BUILDING AN ECONOMY FOR THE 99%

No issue now resonates more strongly with more voters than income and wealth inequality. Any voter turnout initiatives advanced by the Democratic leadership must focus on this sensibility and any proposals for an organizing agenda should flow from it. The Santa Cruz Indivisible Economic Team urges 2018 Democratic congressional candidates to focus on inequality and four bread-and-butter struggles we believe most working families share that widen it.

An economy for the 99% is an economy that works for people who want to work for a living. Our economy does not. This simple appeal to the vast majority of the American electorate capitalizes on the Occupy Movement's focus.

According to a January 2017 report by Oxfam International, *eight men* have accumulated the same amount of wealth as the poorest half of our human population. The same report notes that the 1,810 billionaires on the 2016 Forbes list, own $6.5 trillion—as much wealth as the bottom 70% of the world's people. Economist Thomas Piketty recently calculated that in the United States the growth in incomes of the bottom 50% amounted to zero growth in the last 30 years while incomes of the wealthiest 1% were contemporaneously increasing 300%. A staggering 62% of all wealth in America is owned by the richest 1%. With constant consolidation of industries and companies and concentration of wealth, we are returning to the very economic forces that initiated the original Progressive Movement (1890-1920). The original Progressive Movement "concentrated on exposing the evils of corporate greed, combating fear of immigrants, and urging Americans to think hard about what democracy meant." Sound familiar?

Every working family struggles with four job-related challenges that make inequality worse: acquiring skills, decent starting pay, compensation growth that keeps us with family expenses, and job security. If you want to tool up or retool in school for a new job, you go into debt. You are lucky to find decent pay for the hardest entry-level jobs. Pay no longer keeps up with costs. And tax breaks for investment drive employers to automate more jobs like yours every year.

We must avoid the mistakes of the Occupy Movement, however, by offering tangible solutions to the workplace challenges underlying income and wealth inequality, not just pointing out the problem. What the status quo and the Republican agenda delivers, in the words of Oxfam International, is "wage stagnation, insecure jobs, and a widening gap between the haves and the have-nots. The challenge is to build a positive alternative—not one that increases divisions."

What is that positive alternative?

1. **Tuition-free community college so anyone who wants to work can tool up.** According to the Bureau of Labor Statistics (2016) there is a strong correlation between employment opportunities and completed levels of education. Yet, students are increasingly drowning in debt in their effort to access post-secondary education. According to the May 17, 2017 report entitled U.S. Student Loan Debt Statistics for 2017, aggregate student loan debt stands at an all-time high of $1.4 trillion. The average college graduate owes $37,172 by the time a degree is conferred. 44.2 million Americans are encumbered by student debt. Increasingly, only the economically well-to-do can avoid debt in earning merely an Associate Degree from a community college.

2. **A $12.50 minimum wage in two years to ensure decent pay for some of our hardest jobs**. The federal minimum wage should be raised to $12.50/hour in two years and adjusted thereafter for inflation. According to The Economist, "one would expect America, where GDP per person is $53,000, to pay a minimum wage around $12 an hour." That was in May 2015. Raising the minimum wage to $12.50/hour by 2020 would benefit more than 35 million workers in the United States. The federal minimum wage in 1968 was already equivalent to almost $11 in 2015 dollars. GDP growth in the U.S. was 3.1% in 1969 and steadily increased each year to 5.6% in 1973 according to the World Bank. There was no economic downturn that resulted from the highest minimum wage in real dollars in the history of the U.S. economy.

3. **Antitrust update requiring companies with no competition that set high monopoly prices or low monopoly wages to include workforce and consumer representatives on their boards of directors.** During the 2009 recession, a devastating crash on Wall Street and throughout the banking industry occurred. The cries of "too big to fail" from the moneyed interests following the crash with no accountability for the fraudulent practices that produced it ("too big to jail") may have been shocking – but really reflected a decades-long erosion of antitrust enforcement and anticompetitive consolidation in industries from cable television and airlines to retail, pharmaceuticals, and technology. The victims are always "too small to bail." And yet we lavished bailouts on the very corporate interests that triggered a near-depression. One of the clarion calls of the original Progressive Movement was "trust busting" popularized by Teddy Roosevelt. It is time to renew that effort and fundamentally change the behavior of corporations engaged in anticompetitive behavior if we cannot break them up. Placing two labor representatives and two public representatives on corporate boards that cannot or will not refrain from abusing the monopolies they have built through exhaustive lobbying is long overdue.

4. **Fair taxes that do not subsidize automation**. Tax investment income at the same rates as regular income. Currently investment income is taxed at 0% up to $50,800, 15% up to $444,500, and only 20% from $444,500+. Conversely, wage and salary workers are taxed at 10% on income from 0-$13,5550 all the way up to 39.6% on income exceeding $444,500. Plus, FICA taxes (Social Security and Medicare) are not imposed on investment income, only on earned income. This creates an overwhelming tax preference for investment that drives employers to automate jobs even where workers are more productive than the systems and machines that replace them. And it perpetuates income inequality by providing a huge benefit to those with wealth to spend on investments not readily available to most Americans – given that the richest 20% of Americans own 92% of stocks (New York University economist Edward Wolff). By reinstating the Fair Tax Act of 1986, we can make taxes fair, eliminate the tax breaks that drive employers to automate even efficient jobs, and keep revenue neutral with tax brackets for all income (earned and investment) within the range of 14% to 28%.

Progressives must give up the illusion that simply opposing Donald Trump will win control of Congress and the presidency. We need to institute an affirmative new progressive movement focused on the core economic challenges underlying gaping inequality. We must start building an economy that works for the 99% and not just the privileged 1%.