The New Progressive Movement

By JEFFREY D. SACHS

OCCUPY WALL STREET and its allied movements around the country are more than a walk in the park. They are most likely the start of a new era in America. Historians have noted that American politics moves in long swings. We are at the end of the 30-year Reagan era, a period that has culminated in soaring income for the top 1 percent and crushing unemployment or income stagnation for much of the rest. The overarching challenge of the coming years is to restore prosperity and power for the 99 percent.

Thirty years ago, a newly elected Ronald Reagan made a fateful judgment: “Government is not the solution to our problem. Government is the problem.” Taxes for the rich were slashed, as were outlays on public services and investments as a share of national income. Only the military and a few big transfer programs like Social Security, Medicare, Medicaid and veterans’ benefits were exempted from the squeeze.

Reagan’s was a fateful misdiagnosis. He completely overlooked the real issue — the rise of global competition in the information age — and fought a bogeyman, the government. Decades on, America pays the price of that misdiagnosis, with a nation singularly unprepared to face the global economic, energy and environmental challenges of our time.
Washington still channels Reaganes-
mics. The federal budget for nonsecu-
ity discretionary outlays — categories
like highways and rail, education, job
training, research and development,
the judiciary, NASA, environmental
protection, energy, the I.R.S. and more
was cut from more than 5 percent
of gross domestic product at the end
of the 1970s to around half of that to-
day. With the budget caps enacted in
the August agreement, domestic dis-
cretionary spending would decline to
less than 2 percent of G.D.P. by the end
of the decade, according to the White
House. Government would die by fiscal
asphyxiation.

Both parties have joined in crippling the
government in response to the demands
of their wealthy campaign contributors,
who above all else insist on keeping low
tax rates on capital gains, top incomes,
estates and corporate profits. Corporate
taxes as a share of national income are
at the lowest levels in recent history.
Rich households take home the greatest
share of income since the Great Depres-
sion. Twice before in American history,
powerful corporate interests dominated
Washington and brought America to a
state of unacceptable inequality, instabi-
ity and corruption. Both times a social
and political movement arose to restore
democracy and shared prosperity.

The first age of inequality was the Gilded
Age at the end of the 19th century, an era
quite like today, when both political par-
ties served the interests of the corporate
robber barons. The progressive move-
ment arose after the financial crisis of
1893. In the following decades Theodore
Roosevelt and Woodrow Wilson came
to power, and the movement pushed
through a remarkable era of reform:
trust busting, federal income taxation,
fair labor standards, the direct election
of senators and women’s suffrage.

The second gilded age was the Roaring
Twenties. The pro-business administra-
tions of Harding, Coolidge and Hoover
once again opened up the floodgates
of corruption and financial excess, this
time culminating in the Great Depres-
sion. And once again the pendulum
swung. F.D.R.’s New Deal marked the
start of several decades of reduced in-
come inequality, strong trade unions,
steep top tax rates and strict financial
regulation. After 1981, Reagan began to
dismantle each of these core features
of the New Deal.

Following our recent financial calamity,
a third progressive era is likely to be in
the making. This one should aim for
three things. The first is a revival of
crucial public services, especially edu-
cation, training, public investment and
environmental protection. The second
is the end of a climate of impunity that
couraged nearly every Wall Street
firm to commit financial fraud. The
third is to re-establish the supremacy
of people votes over dollar votes in
Washington.

None of this will be easy. Vested inter-
ests are deeply entrenched, even as
Wall Street titans are jailed and their
firms pay megafines for fraud. The
progressive era took 20 years to correct
abuses of the Gilded Age. The New Deal
struggled for a decade to overcome the
Great Depression, and the expansion
of economic justice lasted through the
1960s. The new wave of reform is but
a few months old.

The young people in Zuccotti Park and
more than 1,000 cities have started Ame-
rica on a path to renewal. The move-
ment, still in its first days, will have
to expand in several strategic ways.
Activists are needed among sharehol-
ders, consumers and students to hold
corporations and politicians to account.
Shareholders, for example, should pres-
cure companies to get out of politics.
Consumers should take their money and
purchasing power away from compa-
nies that confuse business and political
power. The whole range of other actions
— shareholder and consumer activism,
policy formulation, and running of can-
didates — will not happen in the park.

The new movement also needs to build
a public policy platform. The American
people have it absolutely right on the
three main points of a new agenda. To
put it simply: tax the rich, end the wars
and restore honest and effective govern-
ment for all.

Finally, the new progressive era will
need a fresh and gutsy generation of
candidates to seek election victories not
through wealthy campaign financiers
but through free social media. A new
generation of politicians will prove that
they can win on YouTube, Twitter, Fa-
cebook and blog sites, rather than with
corporate-financed TV ads. By lowering
the cost of political campaigning, the
free social media can liberate Wash-
ington from the current state of endemic
corruption. And the candidates that
turn down large campaign checks, po-
tical action committees, Super PACs
and bundlers will be well positioned
calling out their opponents who are on
the corporate take.

Those who think that the cold weather
will end the protests should think again.
A new generation of leaders is just get-
ting started. The new progressive age
has begun.

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