The Great Recession: Some Niebuhrian Reflections

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The paroxysms of economic pain through which the world has been suffering for the past four years offer any number of possible vectors for analysis—from economic theory, to public policy, to sociology, to international affairs. An examination of the economic crisis through any of these lenses would reveal a great deal both about how we’ve come to be here, and how we might (or might not) find our way out of it. The “Great Recession” is almost unique in modern political economics: a large-scale, catastrophic global economic meltdown, which may well persist for some time to come.¹

There have, of course, been other economic crises, recessions of greater or lesser duration, as well as global crises, such as the so-called “Asian Flu” of the mid-1990s, but the Great Recession has come to be so named because its impact has been unlike anything the world has experienced since the 1930s (see Krugman 2008; Reich 2010; Stiglitz 2010). And given the increasingly interconnected and codependent nature of the global economic system, the negative effects of this downturn are affecting a much greater proportion of the world’s population than the Great Depression. The reverberations continue, as we see in the ongoing European financial crisis; but the epicenter of the earthquake, in September of 2008, was the result of a conscious set of
decisions and policies that led inexorably to a wide-scale economic meltdown. And the singular characteristic of that set of decisions and policies was the belief that economics had surpassed the realm of the merely human, to become a transcendent mode of thought, capable of near-omniscience regarding human actions and their consequences—Issac Asimov’s “psychohistory” come to life, and given breath at Princeton and the University of Chicago.²

This moment of economic crisis has intersected with another moment, one of renewed interest in the thought of Reinhold Niebuhr. Niebuhr’s wide-ranging intellectual curiosity touched frequently on questions of ethics and economics, particularly during the period of his own economic crisis in the wake of the 1929 stock market crash. Niebuhr’s insights during that period, which formed the core of what came to be known as his “Christian realist” approach to issues of Christianity and public morality, have something to say to us as we grapple with the questions of justice, economics, and social reform in the wake of the 2008 collapse.

A Tale of Two Protests

In the aftermath of the economic crisis, and in response to its ongoing depredations, two mass movements (each boasting greater or lesser degrees of authenticity) have emerged on the American stage. The first, dubbed the “Tea Party” movement, emerged as a reaction to policies pursued by both the Bush and Obama administrations to solve the financial crisis—in particular, by offering relief to the banking and mortgage industries. Strongly libertarian in its ideological motivation, and often rooted in a particular vision of small government, states’ rights, and nationalism, this movement directed its hostility primarily toward the Obama administration, seeing in many of its policies the roots of an incipient totalitarianism.³

At root, the Tea Party’s ideology is a reaction to what it sees as an overreaching federal government, which is believed to have caused the financial crisis of 2008 by coddling irresponsible and unreliable home buyers on the one hand and subsidizing a venal and corrupt culture of Wall Street traders on the other (see Berlet 2011). There is a vital streak of middle-class resentment that runs through the Tea Party movement, which sees itself as representing “ordinary” Americans who work hard, pay their debts, and don’t ask for
government handouts. Demographically, it is predominantly white, male, and older (Ashbee 2011, 159–60). From the perspective of its adherents, the financial crisis was the result of government redistribution of wealth to the underserving, either in the form of social services and subsidies for the poor or in the form of bailouts to the financial industry (158). Additionally, there is a strong theme of personal antipathy toward Barack Obama and doubt about the legitimacy of his presidency (157).

While it is difficult to pinpoint one branch of the Tea Party movement that could be said to speak for the whole, the movement does seem to coalesce around a set of general principles and positions. One concise expression of these positions is illustrated by the “Contract from America” (2009; not to be confused with the 1990s’ Republican Party “Contract with America”). The document begins with an expression of a set of very broad principles, encapsulated as “Individual Liberty,” “Limited Government,” and “Economic Freedom,” and then moves on to a set of specific agenda items including requiring all federal legislation to include a statement of constitutional authority requiring a balanced budget amendment, a cap on government spending, and a repeal of the 2010 Patient Protection and Affordable Care Act.

What is particularly striking about this agenda, given the Tea Party’s claim to be a reform movement emerging from outside of the corrupt infrastructure of both political parties, is the virtual identity of its agenda with that of the libertarian wing of the Republican party. This is not to suggest that the Tea Party necessarily works well with the Republican establishment. On the contrary, as Edward Ashbee observes:

The Tea Party movement is largely drawn from independent conservatives or “debranded” Republicans. The clashes between the movement and the Republican “establishment” around some of the institutional arrangements that govern the party and structure electoral processes have added to the anger and rage that the movement feels towards the Obama administration. (2011, 164)

Nevertheless, rather than embodying a movement of the politically disaffected, the Tea Party looks much more like a set of organizations designed to co-opt and appropriate the genuine disaffection of many American voters
and channel that disaffection toward the standard issue Republican policy goals—if not necessarily toward the Republican party itself—at least in economic matters. Its ability to do this largely relies on the coupling of legitimate economic grievances in the wake of the financial crisis with an essentially libertarian economic philosophy, heavily seasoned with class and racial resentment (Bertlet 2011, 13–14).

The second movement, which has come to be known as the “Occupy Wall Street” or “99%” movement, emerged in the summer of 2011 as a direct challenge to the perceived oligarchy controlling the key policy makers in both political parties. The Occupy Wall Street movement’s origins can be traced to a campaign by editors of the magazine AdBusters, who sought to capitalize on the Tahrir square protests in Egypt to launch a similar movement of non-violent resistance in the United States. The target of the protest was, as they saw it, the corporate manipulation of democratic institutions (Schwartz 2011).

Spreading quickly via social media, the initial Occupy Wall Street protests in Zuccotti Park in Lower Manhattan gave rise to an expanding circle of protests around the United States, and ultimately around the world. While inspired by the AdBusters appeal, the participants in the Occupy protests did not organize themselves around any set of leaders or institutions, but rather strongly and self-consciously resisted such formal organizational trappings, refusing for the most part to even offer any demands or proposals. Rather, they organized around a widely shared sentiment of a fundamental conflict between the interests of the “99%,” those disenfranchised and excluded from genuine participation in the institutions and structures of governance, and the “1%,” the very wealthy and powerful who have the ears of the president, the Congress, and the economic institutions of society.

The refusal to issue demands or to propose particular policies was to a large extent rooted in the belief among many of the protest participants that the ultimate solution to this conflict was to destroy capitalism root and branch, replacing it with . . . something. What that something might be was, of course, never specified. And the organizational structure of the Occupy protests was such that it almost by definition couldn’t be specified, since the kind of consensus required to develop plans for genuine alternatives was virtually impossible to achieve.

That said, the organizational power of what was (and may again be) a decentralized and basically leaderless movement was impressive (Kroll 2011).
Again, social media aided in the rapid sharing of effective ideas among movements in different cities from around the world. And yet without any central authority, individual participants and small groups struck out in a thousand experimental directions, “occupying” everything from pulpits to public transit to foreclosed houses, both figuratively and literally.8

By the end of autumn 2011, the Occupy protests had begun to produce a backlash as the persistent and arguably disruptive presence of the protesters in the financial districts of many of the largest metropolitan areas of the globe was met with attempts to shut the protests down, move the protesters out, and limit their ability to assemble again in large numbers. When in many cases the protesters refused to leave and insisted on their right to assemble, they were met with arrests, tear gas, and crackdowns that in some instances led to serious injury. This is in striking contrast to the Tea Party protests, which were both more transient in character and more sparsely populated, and where protesters were allowed to assemble without police interference, despite the fact that in some cases the protesters were armed. Whatever the underlying reasons for this difference in treatment may have been from the perspective of policy makers, it clearly fed perception that the different agendas of the two groups resulted in different treatment.

Whereas the Tea Party directed its ire primarily toward political institutions, seeing politics (and specifically the legacy of the liberal social welfare state) as the root of the economic crisis, the Occupy movement directed its anger primarily at economic institutions, seeing banks and multinational corporations as wielding an inordinate amount of power over the daily lives of ordinary citizens. However, the Occupy movement also sought to extend the conversation away from particular problems and sought to fashion itself as an alternative way of existing as a community in modern society—a way of existing that stands in symbolic opposition to both the economic and political systems of oligarchy and privilege that they believe have come to dominate social life, both in the United States and throughout the world. There was, in the Occupy movement, a utopian optimism about human social prospects that was reflected in both its organizational structure and its agenda. By contrast, the Tea Party projected a form of social pessimism and cultural resentment in both its outlook and symbolism.

It is a tale of two protests: two different, strongly ideologically driven movements that have emerged in response to a genuine and deep-seated crisis.
Yet both movements, as responses to the Great Recession, ultimately fail to offer a realistic account of either the causes or the solutions to the economic downturn. While pursuing visions of the good rooted in very different philosophical and political principles, both ignore the need to understand both the limitations and the possibilities for society that are emerging from the moment at hand.

The Great Recession: A Niebuhrian Moment

It is precisely in this way that Reinhold Niebuhr’s thought can offer insight. The “Niebuhr revival” of the past several years has brought his thinking back into the wider public consciousness, but mostly in regard to issues of foreign policy and the role of the United States in the international community. It is not for nothing that one of the key texts of the Niebuhr revival has been his *Irony of American History*, which charts the pitfalls of an overly expansive American sense of its own righteousness in confrontation with the Soviet Union. But Niebuhr’s Christian realism touched on many dimensions of social life, and much of his early career was given to the consideration of questions of economic justice in the midst of the Great Depression of the 1930s. His writings from that period, together with his overall understanding of human frailty and political life, can offer some possible touchstones for a Christian ethical response to the Great Recession.

In many ways, the Great Recession illuminates precisely those themes that are at the heart of Niebuhr’s thought. The Great Recession came about as the result of hubris and self-seeking on the part of the political and economic elite, who were able to utilize the dreams and aspirations of the working and middle classes for a decent life, in order to enrich themselves immensely, while at the same time making those aspirations for a better life harder and harder to attain for the very people they were enriching themselves from. Using smoke and mirrors, they were able to create a financial system that reaped enormous returns for those who had the least stake in the outcome of the transactions while passing off the burden for the growing mortgage crisis onto less shrewd investors, all the while insulating themselves from the consequences of their actions through the purchase of collateralized debt obligations (see Financial Crisis Inquiry Commission 2011, 127ff.).
Edmund Andrews summarizes a speech given by hedge fund manager Bill Ackman on the crisis thus:

Almost every player in the mortgage boom had been trying to pass the risk on to someone else. Precisely because the people at each link in the chain thought they were safe . . . they were all taking bigger risks and setting the stage for an epic meltdown. . . . In buying up the riskiest tranches of subprime bonds, CDOs made it easier for Wall Street firms to sell their mortgage pools and ultimately the subprime loans themselves. The problem . . . was that most of the participants had much more incentive to keep the deals moving than to analyze the risk accurately. (Andrews 2009, 122)

It was a game of economic hot potato, and when the game was over, the economy was in free fall, unemployment had skyrocketed, foreclosures were at an all-time high, and the entire global financial system was on the verge of wholesale collapse (Financial Crisis Inquiry Commission 2011, 389–90). The entire ethos of the time is summed up in the words of Fabrice “Fabulous Fab” Tourre, a Goldman Sachs trader who gloated over the coming financial disaster:

The whole building is about to collapse anytime now. Only potential survivor, the fabulous Fab . . . standing in the middle of all these complex, highly leveraged, exotic trades he created without necessarily understanding all of the implications of those monstruosities [sic]!!! (Quinn 2010)

And of course, the building did collapse. Indeed, the goal was never to create a building that could stand for any length of time in the first place, but only to throw up a structure that would allow the financial services industry to raid home mortgages for every penny it could (Lewis 2010, 68ff). And this structure was designed to enable a consequence-free environment allowing the players to bet against the house with the house’s own money. And sure enough, when the day of reckoning came, their exercise in moral hazard paid off, as the banking industry was bailed out to the tune of $700 billion, no strings attached (Sorkin 2009, 504).
This money was to be used to stabilize credit markets, in order get banks to start lending again in the hopes that they would renegotiate the mortgages of homeowners who were in danger of foreclosure. But the banks didn’t do this. Instead, they took the money and immediately began investing it in the same kinds of high-risk trading practices that created the financial mess in the first place. In March 2012, Greg Smith, a former trader at Goldman Sachs, wrote in an editorial for the New York Times:

It makes me ill how callously people talk about ripping their clients off. Over the last 12 months I have seen five different managing directors refer to their own clients as “muppets,” sometimes over internal e-mail. Even after the S.E.C., Fabulous Fab, Abacus, God’s work, Carl Levin, Vampire Squids? No humility? I mean, come on. Integrity? It is eroding. I don’t know of any illegal behavior, but will people push the envelope and pitch lucrative and complicated products to clients even if they are not the simplest investments or the ones most directly aligned with the client’s goals? Absolutely. Every day, in fact. (Smith 2012)

In returning to these practices while being heavily subsidized by American taxpayers, the banking and financial services industry has recovered quite nicely from the economic collapse of 2008, while the rest of the economy lurches along, zombie-like, through the longest period of sustained economic downturn since 1929. It’s no wonder that the crisis has spawned two movements as similar and yet different as the Tea Party and the Occupy movement.

Reinhold Niebuhr witnessed a similar set of dynamics at play in his own experience of the 1930s. His writing from that period, often heavily influenced by Marxist analysis, is cognizant of the role of both political and economic self-interest in manipulating society. In Reflections on the End of an Era, he wrote:

The political power in any society is held by the group which commands the most significant type of non-political power, whether it be military prowess, priestly prestige, economic ownership or the ability to manipulate the technical processes of the community. If the governing group is able to add to this possession of power an implicit confidence in itself as the rightful government, a high moral and a
sure sense of direction it is able to win the consent of the rest of the community to its rule and maintain it without challenge. The governing group either believes itself to be or tries, at least, to create the illusion that it is, ordained, either by some mystical “divine right” or by an only slightly less mystical “consent of the governed,” to hold the reins of power in society and to symbolize the unity of the nation. The ability of a governing group to transmute its specialized non-political power into political power depends on the plausibility of its claim to government and the willingness of society to accept that claim. (1934, 151)

Both the Great Depression and the current financial crisis arose from sustained periods in which economic elites were able to claim a degree of legitimation for their pursuit of political power for their own ends (see Temin 2010). For decades the intellectual project of a cadre of economic and political policy makers has been the creation of a widespread belief—reinforced at every turn by presidents (belonging to both major parties), congressional representatives, senators, and chairs of the Federal Reserve—that since a rising tide lifts all boats, the massive shift in wealth to the top tier of income earners over the past forty years has actually been good for everybody (see Frank 2001).

And during times of widespread and rapid growth, it was easy to believe this narrative. Of course, many people did get (temporarily) rich during that period, and many others came to believe themselves (falsely) to be rich as they watched their 401k accounts skyrocket and the value of their homes increase by leaps and bounds. But in the aftermath of repeated and increasingly frequent economic crises, culminating in the crisis of September 2008, it was no longer possible to sustain such illusions, a fact that in no small measure contributed to the populist backlash that produced both the Tea Party and Occupy Wall Street movements. In the face of disappointed expectations and the breaking of perceived social promises, people reacted with anger, even if the expectations were always unrealistic and the promises to a great degree imagined. However, for as long as the illusion could be maintained that a minimal market could enrich most, if not all of us, enabling us to live comfortably with little fear of economic hardship, it served the interests of those who really were enriching themselves by taking advantage of the benefits of deregulation, at the expense of the great majority of participants in the economy.
Reinhold Niebuhr understood that in the face of a carefully constructed ideology of legitimated elite power, the Christian message had to be rooted in a clear-eyed vision of both the limitations of human potential in the social realm, and a sense of its genuine possibilities. In 1927, in response to attempts by Ford Motors to lower workers’ wages and then claim credit for providing an ideal workplace, he wrote: “The fact that an industry that develops such distressing social consequences should nevertheless be heralded as a model of humane industrial strategy speaks volumes for the incompetence of the social conscience of our age” (1957, 107). This is a fitting epitaph for our current age of libertarian financial utopianism. The question before us now is how we may begin to reconfigure the conscience of our age in order to better distinguish between genuinely humane economic strategies on the one hand, and those that offer temporary, illusory gains while ultimately producing egregious social consequences, on the other.

Niebuhrian Themes in the Financial Crisis

It is worthwhile to remind ourselves of some of the themes in Niebuhr’s work that are of continuing relevance in the midst of the ongoing financial crisis, and to consider what they may mean as we go forward in the hope of eventually emerging from it.

Theme One: The Inevitability of Sin

Central to Niebuhr’s anthropology was the reality of sin as a factor in all human social relationships. In his inimitable phrase, sin was an inevitable, though not necessary, facet of human life (see, for example, 1943, 1945). While individuals may have within themselves the moral wherewithal to (occasionally) rise above their egoism and self-seeking, societies are always responsible for mediating the various competing claims of human egoism, and inevitably succumb to the temptation of those forms of “group egoism,” tribalism, and division that help form the root of social injustice (1932, xi–xiii). Niebuhr’s analysis of pride is particularly relevant, given the massive hubris displayed in the run-up to the financial crisis. As he describes it in The Nature and Destiny of Man:

There is a pride of power in which the human ego assumes its self-sufficiency and self-mastery and imagines itself secure against
all vicissitudes. It does not recognize the contingent and dependent character of its life and believes itself to be the author of its own existence, the judge of its own values and master of its own destiny. The proud pretension is present in an inchoate form in all human life but it rises to greater heights among those individuals and classes who have a more than ordinary degree of social power. Closely related to the pride which seems to rest upon the possession of either the ordinary or some extraordinary measure of human freedom and self-mastery, is the lust for power which has pride as its end. The ego does not feel secure and therefore grasps for more power in order to make itself secure. It does not regard itself as significant or respected or feared and therefore seeks to enhance its position in nature and in society. (1945, 189)

The financial crisis is a reminder of the damage that the assumption of self-sufficiency and self-mastery can do when it is channeled into projects that depend in large measure on the creation of relationships of trust between those with great power and those with relatively little. As individuals, our inclination is to secure our own well-being at the expense of others. In groups, such as large investment banks, the capacity to choose the good is reduced yet further. Add the lure of enormous piles of cash to the equation, and the temptation toward sin is perhaps too much to expect people to bear.

This fact, more than anything else, ought to stand behind a movement for authentic financial reform, one that holds traders genuinely responsible for unethical trading practices, and requires that they have a financial stake (“skin in the game”) in the long-term outcomes of their investments. The ability to become rich by moving money around repeatedly, with no accountability or even concern for the results, has provided us a vivid set of illustrations—“Fabulous Fab” simply being among the most brazen—of Niebuhr’s understanding of the persistence of sin.

Theme Two: The Human Capacity for Self-Justification
Coupled with the persistence of sin is the human capacity to insist that whatever good or reward one has received in life is the exclusive result of one’s own hard work and dedication, while the suffering of others is never the result of misfortune or deception, but is always and only the result of their
own irresponsibility. Niebuhr argued that this view is fundamental to the moral attitude of privileged classes in society, writing:

The moral attitudes of the dominant and privileged groups are characterized by universal self-deception and hypocrisy. The unconscious and conscious identification of their special interests with general interests and universal values... is equally obvious in the attitude of classes. The reason why privileged classes are more hypocritical than underprivileged ones is that special privilege can be defended in terms of the rational ideal of equal justice only, by proving that it contributes something to the good of the whole. Since inequalities of privilege are greater than could possibly be defended rationally, the intelligence of privileged groups is usually applied to the task of inventing specious proofs of the theory that universal values spring from, and that general interests are served by, the special privileges they hold. (1932, 117)

The converse of this illusory confidence in their own righteousness is the belief that the underprivileged are morally to blame for their own condition. Niebuhr writes: “On the other hand it has always been the habit of privileged groups to deny the oppressed classes every opportunity for the cultivation of innate capacities and then to accuse them of lacking what they have been denied the right to acquire” (1932, 118).

This attitude was aptly illustrated in the clarion call of the Tea Party movement, the February 2009 rant by CNBC analyst Rick Santelli. Speaking on the floor of the Chicago Mercantile Exchange, Santelli called homeowners in foreclosure “losers,” arguing that the government was “promoting bad behavior” by calling for policies to reduce their debt burden, and argued that the government should instead give the homes to those who can “carry the water instead of drink the water” (CNBC.com 2009). Santelli’s harangue was applauded by many of the traders surrounding him on the trading floor, which is understandable given their preference for the view that it was the government and the home buyers who were responsible for the crisis, rather than bond traders who had created mortgage-backed securities of such arcane complexity as to be utterly incomprehensible to virtually anybody without a
degree in forensic accounting (Sorkin 2009, 6). The fact that these practices are precisely what drove up the cost of housing in the first place never entered the picture for Santelli and his brethren.

At the core of self-justification is the recognition that it is a necessary salve to prevent us from experiencing the full horror of our own guilt. To the degree that those like Rick Santelli were perfectly willing to tell the investing elite what they wanted to hear, that the crisis was somebody’s fault, anybody’s fault but their own, their messages of self-righteous self-justification were gladly welcomed.

Of course, self-justification goes both ways, and there are abundant examples of self-righteous cant coming from those on the political left as well. In its intransigence and refusal to compromise, many have seen Occupy Wall Street as demonstrating a deep-seated and firm set of principles. But it is equally possible that the refusal to compromise is rooted in precisely the kinds of self-righteousness that, in a very different way, blinded many Wall Street traders to their own complicity in the crisis. The belief that one needn’t compromise—or even consider alternative viewpoints—because one’s position is based on the pure and pristine truth of the situation is not a sign of virtue but of vice.

Theme Three: The Relativity of Justice
At the same time, it should be noted that what Santelli and the Tea Partiers were pointing to is a matter of legitimate concern. The possibility of creating moral hazard by bailing out homeowners and banks was a very real issue in the aftermath of the crisis. And the concern has also been advanced in a somewhat different way by the Occupy movement. It seemed as though the government really was “rewarding bad behavior,” though on whose part remains an open question. Yet this brings us to another Niebuhrian theme, namely the relativity of justice. Given the impossibility of creating a completely equitable economic system under the conditions of sin, the question becomes whether it is possible to create one that is to a greater or lesser degree adequately just, in which the goods and the burdens of society are shared in a relatively proportional way.

It is not at all clear that this question has been given the attention it deserves in our current political climate—though the emphasis on economic inequality exemplified in the Occupy movement has created the potential for
the necessary conversation about this issue. Ultimately the answers to such questions must be situationally determined. One reason that no form of absolute justice can be achieved in history is precisely because the conditions of justice are relative to the historical conditions under which they are sought. Thus, the adequacy of any particular arrangement in the establishment of justice depends on the interweaving interests and circumstances at play in the struggle to achieve it. It cannot be determined in advance. What the Occupy movement can be given credit for is creating the discussion about what the demands of justice must be under the current circumstances, both in the United States and globally. While one may scoff at some of the more radical expressions of social hope displayed in the Occupy protests, these protests created the catalyst for the larger conversation about justice that was necessary prior to the emergence of the movement. And yet this discussion was prevented from happening by the political timidity of the national leaders, up to and including Barack Obama.

**Theme Four: The Limits of Utopianism**

Many of Niebuhr’s most trenchant criticisms are aimed at the forms of utopianism with which he was faced during the Depression era. Particularly as expressed within liberal Christianity, this utopianism was seen by Niebuhr to be rooted in sentimentality and incapable of dealing with the reality of the human condition, particularly regarding questions of class interest and social justice. While many liberal Christians professed concern for the condition of the poor and a desire to achieve a more just and equitable society, they believed that the only morally permissible way to do so was through the tools of moral suasion, rather than through the exercise of coercive power. Thus he writes acidly in *An Interpretation of Christian Ethics*:

> The sum total of the liberal Church’s effort to apply the law of love to politics without qualification is really a curious medley of hopes and regrets. The Church declares that men ought to live by the law of love and that nations as well as individuals ought to obey it; that neither individuals nor nations do; that nations do so less than individuals; but that the Church must insist upon it; that, unfortunately the Church which is to insist upon the law has not kept it itself; but
that it has sometimes tried and must try more desperately; that the realization of the law is not in immediate prospect, but the Christian must continue to hope. These appeals to the moral will and this effort to support the moral will by desperate hopes are politically as unrealistic as they are religiously superficial. If the liberal Church had had less moral idealism and more religious realism its approach to the political problem would have been less inept and fatuous. Liberal solutions to the social problem never take the permanent difference between men’s collective behavior and the moral ideals of an individual life into consideration. Very few seem to recognize that even in the individual there is a law in his members which wars against the law that is in his mind. (1963, 109)

To Niebuhr, this form of religious utopianism resulted in a political naivety which ultimately ensured that movements for reform were ineffective and discredited, and that the status quo remained in place. By contrast, a Christian realism that understood the need to deploy power in the name of even a partial and incomplete justice could achieve a measure of concrete good in political life by pursuing specific policies designed to create real reform.

One can easily imagine these criticisms of liberal Christianity being lodged by Niebuhr against the forms of political idealism that have been at the center of much of the Occupy Wall Street movement. For all of the movement’s success, its purposely leaderless character and refusal to name any specific demands or proposals—lest it be co-opted by one or the other political party—has created a dynamic presence without the ability to project genuine power. With no policy agenda to pursue, it gives nothing for political or economic institutions to respond to or attempt to accommodate. For many members of Occupy Wall Street, there seems to be less interest in creating genuine social reform than in displaying their own fundamental moral goodness in opposition to the corrupt institutional forms of republican government and capitalist economic structures.

While such displays of goodness may be emotionally satisfying, they ultimately leave the underlying political and economic structures the movement rejects unchanged, and thus leave the injustices in place. It would be
appropriately Niebuhrian to ask how such a set of circumstances puts one on
a more morally exalted plane than one who is willing to enter into a genu-
ine policy discussion even with the morally impure members of the political
and economic ruling classes with the goal of garnering a better set of social
conditions for those who have been harmed by the depredations of the eco-
nomic downturn. While utopianism serves an important moral function in
reminding us of our highest aspirations for society, it must ultimately reach
beyond the historically possible, and thus become politically irrelevant. For
those who seek the more mundane goods of tangible reform, it is necessary
to grapple with the realities of the political and economic situation as they
find it.

Theme Five: Justice and the Deployment of Power
The final theme worth considering has to do with the relationship between
justice and the deployment of power. This is a problem of which Reinhold
Niebuhr was acutely aware, given the reluctance of many capitalizing:
Protestant Christians during the Depression era to risk the moral taint of
coercion or potential violence. Niebuhr recognized that the privileged classes
in society never voluntarily relinquish their privilege simply because they are
asked. Rather, privilege must be revoked through the use of power by the less
powerful. Any form of relative justice has to reckon with the question of the
balance of social and political power. As Niebuhr writes in Reflections on the
End of an Era:

To concede that justice in political relations depends upon a bal-
ance of power is to admit that even the most imaginative political
policy will fail to achieve perfect justice. A balance of power implies
a conflict of wills and contest of interests in which injustice is pre-
vented because contending forces are fairly evenly matched. Such a
procedure does not remove the root of conflict which is to be found
in the corporate egoism of contending groups. As long as the char-
acter and nature of man is not changed into something now quite
unknown in human history, neither a new and more perfect social
pedagogy nor a more perfect social organization will be able to
eliminate all possibilities of injustice and conflict in human society.
(1963, 243)
This has been one of the greatest failures of the Occupy Wall Street movement thus far: its rootedness in a utopian ideal of complete egalitarianism and leaderless democracy has meant that it has not been able to effectively deploy power for the sake of specific policy aims. For many adherents of the movement, this has actually been seen as a strength, and over the short term perhaps it has been. But to the degree that the long-term viability of the conversation the Occupy movement has sparked about economic inequality and oligarchy depends on the movement’s ability to sustain itself over the long-term, the amorphous quality of its organization, and its refusal to reckon with questions of the deployment of power limit its ultimate effectiveness.

This was a lesson that the Tea Party either learned quickly or knew from the start. The Tea Party rhetoric was immediately seized on by powerful political figures, who saw in the ideological commitments of the Tea Party an opportunity to advance themselves or their own agendas. As a result, the Tea Party very quickly got both support among elites in government (which is really not surprising, given that they were merely echoing the sentiments of the power elite back to it), as well as financial and logistical support.

It may be morally praiseworthy of the Occupy movement to eschew such trappings of power out of a desire not to be compromised. But such ideals come with a very strong risk that, at the end of the day, the movement will have been simply a flash in the pan, lacking the political wherewithal to transform legitimate desire for social change into an instrument that can move the levers of power in the direction of a more just, more equal, and more stable economy for the future. As Niebuhr aptly wrote in *Reflections on the End of an Era*, speaking of the American working class of his day:

> It cannot become fully conscious of its mission and its power without a leadership profound enough to understand the logic of history and astute enough to develop a statesmanlike strategy. This combination of tactical skill and religious and philosophical profundity is extremely rare. It may be for this reason that a new society, such as the workers are destined to build, will have to wait until just the right leadership emerges. The revolutionary class may suffer many defeats before its ultimate triumph, because its social coherence has not become sufficiently intense and because its leadership is wanting either in strategic skill or in intellectual depth. (1934, 102)
It ultimately remains to be seen whether we will emerge from the Great Recession a more economically and socially just nation or not, and what role these two protest movements will play in that outcome. The small lurches toward economic recovery experienced in early 2012 may anaesthetize us into believing that further reform is unnecessary, or that we no longer need to concern ourselves with the regulation of the financial services industry. But while the housing market may return, employment may—ever so slowly—begin to recover, and the overall economic picture stabilize and improve, if we do not deal with the underlying question of what makes for the creation of a just economy, we will find ourselves, before too much time has passed, back in the midst of another economic crisis. The question is not whether but when; and if we lack the moral and political wherewithal to attempt to address the causes of the financial crisis now, there is no reason to believe that we will be able to do so in the future.

Notes

1. Although the economic data from the first quarter of 2012 suggests cause for optimism, given recent increases in GDP and consumer spending, coupled with several months of improvements in the unemployment rate, there is little evidence that the fundamental economic attitudes that contributed to the economic crisis of 2008 have been addressed, as evidenced by the return by the finance and banking industries to many of the same habits that contributed to the crisis. A January 2012 report by the World Bank labeled the current global economic situation to be “uncertain” and “vulnerable.” See World Bank (2012).

2. The reference to economics as “psychohistory” comes from Paul Krugman, who at one point claimed to have become an economist because it was as close as he could get to Asimov’s vision of psychohistorical analysis. See Roell (2011).

3. For an analysis of the political dynamics of the Tea Party movement, see Lepore (2011) and Skocpal and Williamson (2011).

4. Of particular interest, given this self-perception, is the fact that almost a third of self-identified Tea Partiers are over 64, and thus at least theoretically retired, as well as eligible for social welfare programs such as Social Security and Medicare. There is little evidence to suggest that most of these adherents to Tea Party doctrine are interested in foregoing those benefits. On the contrary, their motivation seems to be at least in part to preserve those benefits. See Ashbee (2011) and Zernike and Thee-Brenen (2010).

5. Chip Berlet (2011) explains the process by which that melding of agendas took place: “The original idea of pro-corporate Republican strategists—part of the
Elite Power Structure—was to harness popular anti-tax energy to Free Market policies as a way to block the Obama Administration’s proposed economic agenda, especially healthcare reform. Tea Party activists quickly picked up this theme and welded it to pre-existing conspiracy theories about government tyranny popular on the political right” (16).

6. For an analysis from this point of view, see Good (2009). It should be noted, however, that many of those affiliated with the Tea Party movement do not see themselves as necessarily aligned with the Republican Party, but at times more closely related to the agenda of the Libertarian Party, in addition to more esoteric sets of right-wing political belief. The degree to which the Republican Party is leading the Tea Party, or following its lead, is an open question.

7. For an analysis of the agenda of the Occupy movement, see van Gelder (2011) and Lawler (2011). Also of interest is the Occupy Wall Street Manifesto, which, given the amorphous nature of the movement, cannot really claim to speak for the movement as a whole, despite the fact that its author is listed as “By the People and For the People.” This kind of populist posturing can also be seen in the Tea Party’s “Contract from America,” which is signed “The American People.”

8. See Ladhani (2011, 83). For some of the ways in which the “occupy” idea has been deployed, see the “Occupy Together” website, which functions as a sort of clearinghouse for many strands of the Occupy movement: http://www.occupytogether.org/. The resonance of the message of the Occupy movement and the effectiveness of the movement’s organizing strategy can be seen in the way that Occupy protests have extended not only throughout the United States but in fact throughout much of the developed world, including most of the major financial sectors of the major capitalist nations. For a map of where Occupy protests have been found around the world, see the Guardian’s website: http://www.guardian.co.uk/news/datablog/interactive/2011/oct/18/occupy-protests-map-world.


10. Niebuhr’s two most powerful analyses of Christian ethics in the Depression era are Moral Man and Immoral Society (1932) and Reflections on the End of an Era (1934), though he wrote prolifically and often touched on issues of economic justice.

11. For a detailed history of the origins of the 2008 financial crisis, see Financial Crisis Inquiry Commission (2011) and Sorkin (2009). For narratives of some of the more egregious exploitation that took place in the run-up to the crisis, see Andrews (2009) and Lewis (2010). For a more general analysis of the economic dimensions of the crisis, see Posner (2009) and Zandi (2009).

12. See, for one example, Taibbi (2012). Taibbi brings his own brand of gonzo reportage to the story, as is appropriate to a venue such as Rolling Stone, but what he reports about the way Bank of America has reverted to type is truly chilling.
13. Indeed, in the year after receiving $700 billion in funding from the Troubled Asset Relief Program (TARP), several large financial firms paid out stunningly large bonuses to many of the same traders who were responsible for contributing to the need for bailouts in the first place. American International Group, for example, received $170 billion in TARP funding and gave bonuses of $165 million to its employees after receiving the funds. The highest bonus given to a single employee was $6.4 million while several other employees netted bonuses between $2 and $4 million a piece, all in addition to their annual salaries. See Storey (2009).

14. This is indeed an element in the Dodd-Frank financial reform bill that was passed in 2010, although it is an open question as to how effective the new rules will be as passed. See Senate Committee on Banking, Housing, and Urban Affairs (2010).

Works Cited


