Wall Street needs to begin helping others

Phil Angelides, chairman of the Financial Crisis Inquiry Commission, recently commented, "You have millions of people unemployed, millions have lost their homes, and Wall Street is having a record year with record profits and record bonuses. People want to know why."

Robert Samuelson also addressed this issue when he compared Wall Street to Main Street in one of his columns. "Most of us are paid based on what we produce or, more realistically, what our employers produce," Samuelson wrote. "Are Wall Street leaders that much smarter and more industrious than everyone else?"

Wall Street was once a key player in building wealth for all Americans. These days, however, it seems preoccupied with building wealth only for those who work there.

Consider the changing role of commissions; i.e., the fees that brokers earn when a stock changes hands. "In 1966, commissions were 62 percent of revenues," Samuelson notes. "In 2007, commissions provided only 8 percent of revenues."

What we need are stronger incentives for Wall Street to engage in behaviors that benefit the entire country – not just the chosen few who feel that their "talent" justifies such a disproportionate allocation of resources.

One such incentive would be to have financial institutions tie their compensation levels (and especially bonuses) to indicators of overall economic health. How about paying people more if they can demonstrate conclusively that their activities lead to job creation?

Another solution would be to obscenely tax obscene profits – and provide substantial tax breaks for individuals and firms who help Main Street.

More recently, Lawrence Summers, President Obama's chief economic advisor, told the World Economic Forum in Switzerland that "Our challenge now is to put in place a new system."

Hopefully that will be a system that helps Main Street as much as Wall Street.

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