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Building a Movement for Fair Lending, Foreclosure Relief, and Financial Reform

Peter Dreier

LIBERALS AND PROGRESSIVES were ecstatic when Massachusetts voters elected Elizabeth Warren to the US Senate in November 2012. The banking industry and right-wing super PACs had spent a huge war chest to defeat Warren, who had been the industry's most outspoken critic as a Harvard law professor and Congress's official monitor of the federal bank bailout program. She had been the leading champion of the Consumer Financial Protection Bureau (CFPB) that was part of the Dodd-Frank Wall Street Reform and Consumer Protection Act passed in 2010 (but too controversial for President Barack Obama to appoint her to run it). She had been a relentless advocate for even stronger regulations on the financial services industry long before its reckless practices had crashed the economy in 2008. Advocates of bank reform rejoiced again when, a few weeks after the election, Senate Majority Leader Harry Reid appointed Warren to the Senate Banking Committee.

Warren's victory showed that the banking industry was not invincible. But the bank lobby and its allies still had enormous power, not only in terms of its campaign contributions to congressmembers in both parties but also in its sway over President Obama's inner circle of economic advisors (Suskind 2011).

Bank reform activists hoped that Warren would use her position as a bully pulpit to challenge Wall Street, help enact stronger laws to hold the industry accountable, and force it to address the problems of widespread foreclosures, predatory mortgages, and speculative practices. She was willing to play that role, but she also knew that enacting tough laws to challenge Wall Street required more than her voice and those of perhaps another dozen

Senate progressives. It required a powerful grassroots movement that could help push moderate Democrats in the Senate to support bank reform and even put pressure on moderate Republicans in the House (which had a 234-201 majority) as well as moderate Democrats in the same chamber. In January 2013, as Warren was sworn in and Obama took the oath for a second term, it was not clear whether the movement for financial reform had the resources or influence to translate widespread public opinion for bank reform into legislation that would make the banking industry more responsible and accountable.

This concluding chapter examines the potential for building a grassroots movement to push for banking reform. It also explores the role that scholars and researchers can play as part of a movement to achieve significant policy reform to make America's financial institutions more accountable so they serve the credit needs of the entire society rather than a relatively small slice.

The Problem

America's banking system is broken, and there is currently a struggle over how to fix it. Public opinion polls reveal widespread concern about the political influence of the banking industry on excessive executive compensation and bonuses, the impact of banking practices on consumers, and the government bailout of major financial institutions. But public opinion has not translated into strong public policy reform. The Dodd-Frank legislation was an important first step. The financial industry—and its allies in other corporate sectors—opposed it but could not thwart its passage. At the same time, the bank lobby used its substantial political clout to water down many of its strongest components, including the regulation of derivatives (Kopecki, Leising, and Harrington 2009).

During the 2012 election cycle, several progressive groups identified what questions need to be asked to put the housing crisis on the public agenda and make it an election issue (Griffith, Gordon, and Sanchez 2012). But, in fact, the outrageous practices of the banking industry that led to the recession, and proposals for reform, were barely discussed by the presidential candidates during the 2012 campaign. Warren was one of the few candidates for Congress who put the issue front and center.

Wall Street's reckless behavior crashed the economy. Between 2006 and 2012, housing prices nationwide fell by a third. Families lost nearly $7 trillion of home equity (Bocian, Smith, and Li 2012; Federal Reserve Board 2012). About five million homeowners lost their homes. Another 3.5 million homeowners were in the foreclosure process or were so behind in their mortgage payments that they would soon be confronted with losing their homes. About fifteen million homeowners owed $700 billion more on their mortgages than their homes were worth (Schwartz and Dewan 2012). Millions of middle-class families watched their major source of wealth stripped away, their neighborhoods decimated, and their future economic security destroyed. The drop in housing values affected not only families facing foreclosure but also families in the surrounding community because having a few foreclosed homes in a neighborhood brings down the value of other houses in the area. The neighborhood blight created by the housing crisis was much worse in African American and Hispanic areas. African Americans and Hispanics have been almost twice as likely as whites to lose their homes to foreclosures, in large part because they have been victims of well-documented racial discrimination by lenders (Bocian and Quercia 2011).

The financial crisis began with "deregulation" during the Carter years, accelerated during the Reagan-Bush years, and continued during the Clinton and George W. Bush eras. The ticking time bomb was then set to go off toward the end of the second Bush administration. Although the crisis began with the bursting of the housing bubble, it soon got much bigger. The Obama administration inherited a financial system on the brink of collapse, one that threatened the entire economy.

The deregulation of the financial services industry that began in the 1970s, and the recession of the past decade that caused many banks to fail, led to a dramatic concentration of ownership. In 1970, the five largest banks combined had 17 percent of the industry's assets. By 2010, among the nation's almost seven thousand banks, the five largest banks controlled 52 percent of industry assets (Rosenblum 2011). Between 2008 and 2011, four hundred financial institutions collapsed, including Lehman Brothers, one of the largest Wall Street banks. The five biggest banks—JPMorgan Chase & Co., Bank of America Corporation, Citigroup Inc., Wells Fargo & Company, and Goldman Sachs Group, Inc.—held $8.5 trillion in assets at the end of 2011, equal to 56 percent of the US economy (Lynch 2012).

The financial services industry has two sources of political influence. The first is its significant campaign contributions and lobbying efforts, which are coordinated by several trade associations, including the American Bankers Association. Wall Street has been a huge contributor to political campaigns among candidates of both parties. But it is not simply the high-profile Wall Street banks, as well as private equity firms and insurance companies, that wield political clout. There are also small-, medium-, and large-sized banks in every community and the industry has a huge network of local influentials, closely tied to other businesses, that can be mobilized around legislative battles.

The second source is the widely held view that the financial services industry, and its loans, mortgages, and investments, is the lifeblood of the economy, making it possible for businesses to grow and create jobs. Since the 1970s, and accelerating in every decade that has followed, the banking industry has used its political clout to persuade Congress to deregulate the sector, removing the "firewall" between investment banks, commercial banks, and insurance companies. It has also persuaded federal regulators and many politicians not only to allow increasing concentration, but also that many banks were "too big to fail." This guaranteed that most government officials, including Republicans and Democrats, will do whatever is necessary—including providing large-scale bailouts and minimal regulations—to keep them solvent for fear that the entire economic system would collapse if major banks went bankrupt.

The Obama administration's initial response to the bursting of the housing bubble was twofold. The first was to push for stronger regulations on the financial industry, which ultimately led to the Dodd-Frank legislation. The new legislation focused primarily on protecting consumers from abusive practices, but it did little to challenge the concentration of ownership or key aspects of the industry's business practices. The legislation was much weaker than what most advocacy groups had hoped for, especially when it came to regulating derivatives, but its stronger consumer protections were welcome even if advocates were concerned about how strongly they would be enforced.

The second response was to argue that strengthening the overall economy, reducing unemployment, and getting the financial sector back on its feet would address the problem of declining housing prices, the "overhang" of housing supply, and the epidemic of foreclosures. Obama's key economic advisors, particularly Larry Summers and Tim Geithner, did not believe that directly addressing the foreclosure problem by providing financial relief to distressed homeowners was necessary or politically feasible.[1] The *New York Times* reported that while Summers and Geithner believed that directly addressing the financial distress of "underwater" homeowners and those facing foreclosure was bad economic policy, "the decision ultimately was political. Mr. Obama and his advisers were convinced that even in the depths of an unyielding crisis, most Americans did not want their neighbors rescued at public expense. Several cited the response to the Arizona speech—including the televised

1. This view is confirmed by both Suskind (2011) and Barofsky (2012).

diatribe by a CNBC personality, Rick Santelli, that helped give rise to the Tea Party—as proof that they were wise not to do more" (Appelbaum 2012).

By early 2012, the Obama administration became increasingly aware that their macroeconomic policies and the bailout of large financial institutions were not improving things on the ground among troubled homeowners. It revised some of its policies to promote more direct help for homeowners, but it required cooperation by banks, and the banks were not enthusiastic participants. The administration also realized that troubled homeowners constituted a significant number of potential voters in key swing states, including Florida and Nevada.

Meanwhile, activist groups began accelerating their protests, demanding more direct intervention at all levels of government. These protests began before the emergence of Occupy Wall Street (OWS) in September 2011, but OWS clearly changed the national mood and strengthened the potential of the community activists and unions pushing for policies to help families facing foreclosure.

In 2010, as the foreclosure epidemic continued, several veteran organizers, including George Goehl, executive director of National People's Action (NPA), and Stephen Lerner, a Service Employees International Union (SEIU) organizer, brought unions, community organizations, and faith groups together to pressure banks and the Obama administration to do more for families losing their homes. As the New Bottom Line coalition, they mounted protests at bank headquarters around the country, generating media attention and helping Attorneys General Eric Schneiderman of New York and Kamala Harris of California push for a stronger national settlement with banks over foreclosure relief.

The emergence of OWS strengthened the coalition's hand, and so the New Bottom Line sought to sustain the momentum. Early in 2012, a coalition of unions, community organizations, faith groups, and some OWS members—now dubbed 99% Power—planned a series of protests focusing on specific targets (banks, corporations, and government entities at all levels) with explicit demands for foreclosure relief, fair taxes, student debt relief, and campaign finance reform. The coalition trained about one hundred thousand recruits in civil disobedience and organized protests at the headquarters and stockholder meetings of Cigna, General Electric, Bank of America, and other corporations. In May 2012, NPA led more than one thousand people in a protest at Geithner's suburban home to demand that he and the Obama administration support a financial speculation tax on banks and require banks to help families with underwater mortgages to refinance their loans.

Under the umbrella of the New Bottom Line coalition, as well as individually, these groups focused on getting local and state governments to enact legislation to protect homeowners, better regulate lenders, and clean up neighborhoods hurt by foreclosures. At the federal level, the New Bottom Line coalition, along with Americans for Financial Reform (a coalition of unions, consumer, and community groups), called for the government to require lenders to renegotiate mortgages for "underwater" homeowners to reflect the new market values of their homes; this was called "principal reduction." If mortgages were reset, this would not only fix the foreclosure crisis but also pump $71 billion into the economy annually and create over one million jobs a year.[2] In several cities with high concentrations of underwater mortgages, grassroots groups worked with local officials to design a plan to take these mortgages by eminent domain and resell them to homeowners at current market values with reduced principal (Shiller 2012; Hockett 2013; Kuttner 2013; Said 2013).

Politics = Ideology + Policy

One of the lessons of the current struggle for financial and fair lending reform is the recognition that winning elections is not enough. Or, put differently, that the influence required for electing a president and a Democratic majority is not sufficient to pass progressive legislation.

A solution to the housing crisis requires building a broad political coalition that recognizes the specific hardships facing particular groups while also addressing the wider economic turmoil confronting working- and middle-class families. It requires a grassroots movement that can sustain itself through victories and defeats, and keep people "in motion" at the local, state, and federal levels simultaneously.

Most important is the understanding that the nation's economic crisis is primarily due to inequities of political power—the enormous influence of big business in general and the financial and real estate sectors in particular.

2. In a *New York Times* op-ed column, two well-known economists, Stiglitz and Zandi (2012), frustrated that Obama would not carry out the principal reduction policy, argued for direct government subsidies for troubled homeowners. In July 2012, the Obama administration began to support this idea, but said that it was unable to do so because Edward J. DeMarco, the head of the agency that oversees Fannie Mae and Freddie Mac, was against it, arguing that it would encourage homeowners who are paying their mortgage to stop doing so in order to qualify for a principal write-down—an idea often called "moral hazard." Activist groups called on Obama to fire DeMarco; in May 2013, he finally did (Lowrey 2013a, 2013b).

By "political," I do not simply mean an ability to push for favorable legislation and regulations, but also an ability to shape the battle of ideas—the ideological battleground—that influences public opinion and how economic issues are framed, including the appropriate role of government in addressing economic concerns.

In 2008, testifying before the House Committee on Oversight and Government Reform, Alan Greenspan, former chair of the Federal Reserve, admitted: "Those of us who have looked to the self-interest of lending institutions to protect shareholders' equity, myself included, are in a state of shocked disbelief.... This modern [free market] paradigm held sway for decades. The whole intellectual edifice, however, collapsed in the summer of last year" (Andrews 2008).

The Wall Street crash was the culmination of several decades of successful political and ideological battles by business and conservative groups to reshape the public debate. The ascendancy of the radical Right's unquestioning faith in unfettered free markets had a long incubation period. In *Before the Storm*, Perlstein (2001) reveals the roots of the coming conservative movement following the defeat of Barry Goldwater in 1964. Big business and conservatives launched a forty-year project to construct a sophisticated conservative movement and create a new American conservative consensus.

In August 1971, Lewis Powell, a prominent attorney and member of the boards of eleven corporations (who later that year would be appointed to the Supreme Court by Richard Nixon), wrote an influential memo to the US Chamber of Commerce, "Attack on the American Free Enterprise System," calling on the business community to go on the attack against activists. He warned of a growing threat to the business establishment posed by consumer advocates, environmentalists, labor unions, and other voices, and of the declining public support for business, as reflected in opinion surveys. The changing mood, he warned, could ultimately threaten business's ability to operate freely and to generate adequate profits to survive. *Business Week* echoed this view in its October 12, 1974 issue: "It will be a hard pill for many Americans to swallow—the idea of doing with less so that big business can have more. Nothing that this nation, or any other nation, has done in modern economic history compares with the selling job that must be done to make people accept this reality" ("The Debt Economy" 1974).

The Chamber of Commerce and business leaders took this advice to heart and began a "selling job" that changed American politics. They began funding a powerful network of organizations designed to shift public attitudes and beliefs over the course of years and decades. In 1972, the CEOs of General Electric and Alcoa founded the Business Roundtable, a lobby group made up of the heads of the nation's two hundred largest corporations. Inspired by the Powell Memo, Joseph Coors, the conservative head of the Coors Brewing Company, wrote a large check to establish a think tank called the Heritage Foundation to enlist academics and journalists to come up with conservative policy proposals. The memo inspired the creation of other conservative policy and lobby groups such as the American Enterprise Institute, the Manhattan Institute for Policy Research, the Cato Institute, Citizens for a Sound Economy, Accuracy in Academia, and other opinion-shaping institutions. The California Chamber of Commerce launched a conservative nonprofit law firm, the Pacific Legal Foundation, the first of about a dozen conservative litigation groups.

In 1973, a conservative political operative, Paul Weyrich, started the American Legislative Exchange Council (ALEC) to provide a forum for state legislatures to share ideas for laws against abortion and in favor of school prayer. Within a few years, however, big corporations—including Coors, Amway, IBM, Ford, Philip Morris, Exxon, Texaco, and Shell Oil—began donating funds to ALEC, and the group shifted its focus toward promoting state legislation to limit government regulation of business. William Simon, former treasury secretary under Nixon, became head of the John M. Olin Foundation and began providing universities with donations to hire conservative faculty members and to fund conservative student organizations. Other corporate-funded foundations, such as the Scaife, Koch, Smith Richardson, and Bradley Foundations, soon followed Olin's example.

These long-term investments began paying off in the 1980s, laying the groundwork for the election of Ronald Reagan in 1980, who had a "hands-off business" philosophy. "Government is not a solution to our problem," Reagan (1981) said. "Government is the problem." Too many government regulations, too much taxation, and too many government employees stifled personal freedom and economic growth. The attack on "big government" and the notion of "getting the government off our backs," once viewed as extreme conservative ideas, moved from the margins to the mainstream.

During his first campaign for president in 1992, Arkansas Governor Bill Clinton (1991) correctly observed that "the Reagan-Bush years have exalted private gain over public obligation, special interests over the common good, wealth and fame over work and family. The 1980s ushered in a Gilded Age of greed and selfishness, of irresponsibility and excess, and of neglect." Clinton initially had bold plans to expand the New Deal and Great Society legacies. These hopes were quickly dashed. After the November 1994 elections put a Republican majority in Congress, any significant progress on such matters was impossible. After a few years as president, Clinton proclaimed, echoing

Reagan, that "the era of big government is over," which he carried out by slashing welfare benefits for poor children.

The business-sponsored attack on government reached a crescendo during the eight-year administration of George W. Bush, who took office in 2001. The Bush administration looked the other way while banks and government regulators triggered a meltdown of the nation's housing market and financial system, leading to a deep and prolonged recession that persisted after his successor took office in 2009.

During the George W. Bush years, a combination of forces that had begun decades earlier triggered the worst economic crisis since the Great Depression. One force was the gluttony of merger mania and outrageous corporate compensation. Second was business's persistent assault on labor unions, which caused the weakening of America's most effective bastion against economic inequality. Third was a dramatic cut in federal taxes for the wealthy and corporate America (resulting in the lowest tax burden on the rich in American history). Fourth was the political influence of big business, which persuaded Congress to weaken regulations designed to prevent banks from taking on too much risk or engaging in predatory practices. Finally, the conservative movement—led by corporate-backed think tanks, right-wing media such as Fox News, the Republican Party, and the Tea Party—effectively led an all-out attack on government initiatives to address inequality and economic insecurity and to protect consumers, workers, and the environment from abusive businesses.

No corporate sector acted as recklessly and irresponsibly as the financial industry. The newly deregulated banking sector had the freedom to charge usurious interest rates on mortgages and credit cards, to bundle and sell collateralized debt obligations and mortgage-backed securities, to take on astonishing amounts of toxic debt, and to make astounding profits while squeezing consumers. The majority of American families, suffering from decades of declining wages, had to borrow more and more money to pay for their mortgages, college tuition, and other basics. Banks invented new loan products with hidden costs and fees, low or no down payments, and low initial interest rates. They often rejected applications for conventional loans from families that had sufficient income and good credit, pushing them into taking out riskier loans.

Black and Hispanic consumers were much more likely to be victims of such predatory practices than white consumers, including those with comparable incomes and credit worthiness. These risky "subprime" loans made up 8.6 percent of all mortgages in 2001 but had soared to 20.1 percent by 2006. After 2004, more than 90 percent of subprime mortgages came with adjustable rates that had initially low interest rates that exploded after several years. As these interest rates rose, the adjustable rate loans got more expensive and families could not make their mortgage payments. Soon, large financial institutions were holding portfolios of loans that were worthless (Harvard Joint Center for Housing Studies 2007).

Every part of the financial industry—mortgage companies like Countrywide Savings, commercial banks like Wells Fargo and Bank of America, Wall Street investment banks like Morgan Stanley and Goldman Sachs, and ratings agencies like Moody's and Standard & Poor's—played a part in the fiasco. A few of the executives and officers of some of these companies cashed out before the market crashed, most notably Angelo Mozilo, the CEO of Countrywide Financial, the largest subprime lender. Mozilo had made more than $270 million in profits selling stocks and options from 2004 to the beginning of 2007 (Creswell and Bajaj 2007).

But borrowers were not so lucky. When the dust settled, millions of Americans were no longer able to make their monthly mortgage payments. Banks initiated a massive wave of foreclosures that touched low-income urban areas and middle-class suburban neighborhoods alike.

There was a time, not too long ago, when Washington did regulate banks. The Depression triggered the creation of government bank regulations and agencies, such as the Federal Deposit Insurance Corporation (FDIC), the Federal Home Loan Bank System, Homeowners Loan Corporation, Fannie Mae, and the Federal Housing Administration (FHA), to protect consumers and expand homeownership. After World War II and until the late 1970s, the system worked. The savings-and-loan industry was highly regulated by the federal government with a mission to take people's deposits and then provide loans for the sole purpose of helping people buy homes to live in. Washington insured those loans through the FDIC, provided mortgage discounts through FHA and the Veterans Administration, created a secondary mortgage market to guarantee a steady flow of capital, and required saving and loan institutions (S&Ls) to make predictable thirty-year fixed loans. The result was a steady increase in homeownership and few foreclosures.

In the 1970s, when community groups discovered that lenders and the FHA were engaged in systematic racial discrimination against minority consumers and neighborhoods—a practice called redlining—they mobilized and got Congress, led by Wisconsin Senator William Proxmire, to enact the Community Reinvestment Act and the Home Mortgage Disclosure Act, which together have significantly reduced racial disparities in lending.

But by the early 1980s, the lending industry began using its political clout to push back against government regulation. In 1980, Congress adopted the

Depository Institutions Deregulation and Monetary Control Act, which eliminated interest-rate caps and made subprime lending more feasible for lenders. The S&Ls balked at constraints on their ability to compete with conventional banks engaged in commercial lending. They got Congress—Democrats and Republicans alike—to change the rules, allowing S&Ls to begin a decade-long orgy of real estate speculation, mismanagement, and fraud.

The deregulation of banking led to merger mania, with banks and S&Ls gobbling each other up and making loans to finance shopping malls, golf courses, office buildings, and condo projects that had no financial logic other than a quick-buck profit. When the dust settled in the late 1980s, hundreds of S&Ls and banks had gone under, billions of dollars of commercial loans were useless, and the federal government was left to bail out the depositors whose money the speculators had put at risk.

The stable neighborhood S&L soon became a thing of the past. Banks, insurance companies, credit card firms, and other moneylenders were now part of a giant financial services industry, while Washington walked away from its responsibility to protect consumers with rules, regulations, and enforcement. Meanwhile, starting with Reagan, the federal government slashed funding for low-income housing and allowed a decline in the role of the FHA, once a key player in helping working-class families purchase a home.

Into this vacuum stepped banks, mortgage lenders, and scam artists looking for ways to make big profits from consumers desperate for the American Dream of homeownership. They invented new loan products that put borrowers at risk. Thus was born the subprime loan market.

Edward Gramlich (2002), a Federal Reserve Board member, repeatedly warned about subprime mortgages and predatory lending, which he said "jeopardize the twin American dreams of owning a home and building wealth." He tried to get chairman Greenspan to crack down on irrational subprime lending by increasing oversight, but his warnings fell on deaf ears, including those in Congress.

As Rep. Barney Frank (2007) wrote in *The Boston Globe*, the surge of subprime lending was a sort of "natural experiment," testing the theories of those who favor radical deregulation of financial markets. And the lessons, Frank (2007) said, are clear: "To the extent that the system did work, it is because of prudential regulation and oversight. Where it was absent, the result was tragedy."

Those who profited handsomely from the subprime market and predatory lending—the commercial banks, investment banks, rating agencies, private mortgage bankers, and mortgage brokers—used their political clout to protect their profits by lobbying in state capitals and in Washington, DC, to keep government off their backs. The banking industry, of course, repeatedly warned that any restrictions on their behavior would make things worse and close needy people out of the home-buying market. Their lobbyists have long insisted that the banking industry could voluntarily police itself. Government regulation was not necessary.

The Key Components of Successful Movements

What is needed to counter the political influence of business and financial industry is a large grassroots movement of consumers who can combine "outside" protest and "inside" politics.

Building and strengthening a progressive movement requires an investment of money in human capital—in people and organizations that have the capacity to win victories that make a difference in changing public policy and improving people's lives. Progressive social change does not just happen because "the time is ripe." It happens because people and organizations ripen the time. They make strategic choices—about mobilizing people, training leaders, picking issues, identifying political opportunities, conducting research, recruiting allies, utilizing the media, and negotiating with opponents—that help win victories that become stepping stones to further and broader reforms.

The theory behind progressive social change is based on an understanding that it is possible to win over a majority of Americans to progressive ideas even if they do not call themselves "progressives." Public opinion polls, for example, suggest that a significant majority of Americans support activist government even if they identify themselves as moderates (Halpin and Teixeira 2009). They may call themselves "moderates" or be labeled as "swing voters" by pollsters and political operatives, but whatever they are called, they need to be organized into organizations and not simply "marketed" to by public relations specialists at election time as though they were "consumers." Most moderates, including a growing number of immigrants and people of color, live outside central cities in older and newer suburbs and in formerly rural areas that have been gobbled up by suburban sprawl.

A progressive movement that wants to leverage significant social change has to address at least six components.

1. A Federated Movement: A bold movement for social justice has to change federal policy. The problems facing neighborhoods, cities, and metropolitan regions cannot be entirely solved in their own backyards. Cities, counties, and even states lack the resources and authority to significantly address the problems of job creation, pollution and climate change, health care, housing, immigration, and other issues. That does not mean that local, county, and even state governments cannot make a dent in addressing those issues, but they are more likely to be Band-Aids, "pilot projects," and "demonstration programs" rather than significant solutions (Dreier 2009).

However, winning policy change at the federal level does not mean pouring all resources into Washington, DC, lobbying. Too many advocacy groups focus on "inside the Beltway" lobbying without having a grassroots base that provides them with the political leverage they need to influence elected officials. At the same time, America has many locally based advocacy and community organizations that focus almost exclusively on local matters without building bridges with other local groups that, together, could influence state and federal policy. Local groups that are not part of national networks can easily become politically parochial or unable to build on victories because larger victories require policy change at higher levels of government. Local leaders can be trained to expand their political horizons to recognize the necessity of ratcheting up issue campaigns beyond neighborhoods and cities.

A successful progressive movement needs to be both local and national at the same time—what Skocpol (2004) calls a "federated" approach. It needs national organizations with state and local bases. It needs to have a grassroots base that can be mobilized for action, but it also needs to have a national component that can coordinate local actions around a common agenda, strategy, and message because most significant problems cannot be solved at the local, regional, or even state levels. Some federated organizations do exist today, but, in broad strokes, we do not yet have a "federated" progressive movement with the capacity to be effective, flexible, and agile in forging coalitions, prioritizing issues, and winning victories on different issue areas that build on rather than compete with each other for the attention of the public and elected officials. In fact, the competition among progressive issue groups is self-defeating. Progressive organizations at the national, state, and local levels need to find ways to forge a common policy agenda as well as timing over issue priorities. Progressive elected officials often find that, once in office, the progressive groups that helped them win the election each want their separate issues and policies to move to the top of the agenda. Progressives have not yet created the kind of agenda-setting table at which these priorities, and allocation of resources, get discussed over a one-, two-, and four-year cycle. This is the role that Grover Norquist, head of Americans for Tax Reform, has played, quarterbacking strategy among the different wings of the conservative movement, particularly the business groups and the social and religious right wing (Cassidy 2005).

2. A Majoritarian Constituency: Similarly, a successful progressive movement must have a "majoritarian" approach—that is, it must build sufficient support to win a majority of votes in Congress. That means it must be diverse geographically and broad demographically. It must build constituency power outside the core urban areas that constitute the "safe" Democratic seats in Congress where most of the key progressive members are from.

It must also seek to address the concerns of at least the bottom 60 percent or 75 percent of the population rather than focus exclusively on narrow niche constituencies that, on their own, lack the numbers or political influence to win significant change. That does not mean that a progressive movement cannot tackle problems facing the poor (the bottom 15 to 20 percent of the population), welfare recipients, African Americans, Latinos, residents of central cities (about 33 percent the population), or people who lack health insurance (about 15 percent of the population). But unless these concerns can be linked to concerns of a broader constituency, they are unlikely to mobilize sufficient support to win significant reform. As much as possible, a successful movement must avoid issues that can seriously divide its constituency.

3. An Inside/Outside Strategy: A successful progressive movement needs to have both an "outside" and an "inside" strategy. Movements need to change the political climate and public debate so that progressive issues are both on the public agenda and politically viable. It also means giving elected officials room for maneuver. For example, President Franklin Roosevelt recognized that his ability to push New Deal legislation through Congress depended on the pressure generated by protestors and workers, veterans of World War I, the jobless, the homeless, and farmers. In what might be an apocryphal story, he once told a group of activists who sought his support for legislation, "You've convinced me. Now go out and make me do it" (Cohen 2008)

Likewise, the civil rights movement and liberal politicians formed an awkward but effective alliance. In the early 1960s, many Americans, including President Lyndon B. Johnson, viewed Rev. Martin Luther King as a dangerous radical. He was harassed by the FBI and vilified in the media as an agitator. But the willingness of activists to put their bodies on the line against fists and fire hoses tilted public opinion. The movement's civil disobedience, rallies, and voter registration drives pricked the public's conscience and put the issue at the top of the nation's agenda. LBJ recognized that the nation's mood was changing, which transformed him from a reluctant advocate to a

powerful ally. At the same time, King and other civil rights leaders recognized that the movement needed elected officials to take up their cause, attract more attention, and close the deal through legislation.

Similarly, the victories of the environmental movement starting in the 1970s—such as creation of the Environmental Protection Agency, the Clean Air Act, the Clean Water Act, and the dismantling of nuclear power plants—required activists who knew that a combination of outside protest and inside lobbying, orchestrated by friendly elected officials, was needed to secure reform.

"You need an outside strategy where you have a way to bang on Congress and the White House when it looks like they might start to sell you out," observed one long-term activist and strategist in an interview with the author about the 2009–2010 campaign for health care reform. "Coalitions are by nature more cautious. There are always some players who don't want to lose their access. It makes it difficult to bang on your friends." This activist added: "That's why it's important for outsiders and insiders to constantly be in contact, to develop trust, [and] to acknowledge their different roles."

Activists need advocates in the White House and Congress to voice their concerns and pass legislation. But even with such allies, activists have to keep the heat on, be visible, and make enough noise so that policymakers and the media cannot ignore them. To advance a progressive agenda, a widespread grassroots movement—which provides ordinary Americans with opportunities to engage in a variety of activities, from emailing their legislators to participating in protests—is essential. They need to believe that supporting an increase in the minimum wage, labor law reform, or health care reform will help, not hurt, their political careers.

As Katrina Vanden Heuvel (2008) wrote a few weeks after Obama's 2008 election:

> We need to be able to play inside and outside politics at the same time. This will be challenging for those of us schooled in the habits of pure opposition and protest. We need to make an effort to engage the new administration and Congress constructively, even as we push without apology for solutions on a scale necessary to deliver.

The inside/outside strategy is essential to success, but not all political activists or advocacy organizations are prepared, or willing, to walk this political tightrope.

4. Strategic and Opportunistic Leaders: A successful progressive movement needs a cadre of staff and leaders who are strategic, opportunistic, and flexible. They need to be able to develop and sustain a long-term strategy that involves marshaling and investing resources, recruiting and mobilizing people, identifying and recruiting allies, conducting research, using the media, and understanding when and how to negotiate and compromise. At the same time, they need to be flexible, able to recognize and seize opportunities as they arise, honestly and objectively calculate their organization's or movement's strengths and weaknesses, and negotiate and compromise when it is appropriate to do so. This is what Ganz (2009) calls "strategic capacity"—a characteristic of leaders—or, more accurately, leadership teams, a core of people who work together well, develop trust, and share a common sense of purpose and strategy. One aspect of being strategic and opportunistic is recognizing where resources should be invested to get the biggest bang for the buck.

5. Election Campaigns and Issue Campaigns: A progressive movement has to be able to help candidates win elections. This task would be easier if progressives did a better job of recruiting and grooming people to run for office and providing research, policy, media, and political support once they are in office.

Political victories are about more than Election Day turnout. Successes on Election Day are a by-product of, not a substitute for, effective grassroots organizing in between elections, when organizations and coalitions mobilize people around issues. People make progress when they join together to struggle for change, make stepping-stone reforms, and persist so that each victory builds on the next. This kind of work is slow and gradual because it involves organizing people to learn the patient skills of leadership and organization building. It requires forging coalitions that can win elections and then promoting politics that keep the coalition alive in order to hold elected officials accountable. Equally important, building strong organizations and coalitions around issues can help build strength at election time and expand the number of allies in elected office. The significant number of House Democrats who voted "no" on health care reform testifies to the importance of both electing allies and being able to put pressure on fence-sitting Democrats from swing districts to vote in favor of progressive legislation.

6. Research and Policy Expertise: Movements need various kinds of research to help them carry out a short-term and long-term campaign plan. Some of this research involves policy analysis and proposals, which is the role that many think tanks play on both the conservative and progressive sides. Progressive and liberal think tanks are not as well-endowed as their conservative counterparts and do not generate as much media attention, but they still have significant resources. One problem is that they rarely coordinate their efforts, although there is some evidence of coordination and collaboration, such as a report released in August 2012, *Prosperity Economics: Building an Economy for All*, cosponsored by a diverse group of think tanks, labor unions, and community groups (Hacker and Loewentheil 2012). The importance of the different kinds of research is highlighted in the next section.

The Role of Research in Advocacy Work and Social Movements

All efforts to change public policy require research. Sometimes the research is part of an explicit research agenda, while other times it is done more informally, as when people involved in advocacy work ask each other, "how big is the problem?" or "what's the solution?" or "who can we get to help us?" Some advocacy organizations and movements have paid staff dedicated to research. Sometimes, they farm out the research tasks to others, including academics or students. Sometimes, they simply borrow or draw on useful research done by others for different purposes. The different kinds of research include the following:

1. Research about the History and Causes of the Problem—Why? Advocates, activists, and organizers need to know about the history of the problem they are seeking to solve. How long has this problem been around? What were its causes? What institutions and organizations were involved? Have people sought to address this problem in the past? What did they try to do, was it effective, and why or why not? Did government policies—at local, regional, state, or federal levels—improve or worsen the problem? Has the seriousness or the demographics of the problem changed over time?

If certain policies have had a positive impact—for example, food stamps, the Clean Air Act, minimum wage, Social Security, Medicare, the Community Reinvestment Act, the Head Start Program, and the Occupational Safety and Health Act—how can activists build on these successes and show the public that the right government policy can make a difference in improving people's lives?

2. Research about the Magnitude of the Problem—Who, How Many, and Where?
Activists need to know how many people are affected by a problem—how many people have been injured in car accidents, died of smoking or secondhand smoke inhalation, live in poverty, are illiterate or hungry, have been

injured in workplace accidents, are homeless or paying more than one-third of their income for housing, and so on. It is also useful to know the demographic characteristics (income, race, gender, etc.) and geography (residences) of the affected people and, for purposes of mobilization, the political jurisdictions (legislative districts, municipalities, etc.) where people live, whether they are registered to vote, and what organizations (churches, unions, social clubs, and voluntary organizations) they belong to or identify with.

It also is useful to know how seriously people are affected by a problem. Is it temporary or long-term? (If most homeless people are only homeless for a few months or homeless for much longer periods of time, that makes a difference to the homeless people's likelihood of political engagement, to the policy solutions, and to the way the issue is framed for the public and policymakers.)

3. Research about Public Opinion—So What?

Activists and advocates need to know what and how the public thinks about a problem—or whether they think about it at all. Many "problems" are not yet "issues"—they are not on the public agenda, they do not spark controversy or debate, and they are not yet part of the political give-and-take. Some people have "no opinion" about a problem because they don't know it exists or they are too confused about it to "take sides."

One of the first tasks of issue campaigns and social movements is to inject an issue onto the public agenda—in other words, to turn a problem into an issue. This means making people aware that the problem exists and framing it in such a way that the public believes the problem is serious enough that it should be addressed, that it can be solved by government action, and that certain public policies are better than others to address the problem.

One can sometimes tap into what people think about a problem—to "feel the pulse" of a community—through informal conversations and anecdotes. This is why many issue groups engage in one-on-one meetings, door-to-door canvassing, small group discussions and house meetings, and other information-gathering techniques.

More formal public opinion polling and focus groups help issue campaigns and movements see the big picture. What do different segments of the public think about a problem or issue? Who does it impact? Who is at fault? What should be done? Who is helped or hurt by different policy solutions? Polls help us understand variations in public opinion by demographic categories and document how widely and deeply (i.e., "strongly agree," "strongly disagree," or "no opinion") they feel about it. Do they think that society or government should help address the problem? Polls and surveys also show whether public opinion is changing over time, how it is changing, which messages and themes are "getting through," and whether enough people care about a problem or agree on a solution to make it possible to influence policymakers.

4. Research about the Opposition—Know Thine Enemy

The playing field for progressives is rarely even. Yet, as Ganz (2009) has written, David sometimes beats Goliath. Progressive groups can win if they are creative, opportunistic, strategic, and do not make a lot of mistakes. This involves evaluating and mapping one's own assets—numbers of people, money, organizational strength, access to allies, relationship with the media, and other key components. This kind of self-assessment is a form of research—in some ways, it means doing "opposition research" on oneself, as though one were the other side evaluating you.

Advocates and organizers need to have a clear sense of the relative power of contending forces and be hard-nosed about what they can achieve. Such realism does not mean that activists should not reach for ambitious goals, but it does mean that they need to understand what is potentially winnable so that they can align their hopes and their demands and negotiate and compromise in ways that recognize that most change comes about incrementally, through stepping-stone reforms.

All political campaigns—election campaigns and issue campaigns—engage in some form of opposition research—to bring opponents to the negotiating table to forge compromises or to pass or defeat specific pieces of legislation. Opposition research is designed to give activists and advocates an understanding of power—who the opposition is, how they are organized, what resources they have, and where (and how) they are vulnerable to public pressure. If they rely on public visibility and goodwill or depend on the government for funds, regulations, or approvals, they might be vulnerable to public pressure. It is helpful to know what tensions and differences exist among the opposition groups and people, including whether some may be pre-disposed to negotiate and compromise. Opposition research also examines whether they can be influenced by shareholder action, by consumer action, by employee action, or by public embarrassment of corporate practices.

5. Research about Potential Allies

All issue campaigns and social movements have a core group of leaders, activists, and participants. These are typically people who are directly impacted by a problem, but it also includes people who are not directly affected by or care about the problem (and the people directly affected) and perhaps see the importance of the issue as impacting the well-being of society and community. For example, people who do not have children in public schools may get involved in efforts to improve public education because they understand its importance.

Identifying, recruiting, and mobilizing people and organizations outside the core groups—allies—are important for any issue campaign and movement. Allies have resources, connections, and influence that may not be directly available to the core constituency group. They can help with research, media, fundraising, lobbying, direct action, and other key tasks of any campaign. They can help demonstrate that the supporters of the campaign are not limited to those directly affected by a problem. They can widen the sphere of influence—influence opponents and policymakers that the core group cannot reach (or reach as effectively) on its own. They can show opponents, the media, the general public, and even the core constituency that support goes beyond the usual suspects.

Identifying potential allies is a research task. Often, the first effort to identify allies is simply to ask key activists and leaders, "Whom do we know?" But once that list has been identified and exhausted, more information is still needed, including how allies can be mobilized to help us understand and even reach the key decision makers in business, government, and nonprofit organizations.

6. Research about Policy Solutions, the Political Process, and Their Political Implications

Finally, and importantly, progressive issue campaigns and social movements require research to identify solutions often (though not always) in terms of new government policies and programs. They need to know which levels of the government have the authority and capacity to address the problem, which committees and committee members in different legislative bodies have authority to enact the policies, and which elected officials, and which staff persons to elected officials, are sympathetic allies.

They need to know how different policy choices will impact the core constituencies, allies, opponents, and the general public. How much will it cost? What are the trade-offs? How can we "sell" this solution to different target audiences and constituencies? They also need to know how different policy options will impact different constituencies and interest groups. The perfect policy solution might trigger massive opposition, while a less-perfect policy solution might divide the opposition or bring in new allies. In other words, they have to calculate which policy choices are potentially winnable, and

which "fallback positions" or compromises would still constitute a significant victory.

Missing Parts of the Fair Lending Movement Research Agenda

During the battle over financial reform that ultimately led to passage of the Dodd-Frank bill in 2010, the major umbrella organization coordinating the reform campaign—Americans for Financial Reform (AFR)—was dramatically under-resourced, with only six full-time staff persons in Washington, DC, and another seven staff persons in the "field" and focused on states represented by key senators on the Senate Banking Committee. The key component groups within that umbrella coalition—fair housing, fair lending, community organizing, and consumer groups—were themselves relatively small when compared with the banking lobby and its allies.

The labor movement—individual unions like SEIU and the United Food and Commercial Workers International Union (UFCW) and two key umbrella groups, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) and Change to Win—provided some resources—funding, staff, and research—but focused most of their lobbying and organizing resources primarily on jobs and health care during the 2009–2010 period.

The activist groups had access to data through a politically useful screen, such as looking at foreclosure or lending disparity data by Congressional district. But they lacked the resources to take advantage of the information they found (Jourdain-Earl 2009; National Community Reinvestment Coalition 2009).

AFR and its allies had some access to polling results, but lacked the funding to undertake the kind of public opinion surveys that would help frame their message and provide legislators with information about their constituents' views. The public was (and is) angry at the practices of the major banking institutions—often described as "Wall Street" in the media, but also identified by specific companies like Goldman Sachs or AIG. The public blamed these companies and the industry for the mortgage meltdown and the resulting economic crisis. But the public also opposed the government bailouts for these companies. Polls showed that the public barely understood many of the reform proposals that would strengthen regulations on the financial services industry (Jacobe 2010; McCormick and Vekshin 2010). Before the Occupy Wall Street movement began, advocacy groups were unable to devise a common set of themes, talking points, and images to help the public translate their inchoate anger into support for specific policy ideas.

AFR and its allies had too few staff and resources to conduct the kind of strategic opposition research that is critical. For example, AFR lacked basic information about the financial industry's key corporations—information that its health reform counterpart, Health Care for America Now (HCAN), had about the major insurance companies. This includes information about the campaign contributions and lobbying expenditures of the companies and key lobby groups, the names of former Congress members and staff now working for the financial services industry as lobbyists (the "revolving door"), information about the CEOs and other board members of key financial corporations and industry lobby groups, such as their home addresses, salaries, and bonuses, other corporate board memberships, and affiliations with major civic and philanthropic groups. AFR was unable to expose the financial institutions that received federal bailout funds, gave executives outrageous bonuses, laid off many low- and mid-level employees, engaged in predatory lending and otherwise violated federal fair lending laws, and gave contributions to key political office holders. More than half (55 percent) of the lobbyists registered to lobby for the US Chamber of Commerce on financial regulation were former government officials, including the former chief of staff to a key committee member (Blumenthal 2009).

Because they lacked their own research capacity, the advocacy groups relied mostly on mainstream journalists to expose the financial industry's behavior—such as outrageous executive compensation and bonuses, lobbying and campaign contribution expenditures, the use of "front groups" and business alliances, the revolving door between key members of Congress (and their staffs) and industry lobby groups, and many other topics that could help dramatize the industry's outrageous practices and help shape public opinion.

For example, the Obama administration and reform advocates were pushing for regulation of derivatives—a major cause of the financial meltdown. The derivatives lobby headed by large banks such as JPMorgan Chase, Goldman Sachs, and Credit Suisse heavily lobbied key members of Congress—including Rep. Melissa Bean, a key industry ally on the House Banking Committee—to weaken derivative regulations. Bloomberg and other news media uncovered that the major banks that dominate the derivatives market not only have enormous political clout on their own but also enlist other business lobby groups to broaden their influence, such as the National Association of Manufacturers (NAM), the US Chamber of Commerce, the Business Roundtable, as well as about 171 nonfinancial corporations (such as MillerCoors, IBM, and Deere & Company) to form the Coalition for Derivatives End-Users (Kopecki, Leising, and Harrington 2009).

These are just some examples of the kind of advocacy research that could have been strategically useful to the advocacy campaign if the AFR and its allies had the resources to employ researchers. In contrast, HCAN had one full-time research director (a former *Washington Post* health care reporter), but he enlisted the help of a network of researchers from various nonprofit think tanks and advocacy groups who were in regular communication, responsibly divided up for different research components, reported their findings to each other on a daily basis, and worked with HCAN's media and organizing teams to utilize the research effectively.

The Changing Playing Field of Financial Reform

In contrast to health care reform, the issue of financial reform was thrust upon the national agenda with hardly any advanced warning. Yes, the Association of Community Organizations for Reform Now (ACORN), the Center for Responsible Lending, and other groups, as well as Federal Reserve member Gramlich, had been warning about the dangerous consequences of predatory lending for many years, but the earthquake of financial disaster happened so quickly that it was difficult to assemble the parts of a reform coalition—and policy agenda—in time to create an advocacy infrastructure. Even the Democratic candidates for president in 2008 could not anticipate how quickly the economy would nosedive as a result of the mortgage meltdown, and their policy prescriptions changed regularly as the crisis deepened. By the time Obama won the election in November 2008, the earthquake had devastated large sectors of the economy, every part of the country (although not everywhere to the same extent), and many political constituencies.

The infrastructure of liberal and progressive groups with expertise and experience with financial reform is much weaker and more fragmented than their health reform counterparts. There were fewer progressive experts who could help devise reforms, and there were fewer grassroots organizations and national public interest groups with experience doing battle over banking reform.

Despite the failures of major financial institutions, the industry never blinked or hesitated when it came to utilizing its political clout to forge a policy agenda and identify political allies in Congress and within the business community. Indeed, many Americans were shocked by the hubris of the banking lobby, such as the American Bankers Association (ABA), that took billions of federal dollars in bailouts but nevertheless utilized its political muscle to thwart reasonable reform regulations. The ABA's ability to defeat the so-called cram-down proposals in April 2009—that would have given bankruptcy judges the authority to modify mortgages for owners facing foreclosure—represented a remarkable accomplishment, as even the conservative *Washington Times* pointed out, "Mortgage banking industry lobbyists, who gave more than $1.8 million in campaign contributions to Senate members in 2008, fought fiercely against the legislation, which was offered as an amendment to a housing bill" (Miller 2009). The defeat of the cram-down legislation served as a wake-up call for reformers that the banking lobby was going to fight every effort to pass regulations that would limit its profits and freedom (Labaton and Dash 2009).

The fair housing and community investment groups that mobilized to win local and national reforms in the 1970s and 1980s focused on an important aspect of bank industry practices—racial discrimination in lending. Enactment of the Fair Housing Act in 1968, the Home Mortgage Disclosure Act (HMDA) in 1975, and the Community Reinvestment Act (CRA) in 1977 were important legislative victories. The creation of an infrastructure of local, state, and national fair housing organizations to engage in testing, litigation, and lobbying helped improve enforcement. But the overall track record of fair housing enforcement and its overall impact on reducing discrimination and, more importantly, racial segregation has been very limited (Sidney 2003).

Advocates of community reinvestment have been more successful, in part because the CRA provides community groups with leverage by requiring public involvement in regulatory decisions and also in part because the HMDA provides advocates with important data to make their case. As result, CRA enforcement from the bottom up has produced important victories in terms of community reinvestment agreements, estimated a decade ago to a total of more than $1 trillion and then reaching $4.5 trillion by 2007 (Harvard Joint Center for Housing Studies 2002; Dreier 2003; National Community Reinvestment Coalition 2007).

The banking industry initially used its political clout to oppose the CRA and its amendments, but it ultimately learned to live with the CRA and, in some cases, even profit from the new markets. Some banks did so more reluctantly than others, but eventually most accepted the CRA as one of the costs of doing business, similar to how employers have learned to live with minimum wage laws even if they wish they did not exist. Hiring more people of color, creating CRA units within their operations, and changing some of

their lending practices to provide more loans to qualified minority borrowers were now aspects that banks accepted as part of the new business reality.

The more recent battles for banking reform, however, have been several orders of magnitude more complicated and more difficult than the battles over fair lending that took place in the 1970s, 1980s, and 1990s. The stakes are higher for the financial services industry. Community organizations and coalitions that were created or expanded to do battle over redlining and predatory lending have had to rethink their political strategies and the larger political environment in gearing up for the current battle over banking reform.

Since the early days of the CRA movement, the playing field has changed dramatically in terms of the consolidation and globalization of the financial services industry, the suburbanization of the population, the shift from more overt to more covert forms of racial discrimination, the changing ethnic and racial composition of the population (including the impact of immigration), and the changes in the composition of Congress in terms of the growing number of suburban districts (Dreier 2003). But the industry players who contributed to the recent mortgage meltdown and the resulting economic crisis have made the playing field even more complicated for advocates. The respective roles of Wall Street investment banks, large and small commercial banks, private mortgage finance companies, credit-rating agencies like Standard & Poor's and Moody's, and mortgage brokers are still poorly understood by the public (Atlas and Dreier 2007; Atlas, Dreier, and Squires 2008; Sorkin and Walsh 2013). The consolidation of the industry as a result of federal deregulation—insurance companies, commercial banks, investment banks, and others—has changed the political calculus. The evolution of new products and techniques—such as derivatives, ARMs, subprime loans, mortgage-backed securities, and hedge funds—makes us almost long for the simpler days when people could understand blatant redlining by banks and S&Ls. The fact that groups such as the Business Roundtable, NAM, Chamber of Commerce, and other business lobby groups would help create a front group for a handful of big banks engaged in derivatives reveals how, tactically if not ideologically, big business sometimes operates as a capitalist class rather than as a mosaic of companies, industries, and sectors (Andrews 2009; Immergluck 2009; Sorkin 2009; Cassidy 2009; Stiglitz 2009; Katz 2009; Suskind 2011; Barofsky 2012). There is, as yet, no single narrative or explanation that even liberal and progressive journalists, policy wonks, elected officials, and grassroots advocates agree on beyond the general recognition that major banks were permitted to act irresponsibility as a result of the lack of adequate government regulation and enforcement.

For most of the past decade, the array of local community and consumer groups, along with the coalition of national public interest groups, coalitions, umbrella groups, and think tanks that form the infrastructure of the fair lending movement—the Consumer Federation of America, Consumers Union, National Community Reinvestment Coalition, Center for Community Change, the Center for Responsible Lending, the Greenlining Institute, National People's Action, PICO National Network, and ACORN (which in 2009 and 2010 was already significantly weakened by right-wing attacks and the abandonment of many of its foundation funders and which completely collapsed in April 2010)—represented the David in the battle with big business's Goliath. The combined resources of these consumer and community groups were no match for the lobbying clout of their business opponents. Although public opinion was on their side, and the Obama administration and most liberal Democrats in Congress favored stronger regulations of the financial services industry, their ability to persuade a majority of Congress members in both houses was always in doubt. The compromise—the Dodd-Frank legislation—was surprisingly good given the balance of political forces at the time. The bill included tough, new lending and underwriting standards, limited the fees that credit card companies can charge, increased oversight of financial markets and rating agencies, provided greater protection for investors, and created strict capital requirements on banks to reduce the likelihood that they would collapse and new safeguards from the risky behaviors that led to the bailout of billion-dollar banks. The banking and insurance lobbies carved significant loopholes in the bill, but activists nevertheless welcomed the law, including the new CFPB to regulate the abusive business practices of credit card companies, mortgage lenders, and payday lenders. After Dodd-Frank passed, Americans for Financial Reform and other groups kept up the pressure by monitoring the CFPB and lobbying for strong enforcement of the law's key provisions.

Since the Occupy Wall Street movement emerged in September 2011, the national mood and the national conversation have changed. The growing concentration of wealth and income has shifted attitudes and may have set the stage for a movement of middle-class and poor Americans to find common ground, and perhaps for a movement to emerge to seize the opportunity. Indeed, even many Americans who do not agree with Occupy Wall Street's tactics or rhetoric nevertheless share its indignation at outrageous corporate profits, widening inequality, and excessive executive compensation side-by-side with the epidemic of layoffs and foreclosures.

In a November 2011 poll from the Public Religion Research Institute, 60 percent of participants agreed that "our society would be better off if the distribution of wealth was more equal" (Teixeira 2011). A survey conducted by psychologists at Duke and Harvard found that 92 percent of Americans

preferred the wealth distribution of Sweden over that of the United States. In Sweden, the wealthiest fifth of the population have 36 percent all wealth compared to the United States where the wealthiest fifth has 84 percent (Norton and Ariely 2011). A Pew Research Center survey released in December 2011 found that most Americans (77 percent)—including a majority (53 percent) of Republicans—agree that "there is too much power in the hands of a few rich people and corporations." Not surprisingly, 83 percent of eighteen- to twenty-nine-year-olds share that view. Pew also discovered that 61 percent of Americans believe that "the economic system in this country unfairly favors the wealthy." A significant majority (57 percent) think that wealthy people do not pay their fair share of taxes (Pew Research Center 2011).

Thanks in part to the Occupy Wall Street movement, the rhetoric of describing the nation's widening economic divide as a gap between the rich and the poor has been replaced by outrage at the gap between the rich and the rest of us or, more precisely, the richest 1% and the 99%. It could be seen in growing media coverage of economic inequality, hardship, insecurity, and poverty. It could be seen in the Republican primaries, where several candidates attacked Romney for his business practices, outsourcing of jobs, and other aspects that some of his opponents called "crony capitalism." It could also be seen in Obama's occasional efforts to seize the new mood. In a December 2011 speech in Osawatomie, Kansas, for example, Obama sought to channel the growing populist outrage unleashed by the Occupy movement. He criticized the "breathtaking greed" that has led to widening income divide. "This isn't about class warfare," he said. "This is about the nation's welfare." Obama (2011) noted that the average income of the top 1 percent has increased by more than 250 percent, to $1.2 million a year. He returned to these themes in his January 24, 2012 State of the Union address. He called on Congress to raise taxes on millionaires. "Now, you can call this class warfare all you want," he said, adding, "Most Americans would call that common sense" (Obama 2012).

Conclusion

It makes little sense to build a national campaign with the component parts needed for success for one issue—health care reform, banking reform, immigration reform, or climate change—and then dismantle that coalition once the legislative victory has been won. With some exceptions, the groups working on health care reform overlap considerably with the groups concerned about banking reform. The major difference is the level of resources they have assembled for the different issue campaigns. Foundations and constituency groups make strategic choices about investing funds in particular issue campaigns.

So far, they have not invested in the movement for financial reform as they did for health care. Thus, advocates for bank reform have lacked sufficient resources to wage a campaign that can contend for power.

Ideally, although some single-issue organizations may go in and out of these national coalitions, the organizational infrastructure should remain in place to move from issue campaign to issue campaign. Even if some of the organizational affiliates and the name of the coalition on the letterhead changes from issue to issue, the key anchor organizations, and the core leadership team that has developed the trust and strategic capacity, need to continue to work together.

Coalitions for specific issue campaigns—such as bank reform, immigration reform, climate change, health care reform, and labor law reform—are critical. But coalitions around a multi-issue agenda, though harder to begin, will ultimately have a bigger impact. Funders can invest in the core leadership institutions of a multi-issue coalition—the top staff, for example—knowing that the assortment of organizations involved in each issue campaign will vary.

Importantly, the progressive movement needs a table around which to discuss priorities on issues, campaigns, timing, staffing, allocation of resources, and candidate recruitment, training, and support. The current way that progressive issue movements operate—a kind of constantly changing "floating crap game" or "musical chairs" of people and organizations—is costly and inefficient. No person or organization plays the role that Grover Norquist and his Americans for Tax Reform has played for the conservative movement, which can be equally fractious, but has been more disciplined than their progressive counterparts (Cassidy 2005).

National coalitions, organizations, and networks must be able to juggle several issue campaigns at the same time. Over the next five or ten years, a number of key issues—jobs and the economy, health care, climate change and the environment, banking reform and consumer protection laws, immigration reform, labor law reform, gay rights and marriage equality, and education reform and funding—will take center stage, assuming that the Democrats maintain control of the White House and Congress.

Building a national progressive movement cannot be done with a quick fix. There are short-, intermediate-, and long-term strategic considerations. Funders need to invest in organizations and institutions with long-term staying power and with an eye to redistricting in state legislative and Congressional races and races for Senate and governor over the next decade.

A progressive movement primarily needs organizations that can mobilize people in elections and in between elections around issue campaigns. But it also requires organizations that can provide the support services that all

successful movements need. These include research, policy analysis, media, legislative drafting, and legal strategy. What is critical is the capacity to share this information and these skills so that local groups and coalitions do not have to reinvent the wheel.

A progressive movement must be national in scope, but it must have the strategic capacity to marshal and mobilize resources locally and regionally. These are federated organizations. To build a progressive movement, we need investments in national organizations with local affiliates. No single organization can do this. Thus, what is needed is a coalition of organizations and networks that can work together on different issues. Funders should be skeptical of supporting local organizations that are not part of larger national networks—that is, national organizations and networks that provide training and ongoing support, and, most important, that can strategize together and coordinate resources, including money and staff. If funders want to invest in local organizations or coalitions, they should insist that they become part of a larger national network.

The local affiliates of national federated organizations will be a diverse group by necessity, many of them working on local issues while also juggling work on statewide and national issues. What national federated organizations can do is to provide staff training, leadership development, strategic coordination, and research for local issue campaigns. There is no simple cookie-cutter method for building local organizations. But experience suggests that building membership simply through door-to-door canvassing is not as effective as more intensive organizing that includes house meetings, one-on-one meetings to identify and recruit leaders, and leadership training.

In recent years, progressive activist groups have been rethinking their approaches to social change in light of the success of conservative forces since the 1970s. The late 1970s saw the beginning of several trends: the rise of neoconservatism as a political and intellectual force, the dismantling of the social safety net, a dramatic decline in union membership, the chronic fiscal crisis of major cities, and the increase in the political power of big business and its political and intellectual allies. Liberals, progressives, and Democrats found themselves on the defensive, seeking to protect the key components of the New Deal, the Great Society, and subsequent victories from being dismantled by the increasingly powerful right wing—led by the uneasy alliance between big business, the Tea Party, the Religious Right, and the mainstream of the Republican Party.

During the past decade, progressives regrouped and fought back. A number of separate, and sometimes overlapping, issues have catalyzed local and national organizing groups. These include campaigns for environmental justice, living wages and community benefit agreements, immigrant rights, fair trade and opposition to sweatshops, and opposition to the US invasion and occupation of Iraq. All of these campaigns have sought to redistribute wealth and power and to restrain the influence of big business and force corporations to be more socially responsible. They challenge the conservative ideas about the role of government.

Other campaigns—those for gay rights, reproductive freedom, gun control, and civil liberties (for example, opposition to the Patriot Act)—have an uneasy alliance with movements that focus more directly on economic justice. Conservatives were able to use these wedge issues to win electoral victories, but the political trajectory has not been entirely toward the Right, as the results of the November 2012 elections suggest. Growing economic insecurity—what Jacob Hacker (2006) calls a major "risk shift"—created the potential for building political bridges between the poor and the middle class, between residents of cities and those of suburbs, and between people who may otherwise disagree about wedge issues.

The proportion of Americans who define themselves as liberals has been declining for several decades. But this does not mean that Americans do not share most liberal values. For example, fewer women call themselves feminists now than they did twenty years ago, but more women agree with once-controversial feminist ideas like equal pay for equal work or women's right to choose abortion. Likewise, more Americans today than twenty years ago believe that government should protect the environment, consumers, and workers from unhealthy workplaces and other dangers. Most Americans believe the federal government should help guarantee health insurance for everyone. A majority of workers support unions, and most Americans are pro-choice, want stronger environmental and gun control laws, and believe that the minimum wage should be raised and that the nation should do more to combat poverty.

What is needed is a contemporary version of the Progressive and New Deal tradition. This involves regulating capitalism to prevent excessive greed by pushing for housing and banking reforms, workplace safety laws, raising the minimum wage, strengthening the safety net, expanding protections for consumers and the environment, protecting Social Security, and expanding the right of workers to organize and bargain collectively for better wages and working conditions.

Progressive movements succeed when people join together to struggle for change, make stepping-stone reforms, and persist so that each victory builds on the next. Occasionally, there are major breakthroughs—legislation, court decisions, and changes in corporate practices—but these happen because the ground has been laid, captured in the phrase "successful people make their own luck." This kind of work is slow and gradual because it involves organizing people to learn the patient skills of leadership and organization building. It requires forging coalitions that can win elections and then promote politics that keep the coalition alive.

Is the American progressive movement up to the task? All movements for social justice face enormous challenges to success. Disparities in financial resources give big business and its allies disproportionate influence in getting their voices heard and gaining access to political decision makers. This influence does not guarantee that they will get everything they seek, but it does mean that they have an advantage. To be effective, progressive forces must be well organized, strategic, clever, and willing to do battle for the long haul.

Too often, however, the progressive movement has suffered from self-inflicted wounds of fragmentation. Since the 1960s, the progressive movement has been a mosaic of organizations that focus on separate issues and separate constituencies, which has undermined its effectiveness.

All of these organizations do good work, but there is little coordination or strategizing among them and no ongoing mechanism for discussing how to best utilize their substantial resources in the most effective way. If they were to pool their resources and sit around a large table, they might discuss the following issues: How many organizers, researchers, lawyers, public relations, and communications staffers should there be? What kind of single-issue and multi-issue organizations, online groups, and training centers for organizers, volunteers, and candidates are needed? How much money and support should be allocated to unions, community organizing, environmental groups, women's rights groups, civil rights organizations, and gay rights groups? In what parts of the country, including cities, states, and Congressional districts, should organizing work be focused? How many staff members would be based in Washington, DC, and how many in the field? What issues and policy agenda should they focus on?

But, of course, the progressive movement has no coordinating committee to assemble all these resources and make a rational allocation of money based on agreed criteria. It is not really a coherent movement, but rather a mosaic of organizations and interests that share a broad notion of social justice and a general belief in the positive potential of an activist government, which occasionally collaborate on election and issue campaigns.

Although progressive groups share a broad consensus about policy issues (for example, progressive taxation, strong consumer protection laws, supporting reproductive rights, stronger environmental laws, and expanded anti-poverty programs), they rarely join forces to mount sustained organizing campaigns to get policies adopted at the local, state, or federal levels. The one time these groups break out of their separate issue silos and work together is at election time, typically by supporting liberal Democrats through endorsements, voter drives, campaign contributions, policy work, publicity, and other means. These fragile electoral coalitions are typically forged by the candidates, the Democratic Party, or some loose and temporary alliance, and are soon dismantled after each election is over.

Obama's 2008 election, along with a Democratic majority in both houses of Congress, created a major sense of expectation about enacting a progressive agenda. It was clear, however, that winning elections is a necessary but not sufficient condition for winning a progressive legislative agenda. The progressive movement has had some significant victories in the past decade in terms of elections, policies, and issue campaigns (Dreier 2013), but creating real structural reform requires a combination of electoral success and grassroots organizing power (Dreier and Cohen 2012). As Obama began his second term, it appeared that he and his inner circle of advisors may have learned that lesson, too—as evidenced by his second inaugural address, his State of the Union speech, his decision to reenergize his electoral base as Organizing for Action, and his initial second-term initiatives on immigration reform, climate change, gun control, and raising the minimum wage. Whether he is willing to align himself strategically with a progressive movement was still unclear.

Presidents cannot change the course of the country on their own. That is what movements do. Each time there has been a political realignment, it has occurred in ways that even its strongest proponents could not have anticipated. America today is holding its breath, trying to decide what kind of society it wants to be. Liberal and progressive forces are gaining momentum, but they still lack the organizational infrastructure needed to effectively challenge the conservative message and movement.

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