

The New Populism

Is the “new populism” hailed by the mainstream press for real?

Massachusetts Sen. Elizabeth Warren's surging popularity as a result of her aggressive defense of Social Security and demand for Wall Street accountability has triggered talk of a populist challenge to Hillary Clinton in 2016. Bill De Blasio indicted New York's gilded age inequality in his stunning victory in the New York mayoral race. Some of President Obama's speeches in 2013 and 2014 have revived campaign themes that center on the widening income gap between the wealthy and working-class Americans as "the defining challenge of our time."

Populist movements grow out of popular discontent. For over 30 years, inequality has been growing. Profits, productivity and CEO salaries have risen, but workers haven't shared in the growth. But hard times, as Lawrence Goodwyn, the great historian of the Populist Movement notes, do not generate democratic movements. Times have been “hard” for most people for a long time. When families lose ground, people tend to believe that they are at fault, that their luck has been bad, that they made the wrong choices. They work harder; they take on debt; they get by. Resignation and deference are normal. Movements start only when reality - and organizers - begin to open people's eyes.

An Active Voice

What is now igniting a spark among so many people left behind in today's economy is what we would call an "active-voice" populism. It's a populist voice that doesn't describe the failure of the economy to work for working people as if that is the result of some act of nature beyond our control. It names names. A thriving middle class was built after World War II, brick by brick, through a set of deliberate policy decisions. It has then been taken apart brick by brick over the past 30 years by an unholy trinity of lawmakers, corporate lobbyists and conservative think tanks.

Likewise, the Great Recession wasn't an act of God. It was policymakers in Washington who set the stage for Wall Street's excesses. It was Wall Street executives who then took that stage and engaged in those excesses that led to the Great Recession. It was politicians who chose to bail out the banks but who continue to choose to not bail out workers who have lost jobs, incomes and retirement security.

Occupy Wall Street helped crystallize people's sense about the 1 percent. They rig the rules, as Elizabeth Warren put it, to benefit themselves. As she put it in her 2012 Democratic Convention speech, "The system is rigged. Look around. Oil companies guzzle down billions in subsidies. Billionaires pay lower tax rates than their secretaries. Wall Street CEOs—the same ones who wrecked our economy and destroyed millions of jobs—still strut around Congress, no shame, demanding favors, and acting like we should thank them."

This emerging awareness seems spreading among millennials, who, as Peter Beinert detailed, are entering the worst jobs market since the Great Depression. It also finds fertile grounds

among people of color and single women, hardest hit in the recession and having a hard time recovering from it. That is the threat: Obama's ascendant "rising American majority" is looking for change and open to populist arguments.

This view is in sharp contrast to the counsel from much of the inside-the-Beltway chattering class that America is hungering for a "moderate," split-the-difference politics between the positions of "mainstream" Democrats and today's extreme Republicans. This counsel labels the new populism as just as polarizing and divisive – and out of touch with average Americans – as the Tea-Party populism of the right. But there is one problem with this view: Poll after poll shows that a majority of Americans line up with the new populist position on the central economic and political challenges we face today.

The Populist Agenda

The agenda of this new, active-voice populism challenges not only conservative ideology but Wall Street's dominance of our politics on both sides of the aisle. That challenge comes with five core demands.

Predistribution, not just redistribution

With the top 1 percent pocketing fully 95 percent of the income growth of the society, and profits at record highs and wages at record lows as a percentage of the economy, populists believe workers should capture a fair share of the profits and productivity they help to produce. So they champion not just increasing the minimum wage, but empowering workers at the workplace to organize and bargain collectively.

They will push for basic guarantees for workers, starting with paid family leave, minimum paid vacation, and guaranteed overtime. And they will lead the growing revolt against perverse CEO compensation schemes that give executives multi-million dollar personal incentives to loot their own companies.

Balanced trade, not corporate trade deficits

Our global trade policies have been defined by and for multinational banks and companies. They have shipped good jobs abroad and driven wages down at home, while racking up unprecedented and unsustainable trade deficits. Those imbalances, as the International Monetary Fund and former Federal Reserve Chair Ben Bernanke have noted, contributed directly to blowing up the global economy.

The new populists demand balanced trade policies that repudiate the failure of the North American Free Trade Agreement (NAFTA) and vows not to repeat it with the proposed Trans-Pacific Partnership. They call on the administration to challenge the currency manipulation of China and the mercantilist nations. They want global rules that protect workers and the environment, creating a floor that lifts standards up, not a ceiling that drives them down. And they will challenge the ersatz corporate trade judiciary that empowers closed tribunals of corporate

attorneys to overturn America's protections of workers, consumers or the environment.

The first test here will come as the president pushes for fast-track trade authority that would force Congress to provide an up-down vote, with no amendment and limited debate, for the trans-Pacific trade treaty, which was being negotiated behind closed doors as we entered 2014 by representatives of global corporations.

Public investment, not private stealth

The apostles of the new inequality have unrelentingly sought to starve the public sector. President Reagan opened the offensive against domestic investments. Perhaps the hinge moment was in the final years of the Clinton administration when the budget went into surplus, and Clinton, the finest public educator of his time, pushed for paying down the national debt rather than making the case for public investment. He left the field open for George W. Bush to give the projected surpluses away in tax cuts skewed to the top end.

The result is a public squalor that undermines the health of both Americans and the economy. From falling bridges to exploding sewer pipes, slow broadband and an outmoded electric grid, aging schools and shabby public parks, our core infrastructure desperately needs rebuilding. And we aren't making the investments vital to our future – in the basics of education from preschool to affordable college, in public research and development, in a full-bore commitment to capture the lead in the green industrial revolution that will sweep the world.

Much of this debate has been framed around the faltering recovery, as the Congress perversely punted on the opportunity to rebuild America when we could borrow money for virtually nothing, with construction workers idle and eager to work. But in the end, this is a question of making the public investments we need, and paying for it by ending the tax dodges and tax breaks that enable the rich and the multinationals to avoid paying their fair share of taxes. The Congressional Progressive Caucus budget shows what is possible, while still bringing our long-term debt under control.

Nurture American manufacturing, curb Wall Street

Another core challenge will be to revive our ability to make things in America once more. America needs a manufacturing strategy to ensure that we not only remain a center of innovation, but also a center of production.

The transformed trade strategy outlined earlier is crucial to this. So is curbing Wall Street, closing down the casino economy that fosters speculation rather than investment. Sens. Sherrod Brown and Jeff Merkley have led the charge to break up the big banks, now more concentrated than ever. Sen. Elizabeth Warren has called for reinstating the Glass-Steagall separation between banking and proprietary trading, insuring that the government is not guaranteeing the losses of Wall Street traders. These, only first steps, are not even close to gaining a vote.

Clean out the political stables

A final monumental challenge will be to curb the reign of interests in Washington. Not surprisingly, big-money politics corrupts the city. Corporations subsidize the politicians who defend their subsidies. Politicians and staffers retire to cash in as lobbyists for the industries that they succored in office. Think tanks churn out studies defending the interests who help pay the rent. The more the 1 percent benefit from rigging the rules, the more they invest in insuring that the rules remain rigged.

A poster child of this corruption is the astounding law that prohibits Medicare from negotiating mass discounts on prescription drugs, ushered into law by a Republican committee chair who retired to become a million-dollar-a-year Big Pharma lobbyist.

To have any hope of reducing the new inequality and rebuilding the middle class, an aroused public will have to take back Washington, throw the corrupt out of office, curb the revolving door, and clean the place out.

It Takes a Movement

What's clear is that the new inequality won't be redressed by passive-voice populism. To rebuild a broad middle class will take much more than the growing Democratic wing of the Democratic Party. Taking on the big money, the entrenched interests, the failed ideas and ideologies will require a fierce, independent and powerful movement.

Occupy Wall Street provided the first volleys. But we will need much more popular education and much greater popular mobilization. Hard times do not generate movements; times have been hard for people for a long time. Movements grow only when harsh reality is combined with dedicated organizers and teachers. In the original populist movement at the end of the 19th century, literally thousands of organizers lectured on the back of wagons in farms across the country, helping people to understand how they were getting shafted, who was at fault, and what they might do about it.

Obama's new focus on inequality is important. The leadership of Sens. Elizabeth Warren, Sherrod Brown, Jeff Merkley and Bernie Sanders; the Congressional Progressive Caucus, and others, is essential. But we won't rebuild the middle class unless Americans demand it, and make their representatives act on it.