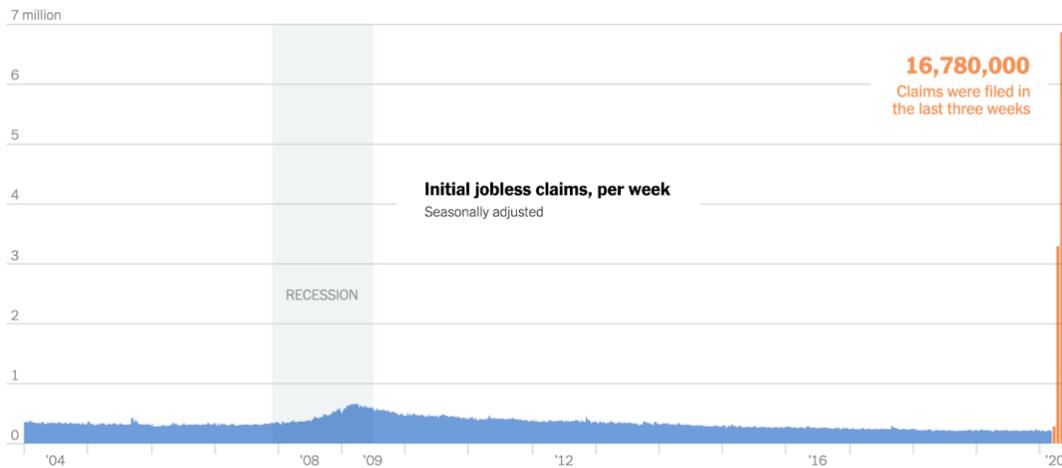


## Compact for the American Future

*An Economy that Works for all Americans*

The numbers are staggering: In the last 2 weeks of March and the first week of April, nearly **17 million Americans** newly filed for unemployment benefits — shattering records from previous depressions throughout our country's history. It's hard to imagine the scale of devastation that underpin these numbers:



Source: New York Times

And while the federal government has taken some necessary action to provide emergency economic relief to Americans during the COVID-19 pandemic, ultimately it won't be enough. For decades now, economic policy in America has left millions behind, without livable wages, without benefits that increase productivity, and instead of increased investments we need, we've implemented knee-jerk tax cuts. The COVID-19 pandemic has only exposed our patchwork economic system and its vulnerabilities in the harshest light. It's time to have a conversation about building an economy that works for everyone — for our future.

In the next installment of the **Compact for the American Future**, we'll detail how bold changes to our economic framework can grow jobs, reduce income inequality, and give Americans the economic freedom they deserve with higher wages and less debt.

### Economic Firewalls for the Next Pandemic

The Congress and the Trump White House have had no choice but to work together on major economic relief packages for those impacted by the COVID-19 crisis. The economy is in freefall, and millions of Americans are hurting as businesses are forced to shutter. As we watch this crisis unfold, we are learning lessons about how to be prepared for the next pandemic or the next disaster.

It's become clear that our long-term economic policies, our under-invested workforce, and our top-down economy is not equipped to handle a pandemic that brings the economy to a screeching halt to prevent community spread. Below are steps we can take now to make our economy more resilient in the face of a public health outbreak so instead of only throwing lifeboats, we can keep everyone above water to begin with:

- The federal government, states and banks must **suspend student loan debt payments** during a national crisis like the one we are in now. Further, the government and banks should refinance existing student loan debt.
- The federal government should require **forbearance on rent and mortgage payments, as well as credit card debt**, for those who cannot pay those bills. The government can step in to provide bridge loans at lower interest rates to cover the forbearance and negotiate payments to banks and other lending institutions to keep them afloat.
- Many states have rightfully worked with credit agencies to **minimize or even ban negative reporting of financial difficulties** experienced due to the pandemic. The federal government should follow suit.
- We should continually invest in an **economic relief fund** that is flexible enough to send direct cash payments to Americans immediately. In the current crisis, it will be several weeks if not months before any American sees a much-needed check come in the door.
- The federal government should not arbitrarily channel relief fund dollars through select institutional banks. Rather, it should explore providing **block grants to all 50 states and territories**, which not only would prevent the government paying interest payments that the banks are charging, but also allow funds to get to Americans much faster than they are now as the state tax infrastructures are better set up for residents than the IRS is for the country writ-large.
- As in the CARES Act, a separate fund should be set aside to provide **no-interest loans to businesses** hit by pandemics, but only if they maintain previous employment levels and in the case of public companies, do not use any federal funds for stock buybacks.
- In times of crisis, states can **ensure that utility companies don't shut off vital necessities** for those who cannot make payments, and **halt evictions and foreclosures** for nonpaying renters and homeowners impacted by the crisis.
- The federal government could set up a program to **reimburse businesses** that retain employees at reduced salaries, to avoid loans that ultimately end up saddling businesses and individuals. This only works, of course, if employees' home expenses are reduced, as mentioned above.
- We should **bring more small business owners, especially minority- and women-led businesses, to the table** to understand what worked and what didn't in this crisis and be better prepared for the next one.
- For essential business that still operate under pandemic conditions, there must be **federal protections** in place under OSHA to ensure these hard-working Americans are not at increased risk of contracting a virus or coming to work with symptoms for fear of missing out on a paycheck.
- It's become clear during the COVID-19 crisis that the Small Business Administration (SBA) is not set up for the volume of loans businesses are requesting under the CARES Act. Because of the bureaucracy, many businesses

- are forced to go under before loans are even reaching them. It is time to **envision a new lending structure** that is timely, low or no interest in the case of a crisis so that businesses do not go belly up for no fault of their own.
- We must not leave behind the **self-employed, contractors, part-time, and gig workers** that make up large swaths of the American economy but are often not appropriately built into economic relief packages.
  - The federal government should look to countries like Denmark and think about going even bolder during the crisis — **effectively freezing the economy** and bringing in the federal government to cover payroll costs for businesses to keep the economy suspended so it is ready to open when social distancing measures are lifted.
  - Unemployment insurance must be expanded to **cover 100% of wages** for a meaningful cross-section of Americans up to an adjusted salary levels based on cost of living.
  - The federal government should be prepared to **shore up lower interest rates** for sectors hardest hit by pandemics, such as transportation, entertainment, food and consumer services.
  - Corporate officers should be **incentivized to retain workers** and their benefits by encouraging CEO salary cuts and reduced executive compensation, or through future tax incentives.
  - We should establish **go-forward policies that impact furloughed workers**, to ensure they maintain their health benefits and wages during crises.
  - The federal government and states must **not overlook cities**, which have been strapped for cash during the COVID-19 pandemic and forced to lay off or furlough city employees. Economic relief packages must include lines of credit to cities so they can maintain their workforces and provide services residents need.
  - To prepare for the next pandemic, we must go under the hood of our **national, inter-state and global supply chains** so that they are more efficient and ready to handle the volume of medical supplies needed to address a crisis.
  - The federal government must put its weight behind **research and development**, specifically with respect to being able to rapidly develop and deploy testing and as soon as possible deliver an effective, ubiquitous vaccine for a virus.
  - As we'll discuss below, it is essential to expand and provide **paid family and paid sick leave**.

### **Investing in the American Worker**

For decades, the United States has lost its investment mindset. As wages have stagnated, we have – to our great detriment – failed to invest in people. The federal government has stalled on education reform, allowed healthcare to become unaffordable and inaccessible for millions, and denied millions benefits that would increase their productivity and happiness.

To build an economy that works for all Americans, we must put people at the forefront of policymaking. That means from cradle to grave, our public policies should invest in 100% of Americans. Rather than propping up inefficient capitalism that focuses its investments on the top 10% of earners and empowers greed over wealth creation, by investing in all Americans, we can reduce income inequality, grow the middle class, decentralize wealth, and empower everyday workers. How?

- We can make **childcare more affordable**. Childcare has become wildly expensive and unaffordable for millions of families. It's time we make childcare universal and affordable for those who need help supporting their families.
- The United States is one of the only major countries to not provide its citizenry **paid family leave**. It's time we support families, in times of crisis or times of prosperity, with the assurance that they can care for new children or sick family members and maintain their pay.
- Many Americans are hamstrung without paid sick leave and report to work despite feeling ill. We must provide **comprehensive paid sick leave** so workers can get the medical care they need to stay healthy, protect their coworkers and increase productivity for everyone.
- **Domestic workers, part-time workers, home care workers** and other unsung heroes not accounted for or not being paid their worth must be invested in with better wages, benefits, transparency around scheduling, job security, and a fair workweek for the critical duties they perform.
- **Farmworkers** have also been left out of federal labor laws, and we must protect their workplaces and ability to organize with federal action.
- We must finally commit to investing in women and people of color as we do for men and white men, in particular, with **pay equity and pay transparency** laws that once and for all close pay gaps.
- It is long overdue to **raise the minimum wage in America**. While many states and localities have taken important measures, the easiest and highest-impact way to invest in all Americans is to boost wages nationally. \$7.25 per hour no longer cuts it. We should follow the will of a majority of voters and institute a **\$15 minimum wage** across the board. Moreover, the federal minimum wage should increase annually with inflation.
- Policymakers should help **restore the bargaining power of America's unions**, with policies like sectorial bargaining. More broadly, to grow and sustain the middle class, we must incentivize the formation of unions and collective bargaining across sectors, ensure dignity at work, and stop corporate violators of labor laws in their tracks. We must also **end "right to work" laws** that are harming American workers in states around the country.
- We can invest better in the many independent contractors that help the economy and businesses thrive. **Independent contractors should be given the right to collectively bargain**.
- Too many Americans have lost out on overtime pay they deserve. We can invest in workers by making sure they receive their **overtime pay** for hours worked beyond a regular work week and reduce the Trump administration efforts to do the opposite.

- We should pass the **Veterans Bill of Rights** in states to ensure our nation's veterans are able to access capital to start a business, and make sure veterans can reenter civilian life with fulfilling and good-paying jobs and receive academic credit for the skills they obtain while in service.
- Investments need not start at childcare but should also extend into **early childhood education and K-12**. The U.S. has continued to lag behind in investing in both of these critical areas that are foundational to healthy kids and prosperous societies. The United States must make early childhood education universal and completely accessible. And we must ramp up funding to K-12 so every child has a solid education, no matter their zip code.
- It's paramount that we make it less burdensome to pursue a higher education and not saddle students with decades of crippling debt. We need to make higher education more affordable on the front end, while **relieving millions of Americans of debt** that hampers their economic opportunity and leads to "brain drain" in rural communities.
- We can also put greater investments into **two-year colleges, community colleges, apprenticeship programs, and career and technical training programs** to give all Americans a path to a fulfilling career based on a more diverse set of skills.
- American companies should be incentivized to **allow workers to elect a meaningful percentage of their company's board**, so they have greater decision-making power.
- We must end the geographical disparities in workforces that particularly hit rural America. We can **invest in the pipeline of workers** – especially healthcare workers – to make rural communities stronger and healthier and create good jobs for folks outside of major metropolitan areas.
- We should allow **Americans to retire with dignity** and without worry they can't cover their expenses.
- And finally, we should **protect the millions of undocumented immigrants** who work hard here in the United States with labor rights and the ability to report labor violations and unsafe work environments.

Ultimately, higher paid workers mean a growing economy, more consumer spending, a broader tax base, more companies and workers willing and able to innovate, better health outcomes, a more educated populace, and more cohesive communities.

Investing in all Americans will make us stronger and better positioned to success in the future. It will make us all more free.

### **An Economic Framework for the Future**

Investments don't end with people. Public funds can be invested in myriad ways to grow the economy, create jobs, and ultimately drive returns for the country. What we'll need is a changed mindset and a new economic framework for the future. It's about growing investments to reduce costs – not shying away from investments for fear of upsetting the applecart.

Government is the exact strategic partner we need to help make capitalism – and our economy more broadly – work for all Americans. It can serve as a referee to ensure competition, protect public goods such as clean air and water, produce public goods like transportation and a well-funded postal service, any many more. It all adds up to investments that extend to everyone. Here's what we can do now to invest in our economy and make the United States a global economic leader:

- We can make our healthcare system work for everyone by **increasing access, lowering costs and improve quality** – it's the most effective way to positively impact productivity and economic mobility, while lowering costs through scale efficiencies. [Read more about our plan for Healthcare in the 21<sup>st</sup> Century here.](#)
- How else can you ensure Americans are healthy and have more economic mobility? Ensure every American family has **stable, affordable housing**. The federal government can make large investments to do just that, by ending unfair and discriminatory housing practices, increasing financial assistance to boost Americans' ability to rent, making it easier for folks to own homes with affordable loans, and taking swift and comprehensive action to end homelessness.
- And as the pandemic has taught us, many Americans cannot afford essential household expenses and are mired by increasing household debt. It's time we **reduce household debt** by making expenses more affordable – from college, to car insurance, to mortgages and beyond. And for those with debt, we should make it easier for everyday Americans to seek relief through bankruptcy, end racial and gender gaps, and close loopholes that allow the ultra-wealthy and corporations to abuse the system.
- We urgently need to address the \$4.5 trillion sized gap in our economy: our failed **investments in infrastructure**. From fixing our roads and bridges to modernizing our public transport to improving our airports and water systems to fixing our energy grids and making broadband accessible to all Americans, infrastructure investments would create a clear path to creating good jobs and growing the economy. Moreover, investments in infrastructure extend benefits to all Americans, all sectors, and all businesses. It increases rural connectivity and boosts opportunity in metro areas and small towns alike.
- The United States needs to once again become a **leader on education**. We must shift our mindset to see education spending as a strategic investment – not a cost – that grows our workforce, expands opportunity, and makes communities safer.
- It is long overdue to face the climate crisis head on and make **nationwide investments in a green economy** while collaborating globally. Instead of arguing about the science of climate change, we need to use science to seize opportunities to produce new forms of energy that are healthier, less expensive, more decentralized and inexhaustible. We'll create millions of jobs and heal our planet along the way.

- America must become the **R&D capital of the world again**. Over the past several decades, we have slashed R&D investments. We must return to a time in which R&D investments were paramount to discover new technologies and solutions and our government was fully in the innovation business. Investing in R&D will also help grow jobs, and by ensuring that production from federally funded R&D stays in the United States, we can grow the economy, too.
- We **can revitalize rural economies** by supporting sound trade policies that prioritize the American worker first and foremost, grow green jobs, expand bio-based manufacturing, invest in rural broadband access, and expand credit opportunities for new and small businesses through community banks and micro-lending programs. Broadband should be treated like the public good that it is, and states and municipalities should be allowed to own broadband networks.
- We can also invest in rural America by **saving the United States Postal Service**, an employer for hundreds of thousands of Americans and a cornerstone of many communities and necessity for every business. The postal service can be the site of innovation and economic opportunity through **postal banking**.
- From a **structural standpoint**, our economy can better work for Americans by reducing regressive payroll taxes and tax rates that are too burdensome for low- and middle-income Americans. We can also remove income tax caps on the highest earners. Additionally, we can **expand the earned income tax credit**. Two policies that make strong investments in families are the Working Families Tax Relief Act and the bolder American Family Act
- The federal government can both **protect workplace safety and health**, while also **ending unnecessarily stringent occupational licensing** requirements that hinder economic opportunity.
- Finally, we can make the economy work for all Americans by **ending political corruption and enacting H.R. 1** to rid of dark money and unlimited corporate spending that have crowded out the voices of voters in favor of corporate special interests. By rooting out corruption, we can change who gets elected and how policy is shaped and ensure those with an interest in concentrating wealth and power don't have a greater say than the public interest.

## Conclusion

Making our economy work for all Americans is not about pitting capitalism against socialism -- or any other ism. It's about reforming inefficient capitalism so that instead of investing only in the top 10% of Americans, we invest in 100%. When one part of the ecosystem that is our national economy does better, we all do better. That's the Compact for the American Future. We can boost wages, grow jobs, reduce inequality, and give Americans economic liberty in a more free, fair and just society for the future.