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Editorial

Where Will Change Come From?

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In a recent editorial in the *New York Times* (New York Times Editorial, 2012), rising income inequality and the unbalanced debt burden are identified as the reason our economy is struggling, and why (by implication), unless this situation is remedied, austerity measures are destined to fail. Clearly, this revelation does not come as news to an Occupy Movement that, if nothing else was accomplished (and we can argue there are other important outcomes), raised in the minds of most people the questions of who has and who does not have wealth, how is this inequity fueled, and what can we do to address this severely unequal income distribution. While some bumper stickers report a 425:1 ratio of average CEO to average worker salary, recent research does provide a sobering picture of 325:1 in 2010[1] (almost returning to the pre-2008 meltdown level of 344:1, see Anderson et al., 2011: 3). Before this movement began, the main topic of political discussions and water cooler conversations focused on two questions: How large was the deficit? What must we do to eradicate our debt? Now, a majority of the people in this country agree that inequality is a major, if not the main, problem to be addressed and rectified. But, as a friend in California writes me, if the editorial board of the *New York Times* now says ending income inequality is long overdue then 'the system' must truly be scared.

The IMF report did not go unnoticed in the press when it first was released (see Harkinson, 2011; Plumer, 2011). Indeed, even the *New York Times* had an article on the subject (Porter, 2011) in which the political indifference to this inequality was called into question. Perhaps, as the general argument goes, unequal income provides incentives for most to work harder as they aspire to higher economic levels of income and consumption. But this extreme inequality poses more of a barrier than an opportunity, because it blocks the ability of most to improve their situation. Berg and Ostry (2011) point out that across many societies the higher the national level of income inequality the shorter the period of sustained growth, and posit that the US economy will experience a similar drag on its recovery because of the extreme gap between the 1 percent and the 99 percent (see also Kumhof et al., 2012). So again, why this editorial and why now?

Perhaps the answer can be found in the rising level of unrest and public demonstrations against austerity measures across Europe. The 2012 elections in France and Greece offer us some insight as their electorate soundly rejected the parties of austerity. At the same time, many blame the economic plight on 'outsiders' or others 'undermining' the foundations of their society. These sentiments were captured by the gains made both by leftist parties and by neo-fascist or extreme right wing parties in France and Greece appealing to xenophobia and anti-immigrant feelings among the growing numbers of unemployed and dispossessed. In the US, the Tea Party traffics in the same rhetoric of 'America for Americans' and ironically issues calls for austerity programs that will not harm their own members, leading to the ironic demands that the US Government keep hands off their Social Security and Medicare, or the complete disconnect when in interviews people proclaim that they only received Food Stamps and Welfare to sustain themselves, but no one gave them a

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helping hand; see the special issue on the Tea Party in *Critical Sociology*, 2012, 38(4). It would seem an austerity program that is designed to cut back on social services through shrinking the government, scaling back taxes at the very top, and protecting the financial position of banks and corporations does not sit well with the public. The result was the toppling of the ruling governments in France and Greece much as the Dutch party of austerity was tossed out by the voters earlier.

Which leaves us with the basic question – where or how will change occur? We might look at the *New York Times* editorial as a faintly disguised call for another FDR (F. D. Roosevelt) type of administration trying to borrow and tax itself out of the box their policies have built around them. For many years we have seen how austerity advocates have hammered at the public sector; public sector workers remain the most unionized and consequently the most demonized in this social drama. But FDR expanded government services and employment, mobilized social resources through redistributive programs (and to some degree borrowing from the wealthy), and worked to blunt strong anti-capitalist and working-class movements emerging out of the Great Depression by fueling growth. The emergent Keynesian post-war policies relying on government spending informed subsequent administrations in this country, and for much of a recovering Europe, to manage the cycles of crisis and decline in order to sustain economic growth through the late 1970s (see Wolff, 2012). But by then, as Berg and Ostry (2011) rightly noted, debt fueled consumer spending and the appropriation of productivity gains by the top created the foundation of the growth crisis of the turn of the 21st century. That culminated in the economic debacle we call the Housing and Banking collapse of 2008.

This latest economic crisis was met with large bail-outs of banks and corporations financed by heavy borrowing from other countries (soon to have their own problems, threatening to bring this house of cards down). As the debt reached unsustainable levels governments turned on their citizens (or on the citizens of other countries), imposing severe austerity measures designed to reduce or eliminate the social safety net in order to fund the repayment of debts and close deficits. These are not new policies and have been in place outside of the major industrial nations for some time, most recently under the guise of Neoliberalism. Much as recent events in Europe and the opposition of the Occupy Movement points to growing unrest and dissatisfaction, there are political movements in Latin America that have long resisted these sorts of policies (Petras and Veltmeyer, 2006). The level of resistance to Neoliberalism in Latin America is rising (Dello Buono, 2011), and Argentina seems to be following Iceland's path of repudiating the international banks and refusing to impose austerity on its population (along the way removing the government wanting to follow the path of austerity and pain).

So we return to the initial question: Where will change come from? While some hold out hope for the ability of unions to mobilize into a radical political force around the world (Upchurch and Mathers, 2012), the truth is that the union movement in the US has suffered a constant series of defeats and union membership is very low. They are more effective when organizing locally around specific issues (as evidenced by the recent electoral victory in Ohio and the recall drive of Wisconsin's governor – both were union-led in opposition to anti-union and anti-worker administrations), but will unions have the ability to sustain the kind of left–union coalition that scared capitalists and drove FDR's agenda? Who, then, can spearhead an oppositional movement (Cleveland, 2004)? Perhaps the tide is turning just a bit, perhaps there is a growing repertoire of oppositional possibilities, perhaps events in Europe's latest round of elections and the growing awareness of conditions in the US will all point to a small but concerted anti-austerity movement. We assail the ravages of globalization, but perhaps we should also look to a proverbial silver lining as resistance and opposition in one part of the global capitalist world can reverberate to other parts, and the

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mechanisms of real change may yet appear on the horizon. And that, it would seem, may be why the editorial appeared at this moment.

Note

1. In an earlier IPS report (Anderson et al., 2006: 30) CEO to worker pay ratios were reported to be only 107:1 in 1990 (itself not a shabby ratio), and had peaked as high as 525:1 by 2000 as the economy was booming, labor productivity was climbing, and worker wages remained stagnant, their consumption sustained by the rising debt levels mentioned in the Berg and Ostry (2011) report.

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