The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

# Occupy the Belly of the Beast

By Boris Kagarlitsky

October 26, 2011




When asked where he worked, one of my economist friends from the United States answered, "In the belly of the beast." He meant Wall Street.

For left-leaning and liberal Americans, Wall Street exemplifies the irrationality of modern capitalism. Many provincial conservatives also share this unfavorable opinion.

Nobody loves bankers very much these days, but they are the ones who largely determine the direction of U.S. and Western European economic policy. It has become less profitable and even less reliable for banks to invest money in the real sector than to engage in financial speculation. In the past, the risk inherent in speculative activity was offset by the possibility of earning enormous profits. But that changed once the bank lobby strong-armed the government into bailing out financial institutions that were on the brink of failure.

It is therefore not surprising that the "Occupy Wall Street" protest begun by several hundred New York students has gained support across the United States and in other countries. And even though a leftist group initiated the action, it resonated strongly with many other

nonradical groups. In only a few weeks, the movement became the most important event in international politics.

The public sympathy and support for these protests is even more important than the campaign itself because it indicates a critical turning point in the collective consciousness. Three years of economic turmoil in the United States and much of the world have done more to reveal the flaws in the system than any book or speech by radical leftist agitators could have ever accomplished.

The dominant capitalist ideology, with its religious belief in "efficiency," has created the present crisis of confidence in the capitalist system. Corporate and government propaganda in leading capitalist countries calls on citizens to put up with inequality in the name of "efficiency." But the massive government aid given to failing corporations has not led to economic recovery. That money has not made it to the average U.S. household and has been used instead for speculation on financial and commodity markets, leading to higher prices and deeper economic difficulties.

The anti-crisis policy adopted under pressure from the financial sector has produced the exact opposite result. Corruption and irresponsibility are on the rise as the captains of business gamble not with their own money but with taxpayers'.

The measures employed to support business did not help overcome the crisis, but only prolonged and exacerbated it. The rescue of the financial sector led to a stifling of production that, in turn, led to new problems in the financial sphere. In short, this is a systemic crisis.

Many of those who pinned their hopes on U.S. President Barack Obama in 2008 are now disappointed. Most of those protesting against bankers and government today are his former supporters. Realizing that, Obama is trying to cast these events in a positive light. But it is no secret that the policies adopted by his administration are the main cause of the current discontent. Having come to office with the promise to make radical changes, Obama has since made concessions to his opponents on all major issues.

The street protests were triggered not only by a crisis in the capitalist financial sector, but also by the inability of democratic institutions to address society's problems. But the response to this crisis of democracy is not to reject it, but to reinvent it at the grassroots level through protest and resistance.

Boris Kagarlitsky is director of the Institute of Globalization Studies.

Original url: https://www.themoscowtimes.com/2011/10/26/occupy-the-belly-of-the-beast-a10436