



PENN Perspectives ON THE

Penn faculty talk about what lies behind the Occupy phenomenon, what may lie ahead, and what the recent spate of protests across the political spectrum portends for the republic. **By Trey Popp**

To go by Penn's campus calendar—or the nation's unofficial political datebook—the main event of October 21, 2011, promised to be an installment of the Wharton Leadership Lecture series. The scheduled guest was US House Majority Leader Eric Cantor, who planned to talk about income inequality.

It didn't quite turn out that way. Word had spread the previous day that a group of demonstrators from the Occupy Philadelphia encampment near City Hall planned to march to Huntsman Hall, where, joined by a group of Penn students, some intended to attend Cantor's lecture. When that word reached Cantor's office, the Republican Congressman canceled his speech.

"The Office of the Majority Leader was informed last night by Capitol Police that the University of Pennsylvania was unable to ensure that the attendance policy previously agreed to could be met," Cantor spokeswoman Laena Fallon wrote in an email several hours before the scheduled lecture.

University spokesman Ron Ozio politely took issue with that characterization, responding in a statement that the Wharton Leadership Lectures are "typically open to the gen-

eral public, and that is how the event with Majority Leader Cantor was billed. We very much regret if there was any misunderstanding with the Majority Leader's office on the staging of his presentation."

As events unfolded, Cantor's cancelation did not remove the subject of economic inequality from the campus's discussion agenda. When several hundred protesters turned up outside of Huntsman Hall to find that Cantor had backed out, a contingent entered the building anyway. Inside, as captured by videos later posted on YouTube, a confrontation ensued between the self-annointed "99 percent" and students who looked down upon them from the mezzanine balconies.

There were no physical skirmishes, but plenty of chanting. The Occupy crowd—holding signs whose messages ranged from "Join Us" to "\$old Out"—shouted slogans including "Ain't No Power Like the Power of the People" and "You are Us!"

Students on the balcony for some part looked on quietly, but some also chanted responses like "Get a Job." One student brandished a poster reading "Get in Our Bracket."

Occupy Philadelphia was mostly centered around City Hall, but members of the movement marched to Huntsman Hall in October for what turned out to be Eric Cantor's non-speech.

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In the weeks after the episode—which was brief and more or less orderly, if also marred by sophomoric behavior that reminded one Wharton professor of Marie “Let Them Eat Cake” Antoinette—*Gazette* associate editor Trey Popp spoke with University faculty from a wide range of departments, from finance to history to communications, about the Occupy phenomenon. Their perspectives were as varied as their areas of expertise, and they addressed a lot of questions. Is Wall Street really too powerful, and how would one know? Is economic inequality inherently bad? What are the historical parallels of Occupy Wall Street? What role has violence played in past American social movements? Why did American media start off by ignoring the phenomenon—while Arab channels zeroed in on it from the beginning? Their answers still seemed relevant as the public occupations ended in late November, and participants began considering what might come next. In the spirit of inter-disciplinary teaching, here are the most interesting parts of those conversations, woven together into a re-engineered seminar on Occupy Wall Street’s historical precursors, political implications, and possible trajectories.

Do you support Occupy Wall Street?

STEVEN HAHN: I am in sympathy. Obviously, Occupy Wall Street is a multifaceted phenomenon. I think people have properly noticed that there is not a coherent set of politics, or very clear set of demands—although there are some. But it seems to me that what OWS does do is that it provides a center for a new conversation that has been really lacking in this country for a long time—and not only since the beginning of the Great Recession, or Depression, or whatever it’s going to turn out to be—which is a critical perspective on the distribution of power and wealth in the United States, the role that financial and moneyed interests have played, the protections that the government and other institutions afford them, and the questions about what sort of society we want.

ROGERS SMITH: I think fundamentally it is a healthy thing for American politics—partly because of the widespread belief that old-fashioned 1960s kinds of protest activities had outlived their usefulness. There hasn’t been a lot of protest on the more left end of the American political spectrum. Probably the last were the anti-Apartheid demonstrations against South Africa. I think it is important for citizens across the spectrum to let leaders know that

they have very real concerns. And even though there is no specific agenda being pushed by the Occupy movement, they are communicating, one, that they are deeply dissatisfied with this economy, and two, that they don’t think the answer is simply to give tax breaks and deregulate big business.

GREG NINI: It would be easier to answer if I knew exactly what they are ... My guess is that [Occupy Wall Street] reflects the confluence of two things: one, that the rebound from the recession has been slow. If we’d had a rebound like we did after the 2001 recession, and unemployment was back down at 5 percent, and incomes were growing and house prices were rising, as was the case four years after the 2001 recession, I suspect this movement would not have happened. But it also matters that this lengthy recessionary period has happened at a period of high inequality. If this would have happened 40 years ago, when inequality was lower, it may have been less likely to have happened. It’s also true that finance has contributed some to the rise in inequality.



Anti-Wall Street marchers in New York’s financial district.

THE PARTICIPANTS:

- Steven Hahn**, Roy F. and Jeannette P. Nichols Professor of History
- Walter Licht**, Walter H. Annenberg Professor of History
- Michael Katz**, Walter H. Annenberg Professor of History
- Rogers M. Smith**, Christopher H. Browne Distinguished Professor of Political Science
- Daniel Gillion**, assistant professor of political science
- Janice Bellace**, Samuel A. Blank Professor of Legal Studies and Business Ethics; professor of management; chairperson of the Legal Studies and Business Ethics Department at Wharton
- Gregory Nini**, assistant professor of finance
- Jeremy Greenwood**, professor of economics
- Michael X. Delli Carpini C’75 G’75**, professor of communication; Walter H. Annenberg Dean of the Annenberg School

How has finance contributed to inequality?

NINI: There’s some research that shows that over the last 15 years, for example, the number of managing directors of investment banks, plus partners at venture capital and private equity firms, that the number of those people in the top 0.01 percent of the income distribution—the top one percent of the top one percent—is larger than the number of CEOs from non-financial corporations ... And that would not have been the case even 15 or 20 years ago.

Does it matter that financiers are taking home more money than in the past?

NINI: Not on its face, I don’t think so. I think this reflects natural market forces. It turns out really smart people figured out they could make more money doing those activities than they could doing other stuff, and that reflects largely the returns they’ve generated. They do important work and they get paid for it. I wouldn’t want to put any value judgment on that. It’s a fact.

Does it matter that finance has, in recent decades, become a great deal more dominant within the American economy?

JEREMY GREENWOOD: It’s a skilled business. You have to think, look what happens when they *don’t* do it. Like if the government did it, would investing in Solyndra be a good idea?

JANICE BELLACE: My general view is that every country has a financial sector. And in every modern, advanced, democratic soci-

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ety financial centers are regulated to some extent. The financial crisis of 2008 raises issues about the looseness of credit, the regulation of mortgage lending—that is usually an individual’s largest debt—and actually the integrity or honesty of various persons in the system. But it interests me: Occupy Wall Street is angry at the banks. As I recall, the Tea Party movement was angry at the Federal Reserve. And you look at that and sort of laugh! What country can do without a central bank? And ours is actually somewhat weak. And what country can do without banks? It seems like angry people just flailing, not being able to articulate a specific complaint, let alone propose a sensible solution.

NINI: As a share of GDP, finance has almost tripled in the last 30 years. Largely, I view that as a good thing. Or, let me not put value on it—it reflects the fact that finance does important work. This reflects growth of junk bonds and leveraged buyouts in the ’70s and ’80s, private-equity investor capital in the ’80s and ’90s. The majority of evidence suggests that these things are valuable. They help get money to firms that would otherwise not get it. So, venture-capital-backed firms include Microsoft and Sun Microsystems ... and who knows exactly what would have happened without venture capital? But they’ve been very successful at promoting small, entrepreneurial, technology-based firms.

Has their track record in doing that outweighed some of the deleterious effects of so-called financial innovation, which seems in some respects to have not had such a salutary influence?

NINI: It’s hard to measure well the costs and the benefits. My sense is that we’ve learned in this most recent experience that the costs are a little bigger than we’ve thought. That comes largely from thoughts about financial crises and

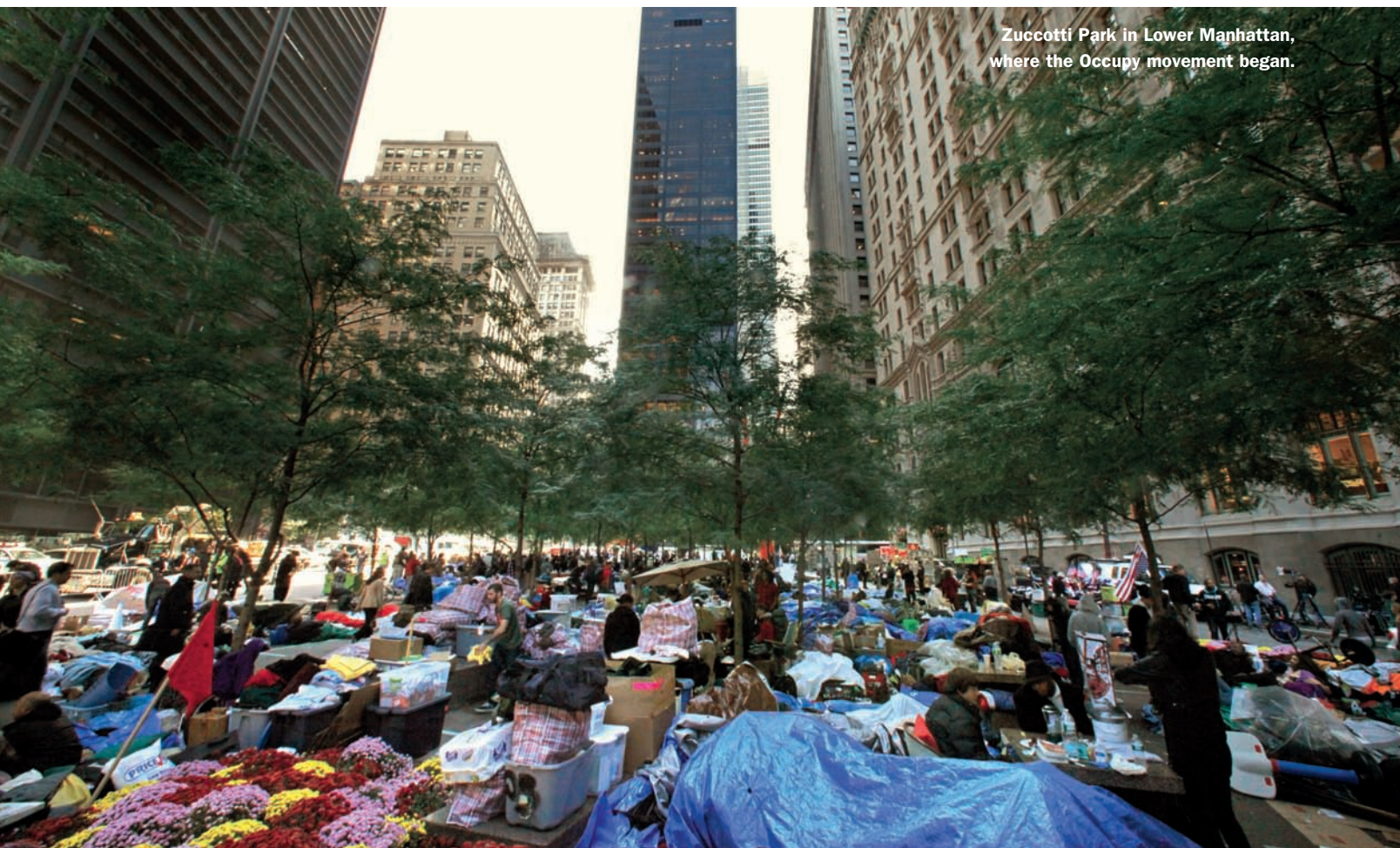
contagion that can happen. I suspect that going forward, systems will be put in place which effectively act like a tax on the financial industry, and reduce the returns, and the financial industry will end up being a bit smaller.

Scott Nearing C1906 Gr1909, a Wharton professor of a previous era, once wrote: “If I am rich and you are poor, we are both corrupted by inequality.” Do you agree?

GREENWOOD: Levels of inequality rise and fall. Whether it’s a good or bad thing, that’s a bit hard to answer from an economic perspective. So, for instance, a lot of the new goods you buy, often when they’re first developed they’re sold to rich people. And after time, after they produce enough of them, the price of those goods fall. So it might be the case that if there weren’t rich people around, some of those goods wouldn’t be developed. There are benefits of inequality. And then there are costs, too. For instance, we don’t like seeing a lot of poor people around. Social discontent is not a good thing—even for businesses. If there’s a lot of social discontent, and the environment is unstable, maybe they might not want to do a lot of investment. So that might be a case for having less inequality.

BELLACE: Many people have commented that in the past 20 years, there has been a greater disparity between let’s say the top 5 percent of the population, or the top 1 percent, and the rest. That’s different than asking about the absolute living standard of the bottom third. But one thing to ask is whether the bottom has adequate medical and educational standards of living ... Claudia Goldin and Lawrence Katz wrote a book a couple years ago called *The Race between Education and Technology*. [In it they note that] the investment America made in public

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Zuccotti Park in Lower Manhattan, where the Occupy movement began.

education, particularly in the first half of the 20th century, tailed off in the latter part of the 20th century. So whereas the US was number one with the percentage of students going to college, for instance, now other countries are investing more and realize the value of higher education, but in the United States instead it has tailed off. And they find this truly dismaying, since we as a country were able to advance because of that investment in human capital. They pinpoint 1980 as the point where we stopped investing. And they ask: What are the implications for opportunities in society, for the ability to get certain jobs, and for the country to progress? At Penn, we're concerned about the same issues. At the price we charge, are we closing the door to people? And President Gutmann of course has made a real effort to increase scholarship funds. But when you look at the US as a whole—and 80 percent of Americans go to state universities, not private—and you look at what state legislatures are doing to the budgets of state universities, you get very worried about opportunities for people in the future.

NINI: I tend to think that more equality is a noble goal. Sometimes that comes at the expense of the total amount of income or wealth, and so oftentimes conflicts arise. Settling those conflicts, that's harder.

Insofar as reducing inequality or curtailing the power of Wall Street is a good idea, what are some ways you would support tackling it?

NINI: To me, there are four places to look. One is regulation. For instance, the standard economist's approach is to get more equity capital into institutions. That can be done in a few ways. One easy one that I like to promote is removing the tax advantage that debt currently gets ... Others, which I think are less often pointed to, include thinking about the role of shareholders. I wonder if more attention can be paid to how shareholders can influence compensation, the structure of boards, and all the governance mechanisms inside banks. So I think shareholder activism is an area. The third is consumers. Occupy Wall Street could think about trying to mobilize consumers. We saw recently a backlash related to debit fees, and Bank of America changed their policy. So consumer activism I think can matter. The last is the legal system. So some states have been very active, in conjunction with the SEC, using the legal system to discipline Wall Street.

Do you see any historical precedents for the Occupy phenomenon?

WALTER LICHT: First I would say, if someone back in July had told me that there would be hundreds of people camped out on Wall Street and other places, I would have said, "Impossible." So this has happened pretty unpredictably, to me. There is a little portion of it that I know grows out of other insurgencies of recent times, particularly those protesting at the large world trade meetings, protesting neoliberalism or the impact of globalization on working people in Third World countries. And there's a kind of anarchist crowd attached to that, which has been involved in some of the demonstrations. And I know they are part of this. But I think this movement is beyond them at this point.

HAHN: Cox's Army, around the time of the Depression, was basically a long march of the unemployed. And when they got to Washington DC they camped on the Mall, and they got kind

of run out by authorities. Martin Luther King, just before he died, was planning a Poor People's campaign. And what they were planning to do—and eventually under Jesse Jackson and others did in part, but not to the extent that he wanted—was they wanted to occupy the Mall, indefinitely, in sort of a tent city, to deal with the issue about poverty in the United States. In the 1930s, in the great sit-down strikes in mass-production industries like the auto industry, people were sitting in and sleeping in at these factories, until of course they sent in police. The idea of sit-ins have a long history.

What do you make of the slogan, "We Are the 99 Percent"?

MICHAEL DELLI CARPINI: Are they standing on strong footing when they talk about economic inequality and that it's growing and that it is larger in the United States than in most advanced industrial nations, and that the amount of wealth and money that's controlled by the 1 percent is remarkably high as a percentage by past comparisons or comparisons to other advanced democracies? They are absolutely on strong ground. So at that level they are representing a fact. Do they speak for the 99 percent? No, I don't think anybody speaks for the 99 percent, because that's a pretty wide swath of people with lots of opinions.

HAHN: I think they did a very good job with the 99 percent and 1 percent [rhetoric], because again, as the Congressional Budget Office's recent data showed—and it's something that a lot of people knew—over the last four decades the distribution of wealth has become incredibly concentrated. It makes the Gilded Age look like a joke. It's like the 1920s—but the difference is that [then] there was still this notion that there was something wrong about a so-called democratic society in which a very small number of people controlled so much in the way of wealth and other resources. And in the Gilded Age, and in the early 20th century, there was a language of criticism. In the Gilded Age, the language was "robber barons." It was about the illegitimacy that was accorded to all these people who had accumulated all the wealth, as if they were not only gaining it at other people's expense, but as though they were creating in effect a sort of faux aristocracy. And now we live in a world where the robber barons are regarded as public-sector employees and teachers! They're the ones who are portrayed as ripping everybody off because they have relatively secure jobs, or they're being paid as a result of taxes and so forth. And I think what OWS and its many spinoffs are beginning to do is make us think a lot harder about these issues.

What happened to political protests from the left since the 1960s?

GILLION: You've seen racial minorities move away from political protest. That's a bad strategy. It's one of the few ways in which minorities can have their voices heard. The more minorities move away from non-electoral politics, the more likely politicians are to pay less attention to very important concerns.

LICHT: The left, if there is such a thing, has been, since the 1960s, incredibly fractured. And it's fractured along lines that people glibly call "identity politics." But its main emphasis has been about rights, and particularly the rights of marginalized



At Occupy Oakland, which briefly shut down Oakland's port in early November, police later clashed with protesters, severely wounding an Iraq War veteran.

groups, and discriminated groups, and the elimination of discrimination ... And those movements have not really attended to issues of income, income inequalities, and class. [OWS] to me is unusual and in some ways is a throwback to earlier eras that were either attached to the anti-monopoly, anti-corporatism, let's say, of the populace of 110 years ago, or some of the trade union organizing of the 1930s. So what I find very fascinating is the reintroduction of class into the left's discourse.

When and why did the left stop focusing overtly on class?

LICHT: Somewhat ironically, I think it begins to go away in the 1930s. There's a moment in the New Deal where FDR and others rail against the magnates and the plutocrats, and there's this little antitrust crusade. But it's quixotic and dies immediately. You begin to get a state that begins to provide certain securities and supports for people in hard times, whether it's unemployment insurance or insurance for the old aged, or for those who have no means of support. And you get a shift over to what the state can provide and the kind of welfare state that we can build here. Labor, at the same time, begins to build its strength and leverage and is able to negotiate with the corporations for packages that provide them good real incomes, and growth in real incomes, through the '40s, '50s, and '60s. This will stop in the '70s. As you begin to get that sort of accommodation to large-scale welfare



programs, as well as accommodations with the corporate sector in terms of labor contracts, you lost the anti-corporatism. The corporations were here to stay. In fact, you could negotiate with them.

It's interesting that after a period in which mass public protests seem to have ebbed, in the last couple years we've seen both the Tea Party and Occupy Wall Street. How would you compare them, and is there anything significant about these two movements happening in such close proximity?

SMITH: I'm struck by fact that although there are clearly differences between the Tea Party and Occupy movements, they share deep senses of dissatisfaction with the current state of things. Sarah Palin recently used the phrase *crony capitalism*

and complained about how government aided particular banks and businesses. Her sense of the solutions would be very different than those that would be attractive to Occupy Wall Street, but I think it's important in American politics now that we are getting active expressions of discontent across the spectrum.

GILLION: The difference is simple. One group believes that government should be more involved in redistributing wealth. And the other side feels that the government should not be involved as much as it is—that government has too much of an overreaching hand. If 2012 emerges and we have both sides competing strongly on these issues, I don't think the status quo is going to

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move much. It's a tug-of-war. In 2010, there was more tug—because it was only the Tea Party. In 2012, there's going to be more war, because you have this countermovement.

HAHN: The left has had many, many social movements. But it has not been good at getting power. Mostly we write the story of moments of possibility and then collapse. But the capitalists, financiers, and to a lesser extent industrialists felt that they were on the defensive in the 1970s. They thought that their profits were being whittled away; they felt that the balance of power had shifted against them; and they decided to go after working people and unions and the state and liberal ideology, and little by little [they changed the political conversation] ... I wondered, when the [recent] economic collapse took place, when the anger would come. I was surprised for a while that it didn't come. And then given what was going on in terms of public policy, it's not that surprising in the end that the anger was basically organized by the right. And for the moment, they've done a lot with it. It's a generational thing; they have no youth movement, so I think [the Tea Party's] legs are pretty limited, but nonetheless, that's the political environment we were in until Occupy Wall Street.

Recently the Occupy protesters in Oakland clashed with that city's police force. A veteran of the Iraq war was severely wounded in the head by police, and later some protesters destroyed property downtown. Historically, what role has contentiousness and violence played in American social movements?

LICHT: An important one ... If you look at [the] very critical time from about 1935 through 1945, when you get the organization of 10 million workers—8 million in the mass-production industries who had never been touched by organization—and they made accommodations to a world of large-scale institutions, that didn't come along easily or prettily. It did involve some pretty violent confrontations. You have the sit-down strikes and battles in the automobile industry. You have some really violent actions in the steel industry, at Ford. So there was a background to mass organization and the potential for violence there. And then you have instances where there are corporate leaders who want to escape this, who recognize they can achieve some peace on the shop floor by meeting with these new union bureaucrats. And they would retire to the hotel rooms to work out these large-scale negotiations. But always, in the background, there's that potential of people taking to the streets.

What do you make of the way the mainstream media in America have covered the Occupy protests?

DELLI CARPINI: I'd say that it's followed a very, very traditional and typical pattern. First it ignored it. And I think you could understand that at one level, because it was unclear about how big this was, how important it was going to be. But it's also telling, I think, that these kinds of grassroots protests tend not to be considered newsworthy unless something special happens. And I think you could see that even with *The New York Times'* local coverage ... If they do get coverage, it's usually not because of the protest, but because of some conflict or violence or other dramatic incident that is attached to it. And I think you could see that with the first major coverage being when the police allegedly overreacted, and a pepper-spray incident which was pretty clearly an overreaction.

What's behind the tendency to focus on things other than the actual substance of the protesters' grievances?

DELLI CARPINI: When you ask journalists and reporters and producers why it doesn't get more coverage, they will tell you, in part, that [the OWS participants] don't have a clear-cut agenda or goal. And they don't have a clear-cut leader or spokesperson. And that I think is a reflection of the news media, not of the movement. They don't have a single spokesperson because that's by design. They have a kind of a decision-making process and a structure that is a little bit on the edge of anarchy, but is designed to be more consensual, democratic, more flat than hierarchical. And the fact that the news media doesn't know how to deal with that is, I think, the problem of the news media, not of the organization or the movement itself.

Some observers have noted that while American news outlets were slow to cover the Occupy protests, media outlets in the Middle East paid attention from the very beginning. Do you think that shows some kind of connection, in style if not in the substance of the demands, between the so-called Arab spring and what's happening here?

DELLI CARPINI: Absolutely. I'm not an expert at Arab media. But I know that Al Jazeera, which is available in the United States and highly influential in the Middle East, has treated the Occupy Wall Street movement as one of the stories that it covers in the context of all these other, more Middle East-organized demonstrations, protests, revolutions. And so even when you go to Al Jazeera [online], you can click on what's going on in Libya or Egypt or Yemen or Syria, and what's going on in the United States. And so it puts it in a context of something happening that seems pretty broad.

And while I do not want to compare the United States to the repressive governments of the Middle East, nor do I want to suggest that this movement has the same legs or the same intensity or the same set of purposes as the movements in the Middle East, the parallels are not completely outrageous. And it's interesting that protests in Tahrir Square in Egypt—again, this is based on just my reading, not on any kind of a formal study—more quickly got more regular coverage [among American media] than the protests here in the United States. And I think that is one of the blind spots of the mainstream media ... Mostly, what happens in the US is [considered] more newsworthy than what doesn't. But when it comes to things like protests, those protests seem more newsworthy when they're somewhere else than when they're here in the United States oftentimes. And so it's an ironic kind of situation.

Occupy Wall Street has been criticized by both sympathizers and detractors for lacking a specific demand or articulating concrete proposals. What do you think?

SMITH: It is a weakness. If there were a more clear focal point, I think the protests could be still more effective. But I also think it's wrong to dismiss them just because people with a diversity of concerns have chosen to protest. I don't think that there's any real question that the central concerns are joblessness and heightening economic inequality. That core set of concerns comes through. And in every political movement, or political protest, there are a lot of people who show up for other reasons. If you tried to prevent that from happening, you'd never have a movement at all.



By the beginning of December, OWS encampments across the country had been cleared by authorities.

KATZ: In my view, most of the really important social changes that have been legislated by state legislatures and Congress since the 19th century have been the result of social movements. They've originated outside of Congress. Abolitionism, for instance, or temperance, or the civil rights movement, or the women's movement, or the anti-war movements. They began as social movements and then in a sense they became so powerful that they were able to influence legislative action and decisions. Each had a clear goal and purpose, and I think it had more organizational structure—or at least a series of existing organizations that took the lead and worked together. In those ways, this OWS seems to me quite different. And I wonder why. Partly I think maybe in the United States this is the first great movement of the digital era. Because there are now ways of mobilizing, keeping in contact, and spreading information instantly and with astonishing rapidity, a capacity that never existed before. And certainly young people seem truly adept at using them.

I guess this is what people wrote about in Egypt. Maybe the nearest precedents for these are not in US history, but in the movements we've seen since the spring in the Middle East.

GILLION: You want to be able to express some sort of grievance—that's what's most important ... If we look at this from a historical standpoint, at times protests were spontaneous reactions to events—that sometimes spiraled out of control. Take the situation with the Rodney King riots, for example. We call them riots, but they still fall within the borders of protest—at least Maxine Waters in her Congressional district viewed them as protests. That's something that was spontaneous. People were wondering, *What's going on here? Why are they going around destroying things like this? They have no message! Who are they targeting?* Maxine Waters rightly picked up on [the idea that] this is what has occurred among racial and ethnic minorities in this community in terms of unemployment ... She

introduced various bills to address minority unemployment—and actually, [President George H. W.] Bush came out and implemented an executive order called the Weed and Feed program, where they would try to weed out various negative aspects of the community and feed in more money. Now, you can't say the protesters had in mind, when they went out rioting, that the president was going to put forth this executive order that would improve the employment situation for racial and ethnic minorities. I doubt that any protesters would have thought that, but nevertheless you can attribute the successes to these activities that took place. And you might see that with Occupy Wall Street. They might get various fiscal policies that they're not specifically expecting.

HAHN: I think many movements historically have begun when a small group decides they're sick of this, and they're going to protest in some way, shape or form. Most of them go nowhere. Most don't attract a lot of attention. And most don't necessarily have the staying power to do much more than make a limited fuss. But at certain moments they attract other people and begin to grow, they form organizations; they begin to talk about what their political visions are. Sometimes they can't agree, and collapse. Sometimes they can agree. Even abolitionism, which is one of the great movements in American history, in some ways began with people in many different contexts feeling that there was something really wrong and they had to do something. And it took them a long time to develop institutions and coherent politics, [and] develop themselves into what we would call an abolitionist and antislavery movement. It didn't happen overnight. But it started in the same way, with people who were suddenly morally offended, either because of their religious views or because of a new sense of humanitarianism, and they first needed to find each other. ... While most episodes like this don't go anywhere, all phenomena that do go places start like this. ♦