

## Leadership Council

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## Statement of Priorities To Revive the American Economy

We are at the end of an era. For a generation, the philosophies of trickle down economics, deregulation, regressive taxation, and unrestrained greed have dominated Washington policymaking. Now, these policies have created the worst crisis in our economy and financial markets since the Great Depression.

The urgent challenge confronting America today is to initiate a new era that stabilizes our markets and revives our weakening economy to benefit the needs and dreams of all Americans. We believe that we must and can do both, now.

Yet the debate in Washington over the bailout has focused too narrowly on how to craft legislation that, on balance, will disproportionately benefit the Wall Street banks and private equity buyout firms who have created this financial crisis.

Let us be clear. Change to Win and its six million members stand with allies across America in wanting the Congress to arrive at a timely, progressive, constructive solution that stabilizes our markets and achieves fundamental reforms that protect us from these kinds of crisis moving forward.

But as working Americans we will not stand by and be expected to pay for this bailout without addressing our daily challenges in finding better jobs, higher wages, good schools, and health care for all families. We will not stand for socialized debt and privatized profits. We want to see real reform of Wall Street, and we want to see a new spirit of investment in Main Street, if we are going to support any proposed bail out with our tax dollars.

Our families have understood there was a serious financial crisis in America for many years. We see it in our under funded schools, in the impact of plant closings on our communities, in the foreclosure signs that dominate our neighborhoods. We felt the crisis with our shrinking pension checks and in the threats to privatize our Social Security. We've felt the crisis in the emergency rooms where too many of our family members and friends seek their only access to health care. Our members, and working Americans across the country, are ready for a real bailout, and not just to preserve Wall Street. We can support and will pay our fair share for the right kind of recovery and regulation for our markets, but we want to see a real commitment to a level of government investment that addresses our broader national challenges and matches our commitment to the promise of America.

Change to Win and its six million members want to see our elected leaders rise to the fullest challenge we all face as a nation, far beyond the narrow corridors of

Wall Street. We will support a bailout package with the following terms; the package must meet the core criteria and principles established in our letter to Congress on September 23<sup>rd</sup>; and must include commitments to enact a comprehensive investment package that addresses the priorities listed below.

### **1. Relief for Struggling Homeowners**

Economists including Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson agree the housing market will stabilize only when we end the cycle of widespread foreclosures driving down home prices and the value of mortgage-related securities. To end the cycle of foreclosures at no cost to taxpayers, bankruptcy courts should be given the authority to renegotiate the terms of bad mortgages so people can remain in their homes.

Estimated cost: \$0

### **2. Quality Affordable Healthcare for All**

With 47 million uninsured Americans and steadily rising health costs squeezing middle class pocketbooks, it is past time for Congress to enact a plan to provide quality, affordable healthcare for all Americans. Enacting a national healthcare plan that covers everyone and reduces health costs will make America's economy more competitive and save taxpayer money – as much as \$120 billion according to some estimates.

A comprehensive health plan would enable all Americans, including the self-employed and small businesses, to buy affordable coverage that is similar to the plan available to Members of Congress or to the plan you have now. The plan should include comprehensive benefits, affordable premiums and out of pocket costs, guaranteed eligibility, portability and choice, measures to reduce costs, coverage for all children, and subsidies for individual and families based on a sliding scale, who do not qualify for Medicaid or SCHIP, but still need assistance.

Estimated cost: \$130 billion over 2 years

### **3. Retirement Security**

Astoundingly, nowhere in the debate over the financial crisis has there been any consideration of the crisis' effect, let alone the effect that the Administration's proposed \$700 billion bailout solution to that crisis, will have on workers' pensions. In 2006, Congress passed the Pension Protection Act – that has already further burdened workers' pension plans. Indeed, recent events aside, the market decline of the last year has already pushed hundreds of them to the precipice. The failure and weakening of major financial institutions in the last weeks and months has the potential to destroy the foundation of many pension funds since it is those

very institutions that are at the center of the management of workers pension funds.

First, it is imperative that Congress extend the amortization periods for multi-employer pension funds and temporarily suspend enforcement of the Pension Protect Act. In addition, to address the long-term effects of the current crisis on workers' retirement security and to avert another national crisis, Congress must establish a pension task force and must include a pension expert who will represent the interests of average working Americans on the Oversight Board established by any bailout legislation. Finally, Congress must provide pension opportunities for those "orphan" retirees whose employers were driven out of business on account of deregulation in their industry or by misguided economic policies

Estimated cost: Negligible

#### **4. Energy Independence and Green Job Creation**

We should act now to achieve energy independence and build a clean energy economy that creates new jobs. We should invest in the next generation of biofuels, fuel infrastructure, and hybrid vehicles, promote development of commercial scale renewable energy, and begin transition to a new digital electricity grid. We should also invest in America's manufacturing workforce and manufacturing centers to ensure that American workers have the skills and tools they need to pioneer the first wave of green technologies that will be in high demand throughout the world. These investments are estimated to create 5 million green jobs.

Estimated cost: \$20 billion over 2 years

#### **5. Investment in American Infrastructure**

Investing in America by rebuilding our crumbling infrastructure will stimulate the economy, create jobs, and keep America competitive. The American Society of Civil Engineers said that an investment of \$1.6 trillion by 2010 is needed just to repair our existing infrastructure.

We should create a national infrastructure bank to finance transportation projects, as well as direct infrastructure aid to states. According to some estimates, these projects would create up to two million new direct and indirect jobs and stimulate approximately \$35 billion per year in new economic activity.

Estimated cost: \$22 billion over 2 years

#### **6. A Fair Tax System That Rewards Work**

It has been a generation since Congress adopted comprehensive reform of our tax code, a system that today overwhelmingly favors big corporations and wealthy individuals over hard working families.

Tax reforms should include tax cuts for middle class Americans to stimulate the economy, a permanent repeal of the Alternative Minimum Tax, a refundable child tax credit, an increase in the standard deduction, and an enhanced earned income tax credit. Tax reform should include enacting a new financial transactions tax and closing the loophole enjoyed by billionaire buyout CEOs that allows them to pay less than half the income tax rate of middle class workers making \$50,000 a year. A reform package should also close the loopholes that cost taxpayers billions of dollars in revenue, such as offshore deferrals and a loophole that allows private equity partnerships to avoid paying corporate entity tax.

Estimated cost: \$80 billion

## **7. An Economy That Works for Everyone**

Following the longest period of wage stagnation in American history, we are in an era of historic income inequality. Between 1980 and 2004 CEO pay went up 700% -- but American workers' wages saw little change.

By enacting The Employee Free Choice Act at no cost to taxpayers, government has the opportunity to set a framework for the private sector to ensure we have an economy that works for everyone—not just those at the top. American workers should have the chance to freely choose whether to join together in a union at their workplace so they gain a voice on the job, wages that support a family, and better benefits.

Estimated cost: \$0

## **8. Affordable Education**

Congress should invest in America's future and economic competitiveness by creating a \$100 billion education trust fund. Research shows investments in early childhood education are proven to improve educational performance and provide returns in the form of higher wages and a more skilled workforce that outperform the stock market and increase the GDP. We should also make higher education more affordable by enacting a new tax credit that will ensure the first \$4,000 of college education is free for most students.

Estimated cost: \$100 billion over 2 years

*The cost of enacting not one, but all of these priorities, is estimated at approximately \$350 billion over two years, half the amount being proposed to bail out Wall Street banks over the same time period. With bold leadership and decisive*

action on the priorities that matter to the vast majority of American families, we can fix the growing financial crisis and revive the American economy.