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2016 Democratic Platform

VIA ONLINE SUBMISSION: <http://go.demconvention.com/page/s/written-testimony>

Dear Members of the Democratic Platform Drafting Committee:

I write to submit this short letter in lieu of in-person testimony. **The Roosevelt Institute urges the Democratic Party to incorporate key policies that address economic inequality into the 2016 Democratic Platform.** The policies are discussed in detail in three Roosevelt Institute papers on economic growth and shared prosperity listed directly below.¹ In this letter, I summarize our central message and identify the policy areas we believe are most essential.

Rewriting the Rules of the American Economy: An Agenda for Growth & Shared Prosperity
<http://rooseveltinstitute.org/rewriting-rules-report/>

Rewrite the Racial Rules: Building an Inclusive American Economy
<http://rooseveltinstitute.org/rewrite-racial-rules-building-inclusive-american-economy/>

Untamed: How to Check Corporate, Financial & Monopoly Power
<http://rooseveltinstitute.org/untamed-how-check-corporate-financial-and-monopoly-power/>

Inequality is not inevitable; it is a choice we make based on the rules that structure our economy. Given the scale and interconnected nature of the issues we face, a tentative, piecemeal response to inequality will not suffice. In *Rewriting the Rules*, Joseph Stiglitz, Nobel Laureate and Roosevelt's Chief Economist, argues that we must change a web of rules that cover the entire economy from the financial sector, tax policy and campaign finance reform, to labor law and trade policy.

We believe that to level the playing field it is critical that the Platform include:

1. Policies that check corporate, financial and monopoly power, to curtail the ability of entities with those powers to write economic rules primarily for their own benefit. In particular, policies should include:
 - a. **Financial Reform** – Ensuring the financial sector returns to its essential functions to support productive economic growth and provide financial stability

¹ The Roosevelt Institute is a non-partisan organization. A similar letter has been sent to Republican Party leadership. Both letters are publicly available on our website.

by (see Section II, beginning on pg. 40, of *Untamed: How to Check Corporate, Financial, and Monopoly Power* for more detailed policy solutions):

- *Tackling Too Big to Fail* through:
 - Preserving and strengthening Dodd-Frank.
 - Regulating the whole bank balance sheet by requiring higher leverage, risk-weighted capital requirements and more long-term debt.
 - Continuing to push for credible “living wills” to ensure a clear liquidation process when a bank fails.
 - Strengthening international derivatives coordination to reduce the risk of contagion and requiring banks deal only in backstopped derivatives.
- *Reining in the Shadow Banking System* through:
 - Prudentially regulating, i.e., extending deposit insurance to institutions conducting bank-like activities, such as money market mutual funds, to prevent bank-like panics.
 - Regulating leverage for entities funding their activities with short-term debt instruments, such as repurchase agreements, over-the-counter derivatives, and securities lending.
 - Overhauling the bankruptcy regime, specially revoking the “safe harbor” for repurchase agreements.
 - Enhancing transparency and access to information in the shadow banking industry by strengthening the Financial Stability Oversight Council’s (FSOC) authority to evaluate and monitor the financial sector for emerging risks.
- *Curbing Short-Termism* through:
 - Limiting share repurchases through the Securities and Exchange Commission (SEC), amending the 10b-18 Rule and requiring more extensive reporting on share repurchases.
 - Investigating company’s pension obligations through the Pension Benefit Guaranty Corporation (PBGC) and the agency using its authority to directly limit share repurchases for companies with underfunded pensions.
 - Reforming private equity by limiting leverage and forbidding new debt to pay dividends to shareholders.
 - Reforming CEO pay, allowing alternative share approaches and affirming board power.

b. Taxes – Restructuring the tax code for fairness and efficiency by (see pages 28-33 of *Untamed: How to Check Corporate, Financial, and Monopoly Power* for more detailed policy solutions):

- Equalizing capital and personal income tax rates to reduce tax avoidance among investment firms and wealthy individuals, including neutralizing the “carried interest” loophole.
- Increasing funding for the IRS as a cost effective method of raising revenue and fairness without altering rates.

- c. **Monopoly & Competition** – Restoring competition in the U.S. economy through revamping competition policy for the 21st century by (see page 18 of *Untamed: How to Check Corporate, Financial, and Monopoly Power* for more detailed policy solutions):
- Revising merger guidelines in order for the Department of Justice (DOJ) to assess market structure, scrutinize vertical deals and adopt “per se” standards.
 - Passing a new antitrust law to adopt a “public interest” standard to guide competition policy.
 - Reducing platform power and preventing discrimination arising from data consolidation through adapting antitrust and public utility regulation to address new forms of data monopolies.
2. In order to address vast and persistent inequities, race and gender must be an explicit consideration in any new policymaking.
- a. **We can improve racial equity** by (see *Rewrite the Racial Rules: Building an Inclusive American Economy*):
- Reckoning with our history and its continued impact on current socioeconomic outcomes. For example, passing H.R. 40, introduced by Rep. John Conyers, to study proposals for reparations.
 - Acknowledging that “race-neutral” policies are rarely “race-neutral,” and for example, evaluating all policies and programs using a Racial Equity Impact Assessment to reduce adverse consequences those policies can impose on communities of color.
 - Recognizing that trickle-down policies have disproportionately hurt people of color as well as white middle and working class Americans, and that neo-liberal economics and race-neutral policies are founded on flawed assumptions about the market. For example, failure to expand Medicaid disproportionately impacts people of color, but also contributes to rising mortality rates for lower-income white Americans.
 - Moving toward targeted-universal policies and away from general, universal policies by being explicitly inclusive in all policymaking processes and political discourse. For example, implementing a domestic Marshall Plan focused on infrastructure-building, municipal broadband and direct job creation by investing at least \$200 billion a year over 10 years in areas with the highest levels of concentrated poverty.
 - Enacting education rules to promote desegregation.
- b. **We can improve gender equity** by: (see *Rewriting the Rules of the American Economy: An Agenda For Growth and Shared Prosperity*)
- Making family leave universally available to workers – for both parents, regardless of sex. This should include job protections for pregnant workers.
 - Ensuring all women have access to family planning and reproductive health services by increasing investment in Title X.

- Expanding existing state and federal childcare programs that have proved most effective.
 - Promoting gender pay equity by supporting transparency.
3. It is also essential that the Platform include policies that improve job opportunities and build worker rights.
- a. **Full Employment** (see pg. 73, *Rewriting the Rules of the American Economy: An Agenda For Shared Prosperity* and pg. 37, *Untamed: How to Check Corporate, Financial, and Monopoly Power*)
- Increasing federal borrowing and improving financing for private investment to boost public spending with a focus on infrastructure investment.
 - Supporting increased borrowing by state and local governments by providing cheap credit to invest in long-term projects.
 - Providing loan guarantees for qualified private borrowers to seed desirable private projects and cushion against potential project losses.
 - Establishing a national infrastructure bank so that international capital flows funnel into transformative public investment.
 - Prioritizing public and private “green” investment by also funneling international capital flows into low-carbon public investment, such as building retrofits.
- b. **Strengthen the Bargaining Power of Workers** (see pg. 77, *Rewriting the Rules of the American Economy: An Agenda For Shared Prosperity*)
- Amending labor laws to adapt to the changing nature of work and redefining critical labor concepts of bargaining unit, employer, secondary action, etc.
 - Attaching strong pro-worker stipulations to public sector contracts, such as raising wages for government agencies, improving labor standards and reducing discrimination.
 - Granting government contracts to corporations that meet high labor standards and possess strong anti-discrimination/pro-inclusionary hiring practices.
 - Increasing funding for enforcement and raising penalties for violating labor standards.

Finally, Roosevelt Institute is also home to the nation’s largest network of emerging doers and thinkers— young people who are committed to reimagining and rewriting the rules in their communities. Our members are organized on 120 campuses in 38 states nationwide. Please expect to receive a separate letter from our network leadership.

Thank you for this opportunity to submit, and for considering our work. Upon request, we would be happy to send hard copies of the papers referenced above and make our experts available for follow-up. Please feel free to contact me directly at fwong@rooseveltinstitute.org or call (212) 444-9134.

Sincerely,

A handwritten signature in black ink, appearing to read "Felicia Wong". The signature is fluid and cursive, with the first name "Felicia" and the last name "Wong" clearly distinguishable.

Felicia Wong
President & CEO