

Centre for Economic Performance 21st Birthday Lecture Series

# The Price of Civilization: economics and ethics after the fall

Professor Jeffrey Sachs

*Director of The Earth Institute; Quetelet Professor of Sustainable Development and  
Professor of Health Policy and Management, Columbia University  
Author of 'The Price of Civilization: economics and ethics after the fall'*

Professor Lord Layard

*Chair, LSE*

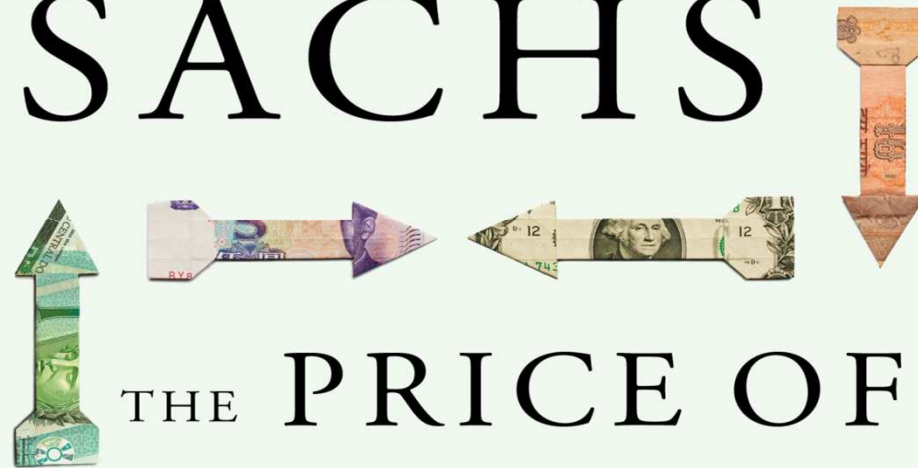


Suggested hashtag for Twitter users: #lsecivilisation



AUTHOR OF *THE END OF POVERTY*

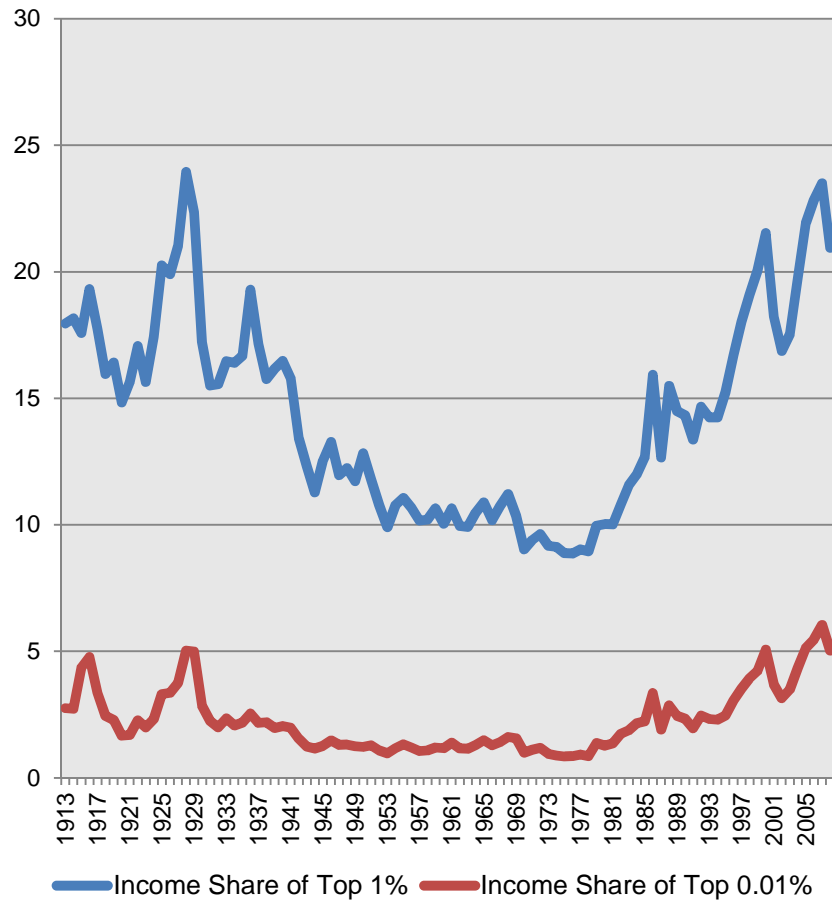
JEFFREY  
SACHS



THE PRICE OF  
CIVILIZATION

ECONOMICS AND ETHICS  
AFTER THE FALL

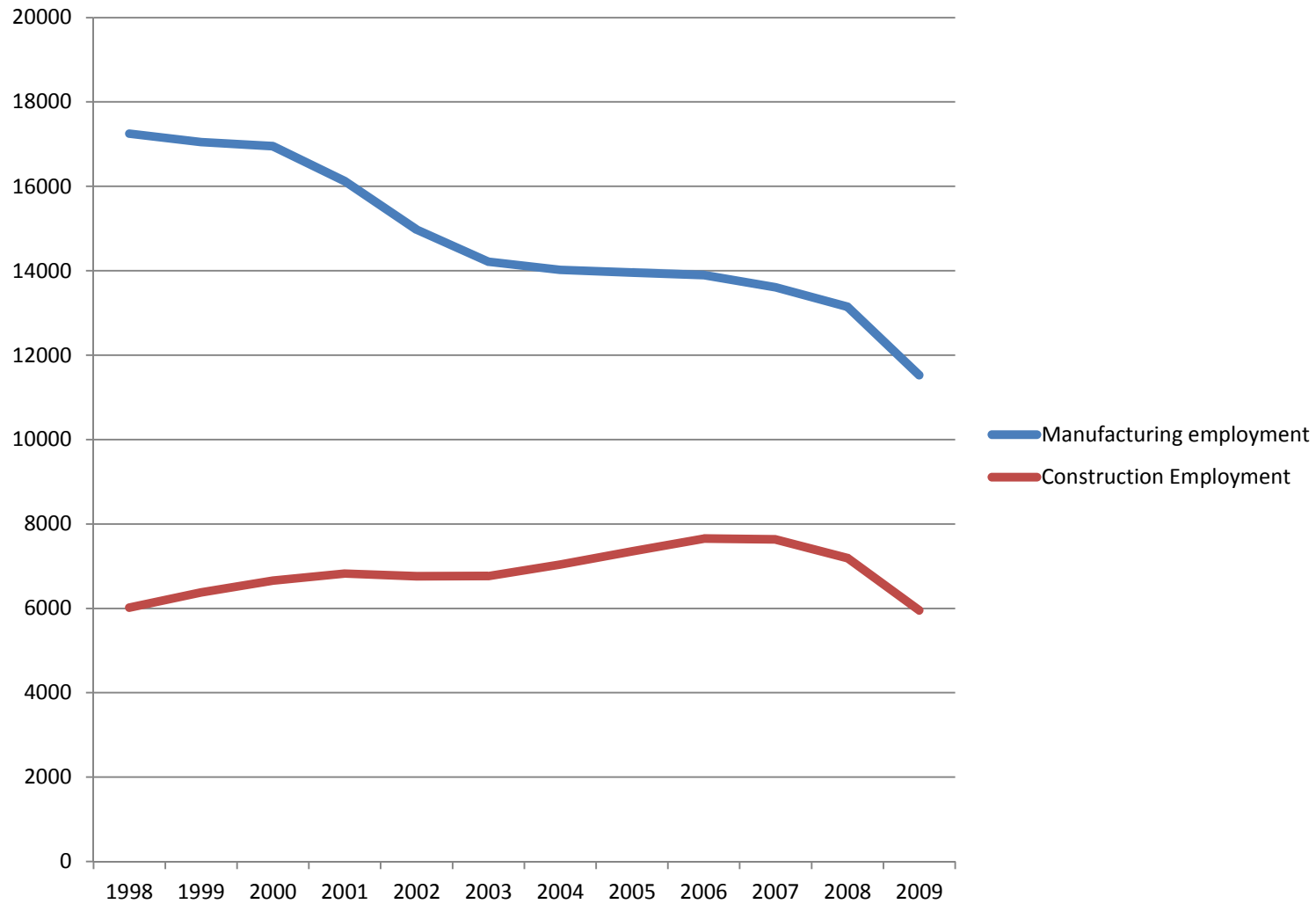
### Top Income Share



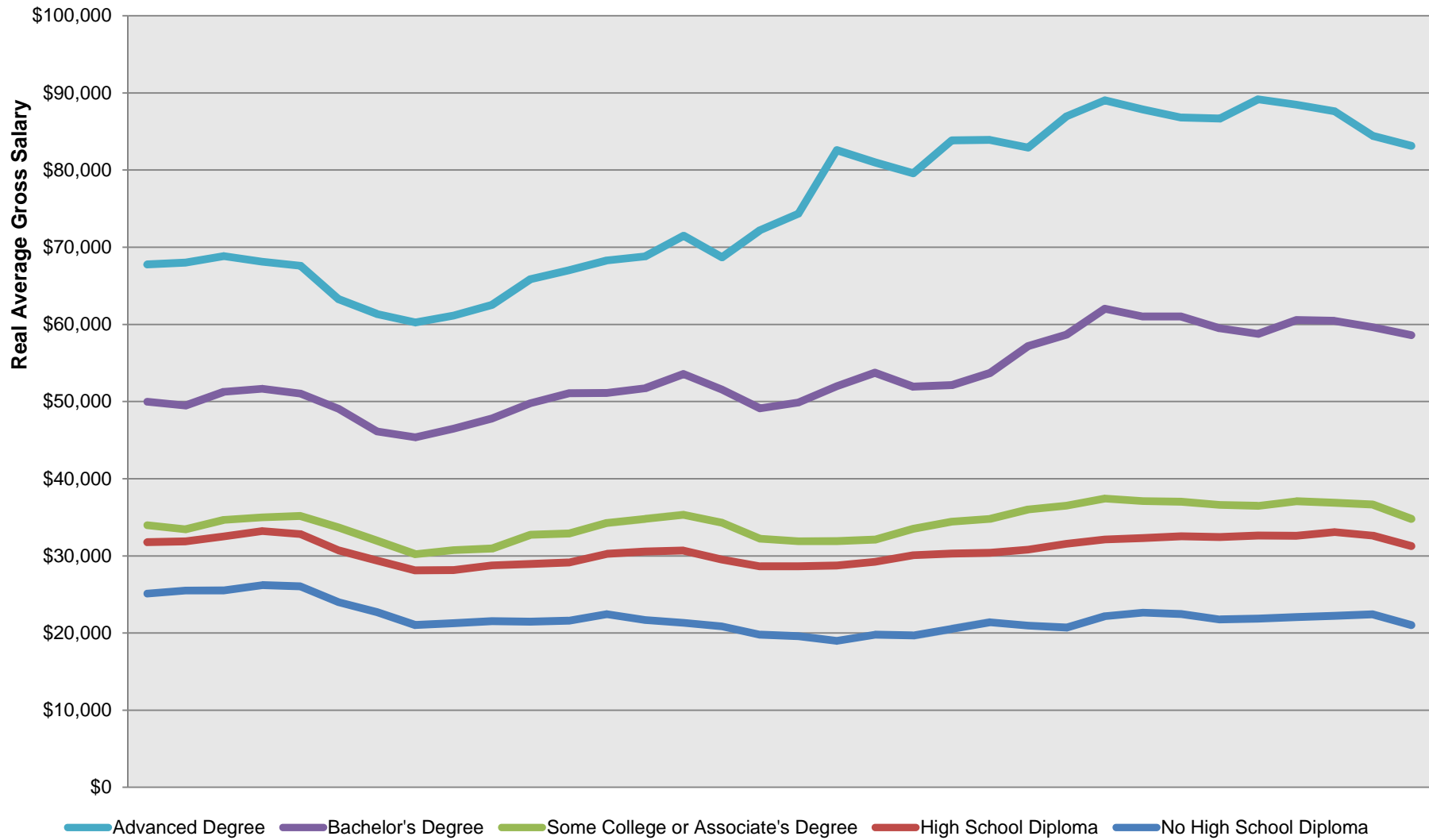
### Real Median Earnings of Full Time Male Workers



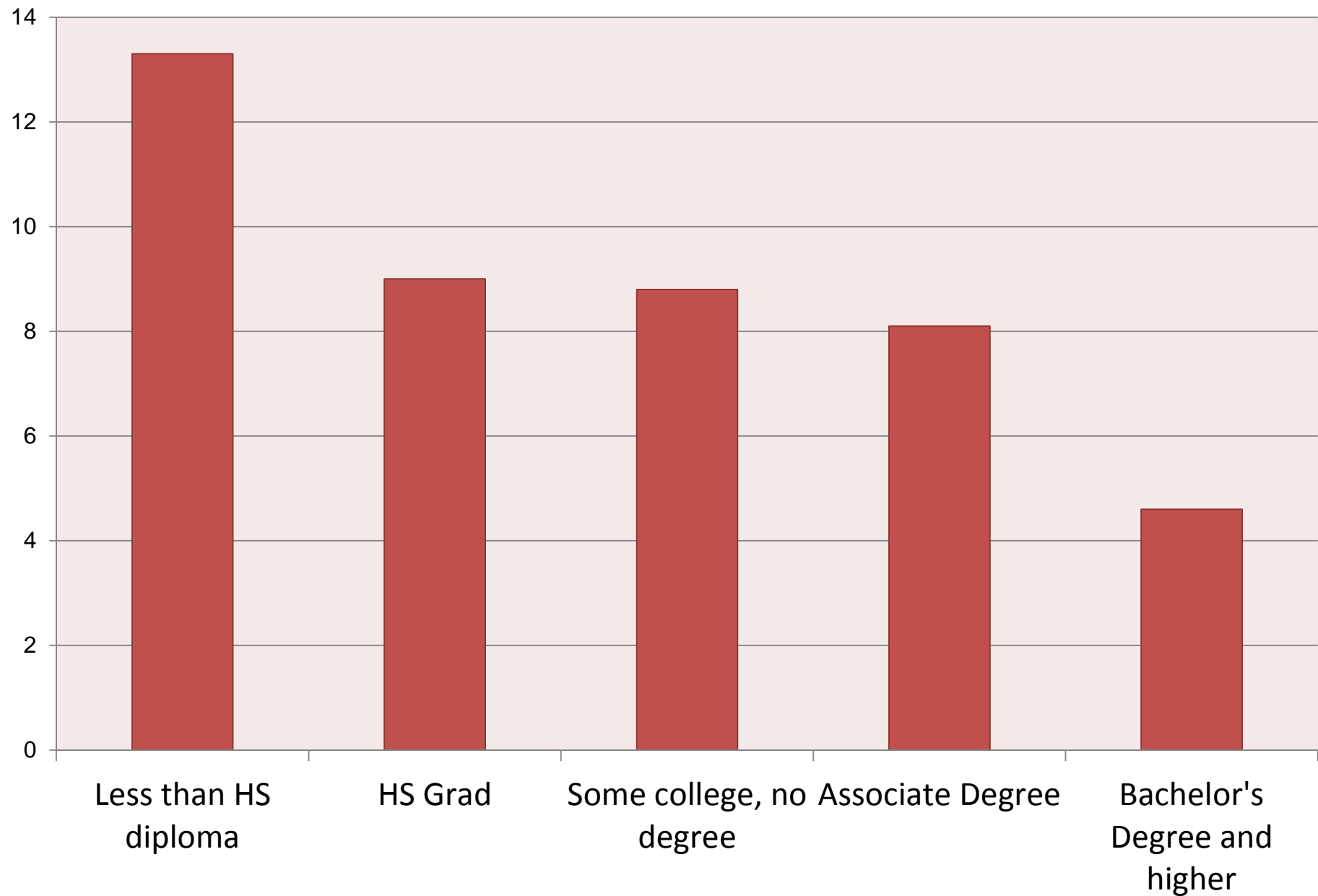
# Employment in Manufacturing and Construction



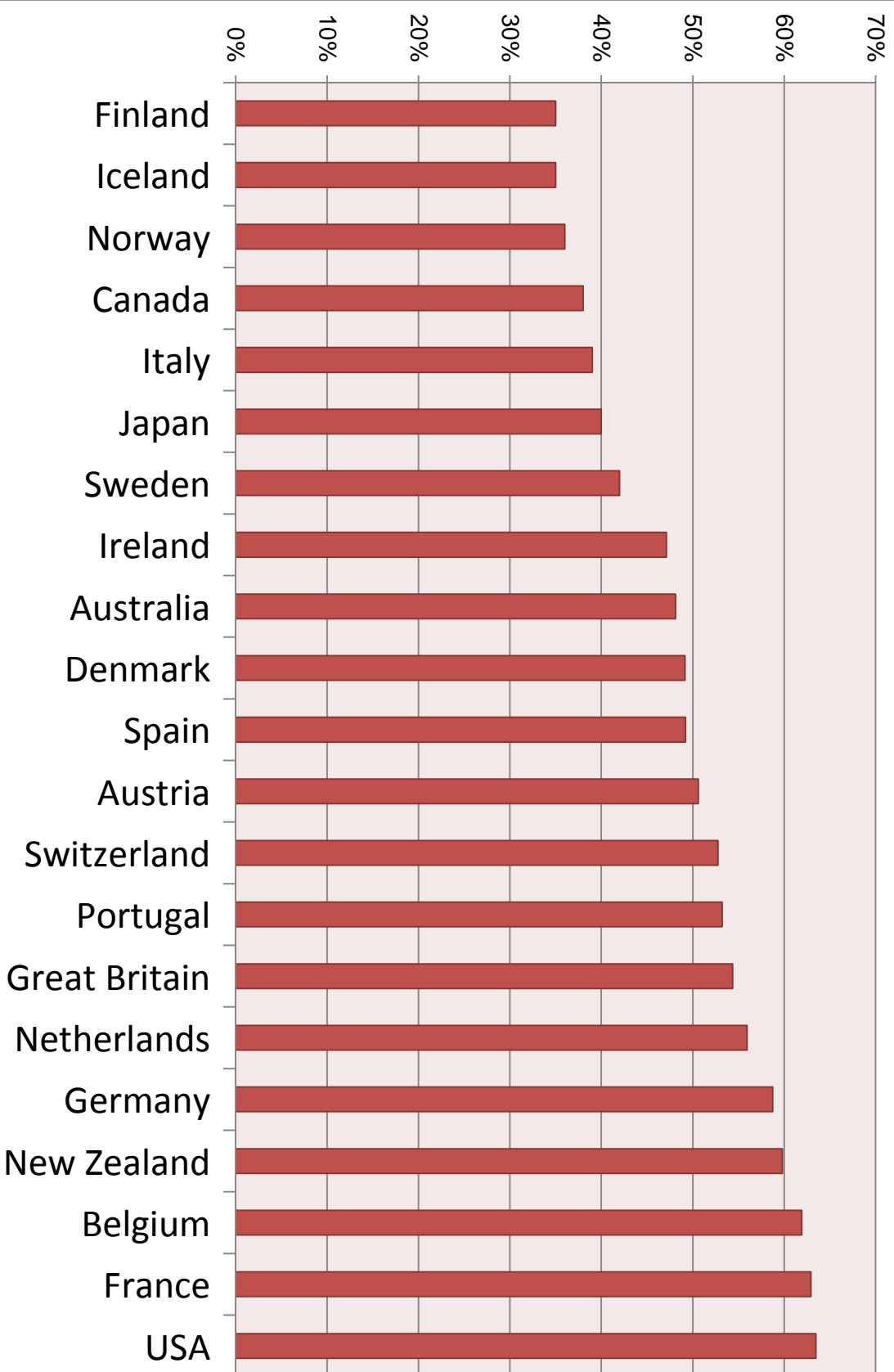
## Education Level vs. Real Salary Growth



## Unemployment Rate by Education Level (%)



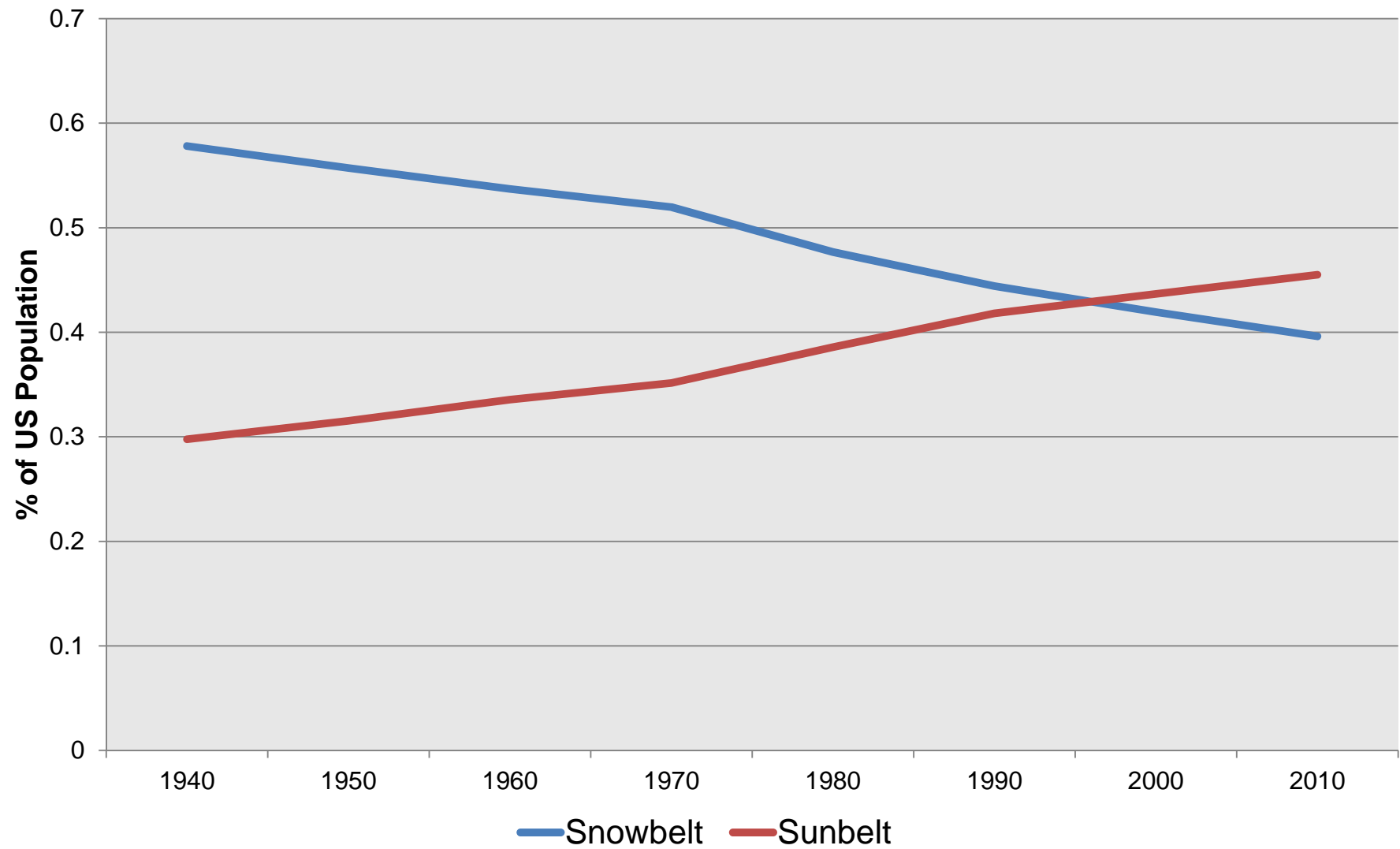
## **Influence of Parental Background on Student Achievement in Secondary Education**



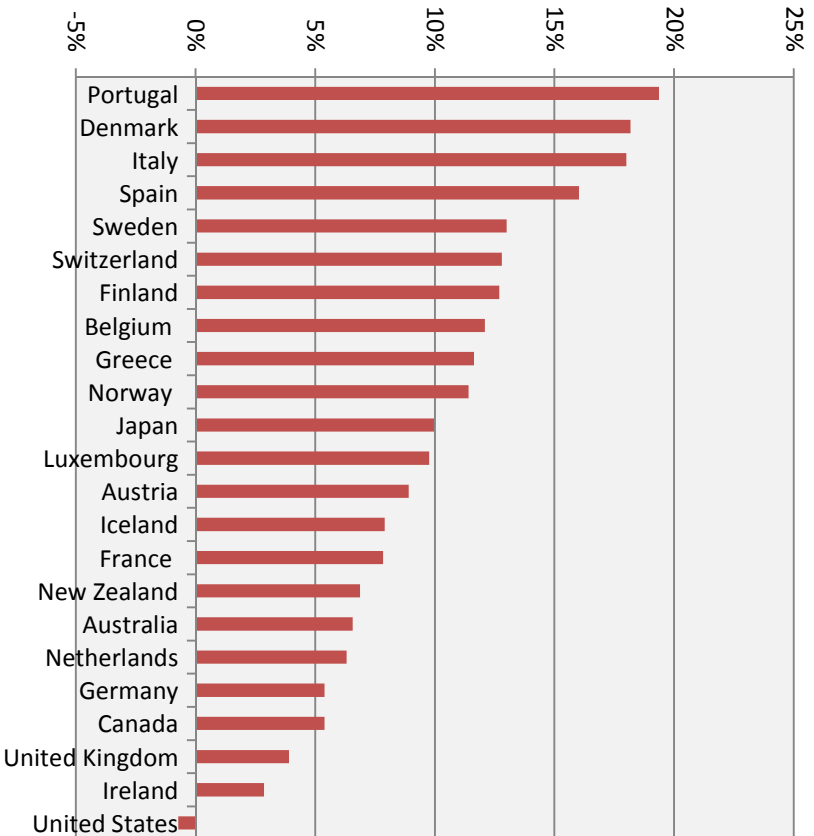
# The Age of Reagan, 1981-2011



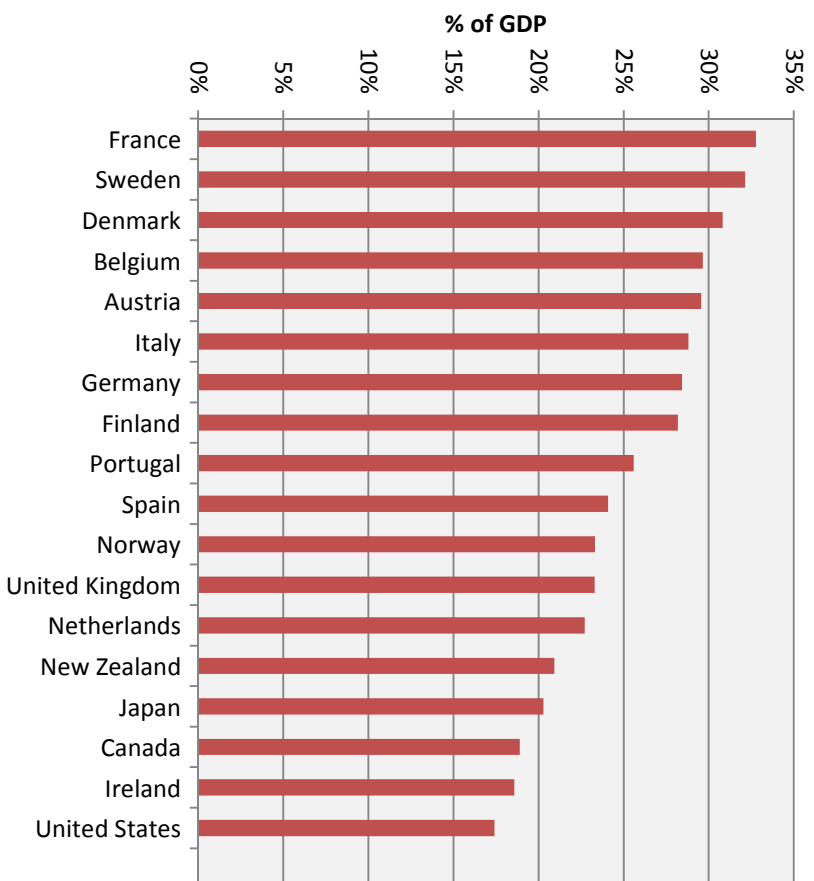
## The Rise of the Sunbelt Population



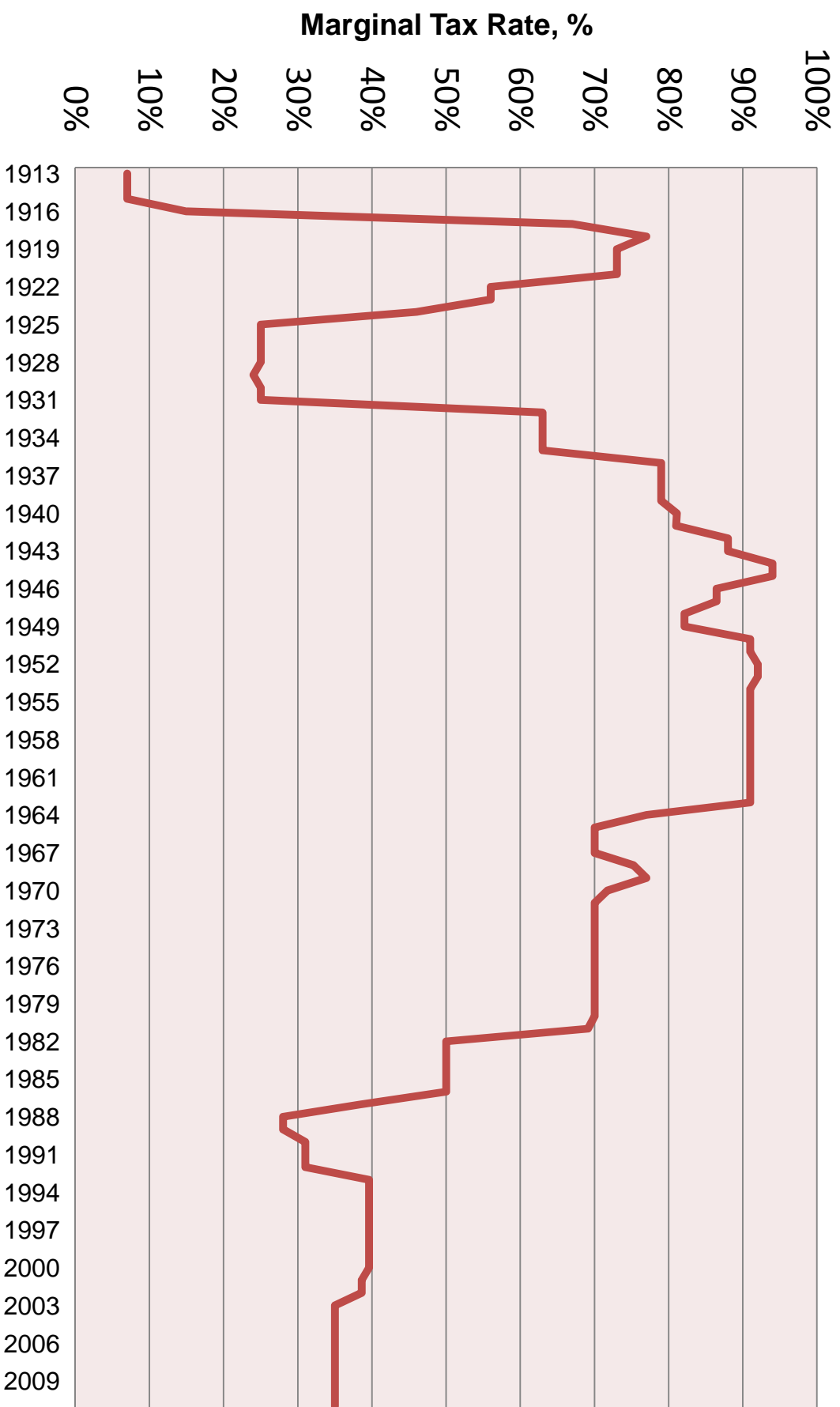
## Change in Tax-to-GDP ratio for OECD



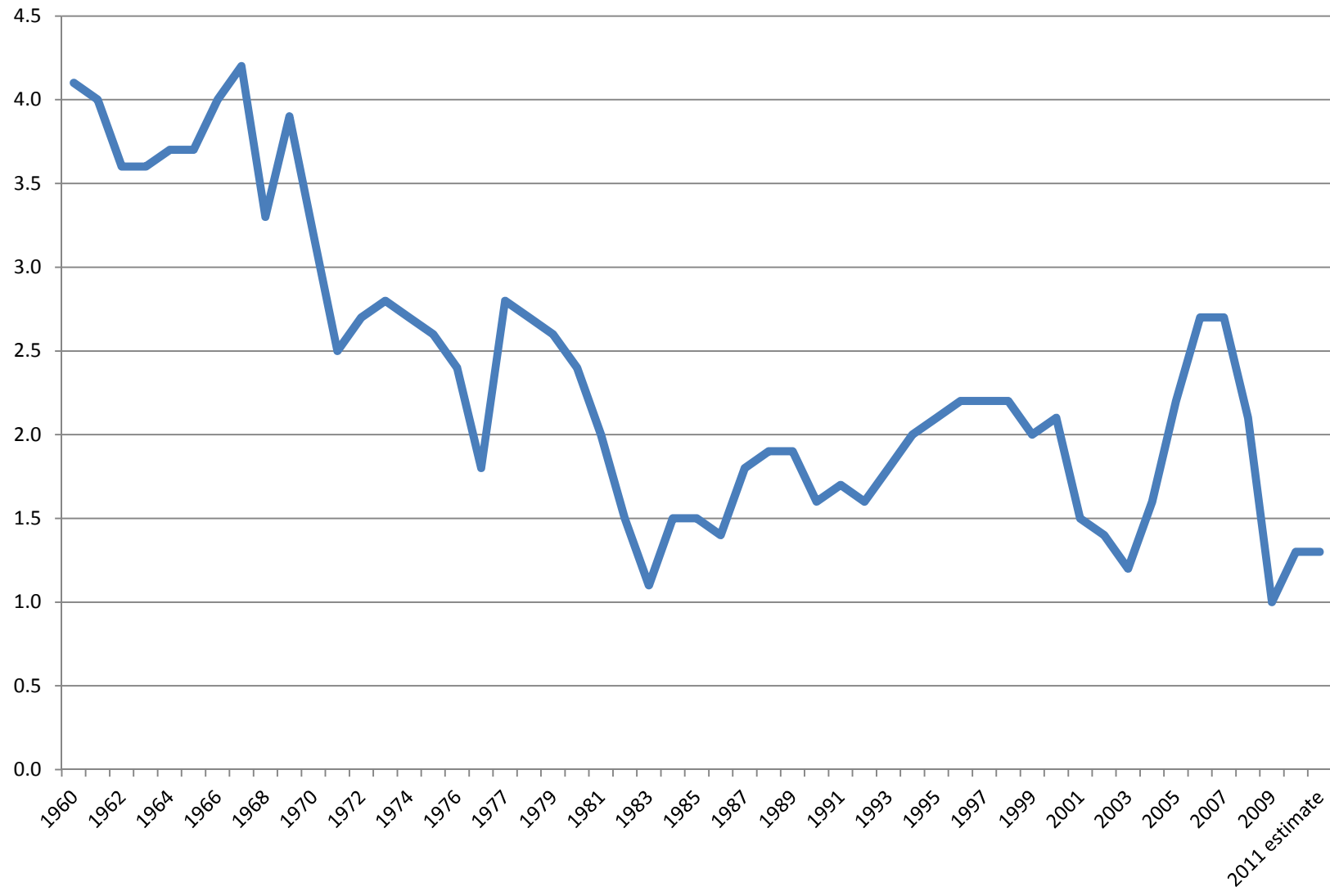
## Public Social Spending as Percentage of GDP, 2010



## Top U.S. Marginal Income Tax Rate, 1913-2009

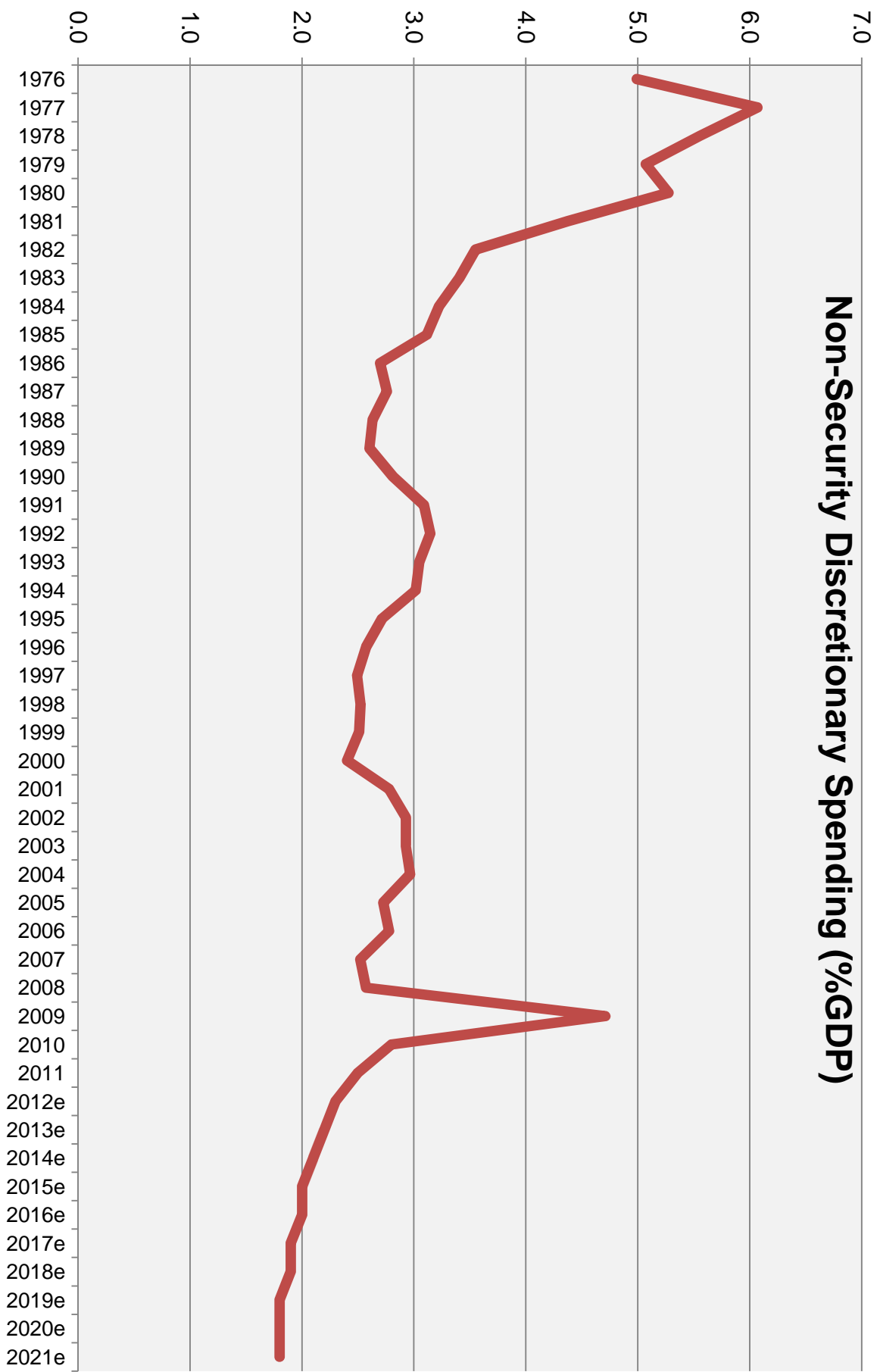


## Corporate Taxes (% GDP)

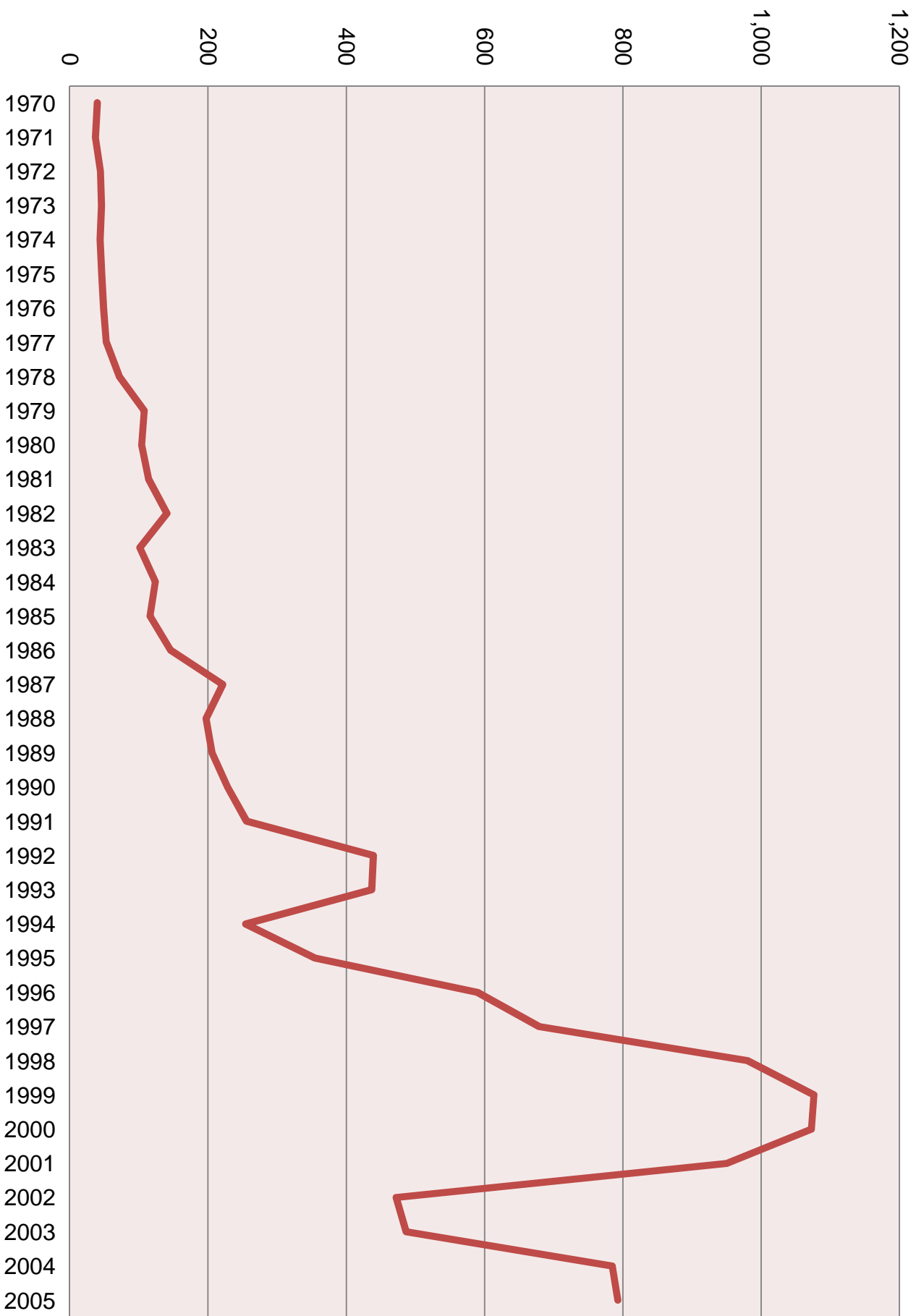


# **Non-Security Discretionary Budget**

- **Legislative Branch**
- **Judicial Branch**
- **Department of Agriculture**
- **Department of Commerce**
- **Department of Education**
- **Department of Energy**
- **Department of Health and Human Services**
- **Department of Housing and Urban Development**
- **Department of the Interior**
- **Department of Justice**
- **Department of Labor**
- **Department of Transportation**
- **Department of the Treasury**
- **Allowances**
- **Environmental Protection Agency**
- **Executive Office of the President**
- **General Services Administration**
- **National Aeronautics and Space Administration**
- **National Science Foundation**
- **Office of Personnel Management**
- **Small Business Administration**
- **Social Security Administration (On-Budget)**
- **Social Security Administration (Off-Budget)**
- **Other Independent Agencies (On-Budget)**
- **Undistributed Offsetting Receipts**



## Ratio of CEO to Average Worker Compensation



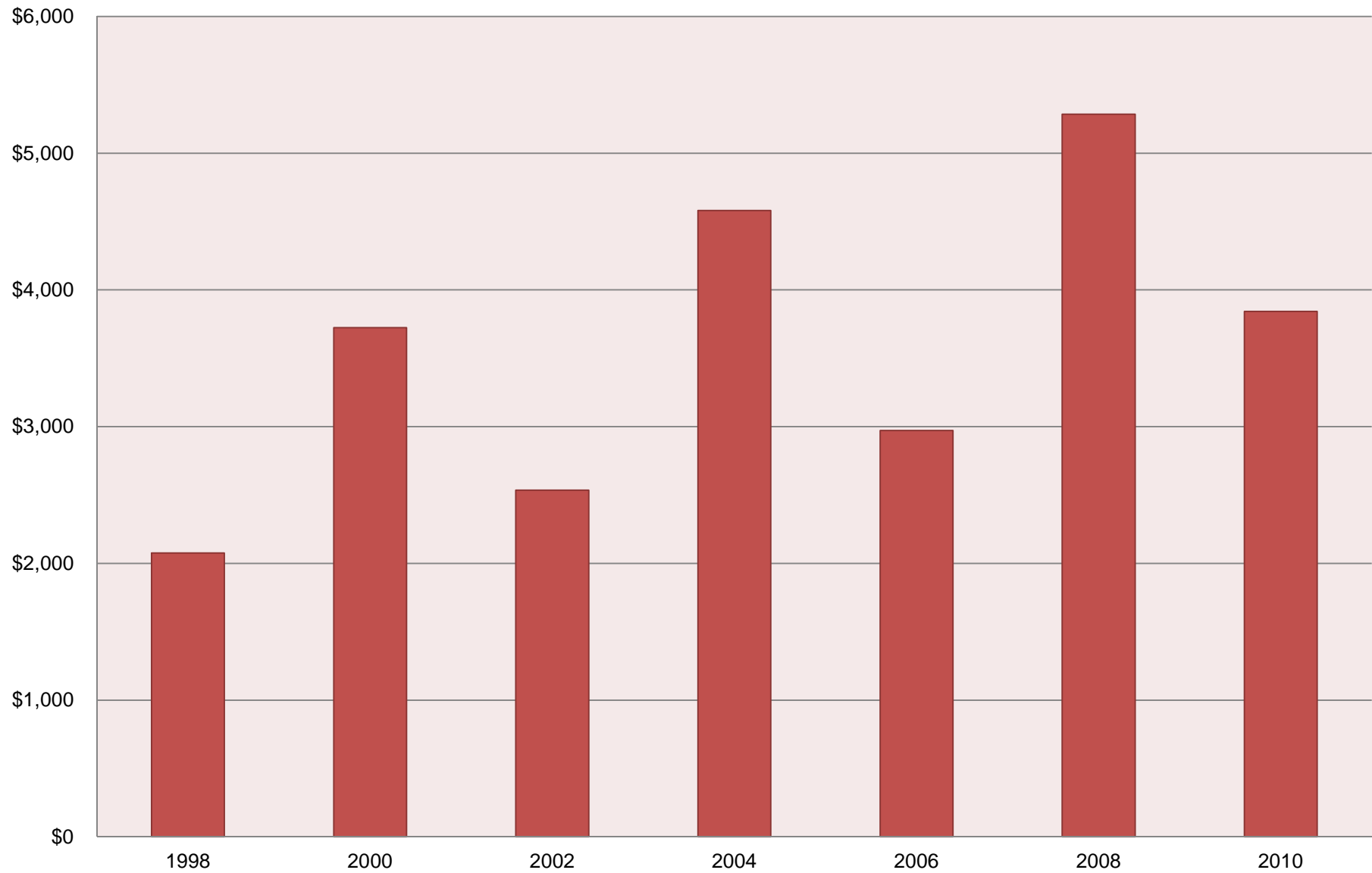
# Recent Corporate Scandals

Company	Year
Adelphia Communications Corporation	2002
AIG	2006
Rite Aid	2000
Dynegy	2001
El Paso Corp	2001
Enron	2001
IMClone	2001
Bristol-Myers Squibb	2002
CMS Energy	2002
Kmart	2002
Merrill Lynch and Co.	2002
Peregrine Systems	2002
Qwest Communications	2002
Tyco International	2002

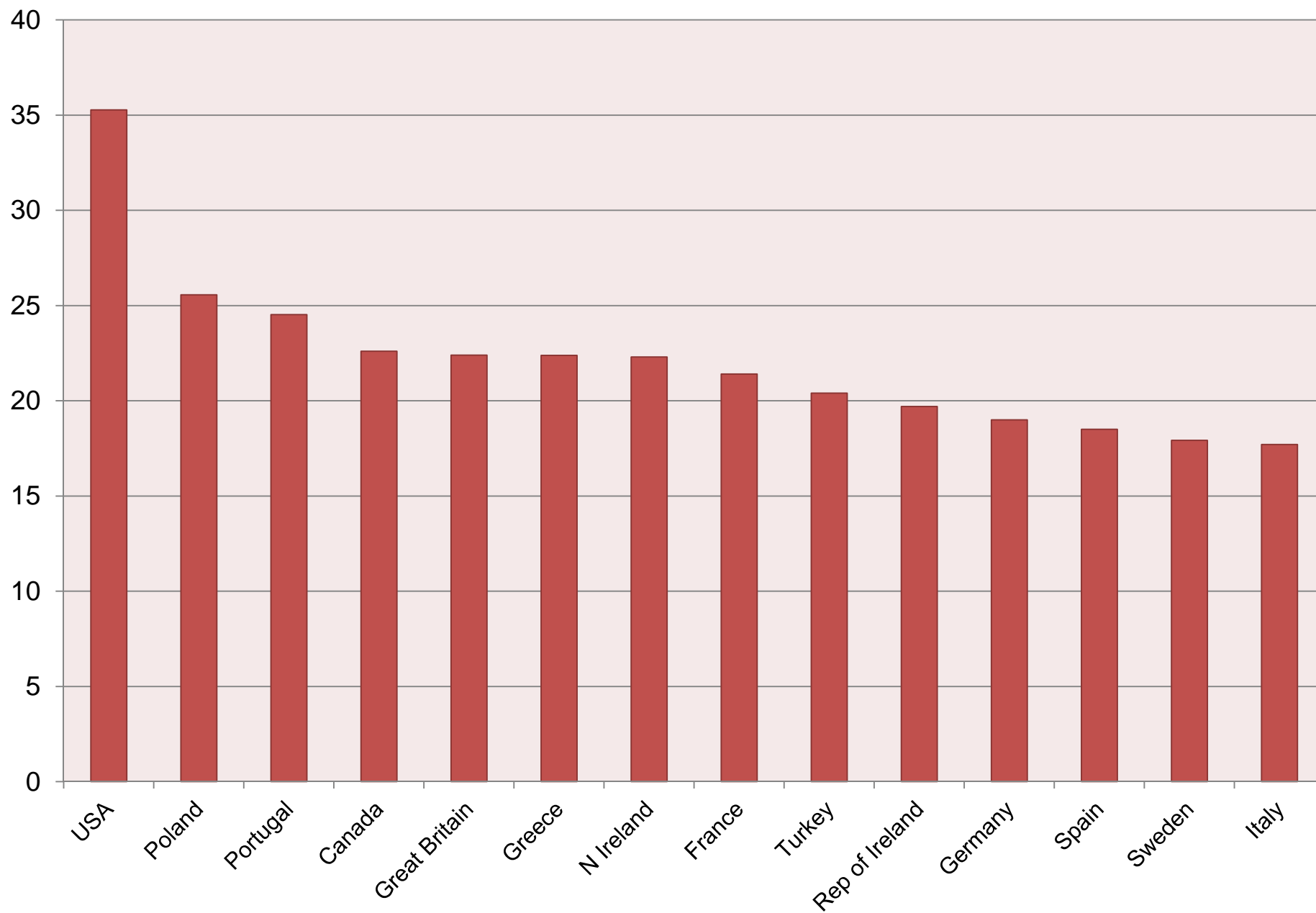
Company	Year
WorldCom	2002
Westar Energy	2002
HealthSouth	2003
Global Crossing	2005
AIG	2006
Fannie Mae	2006
Fry's Electronics	2008
Halliburton (Government contracts)	2009
Citigroup	2010
Duke Energy	2010
Goldman Sachs	2010
Halliburton (Nigeria)	2010
JP Morgan	2011
Koss Corporation	2011



**Total Federal Spending by Election Cycle**

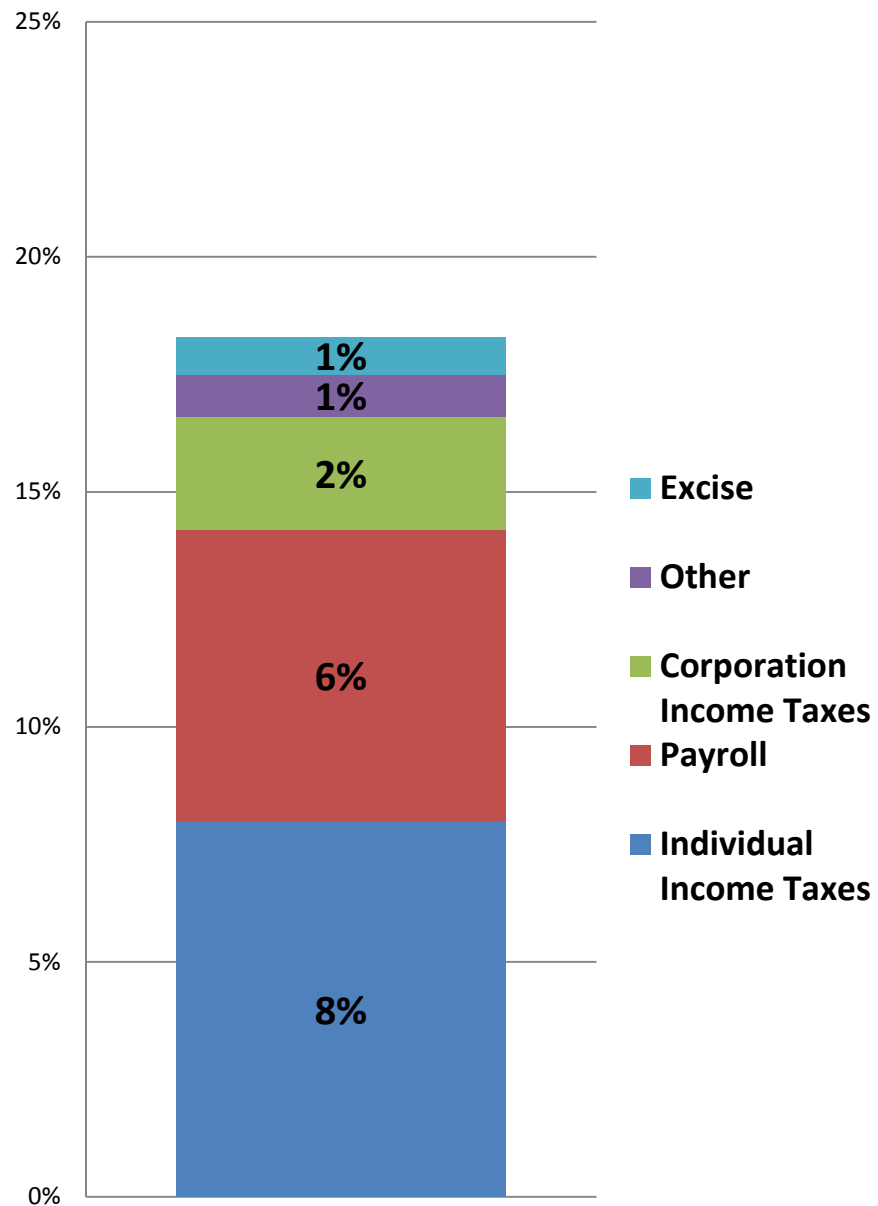


**Average Hours of TV viewed per week**

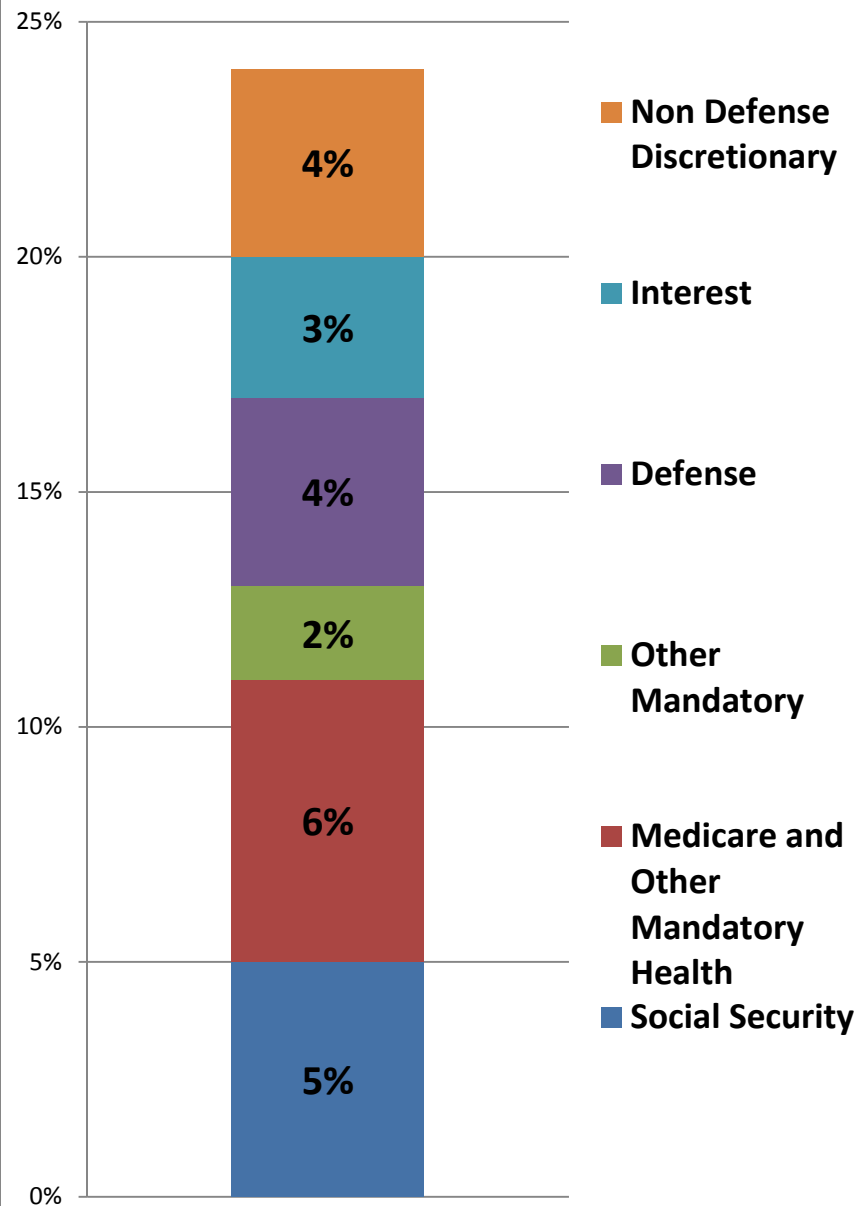


# Restoring Government as a Pillar of Prosperity, Justice, and Sustainability

**Revenues as % of GDP (2015 Projections)**



**Outlays as % of GDP (2015 Projections)**



## **Raising New Federal Revenues:**

Personal Income Taxation      +1% of GDP

Corporate Income Taxation    +1% of GDP

Net Wealth Tax                    +1% of GDP

Financial Transactions Tax    +0.5% of GDP

Carbon Tax                        +0.5% of GDP

Tax Compliance                +0.5% of GDP

# A Plan to Pay for Civilization

Baseline Revenues	18.0	Baseline Outlays	24	Cuts
Income	8.0	Health	6	-1
Payroll	6.3	Social Security	5	0
Corporate	2.2	Other Mandatory	2	0
Excise	1	Security	4	-1.5
Other	0.5	Non-Security	4	-0.5
		Interest	3	0
		<b>Baseline Deficit</b>	<b>6.0</b>	<b>3</b>
		Outlays	24	
		Revenues	18	

Added Outlays	3.0-3.5	Added Revenues	4.5
Job market	0.5	Income Top 1%	1
Prim and Second Ed	0.3	Wealth Top 1%	1
Higher Ed	0.4	Corporate	1
Early Childhood	0.5	Enforcement	0.5
Infrastructure	1	FTT	0.5
R&D	0.3	Carbon	0.5
Diplomacy and Aid	0.5		
<b>Added Deficit</b>	<b>6</b>	<b>Final Deficit</b>	<b>1.5</b>
		Outlays	24
		Revenues	22.5

# **The New Progressive Movement: An Approach to Political Change**

SOCIAL MOBILIZATION (OWS)

POLICY PLATFORM

POLITICAL POWER

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