

**Toward Economic Equality:
A Seven-Point Program to Ensure a Better Future for Us All
Wellstone Democratic Renewal Club**

The growth of economic inequality in the United States and most of the developed world since the early 1980s is not an anomaly or a reversible blip but the result of policies guided by the ideology of unregulated free markets, lower taxes, particularly for the rich, and trickle-down economics. This world view, held by the economic and political elites, has dominated United States economic policy over the last three decades. It focuses on dismantling the legacy of the New Deal, which helped lead us out of the Great Depression of the 1930s and into the sustained growth periods of the 1950s and 1960s.

The rollback of the New Deal legacy has dismantled much of the social safety net, weakened labor protections, imposed trade policies impeding American workers from protecting their standard of living, deregulated financial markets (leading to the economic collapse of 2008–2010), and skewed the tax structure to benefit the rich at the expense of the rest of us. This agenda continues to increase the gap between the rich and everyone else. Left unchecked, growing inequality is not only economically unsustainable but also socially dysfunctional. It leads to deteriorating health and educational outcomes, less family stability, more drug and alcohol abuse, higher stress levels, and increasing tensions along class, gender, and racial lines, putting particular pressure on those already close to or in poverty, who are disproportionately people of color.

This trajectory can be reversed only through focused and bold government action and new or revitalized organizations of workers and consumers to expand the economic and political power of average citizens relative to the power of economic elites.

A *new* New Deal We need an economic program that relies on the principles of the New Deal, updated for the modern reality of a highly interconnected global economy and instant communication technologies. Seven basic principles guide this approach. They are:

1. Support the most vulnerable people first:

- Raise the federal, state, and local minimum wages to a living wage level with automatic inflation adjustments to lift low-wage workers out of poverty.
- Continue to fully fund the Affordable Care Act, Medicaid, and Medicare programs, and work for a universal, means-adjusted, single-payer health insurance system.
- Fully fund food stamps and other safety net programs for poor children, families, seniors, and the disabled, and work to ensure that all those eligible are enrolled.
- Develop programs to provide adequate housing to all. Require banks to renegotiate loans to homeowners vulnerable to foreclosure, protect tenants facing eviction in gentrifying areas, and encourage more construction and preservation of affordable housing.
- Expand the Earned Income Tax Credit for low-income families and individuals.

- Pass comprehensive immigration reform, bringing undocumented workers out of the shadows and in turn raising wages at the lower end of the pay scale while growing the economy.

2. Revise our taxing and spending priorities:

- Significantly reduce the \$680 billion military budget by staying out of unwinnable and pointless foreign wars and by eliminating redundant and unnecessary weapons systems.
- Substantially reduce the enormous domestic spying system, which violates Constitutional protections and is mostly ineffective.
- Reduce spending on prisons by implementing sentencing reform for nonviolent offenders, and end federally subsidized militarization of police forces.
- Reorient the tax system to raise additional needed revenue by having the wealthy pay their fair share while discouraging speculation and the outsourcing of American jobs:
 - Tax short-term stock market speculation (the Robin Hood Tax), dramatically increasing federal revenue while discouraging destructive and risky high-frequency trading and speculation.
 - Close huge federal loopholes for the rich by eliminating preferential tax treatment for capital gains and the carried-interest tax break for hedge fund managers.
 - Increase the income cap on Social Security taxes so that high income earners pay their fair share to sustain and expand this vital program.
 - Discourage outsourcing of American jobs and hiding profits in foreign tax havens by reforming the way foreign profits by U.S. corporations are taxed.
 - Return the federal (and state) estate taxes to Clinton Administration levels, which will affect only the top 1% of Americans but result in at least \$100 billion in increased revenue to government over 10 years.
 - Reform Proposition 13's property tax breaks for commercial and industrial property to generate significantly more revenue needed for California's cities, counties, school districts, and public colleges and universities.
 - Enact the oil severance tax in California that other oil-producing states impose.
 - Make permanent California's Proposition 30 income tax increases for the rich.

3. Rebuild a high-employment/high-wage economy:

- Protect workers' right to organize by passing the Employee Free Choice Act, which ensures fair treatment of workers attempting to form unions.
- Renegotiate trade agreements in the interests of U.S. workers and our trading partners' workers and farmers; ensure that corporate interests do not trump environmental and labor standards. Repeal or reject any trade agreement, such as the TPP, that does not guarantee net job and wage increases in the U.S. and for our trading partners.
- As a condition of doing business in the U.S., require corporations and nonprofit organizations to maintain a reasonable ratio—far below the current average, 300 to 1—of the pay of their top executives to the pay of their average workers.
- Use government tools to encourage investment in high-wage, sustainable, productive domestic industries, such as alternative energy.

4. Build sustainable infrastructure to create jobs and invest in the future:

- Inject more federal money into state and local government to sustain quality public education, public transportation, and social, public safety, and health services, which in turn increase jobs.
- Increase incentives for investments in wind and solar energy systems, including new energy grids to get the power from where it is produced to where it is used.
- Accelerate building more mass transit systems and infrastructure to facilitate biking and walking.
- Rebuild aging water and sewer systems, bridges, schools, libraries, parks, and other public facilities.
- Invest in production and conservation technologies to ensure sufficient water supplies for the near term and long term on a warming planet.

5. Re-regulate and stabilize the financial and mortgage markets:

- Strengthen provisions in the 2010 Dodd-Frank financial re-regulation law to limit the size of federally insured financial institutions so that none is “too big to fail.”
- Separate commercial and investment banking by reinstating the Glass-Steagall Act (repealed in 1999), so that taxpayer money (FDIC insurance) is not used to bail out losses from speculative investments.
- Strengthen financial regulatory agencies, such as the Consumer Financial Protection Agency, to protect average citizens from scams and manipulations by powerful financial institutions

6. Give greater economic power over our common resources to the people:

- Promote effective environmental stewardship through community choice aggregation for energy procurement and shared ownership of other natural resources such as petroleum.
- Create legal and financial incentives for shared financial institutions—community banks, land trusts, limited/shared equity housing, economic cooperatives and co-ownership, and workers’ councils.
- Insist that local and state communities be adequately compensated by developers when they are granted special planning permissions.

7. Bring true democracy to the political process:

- Reverse voter suppression laws aimed at people of color, students, and others.
- Encourage voting by facilitating registration, early voting, and voting by mail.
- Provide public financing for elections at all levels of government.
- Reverse the *Citizens United* decision (which allows unlimited spending by wealthy individuals and big business interests on political campaigns) through a Constitutional Amendment or other means. Require full disclosure of major campaign contributors to candidates and initiatives.
- Place strict limits on the revolving door between lobbyists and government officials.
- Limit the contributions and gifts that lobbyists can give to legislators.