Bank of America (“Economic Crisis” n.pag.). On September 16, the American Insurance Group (AIG) teetered on the brink of collapse as the downgrading of its credit ratings caused a liquidity shortage. With $85 billion from the Fed, AIG stayed afloat, though consumer confidence in the financial sector was severely shaken (“Global” n.pag.). Two months later, the National Bureau of Economics announced the inevitable: the United States had been in recession since December of the prior year (“It’s Official” n.pag.).

It was clear to policymakers that ad-hoc bailouts and takeovers would not stop the recession. Fortunately, the federal government has two fronts on which to address a recession. The Federal Reserve, through monetary policy, can contract and expand the money supply, exerting upward or downward pressure on investment rates, respectively. Congress controls fiscal policy, the long-term government budgets and the short-term bailouts and stimulus plans.

The Federal Reserve has control over the federal funds rate, the interest rate at which banks can borrow from each other to cover overnight loans (“Federal” n.pag.). In August 2007, the Fed embarked upon an aggressive program to cut interest rates from 5.25% to the present levels of 0% to 0.25% (“Federal n.pag.). Banks are more eager to make loans when the Federal Funds Rate is low, as they can obtain overnight loans to meet their reserve requirements for almost no cost. Interest rates drop across the board, stimulating investment as businesses and individuals are able to take out loans much more cheaply.

Unfortunately, due to high levels of uncertainty remaining in the market, banks were still unwilling to lend (“Quantitative” n.pag.). Since the federal funds rate cannot be negative, the Fed turned to an “unconventional” program of monetary injection called “quantitative easing.” Pioneered by Japan’s central bank with moderate success, the central bank creates money to purchase financial assets, rather than the usual government bonds, to inject money into the economy (“Quantitative” n.pag.). Essentially, the government is printing money and distributing it across the country without the need for a printing press or helicopter. The additional capital exerts downward pressure on long-term interest rates, theoretically stimulating more investment than a decrease in the federal funds rate. Expansionary monetary policy also depreciates the dollar, strengthening our exports and weakening our imports and pushing us closer
to a favorable balance of trade. From September 2008 to March 2009, the Fed acquired $1.2 trillion of assets, mostly mortgage-backed securities and treasury notes (“Quantitative” n.pag.). Though intending to let the portfolio shrink (through mortgage payments and bond matur- 

ation), the economy’s recovery began to falter and unemployment remained high. In response, starting in November 2010, the Fed embarked upon a second round of quantitative easing, dubbed “QE2,” purchasing an additional $600 billion of treasury notes through mid-2011 (“Quantitative” n.pag.). Critics of the program argue that quantitative easing “sows seeds of future inflation” and only addresses shortages of liquidity, not aggregate demand (Posner 112). Regardless, quantitative easing visibly boosted the stock market, increased consumption, and eased credit, providing a much-needed boost to the American economy. Currently, the Fed has shifted an additional $400 billion to long-term Treasury securities in what could be viewed as QE3, citing a perpetually sluggish recovery and “strains in global financial markets” (“Fed Will” n.pag.).

On October 3, 2008, Congress passed the Emergency Economic Stabilization Act of 2008, initially proposed by then Treasury Secretary Henry Paulson (Jones 12). Intended to loosen credit and restore confidence in the financial sector, the legislation granted the Treasury nearly complete discretion in distributing $700 billion to buy toxic assets from the nation’s biggest banks. The Troubled Assets Relief Program (TARP) encompassed these activities. Although funds were earmarked for buying risky or toxic mortgage-backed securities, much of the $700 billion was provided to banks as pure capital injections with little stipulations. Initially, the bill was opposed by many lawmakers, and the public questioned why taxpayer money was being used to bail out irresponsible companies (Posner 118). Ultimately, however, the program saved us from complete meltdown, despite its shortcomings in oversight.

Earlier that year, Congress had passed the Economic Stimulus Act of 2008 to boost the economy and stave off a recession. Tax rebates of $300 per person were provided, and companies were given tax incentives through an increased limit on the depreciation deductible. Though the bill was too little, too late to prevent a recession, it did increase consumption spending by 3.5% (“Economic Crisis” n.pag.). In the same vein, President Obama pushed for the American Recovery and Reinvestment Act (ARRA) of 2009 immediately after taking office. ARRA was a comprehensive program designed to “stimulate aggregate demand in the economy through the creation of new jobs, spurring economic activity and investment in long-term growth, and unprecedented levels of accountability and transparency in government spending” (“Recovery” n.pag.). The programs included a $250 billion tax cut, mostly for the middle class, and over $500 billion in government spending on unemployment insurance, healthcare, infrastructure, and state or local aid (“Recovery” n.pag.). The result was a remarkably effective stimulus package—perceived shortages are a result of mistaken public opinion and the fact that the stimulus bill was only a third to a half of the size it needed to be. In the first year, it is estimated to have reduced unemployment by 0.8 to 1.7 percentage points (Elmendorf n.pag.). Effects
were still being felt last year, as it increased real GDP growth from baseline estimates by 0.3 to 1.9%, and reduced unemployment by 0.2 to 1.3 percentage points (Elemendorf n.pag.). The bill is expected to further increase GDP and reduce unemployment in the coming year (Elmendorf n.pag.). Though the stimulus package actually causes a slight reduction in GDP past 2014 (due to crowding out from government lending), the bill prevented the recession from being much worse. By June 2009, the National Bureau of Economic Research declared the recession to be over, and a slow but painful recovery started (United States Bureau n.pag.).

As 2011 draws to a close, we have reason to be optimistic. Gross domestic product (GDP) growth is promising, consumption is strong, house prices may soon be on the rise again, and household finances are reducing debt. Unemployment remains stubbornly high, but it has seen moderate decreases over the year.

After a weak first quarter of 2011, second and third quarter increases in GDP growth indicate that the economy may be headed for long-term stable growth. While Q1 saw only a 0.4 percent increase, growth was 1.3% in Q2 and 1.8% by Q3 (Bureau n.pag.). This indicates that the “dip” many economists warned could backslide into a second recession was successfully avoided. The target GDP growth rate is 3%, which allows job creation to keep pace with demand for labor (“Economic Crisis” n.pag.). Forecasts for 2012 predict an initial slump, with a strong recovery in the second half of the year (“US Economic” n.pag.). Regardless, a 2% annual growth rate is only a moderately paced recovery, and will not bring Americans the relief from the recession many are hoping for.

Consumer confidence appears to have returned, and holiday retail sales were stronger than last year (“US Retail” n.pag.). The Fed reports that many districts have described sales as “brisk” and “robust” (Federal Reserve n.pag.). Consumer electronics, jewelry, and automobiles sold particularly well. As consumption makes up more than two-thirds of the United States GDP, increases in consumer spending are essential to stimulating growth. Increases in aggregate demand (consumption) drive increases in aggregate supply, which causes an upward spiral in which companies hire more workers, who then have more money to spend. Forecasts for 2012 indicate that consumer spending is expected to remain strong, and critical industries like electronics are expected to see double-digit gains worldwide (“US Retail” n.pag.).

The housing market has likely reached bottom. Wall Street has predicted that the sector will see gains this year, and hedge funds have begun investment (Brennan n.pag.). In 2011, homes saw only a 2.1% drop in price—a huge improvement over the double-digit drops of prior years. The Goldman Sachs Home Data Index (HDI) Market Report indicates that 0.2% gains are expected for the upcoming year (Panchuk, n.pag.). After a decade of wildly changing housing prices, a slightly-inclined plateau is a welcome relief. Additionally, the expansion of consumption and drop in unemployment will fuel home sales, which will help desaturate the market of existing foreclosures.
The Bureau of Labor Statistics monthly employment report indicates that unemployment continued its downward trend to 8.5% in December 2011, down 0.6 percentage points since August (United States Bureau n.pag.). After peaks of upwards of 10 percent in 2009, the drop represents millions of workers who have found jobs. Unfortunately, the pure unemployment rate underestimates the problem (Foroohar, n.pag.). Many workers are underemployed, working part-time jobs when they would prefer to be working full time. The underemployment rate is still high, at 18.1%, but down from 19% at the beginning of the year. The number of long-term unemployed—those unemployed for at least 27 weeks—has remained essentially constant at 5.6 million, indicating that new jobs in many fields simply aren’t being created. However, these modest gains suggest “cautious optimism” according to the Gallup poll ("US Economy” n.pag.). Indeed, in December 2011 alone, the United States created 200,000 new jobs ("US Economy” n.pag.). If that monthly rate continues, we would create over 20 million jobs by 2020.

The Not-So-Bad Depression has been the deepest and longest since the Great Depression (Brown 144). While in most twentieth-century recessions, the United States “soars out of recession” (Brown 145), the bounce-back of American employment has been relatively sluggish. Shifting from pre-recession levels of debt and consumption to the remaining post-recession uncertainty has left the United States with an abnormally high unemployment rate (Bloomberg n.pag.). In recession cycles from 1948 to 1981, pre-recession unemployment rates returned within six months of the GDP reaching pre-recession levels (McKinsey 3). But in the last two decades, employment recovery has taken progressively longer, lasting 15 months after the recession of 1990 and 39 months after the recession of 2001. For the current recession, employment recovery is estimated to take 60 months, a full five years (McKinsey 4). To return to full employment by 2020, we need 21 million new jobs. Only the most optimistic estimates show the United States achieving this goal (McKinsey 5).

This is the greatest challenge for America: to reduce unemployment to the natural rate. But America’s production sectors have fallen by the wayside as a result of globalization (Steingart n.pag.). China and other Asian powers now dominate the low-end routine production markets. Where America still excels, though, is in “knowledge-intensive global industries” (Brown 145). Medical equipment, pharmaceuticals, software, engineering, high-tech, and especially inventions and research are markets still dominated by United States’ exports (Brown 145). And there is incredible wealth to be had. Much of the value is added in America; the iPod, for example, produces $150 of revenue for the California-based Apple but only $4 for the Chinese assembly plants (Brown 146). And non-exportable industries, including construction, health care, leisure, business services, and retail, will forever remain in the United States. We need to refocus our education on these non-exportable sectors.

The recession is over. Hope has returned to the United States economy. Banks are reinvesting, retailers enjoyed a strong holiday season, consumers are spending. Growth may slump
in the first two quarters of this year, but will return at the highest post-recession levels by the beginning of 2013 (Tilton 2). By the end of the year, the growth rate will be close to the magic 3% needed to keep pace with population growth. The growing Eurozone crisis poses a threat to stability (Tilton 2), but Europe will weather the storm just as we have, and any shocks will not be severe enough to throw us back into recession.

On one condition, however. We must choose a leader in the upcoming presidential election who opposes premature austerity. Though politics have generally been avoided in this analysis, President Obama’s views are more consistent with generally accepted economic theories. Premature austerity must be avoided; we cannot decrease government spending at such a crucial time. Fiscal spending was an approximately one percent drag in 2011, and expiration of the temporary stimulus packages in this year will cause further drops. Imagine the harm cuts in spending could bring. But if we can continue our current level of government spending, with targeted monetary policy and additional quantitative easing as necessary, the United States will reach full employment by 2020. The federal deficit is secondary; a strong economy will remedy itself.

But we have not addressed the systemic dangers of our financial sector. The message of the recession was “rescue,” not “fix.” Our banks remain largely unregulated, and post-recession measures hardly approach the strategic regulations that allowed for the longest continuous growth of the 1990s. While fear of another meltdown may prevent risky lending in the near future, corporate greed is mitigated only by government policies. The Not-So-Bad Depression proves that the financial industry cannot regulate itself; scheming investors will develop increasingly complex instruments to transfer risk out of their limited field of view. In this regard, our near-miss with disaster has hurt us. The Great Depression caused change because it was the worst economic crisis the modern world had seen; only in such dire straits did we implement the “socialist” policies that numbed recessions for the rest of the century.

Additionally, in the coming years, America must contend with its own un-Americanization. Following the 1970s oil shocks, the incomes of the top one percent have tripled, while the bottom 90 percent have barely seen their incomes double (Brown 146). America, known for its large middle class, is seeing its income distribution become further and further skewed towards the wealthy. To maintain consumption, the middle class has had to increase borrowing dramatically—a clear “fault line” in the economy (Brown 147). While the baby-boomers were raised in an era of easily available, well-paying routine manufacturing jobs, the next generation requires a four-year college degree for the same level of success. We need to redistribute the wealth—though not in those ugly words—to bring back the middle-class responsible for the productivity and wealth of the two decades following World War II. America can survive the changing world, but not if the top 10 percent owns 80 percent of the wealth. Growth is impossible if the average American does not see the gains.

So what can we do? To summarize:
1. Maintain government spending (to reach pre-recession levels by 2020).
2. Re-regulate the financial industry.
3. Grow employment by refocusing education and training on available jobs.
4. Redistribute wealth.

The first goal promotes short-term financial stability, the second ensures long-term stability. The third promotes short-term competitiveness in the globalizing job market, while the fourth ensures long-term survival of the American mentality—not that America is destined to rule the world, but that America is a nation where rugged individualism prevails. There is hope for the first goal in any scenario, and hope for the second depending upon the outcome of this year’s presidential election. Whether we can meet the third and fourth goals depends upon whether we can redefine our paradigm.

We are no longer the world’s sole superpower, and we will need to learn to contend with rapidly developing powers to exert our influence on the world. There is no shame in accepting second place, to occasionally taking the backseat in global affairs. We are a nation of irrepressible ambition and unchecked aspirations; the American spirit will forever lead the world in innovation.

Works Cited


Making Something Out of Nothing: The Great Recession & America’s Financial Meltdown

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In his 1994 speech to the National Association of Realtors President William Clinton preached that, “More Americans should own their own homes, for reasons that are economic and tangible, and reasons that are emotional and intangible, but go to the heart of what it means to harbor, to nourish, to expand the American Dream.” His goal was to raise homeownership to 70% across the United States by 2000 by making home mortgages a more affordable and simplified process. He planned to do this through the expansion of what he called “creative financing” on the part of the financial industry (Morgenson 1). At the time, the rising disparity of incomes in America was becoming increasingly visible to the public eye. In response, politicians yearned for a “solution” or, rather, any sort of distraction from existing income inequality to maintain public support and achieve their ultimate goal of re-election.

This distraction came with Clinton’s credit expansion plan to increase homeownership and spur consumption. Credit essentially pushes up home prices, making households feel wealthier and more willing to spend money, despite the reality of stagnating incomes (Rajan 47). In effect, Clinton’s perpetuation of this classic American tenet only maintained the illusionary reality that is the American Dream. Through the financial sector’s intense lobbying for various Supreme Court cases and legislative bills to “support the goals of homeownership,” all previous regulatory rules were pushed aside. Banks began to sell millions of low/middle-class Americans champagne lifestyles on a beer budget. Although Clinton’s plan started with the best of intentions, it soon was led awry by the inherent corporate greed and political corruption of the Washington-Wall Street corridor. A complex financial network of securitization, massive extension of credit, and predatory lending practices ensued and resulted in the creation of the largest housing bubble in American history. Millions of Americans were acquiring homes they would never be able to afford because anyone was eligible for a mortgage. From 1996 to 2006, real home prices effectively doubled (Inside Job). However, America viewed this speculative boom through rose-colored glasses. Americans forgot that, in life, there is “no such thing as a free lunch,” as they assumed the plausibility of high returns without any associated risk, a natural result of 21st century financial innovation. They failed to realize these risks were only being passed on for someone else to foot the bill in the future. All this consumption was being funded
with money that did not actually exist. And inevitably, like any bubble, the time came for it to burst. That time was 2008.

With the housing bubble’s burst came the worst economic crisis seen since the Great Depression. Though the financial collapse of 2008 was felt worldwide, it began in the United States. Despite allegations that the “Great Recession” officially ended in June 2009, the economic repercussions of this crisis are unfortunately still felt today, as our economy remains stagnant with lingering unemployment and many sectors that continue to see no tangible recovery. Meanwhile, our legislative branch continues to act as if the crisis was solved long ago by some other governing body, opting instead to spend their time incessantly arguing about the “allegedly urgent issue of reducing the budget deficit” (Krugman n.pag.). It is a well-accepted belief that the road to global economic recovery in an increasingly interdependent world cannot begin until the source of the crisis fixes itself. The United States must undergo massive policy restructuring to put a stop to the political corruption that is the Washington-Wall Street corridor. The US needs to successfully impose the much-needed regulations of the financial sector in order to avoid future crises. The US must also examine its priorities as to where its loyalties should truly lie: with the majority of the American people, not the 1% on Wall Street.

The financial sector boom started in the Reagan years and grew alongside the deregulatory policies of President Clinton and the latter President Bush (Johnson 134). A common denominator across all these presidencies, Alan Greenspan, happens to exemplify the historical influence Wall Street has exerted on corrupting Washington politics. For example, investment bank Morgan Keegan paid Greenspan to publish a fraudulent report for its investors, saying the company’s actions had no foreseeable risk during the Savings & Loans crisis of the 1980s (Inside Job). And how does Greenspan get punished for his dishonesty? With his appointment to Chairman of the Federal Reserve in 1987, America’s most important instrument of monetary policy, under four consecutive presidents (Inside Job). However, Greenspan is not alone. Henry Paulson was appointed by G.W. Bush to be Secretary of the Treasury. Prior to assuming that position, he also happened to be the highest paid CEO on Wall Street working for Goldman Sachs (Inside Job).

However, the political corruption of the Washington-Wall Street corridor was not always so blatant. It was often more subtly buried in various legislative bills and court decisions. For example, the Gramm-Leach Bliley Act of 1999, effectively overturning the last of the Depression-age Glass-Steagall Act’s regulations. This cleared the way for the financial sector to incur huge mergers of different types of banks into a few gigantic, full-service financial supermarkets (Inside Job). With the formation of these financial supermarkets came the reassurance that big banks meant big monopoly power, and a guaranteed bailout if any sort of risk taking were to implode. These mega-banks were too big to fail. Additionally, the Supreme Court decision in Buckley v. Valeo ruled that money spent to influence elections is a form of constitutionally protected free speech (Fredenburg n.pag.). Later, the Supreme Court ruled in Citizens
United v. Federal Election Commission that the First Amendment to the constitution also bans limits on independent spending for political purposes by corporations and unions. Corporations and unions were supposedly regarded as “people” (Fredenburg n.pag.). Both of these cases opened new avenues for the corporate financial sector to leverage its influence. Since corporations were now considered “people,” who also happened to have huge amounts of money or, rather, “speech,” it comes as no surprise that corporate lobbyists’ voices were amongst the loudest heard in Washington.

Upon President Clinton’s appeal for “creative financing measures” to increase homeownership came the creation of derivatives and the implementation of the securitization “food chain” (Inside Job). The movement began with government affiliated mortgage agencies Fannie Mae and Freddie Mac. These two organizations, under the 1992 Federal Housing Enterprise Safety and Soundness Act, were to promote homeownership for low-income, minority groups by meeting government imposed quotas for funding allocation toward low-income housing projects (Rajan 63). Soon after, the private sector followed with the understanding that they too would have the government’s backing in these endeavors. Previously, loans were made carefully and only involved the homeowner (the borrower) and the lender. However, with the invention of complex derivatives called collateralized debt obligations (CDOs), that chain became increasingly convoluted and risky (Inside Job). Theoretically, the loans previously given to lenders were to be passed on to investment banks, who then combined the mortgages into a diversified loan package with car, student, and credit card debt loans, to be later sold to their investors (Inside Job). CDOs essential diversified structure was intended to spread risk or reward out so they would ultimately offset each other. However, in practice, the CDOs of the early 2000s were predominantly mortgage based, meaning any benefits of diversification were now completely void (Morgenson 12). In effect, “creative financing” was just an illusion. The banks were creating a bubble by packaging and selling debt. No one had to loan real money; instead, they could loan non-existent money.

Derivatives constituted a hugely unregulated market. In 1998 Brooksley Born was appointed to oversee this market. She recognized the inherent dangers of CDOs and attempted to regulate them. Greenspan and the Fed condemned her efforts as, “taking unnecessary actions since [CDOs] were already privately regulated by professionals.” Additionally, Greenspan added fuel to the fire by lowering the Fed’s interest rates. This stimulated more consumer borrowing and only increased the indebtedness of the American people (Rajan 92). After the intense lobbying efforts of Wall Street, the Commodity Futures Modernization Act of 2000 was passed and effectively banned any regulation of the derivatives market (Inside Job). James A. Johnson, a top executive at Fannie Mae, was instrumental to the industry’s deregulatory policies. He used lobbying money, campaign contributions, and threat of failure to meet affordable housing quotas to loosen/ignore existing regulations on the derivatives market. Any politician who objected was obviously “an anti-housing elitist and an enemy of the American Dream” (Morgen-
CDO investments were immensely popular for many reasons. In fact, $1.4 trillion of CDOs were issued from 2004 to 2007 (Inside Job). Because of the massive demand for real estate created by the government, CDOs promised investors high yields (Rajan 76). Thanks to CDOs, the number of mortgage loans administered in the United States quadrupled from 2000 to 2003 (Inside Job). Investment companies retracted to CDOs because they could inconspicuously package subprime mortgage loans that carried high interest rates because of their high associated risks. Additionally, “NINJA loans”—loans issued to people with no income, no job, and no assets—made up a large component of CDOs (Rajan 7). As a result of the increase in predatory lending, justified as “promoting homeownership,” banks could consequently earn higher profits when the subprime loans inevitably failed (Johnson 110). In fact, lenders often took no precautions of ensuring borrowers were sufficiently capable of paying back their loans. Some lenders even falsified incomes on loan applications to make them “approvable,” and thus susceptible to predatory lending practices (Morgenson 143).

Corporate executives were able to receive huge bonuses during the bubble. During 2005 to 2006, the peak of the housing bubble, Lehman Brothers was the top underwriter of subprime loans. In these two years, Richard Fuld, Lehman’s CEO, earned $485 million in bonuses (Inside Job). Subprime lending increased from roughly $30 billion per year to $600 billion per year in less than a decade (Inside Job). Meanwhile, Wall Street became immensely wealthy. In 2006 more than 40% of all the S&P 500 firms’ profits came from financial institutions (Inside Job). The Wall Street-Washington corridor surfaced once again when David McCormick, Bush’s Under-Secretary of the Treasury, issued a statement saying the administration would not support any legal controls on capping executive pay in the financial sector (Inside Job). The government continued to remain compliant as Wall Street executives got rich at the expense of the American public.

The general public, both domestic and abroad, also liked CDO investments, especially for retirement funds. Two-thirds of the CDOs were given AAA ratings from reputable rating agencies like Standard and Poor, Fitch, and Moody’s, implying they were as safe as government securities (Inside Job). Foreign investment in Fannie and Freddie, despite their risky practices, also increased for a similar reason: their apparent government affiliations (Rajan 34). The large amounts of foreign money pouring into these subprime loans only added to their perceived legitimacy and reinforced the idea that the US was experiencing an economic boom (Rajan 36). However, these immense global capital flows came without any corresponding extension of regulations (Krugman 189). Throughout the duration of the housing bubble, AAA ratings went from just a handful in 2000 to multiple thousands by 2007 (Inside Job). These investments, however, do not actually represent a real increase in the quality of investments. Allegedly, independent rating agencies endorsed CDOs for one simple reason: giving them high ratings
meant huge profits for their companies. For example, Moody’s tripled its profits between 2000 and 2007 (Inside Job). Investment banks were paying off the rating agencies to rate knowingly “crap securities” highly in order to maintain their own profitable gains. In addition to the monetary incentives of compliance, rating agencies were lax in exercising quality control on their ratings administered as a result of the rapidly expanding government created demand for mortgage loans (Rajan 104). It seemed to be a win-win situation for everyone, except for the unsuspecting investors who misplaced their trust in these firms.

Even companies that seemed completely outside the realm of investment banks and home mortgages got drawn into the securitization food chain. American International Group (AIG), the world’s largest insurance company, was a major player. AIG began selling huge quantities of derivatives called credit default swaps, which were a sort of insurance policy for investors owning CDOs that would pay out if the CDO went bad. The major problem came into play when speculators could also purchase these swaps from AIG to bet against CDOs that they didn’t own and get paid when these CDOs failed. Therefore, multiple people could insure a single CDO, increasing the ultimate number of losses. By selling these loans over and over again, each participant could pass on his/her accountability as the risk was spread across a greater number of participants (Morgenson 147). Like other derivatives, the credit default swaps were completely unregulated. During the bubble, AIG issued over $500 billion in credit default swaps, many of which were backed by subprime mortgages packaged into CDOs (Inside Job). AIG gained huge profits from premiums for insuring the CDOs but, rather than using this money to pay for potential losses, it paid its executives huge bonuses. AIG bonuses totaled over $3.5 billion (Inside Job). Major financial firms, like Goldman Sachs, also began betting against the toxic CDOs they sold by purchasing these swaps from AIG. Goldman began specifically designing CDOs in which the more money the borrower lost, the higher the gains for Goldman Sachs (Inside Job). Firms were making huge cash bonuses with virtually no penalties for future losses, further encouraging risk-taking practices (Rajan 90).

Wall Street also managed to corrupt another major American institution: academia. There was a huge conflict of interest in this sector as the practice of “academic experts for hire” was increasingly prevalent. Many deans, college presidents, and professors of economics/business were on company boards of major financial corporations at some point in time, and their loyalties remained. Others were explicitly paid off by the financial sector to portray its activities in a positive light. Not surprisingly, these academics were active deregulationists and few warned about crisis or wrote of dangers in the derivatives market. The academic world also employed major political influence on the deregulation movement in Washington, as they were viewed as the brightest experts in America’s economic world (Inside Job).

Derivatives were not the only risky and unethical practice investment banks engaged in during the housing bubble. Investment banks were borrowing heavily in the short term to buy more loans to create more CDOs. The ratio of a bank’s borrowed money to actual money held
is leverage. Leverage was limited by the government until 2004, when the Securities and Exchange Commission (SEC) rescinded those limits. Banks’ degree of leverage grew to ridiculously disproportionate levels as high as 33:1 (Inside Job). Other companies created “No Income/No Asset Documentation Programs” in which the company would lend a borrower 95% of a property’s value (Morgenson 192). Other lenders allowed customers to borrow as much as 99.3% the price of their home. In April 2003, Maxine Waters, a Democrat representative from California, introduced the “American Dream Down Payment Initiative.” This piece of legislation requested the housing finance industry simply eliminate financing down payments altogether, deeming them “burdensome and unnecessary” (Morgenson 192). All of these measures meant that buyers had no real money invested in their house, despite the rising apparent price value of the property itself. This ensured that practically anyone who bought their house during the peak bubble years would end up with a negative equity—a mortgage worth more than the house itself—making these people prime candidates for default and foreclosure (Krugman 169).

All the while, the SEC conducted no major investigations of investment banks during the bubble, and displayed extreme weakness in regulatory enforcement. In fact, the SEC enforcement division, Office of Risk Management, had its staff cut from 146 people to 1 (Inside Job). At the same time, the government continued to vehemently deny the existence of the housing bubble. Johnathan McCarthy and Richard Peach, heads of the Federal Reserve Bank of New York, responded to the allegations of the bubble saying, “a close analysis of the US housing market in recent years, however, finds little basis for such concerns. The marked upturn in home prices is largely attributable to strong market fundamentals” (Morgenson 219).

From 2004 to 2006, the Fed began to raise interest rates from 1% to 5.35% (Inside Job). This caused a massive blow to the credit industry, as fewer people were willing to borrow if it involved high interest rates. The securitization food chain eventually imploded and the market for CDOs collapsed, leaving thousands of lenders and major investment banks holding billions of dollars in loans, CDOs, and real estate that they were unable to sell. All these subprime loans’ associated risk was now their responsibility, unable to be passed on, and they were neither properly prepared nor equipped to handle this reality. As a result, major investment banks and other firms involved were left bankrupt and in need of federal bailouts funded by taxpayer dollars. The AIG bailout alone cost American taxpayers over $150 billion. However, Bear Stearns was still rated AA a month before its bankruptcy. Lehman Brothers and AIG remained AA within days of their failures. Both Fannie Mae and Freddie Mac were still rated AAA when they were taken over by the government in Summer 2008 (Inside Job).

The financial collapse exposed the reality that was housing bubble of highly inflated property values. Real housing prices around the world dropped an average of 35.5%. Some countries, like Finland and the Philippines, experienced real estate drops as high as 50-60% of their previous market value (Reinhart 227). Home foreclosures reached 6 million by early 2010
Since credit was rapidly constricted, private business investment was cut off and loans were no longer available to fund middle class consumption (Rossi 24). This caused a huge shrinkage in the demand for many jobs associated with the real estate, construction, and home maintenance. Unemployment inevitably followed. Within 8 months of 2008, 1.1 million jobs were lost. Unemployment, during the bubble at 4.9%, rose to 10.2% in October 2009 (Johnson 182). This rise in unemployment left workers with massive amounts of debt and the need to cut their spending. This led to a ripple effect of further layoffs in a variety of consumer-driven industries that could not maintain sufficient revenues to cover their expenses (Rossi 25). This sudden drop in consumer spending had global implications. It affected foreign countries like China and Germany, whose GDPs relied on export industries. Global trade plunged approximately 11% in 2009 (Homan 44). Chinese manufacturing saw sales plummet, and 10,000 Chinese workers lost their jobs (Inside Job). It also affected countries like Germany and Japan, whose financial institutions sought attractive returns and pursued investment in the US sub-prime market that were more profitable than domestic real estate (Reinhart 242). Additionally, both Iceland and other European countries had followed the US financial sector’s model to create real estate bubbles of their own. They too ran huge current account deficits to fuel the credit/asset price boom (Reinhart 244). Both the drop in private investment and the sudden halt in consumption were massive blows to the US GDP. The GDP is estimated to have dropped more than 6% just from the onset of the crisis up until May 2009 (Whitney 72). Meanwhile, upon his inauguration, President Obama directed his energies on pushing his nationalized health care agenda.

It is estimated by the International Monetary Fund (IMF) that the world economy shrank by 1.3% in 2009. In the recession’s aftermath, advanced economies shrank by up to 3.8% (Homan 40). More than 14 million Americans suddenly became jobless and millions more continue to be stuck with part-time work or work that fails to optimize their available skill set. If measured more broadly to include “marginally attached workers,” those who gave up looking for jobs or had to accept part time work, unemployment rates reached as high as 15.6% in 2009 (Sustar 96). Conditions in Europe are no better, with countries like Spain nearing unemployment rates of 21% (Krugman n.pag.). “Tent cities,” the modern day versions of the Depression-era “Hoovervilles,” are popping up across the country as thousands of people are de-jobbed and their homes are foreclosed. Previously employed middle-class Americans now find themselves homeless alongside the likes of crack addicts and the mentally ill (Burkeman 36). For the first time in history, Americans were less prosperous and less educated than their parents had been (Inside Job).

In 2009, unemployment peaked, but employee compensation and bonuses on Wall Street continued to rise. The senior executives who had driven their companies into bankruptcy walked away with their fortunes wholly in tact due to insider trading and last minute stock dumps. Many CEOs were not even fired for their contribution to the industry’s collapse, rather,
they were forced to resign with millions in severance pay or placed at lower positions that still paid exorbitant salaries (*Inside Job*). After the financial collapse of 2008, financial lobbyists worked harder than ever to fight the impending reform on their industry. In the first nine months of 2009, financial services spent over $344 million lobbying in Washington (Johnson 192). In the aftermath of the crisis, the G20 international organization called on its members to implement strict regulations on banking practices and compensation. President Obama largely ignored this plea. As of late 2010, not a single senior financial executive had been prosecuted criminally for securities and accounting fraud. In fact, there was no criminal action or investigation whatsoever. Nor had there been any attempts to recover executive compensations (*Inside Job*). Perhaps it is no surprise that Obama’s chief economic advisor is Larry Summers. Summers, a close affiliate of Goldman Sachs, has made billions managing hedge funds, and he is far from alone among members on Obama’s economic advisory board (Sustar 98). After the financial collapse, William C. Dudley, former CEO of Goldman Sachs, was appointed as governor of the NY Federal Reserve (*Inside Job*). Clearly, despite the magnitude of the international economic crisis, the Washington-Wall Street corridor remains widely open for business.

In the immediate aftermath of the financial collapse, the Fed implemented an aggressive monetary policy to provide liquidity to the financial system by lowering interest rates to near 0% in hopes of boosting investment (Obama 60). The government propped up many of the institutions previously involved in the securitization food chain by absorbing banks’ toxic assets through a series of bailouts. The government also provided bailouts to the American auto manufacturers, Chrysler and General Motors, in an effort to save jobs in a failing industry. Congress passed a stimulus package providing extended unemployment benefits and continued health coverage to those who were recently de-jobbed. The stimulus also included provisions for tax cuts to 95% of working families in attempts to revive consumer demand and it attempted to unlock markets for loans in order to ease the credit crunch underway (Obama 59-68). Modest attempts were made towards regulating the financial sector such as Basel 2.5 and the Dodd-Frank Act (Rossenthal 141). However, these attempts were insufficient. *The Economist* estimates that these firms will still be able to do about only 90% of what they did before (Soul n.pag.).

The government’s stimulus package was largely ineffective. The tax cuts did not revive consumer demand nor did they aid growth in the economy, seeing as a $400/worker income tax credit amounts to less than $8/week. When one considers the huge debt burden placed upon the average American, it comes as no surprise that this extra income was saved, rather than spent (Ferrara 86). Also the stimulus was too small, constituting only 1% of the US GDP. This figure should have been closer to 4% if one was to expect any significant signs of recovery (Krugman 187). Additionally, Obama promised to create new rules for Wall Street operations that would “reward drive and innovation” (Obama 68). This claim sounds strikingly similar to
another Democratic president’s plea for creativity on Wall Street only 15 years earlier—the exact plea that allowed this economic crisis to materialize in the first place.

Lately, consensus among politicians seems to be that there is not much to be done about the lost potential due to jobs lost during the recession. For example, the Organization for Economic Cooperation and Development (OECD), an intergovernmental think-tank, claims, “the room for macroeconomic policies to address these complex challenges is largely exhausted” (Krugman n.pag.). Politicians are abdicating their responsibility to the people, seeing as they’d much rather return to discussion of the pre-recession issues of austerity and the “urgency” of the federal deficit, while largely ignoring unemployment and the immediate needs of the American people (Krugman n.pag.). According to a recent CBS News/NY Times poll, 53% of the American public named jobs as the most important problem facing the country; only 7% named the federal deficit (Krugman n.pag.). Thus, politicians’ actions reflect neither public opinion nor market pressures, seeing as interest rates on US debt remain at a record low level (Krugman n.pag.).

Currently, consumers and businesses are on the way to recovery through the process of deleveraging, or paying down debts accumulated during the bubble. However, the recovery is still at the mercy of politicians in the US and Europe who are capable of making bad decisions that could unnecessarily prolong the Great Recession (Ip 45). In 2009, the expansion of the federal deficit absorbed the contractionary pressure of private deleveraging. State and local job cuts have only added to unemployment, and the weak federal stimulus is waning its support. Sequestration will occur in 2012 as a result of failure of the US “Super Committee” to reach a compromise. This could potentially wipe out 2% of the US GDP, pushing any economic growth back to zero or even into the negatives (Ip 45). Not only will starving the IRS of critical federal revenue not improve things, it will also prolong the Great Recession much like the premature fiscal contractionary policies of 1937 prolonged the Great Depression (Krugman n.pag.). The implications of this recession are much greater than pure economics.

In 2012, the West will no longer be a template for the nations of Eastern Europe like Turkey, Georgia, Ukraine, and Poland, as these countries will begin look for support elsewhere. Slowed growth, indecisive partisan politicians plagued with gridlock, weak leadership, and diminishing global influence all have effectively corroded the prestige of Western Democracies in the developing world (Lucas 92). The continued global recession also poses a threat to democratic values already in place in multiple nations. We have fallen into the “not as bad” trap which can prove disastrous. High unemployment isn’t justified simply because it hasn’t reached the severity of Depression era levels, nor are ominous political trends dismissible just because it’s not Hitler Round II (Krugman n.pag.). November 2011 poll results from the European Bank for Reconstruction and Development showed a sharp drop in public support for democracies, especially in countries where the recession hit hardest. Right wing Neo-Nazi affiliated populists are neck-and-neck in the polls with the incumbents in Austria. The highly anti-
immigrant “True Finns” Party has shown strong electoral support in Finland. Hungary’s major party “Jobbik” is extremely reminiscent of the Nazis in its anti-gypsy and anti-Semitic beliefs. Jobbik’s dictatorial leader, Fidesz, is increasing his power by creating an authoritarian state with compromised judicial independence and a state-run media (Krugman n.pag.). These nations could provide a model for so many other economically depressed European nations, and could have disastrous implications for the European Union.

China is also far along the path to causing a similar global economic crisis. Recent GDP growth has relied on a construction boom fueled by rising real estate prices and an expansion of credit from unregulated, underground “shadow banks.” Since consumption only accounts for about 35% of the Chinese GDP and consumer demand is weak, investment picks up the slack in GDP growth. However, the real estate bubble and expansion of firms into the construction industry have accounted for the overwhelming majority of that investment. Property prices have risen up to 50% in some Chinese cities. All this means that when China’s unsustainable bubble inevitably bursts, its export industry will greatly suffer. This will cause immense damage to an already weakened global economy unable to withstand another shock of this magnitude (Krugman n.pag.).

Through the financial crisis of 2008 and the Great Recession, Americans learned the harsh reality that the United States is far from indestructible. Americans learned that the nature of the globalized world means the markets’ interconnections share not only their benefits, but also their failures. It’s time for Wall Street to start taking responsibility for its actions that led to the crisis, and for the government to create adequate regulations and reforms to prevent any such crisis from occurring in the future. The US needs to overturn ridiculous Supreme Court decisions declaring corporations as people and money as free speech in order to finally close the Washington-Wall Street corridor for good. Glass Steagall, or a similar law more appropriate to the modern world, should be re-enacted to subject the financial industry to size limitations to reduce the need for government bailouts in case of failure (Johnson 140). Rules governing the revolving door between the government and the private sector must be redefined. Regulation of the financial sector and its associates, both domestically and internationally, must be implemented to prevent future excessive risk taking. Corporations must become more transparent and must absorb more of the risk within the firms themselves to increase incentive for prudent behavior (Baily 169). No private financial firm should be accepted as having the protection of the government. Mortgage enterprises like Fannie and Freddie should come under direct government operation (Baily 172). Lastly, this country needs to acknowledge the fact that rising income inequality and the use of homeownership as a short-term fix to America’s economic problems created this crisis. If we are to prevent any future crises, it is vital that this problem be addressed. America needs to improve the quality of its human capital (Rajan 186). America must invest in education to end the perpetuation of the cycle of poverty. Existing government programs like “Head Start” and “No Child Left Behind” are just the beginning of this
process (Rajan 186). Through a series of government-instituted educational reforms, improvement of financial aid for higher education, and on-the job training programs, America can improve its quality of human capital. This would consequently narrow the gap between socioeconomic classes and prevent any future economic crises. An educated, highly skilled workforce could actually raise the American standard of living through real income increases this time around, rather than riding a speculative real estate bubble just waiting to burst.

**Works Cited**


Psychology

Syracuse University Psychology 205 is an innovative course that provides instruction in the fundamental topics in psychology in addition to providing a degree of freedom for students to pursue individual topics of interest. The primary goals of the course include providing students with information regarding major areas of psychology such as learning, memory, cognition, development, personality, and social psychology. Students learn the basic principles, concepts, and research findings in psychology and become acquainted with psychological research methods and procedures while attempting to conduct and document research.

The Effects of Imagery Paired with a Mnemonic Device on Memory in Sixth Grade Students

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Abstract

The current study was conducted on a group of sixth grade students to see the effects of mental imagery paired with a mnemonic device on memory recall. Prior research had found favorable results for the use of mental imagery on memory, but was limited in the area of children subjects. The hypothesis was that a significant improvement in test scores would be found when mental imagery was used on the second test. Given a list of ten words paired with number in random order, the students took two separate tests in which they were asked to recall the words with the correct number. They were either instructed to use imagery on the second test (the experimental group) or were simply given the test twice (the control group). The results showed significant improvement in test scores among the experimental group, indicating that mental imagery is a useful tool in memory recall, even for students as young as the sixth grade.

The use of mental imagery in facilitating memory encoding is anything but a new idea. Much research has been done to test the effects of such methods on memory recall. Additional factors can be paired with mental imagery to further look for advantages in recall, such as paired-associate learning, where two items are presented together in an attempt to create richer encoding when asked to recall the items at a later time. Word pairs can be both unrelated and randomly paired or have a meaningful connection that would assist in recall. In the current study, a mnemonic device was used to create a meaningful association between a word and a number, which was further used to create mental imagery, in theory creating an easier way to encode the information and recall it at a later time.
The mnemonic device used in this study to facilitate recall has been previously tested on college students (Bugleski, Kidd & Segmen, 1968). A list of ten words that rhymed with the numbers one through ten was provided (bun, shoe, tree, door, hive, sticks, heaven, gate, wine, and hen) and learned by the subjects. These rhyming words were used in creating mental images. For example, if one and dog were to be remembered together, the subjects were instructed to visualize a dog and a bun, the corresponding rhyming word with one. The results of this study yielded significantly higher recall for those subjects instructed in using the mnemonic device. The findings in this study are consistent with further findings that imagery facilitates memory on explicit tests (McCauley, Eskes & Moscovitch, 1996), where subjects were older adults and college students.

Although many variations of such studies exist, the research done on younger children is not as plentiful, leaving the question of how effective such methods would be outside the realm of college students. In previous studies, 8-year-old subjects were taught to create mental pictures after reading a passage, which would later be helpful in answering reading comprehension questions (Pressley, 1976). The limitation of the children seemed to be that imagery would have to be created after reading the passage, not while reading, but beyond this stipulation, significantly higher scores were evident in the experimental group. Additionally, Levin and Kaplan (1972) found that when given word pairs or picture pairs, sixth grade subjects could more readily recall picture pairs and were further aided in recall if they were taught to use mental imagery with such pairs. It has even been shown through research that significantly higher recall in subjects with Down’s syndrome was possible when using mental imagery versus the use of other strategies of recall, such as repetition (de la Iglesia, Buceta & Campos, 2004). This research suggests that the effective use of mental imagery can transcend beyond college-level subjects and be useful for a range of different subjects in facilitating memory as well.

In the current study, sixth grade students were used in order to see how much improvement could be made in recall when a mnemonic device (the same as mentioned earlier, except for the use of line for number nine instead of wine) paired with mental imagery instructions were used versus how well they recalled a list when no such instructions were given. The hypothesis for this study is that students will show a significant improvement from test one to test two if taught for test two to use mental imagery paired with a mnemonic device, while only minor, insignificant improvements will be made by the subjects who simply take the task twice, with no further instructions on the second test. These findings would be consistent with previous research and further show the reach of mental imagery to younger subjects.

Method

Participants

The participants included 58 sixth grade students, ranging in age from 11 to 12. Originally 29 students were assigned to both the experimental and control group, although one stu-
dent failed to complete the test in the experimental group. The students were randomly assigned, as they were from various homerooms, where no basis of academic ability determines such placement.

Materials

The materials used in this experiment included two lists of ten words used for the first and second test. The same two lists were given to both the experimental and control groups. Both lists contained a similar array of word length, and all the words were concrete, as to not compromise the difficulty to visualize the words with abstract words. Each student was given an informed consent form that informed them that their test was anonymous and their participation was voluntary. Additionally, each student was given an answer sheet to fill out upon completing each of the two tests. These sheets had instructions for the students that were also given verbally. In the experimental group, each student was given a sheet containing the mnemonic device (one is a bun, two is a shoe, etc.) to use during the second test due to the time constraint limiting the ability to teach the students the device.

Procedure

The students were first separated into two classrooms, one the experimental group, one the control group. They were asked to read and sign a consent form, as well as provide their birthday. Then they were given instructions as to the memory task. They were told that a list of ten words would be read to them, each word paired with a number one through ten in random order. They were told that upon completion of the test, they would be asked to write down all the words they remembered, including both those that they remembered paired with the correct number and those that they remembered without the number it was paired with (they had already been given sheets with the two columns and instructions on how to fill it out). After taking any questions from the students, the first test was administered. Approximately six seconds were given between each word (an average based on a previous study by Bugelski and Kidd (1968) who found that between four and eight seconds allowed for enough time to create a mental image). After the list was completed, the students filled out the first of the two sheets. They were given as much time as they needed to complete the list. The control group was then given the same test a second time, the only difference being a new list of ten words and number pairs were given. The experimental group was first given instructions on how to visualize a word. Examples were given and any questions were answered. Then the students were given a copy of the mnemonic device. It was then explained to them how to use the list to create a mental image paired with the number’s corresponding rhyming word. An example was given and after any further questions were answered, they were given the test again with the second list of ten words. Upon completing the test, the students in this group were reminded to go back through the mnemonic device and try to see the pictures in their head that they had visualized. This marked the completion of the experiment. The tests were collected and the students were dismissed.
Results

The scores for each test were based on a scale of twenty total possible points. Each word paired with the correct number was given two points, while each word with no corresponding number was given one point. No points were taken off for incorrect words. Both tests were scored and the averages were calculated. The experimental group scored an average of 8.61 on the first test, scores ranging from 0 to 14 points (see figure one). The control group scored slightly higher on the first test, averaging 9.1, with scores ranging between 1 and 16 points (see figure two). On the second test, the experimental group scored an average of 14.68, a notable improvement from their first scores, ranging from 5 to 20 points. The control group had a notably lower score on the second test, dropping to an average of 7.93, with test scores ranging from 3 to 11 points. Additional calculations were made as to the average improvement in scores between test one and test two. The experimental group participants improved their scores by an average of 6.10 points, while the control group participants actually lowered their scores by an average of 1.06 points (see figure three).

Discussion

The results of this study would serve to further indicate that mental imagery can be a useful tool for memory recall and encoding, transcending to grade-school-level students as well. Just as predicted, there was a significant improvement in the ability of the subjects to recall the word pairs when mental imagery was used with a mnemonic device. This supports the previous research and expands on the limited data pertaining to children.

These results have helpful implications for a school setting. Beyond simple memorization, creating meaningful associations between a term and a picture could be a key element in helping students with both vocabulary and conceptual problems. If they are able to better encode information when a picture has been formed, a definition or a teacher’s explanation could suddenly become much more than simply words on a paper. A word could enact the visualization of the concept and memorization becomes less tedious. As shown in this study, when students were left with their own methods to recall a list of words, perhaps using repetition or other methods of encoding, it was much harder to sort out the words and numbers in a meaningful way that they could later recall. When imagery was added, suddenly they were provided with a way to organize the clutter of random words and numbers, allowing for easier recall upon completing the test. Further research could be done in a classroom environment to test imagery in a more useful application.

The confounding variable of natural improvement through simply taking the test twice was eliminated in this study by comparing the experimental improvement to that of a control. It is interesting to note that not only was the experimental improvement much higher than that of the control, but the control participants actually decreased their average on the second test. This may have been caused by a lack of focus after the first test or a difficulty sorting out what
words were from the first or second test since they were given so close together. The lack of a similar effect in the experimental group may be due to the longer period of time between tests (due to having to teach the subjects how to use mental imagery), giving the subjects both a distraction and additional time to “forget” the first list of words, making it easier to recall the second list. Further research should be conducted to see if the time between tests was a factor in the final test scores.

It would also be pertinent to further test whether it would have been more beneficial to have had the experimental group learn the mnemonic device prior to the experiment. Although this would take longer to test, it would be interesting to see how having the mnemonic in front of you affected how well you scored on the test versus if you had already learned the mnemonic prior to taking the second test.

Although the results reflected positively on the use of mental imagery, there are elements of the experiment that should be improved if future replication is made to maximize the accuracy of the test results. First of all, it would be most beneficial to test the students individually, especially those in the experimental group. This would allow the experimenter to better perceive how well the subject understands the task, and would promote the subject to ask more questions if confused. If this is not capable of being done, it should be further stressed to remain quiet and focused on the task at hand. In the experimental group, the subjects began to giggle when making mental pictures, of which they found quite humorous, and some of their classmates became more focused on laughing along with their classmates than focusing on creating the mental images. This may have lowered their test scores significantly.

Additionally, as noted before, it would be best that the students in the experimental group had, at the very least, seen the mnemonic device prior to administering the second test. This would help to further eliminate any confusion. Furthermore, the test should be replicated on even younger students to create a wider generalization of how far the reach of imagery can extend. It would be interesting to see at what age this method of encoding begins to facilitate memory recall in students.

References


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Avg: 8.61       Avg: 14.68      Avg: 6.10
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Avg: 9.1  Avg: 7.93  Avg: -1.06
Figure 3: Average Scores on Memory Test for Control and Experimental Group

### Average Scores on Memory Test

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#### One is a bun
- Two is a shoe
- Three is a tree
- Four is a door
- Five is a hive
- Six is sticks
- Seven is heaven
- Eight is a gate
- Nine is a line
- Ten is a hen

#### 2 paper
- 6 mohawk
- 10 fire
- 9 fish
- 1 brush
- 4 cup
- 3 apple
- 2 cow
- 7 goose
- 10 headband
- 5 tie
- 8 bubble
- 8 leaf
- 3 finger
- 4 flag
- 1 hair
- 9 toothpaste
- 7 pizza
- 6 water
- 5 button
Informed Consent

In this study, we will ask you to perform two memory tasks. We will read you a list of words and ask you to remember this list after we are done with the experiment. You will do this twice. Our goal is to see how well we can improve your memory using different methods of encoding (this means storing things in your memory). Your test will be anonymous (meaning your name will not be on the test – we will not know who took the test).

You can choose to stop participating at any time.

I have read the statement above and agree to participate in this study. I understand that my efforts on this study will remain anonymous. I have not received outside information about this study from my classmates previous to participation in the study.

________________________________________   ____________________________________________
Signature                                       Date

________________________________________
Name printed                                   Date of Birth
Please fill in any words you remember with the correct number. If you do not remember the number, write it in the second column

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About Syracuse University Project Advance

Syracuse University Project Advance (SUPA) is a cooperative partnership linking Syracuse University (SU) with secondary schools. Through this partnership, high schools can offer qualified seniors the opportunity to enroll in genuine SU courses for college credit. Teachers who have qualified through SUPA as SU adjunct instructors teach concurrent enrollment college courses in high schools during the school day. Launched in 1974, SUPA is now a community of more than 200 schools across six states and abroad, enrolling approximately 8,000 students every year.