

Main Street Vs Wall Street

Can the global crisis of capitalism correct a system that no longer works as it should?

Sudipto Mundle

Aneesa, a young friend squatting in Wall Street, had just come home to freshen up and cook herself a meal. It was Diwali, so she called India to greet family and friends. After exchanging greetings, we proceeded to discuss conditions on the street, the aspirations of those occupying Wall Street, how they were organised, and so on.

From Tahrir Square to Ramlila Ground to Wall Street a remarkable wave of political movements has swept across the world during the past year. It reminds me of a similar wave of political movements in the late 1960s: May 1968 in Paris, the flower power movement, the first Naxalite movement in India, Che Guevara-led movements in Latin America, revolts in Africa, radical terrorist movements in Europe, Japan and the US and, of course, Vietnam.

However, there are important differences between that wave and this one. Most of the late 1960s' movements, in one way or another, got dragged into the geopolitics of the Cold War. That is now gone. Those movements, except flower power, were all violent. The movements of the present wave are all peaceful, except when aggressive state repression has forced them into a violent posture, as in Libya. Also, the present movements are all driven by young people. Is it merely a coincidence that political movements sometimes come in waves, are they responses to

high unemployment at the bottom of a severe business cycle, or are they organically linked by some deeper historical causality? That is a question best left to historians.

Meanwhile, let us return to Wall Street. For nearly two months now, protesters have been occupying Wall Street. Their protests have resonated across other cities in the US as well as the United Kingdom, mainland Europe, Japan and even Australia. The different strands of this inclusive but inchoate movement are not harmonised, and sometimes they are even contradictory in their priorities. But, as Aneesa puts it, they are fundamentally unified

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in their anger against the extreme iniquities of capitalism.

The public in these countries has always known that the two grand pillars of capitalism, namely the market economy and a liberal democratic polity, are tilted in favour of the rich. All are equal, but some are more equal than others. Nevertheless, so long as most people had a fair chance to earn a decent living and live in a relatively free



Loud and clear, but is anyone listening?

and liberal society, the iniquities of the system were accepted, except by the left. The financial crisis of 2008 and its aftermath have changed that. With unemployment at over 20% in many countries, including a staggering 46% in Spain, the implicit social contract has broken down. It is no longer just the Left but the mainstream of civil society that is questioning the legitimacy of capitalism. Wall Street is now being challenged by Main Street.

The public is enraged that the system indulged the greed and gambling instincts of a small financial elite to a point that it threw the entire global economy in turmoil, robbing millions of people of their livelihood. Most of these greedy, cheating, gamblers have now gone scot-free, bailed out along with their in-

credible salaries and bonuses, at the cost of the taxpayer. As a popular slogan on Wall Street puts it, the rich, greedy and guilty 1% were taken care of at the cost of the remaining 99%. That became the tipping point.

But will the movement sustain itself to achieve any effective results? According to Aneesa, the movement has so far been sustained by blue- and white-collar workers' unions, including AFL-CIO, Teamsters, her own nurses union, etc, as well as faith-based organisations like churches, community organisations, and many others. So far the movement lacks a cohesive leadership, in particular the moral authority of a charismatic leader that has often driven peaceful political movements: Mahatma Gandhi, Nelson Mandela, Martin Luther King Jr, Desmond

Tutu, and Anna Hazare back in India in our own times. However, that alone is not a recipe for failure. After all, Tahrir Square did not have such a leader either. Internet and social networking – Facebook, Twitter etc – were its defining characteristics.

The movement also lacks a charter of specific demands. It is difficult to envisage how a movement can sustain itself without a concrete, actionable agenda. Reportedly, attempts are underway to hammer out such an agenda. That agenda will need to focus on fixing a fundamental flaw at the core of the US financial system. There is outrageous moral hazard in the absence of effective regulation or penalties against the reckless behaviour of banks that are so big that their failure poses systemic risk. They have to be bailed out if failed investments threaten their survival because their failure would risk a breakdown of the entire financial system. In plain language, it amounts to a game of 'heads I win, tails you (taxpayers) lose'.

Such moral hazard is no longer an aberration at the margin of the capitalist system, but an essential element of its core. So far, the banks have resisted effective reform. Will the Wall Street movement be able to overcome such resistance and push through the required reforms, or will Wall Street prevail over Main Street? That is the question.

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