
Jeffrey Sachs: Occupy Wall Street and the Demand for Economic Justice

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Around the world, young people – students, workers, and the unemployed – are bringing their grievances to the public square. The specific grievances differ across the countries, yet the animating demands are the same: democracy and economic justice. These demands will bring millions around the [world together in protest](#) and public education on October 15.

The young people occupying Wall Street and now protesting in several dozen American cities are not a «mob,» the ugly deprecation thrown at them by Congressman Eric Cantor. They are channeling sentiments felt very widely throughout the country, indeed the world. Their defining message, «We are the 99 percent,» draws attention to the way that the rich at the very top have run away with the prize in recent years, leaving the rest of society to wallow in wage cuts, unemployment, foreclosures, unaffordable tuition and health bills, and for the unluckiest, outright poverty.

It's not just the vast wealth at the top that they are questioning, but how that wealth was earned and how it's being used. Around 1980, the forces of globalization began to create a worldwide marketplace connected by finance, production, and technology. With globalization came new opportunities for vast wealth accumulation. Those with higher education and financial capital have generally prospered; those without higher education and financial capital have found themselves facing much tougher job competition with lower-paid workers half way around the world.

Yet these market forces, powerful as they are, have been only a part of the story. Politics has played a powerful role. In some countries, like the social democracies of Northern Europe (notably Germany, the Netherlands, Denmark, Norway, Sweden, and Finland), government policies have ensured that all parts of society can benefit from the new globalization. In others, notably including the United States, politics have amplified the surge in power and wealth of the new financial elite.

In the early 1980s, President Ronald Reagan greatly amplified the pressures of inequality by attacking unions, slashing top tax rates, and deregulating financial markets, just as globalization was beginning to pressure the poor and middle class. Backed by Washington, CEOs began to help themselves to stock options and compensation packages unimaginable in the past, equal to hundreds of times the pay of their employees. U.S. companies increasingly parked their international earnings in the Cayman Islands and other tax havens, with the knowledge and even connivance of the IRS. With politicians dependent on the corporations and CEOs to fund their campaigns, the forces of inequality unleashed by globalization and amplified by Reagan, have been left almost wholly unattended by the nation's politicians ever since.

We know what happens when greed feeds greed. Wall Street lost its scruples, if not its basic commonsense. Our marquee firms – Goldman Sachs, Merrill Lynch, Citigroup, JP Morgan, AIG, Countrywide Financial, and others – not only acted rapaciously but fraudulently, in an epidemic of corporate corruption. Yet many of the CEOs until today have not accepted responsibility or paid a price. Still they are guests at the White House state dinners, and their senior

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colleagues are the «bundlers» of mega-campaign contributions for 2012.

The sense of injustice, in short, is not just about the unfairness of a small part of society living in unimaginable wealth while so much of the rest of society lives in economic desperation. It's not just about the top 12,000 American households with more income than the poorest 24 million households. It's about the degradation of politics that turns wealth into power through campaign financing, lobbying, and the revolving door of business and government.

Vast inequality and the accompanying sense of injustice explain why the protests have also exploded in Chile and Israel, two countries doing rather well in economic growth and employment. Chile, Israel, and the United States are three of the five most unequal economies of the high-income world, together with Mexico and Turkey. As in the U.S., a small proportion of households in both Chile and Israel control an enormous proportion of the economy.

Protests come to the streets when the normal political channels are blocked. In Tunisia and Egypt, the blockage was the most severe: long-standing authoritarian rulers and their families keeping a tight grip on power (with the foreign policy support of the U.S. it should be mentioned). In the U.S. the blockage is vastly more remediable but insidious nonetheless. Americans elected a President promising change, but since the President and Congress fund their campaigns from Wall Street, Big Oil, and the health insurance industry, the change is unimpressive.

The survey evidence is overwhelming that Washington responds to rich constituencies rather than to the median voter, much less to the poor. And Congress itself is disproportionately wealthy – [almost half](#) of members are millionaires. According to the opinion surveys, Americans by a strong majority want to raise taxes on the rich, end the wars, and protect

the social outlays. Yet corporate lobbying mangles this clear call from the public. We end up with extended tax cuts for the rich, open-ended war, and agreements between the White House and Congress to gut civilian budget outlays in the coming decade.

No, Mr. Cantor, this is not a mob. These are America's young people, soon to be the nation's leaders, and they are telling us something about Washington's corruption, cronyism, and chronic mismanagement of the economy. With the exception of a few voices along with Warren Buffett, many of America's rich on Wall Street and beyond remain smug, self-satisfied, and intent on holding on to every last dollar of their vast fortunes.

America has rescued itself from undemocratic wealth twice before – when the Gilded Age of the late 19th century was overtaken by the Progressive Era of the early 20th century, and when Hoover's economics and the Great Depression gave way to the New Deal in the 1930s, and then decades of economic prosperity that built a large middle class. The process of American renewal has begun anew.

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No doubt many reasonable Americans will view Obama as the lesser evil come election time, and for some that will prove compelling. But I take the dreary choices to be one akin to a form of slow torture. Better to support the Occupy Wall Street protests as an inspiring alternative.



[James Napoli: Tea Party Launches *Occupy Skid Row* Movement](#)

Police in riot gear descended upon one Occupy Skid Row faction in Portland Oregon's Old Town Chinatown when protesters insisted upon knocking the ladles out of the hands of volunteers who were attempting to dole out meals at a soup kitchen.

