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# The Public Options Tool Kit

Ensuring Access,  
Value, and  
Accountability in the  
Economy

By Suzanne Kahn

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## Executive Summary

Policymakers working under the neoliberal order have long been reliant on market-forward policy tools like tax expenditures and privatization. The Biden administration began experimenting with economic ideas outside this order, but too often found itself limited by reliance on these familiar policy tools. Ensuring democratic economic governance that can deliver for working people will require policymakers to have not only a strong commitment to the values of equitable access, public value, and accountability, but a thorough understanding of the policy tools that can successfully implement these values. Public options, in which the government is directly involved in providing a public good or service, are one such tool kit available. Through various forms of public option, explored in detail in this report, the government can ensure the building blocks of a good life are available to all. The examples of childcare, electric vehicles, and banking illustrate the variety of ways in which the public options can be applied to different sectors.



## Introduction:

# Policy Tools for Progressive Governing Values

We are in a moment of profound democratic crisis. The collapse of shared norms—social and political—has brought us to a point where even the continued existence of our democracy is regularly debated in the news. Many have written about the collapse of the market-first neoliberal policy paradigm of the last half century and the heated contest on both the Left and the Right about what will replace it.<sup>1</sup> But other lost norms are just as salient, including a shared view that the US should aspire to have its elected leaders and lawmakers above corruption, that democracy can deliver for everyday people, and even that it is possible to have shared objective data about the world we live in. Any future administration with the ambition to use the federal government to ensure all Americans have access to a good life will have to simultaneously rebuild many state capacities and deliver for everyday Americans in ways that restore their trust in government and each other.

In 2021, when Joe Biden took office, the needs were similar, if less (or at least differently) dire. Much of his administration understood itself to be experimenting with economic policies outside of the neoliberal order. But it soon found itself trapped trying to execute on a new set of values using an old tool box dominated by tax expenditures, privatization, and market primacy. To avoid this fate, future administrations will need not only a strong commitment to values beyond neoliberal market primacy, but also a thorough understanding of the policy tools required to implement an agenda that is neither neoliberal nor plutocratic.

Public options are one such tool available. In their book on the subject, Ganesh Sitaraman and Anne Alstott define the public option as “**a government program with two features: it provides an important service at a reasonable cost, and it coexists, quite peaceably, with one or more private options offering the same service.**”<sup>2</sup> This definition, appropriately, leaves a lot of room for variation. This report digs into that variation with the aim of deepening policymakers’ understanding of public options, in their many forms and their many uses.

To be clear at the start, public options are not a panacea and they are far from sufficient on their own. Other critical tools for democratic governance include a robust taxation

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<sup>1</sup> Roosevelt has been an active part of these debates. Our prior work, including Felicia Wong’s [The Emerging Worldview: How Progressivism is Moving Beyond Neoliberalism](#) and [Sea Change: How a New Economics Went Mainstream](#) were early entries into this conversation.

<sup>2</sup> Ganesh Sitaraman and Anne Alstott’s excellent book, *The Public Option: How to Expand Freedom, Increase Opportunity, and Promote Equality* (Harvard University Press, 2019), 2, makes a strong case for the importance of public options, including how they can benefit the private sector. This report aims to be additive to their work by offering policymakers tools for thinking about what kinds of public options to use once they have settled on the need to deploy one.



system and structures that build organized countervailing power. All of those tools were weakened by neoliberal primacy and thus were often left on the shelf during the Biden administration, to the detriment of its agenda.

At a moment when we are seeing unprecedented use of state power—sometimes in the form of more public control of companies—this report takes a step back to examine why and when public options should be an essential part of today’s governance tool kit. It will explore what tools are included within the category of public option (e.g., direct provision, public insurance, public utilities) and how to decide when and which to deploy to achieve equitable and democratic ends.

At the heart of economic governance under the neoliberal order was an overriding belief that the government’s primary role was fostering markets, that maximizing choice through market competition that kept prices down was the best way to support innovation and growth while serving consumer-citizens.<sup>3</sup> The tools that policymakers used—from tax credits and vouchers to monetary policy monomaniacally focused on managing inflation—reflected these values. This neoliberal policy infrastructure resulted in an increasingly unequal economy where those outside the very wealthy have experienced rising economic precarity and increased democratic alienation.

In the last year, we have seen a different vision for government from Donald Trump’s administration: one that prioritizes using government to foster not markets but rather the individual wealth and power of select allies. We would be remiss if we did not acknowledge that this plutocratic rule is simultaneously masquerading as populism while living comfortably alongside continued neoliberal policy excesses.

In contrast to the last 40 years of policy choices and the current administration, policymakers who are truly responsive to the American people must see their role not as fostering markets or individual wealth, but as fostering economic democracy and the well-being of all Americans. This report argues that the best way to do that is not through policies that maximize choice but through policies that value and prioritize democratic access to essential goods and services, such as childcare, housing, education, clean water, and a liveable planet. Such access requires stable supply, equitable distribution, and affordable prices, as well as clear lines of accountability so that those accessing the goods and services can hold providers—including the government itself—accountable for quality and availability.

Although it can feel hard to champion at a moment when state power is being deployed for personal enrichment and violent suppression of dissent, the government is uniquely suited to help ensure these basic conditions are met across a wide variety of sectors.

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<sup>3</sup> Suzanne Kahn, *More than Consumers: Post-Neoliberal Identities and Economic Governance* (Roosevelt Institute, 2022), <https://rooseveltinstitute.org/publications/more-than-consumers>.



Indeed, we would argue that only the government can play that role. But for it to do so effectively, policymakers must embrace that the government should be using its power to orient markets toward producing the things we most need, and the public must trust that the government serves them. In other words, responsive, democratic economic governance in our new era must orient itself around **ensuring individual access**, **producing public value**, and **guaranteeing accountability**.

## Defining the Values of Democratic Economic Governance



Individual Access	Public Value	Accountability
<p><b>Reliability:</b> Everyone deserves high-quality, affordable services—from healthcare to clean water—that don't disappear when the market shifts.</p>	<p><b>Progress over profit:</b> Instead of letting the market decide who wins or loses, the government should actively ensure we produce what's essential for our collective well-being, like clean energy and vaccines.</p>	<p><b>Built-in accountability:</b> Public services should come with built-in oversight to ensure public dollars are used responsibly and services stay high-quality, no matter who is in office.</p>



**Individual Access:** Access means ensuring that everyone can reliably count on being able to get the goods and services they need—from health care to childcare to clean water. Individual access requires that these goods and services are

- available equitably, regardless of race, gender, and geography;
- high quality;
- stable, so that individuals do not need to worry about them suddenly disappearing;
- affordable across the income spectrum; and
- easy to acquire and use.

**Public Value:** Public value means ensuring that the economy is oriented toward creating the conditions for Americans to thrive over the long term. Neoliberalism



posited that the government should not pick winners or losers in industries. Although it may not have ever achieved this ideal, it was guided by a fundamental belief that a market unrestrained by public policy was the most effective way to organize society. In the wake of the collapse of neoliberal hegemony, policymakers of all stripes have embraced a more active role for government in directing the economy; some have called this approach “marketcrafting.” For Americans to benefit from this more active government, policymakers must orient this activity to ensure the production of goods that are essential to our collective well-being, from clean energy to vaccines.

**Accountability:** Having access as individuals or a community to a good or service is not enough. Users must trust the good or service will be high quality and know where to go if they have a problem. To the extent public money is involved in its production, the public needs to know that money is being stewarded responsibly. Public options have the advantage of having the built-in accountability mechanism of being ultimately run by an elected government, but, as the last year has shown us, a corrupt administration can use the time between elections to exercise its power over public options to enrich itself. It’s therefore especially essential that public options have additional accountability mechanisms that function across administrations and leadership transitions.

Different types of public option tools can be deployed to deliver on these obligations. These include, but are not limited to, (a) directly providing a good or service, (b) directly providing insurance that enables people to purchase a good or service, and (c) directly providing financing to private actors who will provide that good or service. Although the mechanism varies, each of these tools allows the government to ensure the availability of goods that are required for a shared, prosperous future. In each case it is minimizing and absorbing risk—whether those are risks borne by individuals, as in the case of the social safety net, or by companies, as in the case of industrial policy—to offer long-term security to both the immediate recipient and broader society.

A central question when deploying public options thus becomes whose risk should the government absorb, how much of it, and what, if anything, should it demand in return? The answer to that question will vary depending on the kind of problem the government is attempting to solve, and enacting these answers will require deploying different kinds of public options. Thus, understanding the range of tools available within the broader category of public option can help us bring together different design choices to appropriately answer this and other questions in each specific case.



Section I begins with a discussion of neoliberal governance tools and their limited value in implementing progressive policy goals. Section II takes a deeper look inside the public options tool kit, offering a typology of the kinds of public options available to policymakers and the kinds of the problems they are best suited to solve. Section III looks at three case studies—childcare, electric vehicles, and banking—to examine which sorts of public options are appropriate in each case and why. Fundamentally, the government has an essential, unique, and appropriate role to play in ensuring a democratic and equitable economy oriented toward producing public value. Public options are one set of tools to help it fulfill that role.

## I. Hammering a Screw: Progressive Values and Neoliberal Policy Tools

As 21st-century policymakers have moved beyond seeing the government’s appropriate role as a fixer of markets and business cycles and toward seeing it as a proactive force in directing the economy in a more equitable direction, their efforts have too often been challenged by their continued reliance on neoliberal policy tools. Neoliberalism was never laissez-faire—it simply redirected the government to serve capital. It is widely recognized that neoliberal economic governance has been defined by choices to use public policy tools to shift risks onto workers and everyday people and off large asset holders, including the government itself. This has been done in the name of efficiency, choice, and competition, the central values of what Elizabeth Popp Berman calls “the economic style of reasoning.”<sup>4</sup>

The tools policymakers relied on to enact this shift included the tools of monetarism (e.g., interest rate adjustments), austerity (e.g., balanced-budget amendments), and privatization (e.g., vouchers).<sup>5</sup> Ultimately, these tools themselves—not just the policies they implemented—have made it harder for everyday people to access essential resources or hold providers of those resources accountable. Further, they have left Americans vulnerable to a range of crises by ceding control to the private sector. To enact policies that embody a progressive set of values, we will need new tools.

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<sup>4</sup> Elizabeth Popp Berman, *Thinking like an Economist: How Efficiency Replaced Equality in US Public Policy* (Princeton University Press, 2022).

<sup>5</sup> Berman, *Thinking Like An Economist*, 223; Melinda Cooper, *Counterrevolution: Extravagance and Austerity in Public Finance* (Zone Books, 2024).



## Tracing the Neoliberal Shift

A key shift toward centering neoliberal tools occurred in the 1970s, when policymakers decided that successful economic governance meant suppressing inflation, even if (and in some cases, especially if) doing so simultaneously suppressed labor’s power. Driving many of the initial policy choices behind this shift was the Federal Reserve, led by Paul Volcker. In her book *Counterrevolution*, Melinda Cooper shows that Federal Reserve policy over the last half century has focused aggressively on suppressing wage inflation while fostering “the inflation of asset-based wealth”—all in the name of maintaining the value of the dollar.<sup>6</sup> Through these tight monetary policies the Federal Reserve stunted not only wage growth but the growth of the economy overall. It has done this by, alternately, (a) being willing to limit the creation of new money, even if that resulted in recession and spiking unemployment, and (b) channeling the creation of new money through low interest rates to banks in ways that have redounded mostly to asset holders.<sup>7</sup> Cooper writes, “The Federal Reserve has socialized the risks of private wealth as never before, while exposing mere wage earners to the full violence of the free market.”<sup>8</sup>

These policy choices changed how business owners and investors approached making money and where they decided to take risks. Increasingly, the road to riches was not through production but through financial maneuvers: in particular, leveraged buyouts that took advantage of interest rates and tax reforms to increase shareholder returns.<sup>9</sup> These financial maneuvers came at the expense of investments in both employee benefits and innovation. Cooper writes, “The period from 1980 onward saw a steep decline in business investment in employment-generating assets such as plant, equipment, and software, and a steady divestiture from internal R&D.”<sup>10</sup> The degree to which the Fed’s policies favored real estate and other financial investments generally hastened deindustrialization in the United States as the wealthy chose to put their money into these high-return investments rather than industry.<sup>11</sup>

These new incentives also led fewer employers to invest in their employees through health and retirement benefits. The share of non-elderly Americans with employer health insurance fell by nearly 10 points between 1998 and 2018.<sup>12</sup> Even those that continued to offer retirement benefits offered less secure ones as most retirement

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<sup>6</sup> Cooper, *Counterrevolution*, 22.

<sup>7</sup> Cooper, *Counterrevolution*, 54.

<sup>8</sup> Cooper, *Counterrevolution*, 25.

<sup>9</sup> Cooper, *Counterrevolution*, 61-62.

<sup>10</sup> Cooper, *Counterrevolution*, 62-63.

<sup>11</sup> Cooper, *Counterrevolution*, 677.

<sup>12</sup> Matthew Rae, Daniel McDermott, Larry Levitt, and Gary Claxton, “Long-Term Trends in Employer-Based Coverage,” KFF, April 3, 2020, <https://www.healthsystemtracker.org/brief/long-term-trends-in-employer-based-coverage>.



plans went from defined benefit to defined contribution, with workers subject to the whims of the stock market for the size of their payout.<sup>13</sup>

Companies were rewarded for shifting away from providing robust employee benefits and investing in research and development, even as the government adopted a set of policy tools that prevented it from acting as a backstop when corporations cut back. The Congressional Budget Office (CBO), founded by Congress in 1974, quickly defined its mandate as projecting the likely effects of policies through cost-benefit-analyses that claimed to help policymakers decide on the value of a proposed action. The CBO determines this value through economic reasoning that places a premium on efficiency.<sup>14</sup> As the CBO became embedded in the policy process, an increased focus on deficits, balanced budgets, and cost-benefit analysis took root among Washington policymakers in the 1980s and 1990s. Numerous balanced-budget amendments have been introduced in Congress since the 1980s, and although none of them received enough votes to pass, deficit hawks came to dominate both parties.<sup>15</sup> Even without a formal balanced budget amendment, economic thinking rooted in an austerity mindset and a fear of deficits came to dominate policymaking.

This focus on balanced budgets and pay-fors was not accompanied by efforts to raise revenue. On the contrary, a series of tax cuts beginning in 1981 have kept revenue as a share of GDP low relative to where it was in for most of the middle of the 20th century and relative to other OECD countries.<sup>16</sup> Shrinking the government was the goal and tax cuts were the means to get there.<sup>17</sup> Neoliberals reduced available funding through tax cuts and then used the language and tools of austerity to not only foreclose the possibility of expanded government action, but to narrow the existing social safety net.<sup>18</sup>

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<sup>13</sup> Jacob Hacker, *The Great Risk Shift: The New Economic Insecurity and the Decline of the American Dream* (Oxford University Press, 2008), 54.

<sup>14</sup> Berman, *Thinking Like an Economist*, 69.

<sup>15</sup> Cooper, *Counterrevolution*, 246; David Stein, “The Deficit-Hawk Takeover: How Austerity Politics Constrained Democratic Policymaking,” Roosevelt Institute, September 5, 2022, <https://rooseveltinstitute.org/publications/the-deficit-hawk-takeover>.

<sup>16</sup> US Office of Management and Budget and Federal Reserve Bank of St. Louis, “Federal Receipts as Percent of Gross Domestic Product (FYFRGDA188S),” FRED, Federal Reserve Bank of St. Louis, accessed March 19, 2026, <https://fred.stlouisfed.org/series/FYFRGDA188S>; “Tax Revenue,” OECD, accessed March 19, 2026, <https://www.oecd.org/en/data/indicators/tax-revenue.html>.

<sup>17</sup> Ronald Reagan, “Address to the Nation on Federal Tax Reduction Legislation” (speech, Washington DC, July 27, 1981), National Archives, <https://www.reaganlibrary.gov/archives/speech/address-nation-federal-tax-reduction-legislation>.

<sup>18</sup> Elizabeth Pancotti, “To Put Trickle-Down Economics to Rest, We Need a New Tax Code,” Roosevelt Institute, April 15, 2024, <https://rooseveltinstitute.org/publications/to-put-trickle-down-economics-to-rest>.



With less funding, public programs weakened alongside employer-backed social insurance programs, further shifting risk onto individuals.<sup>19</sup> Congress raised the age at which people become eligible for full Social Security benefits over time, even as the amount of pre-retirement income that workers can expect Social Security benefits to replace has fallen.<sup>20</sup> Likewise, in the last decade states have cut back on the duration of unemployment insurance benefits offered. Public higher education institutions have also seen massive cuts in funding, especially in the wake of the Great Recession, leading to ballooning individual student debt.<sup>21</sup>

## The Persistent Consequences of Neoliberal Tools

In place of direct benefits, the social welfare state has been increasingly privatized, with the government providing access to necessary goods and services through tax credits and vouchers. From subsidizing the purchase of health insurance on the ACA marketplace to childcare in the private market, tax credits (and to a lesser extent, vouchers) have been the favored tool for increasing individuals' access to basic resources.<sup>22</sup> These consumer-side interventions to increase access have serious limitations.

For one, they do nothing to directly address supply constraints on access, much less direct how and where supply might grow in an equitable and responsible manner. Indeed, we have seen in the case of higher education that when vouchers subsidize consumer spending without accompanying policies to grow quality supply, they have led existing suppliers to increase prices while encouraging new, irresponsible suppliers (like for-profit colleges) to crop up, both ready to extract their customers' newly available, government-subsidized funds.<sup>23</sup> Further, privatizing the welfare state has left it less accountable. We have seen this across industries, but a particularly potent example comes from the nursing home industry. During the COVID-19 pandemic, studies found that patients and staff in private equity-backed nursing homes had higher infection and mortality rates than those at nonprofit and public nursing homes.<sup>24</sup>

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<sup>19</sup> Hacker, *The Great Risk Shift*, 2.

<sup>20</sup> Emerson Sprick, "What's Behind the Withering Reach of Unemployment Insurance? Exploring Post-Recession Action in the States", July 20, 2022, <https://bipartisanpolicy.org/article/whats-behind-the-withering-reach-of-unemployment-insurance-exploring-post-recession-action-in-the-states>.

<sup>21</sup> Michael Mitchell, Michael Leachman, and Matt Saenz, *State Higher Education Funding Cuts Have Pushed Costs to Students, Worsened Inequality* (CBPP, 2019), <https://www.cbpp.org/research/state-budget-and-tax/state-higher-education-funding-cuts-have-pushed-costs-to-students>.

<sup>22</sup> Mike Konczal and Nell Abernathy, *Defining Financialization* (Roosevelt Institute, 2015), <https://rooseveltinstitute.org/publications/defining-financialization>.

<sup>23</sup> Sitaraman and Alstott, *The Public Option*, 86.

<sup>24</sup> Melea Atkins, "The Impact of Private Equity on Nursing Home Care: Recommendations for Policymakers," Roosevelt Institute, April 30, 2021, <https://rooseveltinstitute.org/publications/private-equity-nursing-home-care-recommendations-policymakers>.



Tax credits have also become the tool through which governments attempt to direct growth and privatize public services at the municipal and state level. Over the last five decades, governments at all levels, unable or unwilling to spend directly, increasingly turned to promises to waive taxes in the future to persuade companies to come to their locales in the name of creating jobs and providing needed services.<sup>25</sup> This method of spending on job creation is not one that has reduced costs to the public. Instead, it has reduced the public's ability to plan and oversee a wide variety of programs in the short term while atrophying the government's muscles to do that kind of planning and direct investment in the long term.<sup>26</sup>

By counting on tax incentives granted ahead of time to attract private sector investors, governments have ceded much of their ability to direct and oversee investment programs. For example, Brett Christophers has shown that as private asset managers have invested in infrastructure—from water to housing—Americans have been less likely to trust the quality of these goods and less able to raise concerns with people who can address them.<sup>27</sup> The same tools have also left the public less able to direct what industries are developing and direct how shared resources are being used. We have come to rely on private companies to solve pressing problems, such as the need for a rapid transition away from fossil fuel use, only to find that these companies are not interested in carrying out such a transition.<sup>28</sup>

The harms of neoliberal policy tools have been widespread, but they have fallen particularly hard on the most disadvantaged, poor, and racially marginalized Americans. In part this is because the shifting of risk onto individuals has driven up personal debt rates. Under the right conditions, debt can help build long-term wealth, but it is more expensive and riskier without wealth to fall back on when things go wrong. Black Americans' historic exclusion from full participation in the American economy has left them with disproportionately low levels of wealth.<sup>29</sup> As a result, neoliberal education, housing, and banking policies have been especially damaging to Black families. At the same time, the shrinking of government has limited access to one of the best sources of stable jobs Black Americans have had: public-sector jobs.<sup>30</sup>

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<sup>25</sup> Cooper, *Counterrevolution*, 165.

<sup>26</sup> Cooper, *Counterrevolution*, 231; Hannah Garden-Monheit and Tresa Joseph, *Building a More Effective, Responsive Government: Lessons Learned from the Biden-Harris Administration* (Roosevelt Institute, 2025), <https://rooseveltinstitute.org/publications/building-a-more-effective-responsive-government>.

<sup>27</sup> Brett Christophers, *Our Lives in Their Portfolios: Why Asset Managers Own the World* (Verso, 2023).

<sup>28</sup> Kate Aronoff, *Green Industrial Policy's Unfinished Business: A Publicly Managed Fossil Fuel Wind-Down* (Roosevelt Institute, 2024), <https://rooseveltinstitute.org/publications/green-industrial-policys-unfinished-business>.

<sup>29</sup> Cooper, *Counterrevolution*, 243.

<sup>30</sup> Michael Madowitz, Anne Price, and Christian E. Weller, *Public Work Provides Economic Security for Black Families and Communities* (Center for American Progress, 2020), <https://www.americanprogress.org/article/public-work-provides-economic-security-black-families-communities>.



There are real limits to the degree to which these neoliberal tools can be used to deliver equitable access, public value, and accountability. The Bipartisan Infrastructure Law and Inflation Reduction Act, for example, relied heavily on tax credits to move money to improve access to essential goods and deliver important long-term public value, like addressing the climate crisis. These laws were huge achievements; the IRA was a generational investment in clean energy technology, driving over \$360 billion in investments during its short life.<sup>31</sup> At the same time, because they relied on tax credits and private sector actors to drive the direction forward, these investments often moved less efficiently and less visibly than they needed to achieve the popular resonance that could have helped make them longer lasting.

Neoliberal tools are themselves designed to shrink the government's footprint and limit accountability. By nature, they cede control to private actors and weaken the government's ability to address critical problems. This is not to say tax credits cannot have salutary effects; we have seen their effective use to increase adoption of policy priorities, catalyze learning curves around new technologies, and increase individual financial well-being. It is to say that trying to create a policy infrastructure oriented around delivering for Americans through tax credits and vouchers alone is like trying to use a hammer to get a screw into a wall. We might get somewhere near the direction we are trying to go, but our policies will have broken many things to get there and the outcome will not be built to last.

## II. The Right Tools for the Job

Rebuilding the government to provide a sustainable, democratic economy that delivers the building blocks of a good life to all Americans will require deploying a wide range of tools to solve for the obstacles that stand between that and our current economy—in which economic and political inequality are rampant and families are left without access to the basic things they need.<sup>32</sup> This report is not arguing that public options are good as a first principle, but rather that, when we are attentive to the many forms they can take, public options are often the best way to reach our goals while undoing the damage done by years of neoliberalism followed by plutocracy. This section offers the case for public options as a means for the government to deliver for individuals in the short-term while ensuring our collective long-term prosperity, and it discusses how different forms of public option help us put more or less weight on relative priorities.

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<sup>31</sup> Advait Arun, “Now We Decide the Future of US Climate Policy,” Heatmap, August 16, 2025, <https://heatmap.news/ideas/inflation-reduction-act-third-anniversary>.

<sup>32</sup> Garden-Monheit and Joseph, *Building a More Effective, Responsive Government*, <https://rooseveltinstitute.org/publications/building-a-more-effective-responsive-government>.



## Individual Access: When the Market Won't Deliver the Basics

There are certain goods that we, as a society, determine everyone should have individual access to as a moral matter, and because they improve the quality of life for the collective whole. K-12 education is a classic example of this kind of good and, as a result, public schools are perhaps one of the best known and most universally available public options we have in this country.<sup>33</sup> Public schools are, of course, not the only option available to families; private schools, religious schools, and homeschooling are all available, but the public has taken responsibility for ensuring, at least aspirationally, equitable access to public schools from kindergarten through high school. A wide range of other goods and services also fall into this category, including housing, health care, unemployment insurance, retirement security, water, and electricity. US policies treat these services—at least some of the time—as requiring public options to ensure and improve access.

Once the decision is made that the public has the obligation to ensure access to a good or service, the question becomes for whom and how. True access requires stable supply, affordable prices, basic quality, equity (geographic, racial, gender, age, etc.), and the ability to obtain the goods in question without doing onerous amounts of work. Understanding which of these the private sector is failing to meet and why is essential. Is the issue that the private sector will never provide sufficiently affordable access to the good, or can we expect costs to go down and access to increase with further innovation? Are private-sector actors uninterested in providing access across a wide range of geographies or income levels because this would be unprofitable? Is the market for the good too volatile to ensure stable access?

To these questions we should add a set of considerations about who lacks current access to the good. Are people across the income spectrum struggling to access it, or is the problem concentrated among the poor? Is it a challenge in particular geographies or for people of a certain race? Is public policy attempting to ensure everyone has the same kind of access, or is it attempting to provide a baseline for the neediest?<sup>34</sup>

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<sup>33</sup> Indeed the Supreme Court has even established a right to public schooling for children regardless of their parents' immigration status (*Plyler v. Doe*, 457 U.S. 202, 210-230 (1982)).

<sup>34</sup> Gosta Esping-Andersen's seminal *Three Worlds of Welfare Capitalism* argues that there are three forms of social welfare systems, each of which answers this last question differently: (1) social assistance-dominated welfare states, where rights are attached to demonstrable needs; (2) compulsory state insurance welfare states, where rights are based on eligibility through work; and (3) basic, citizenship-based welfare states, where a baseline benefit is offered to all. This paper argues that in the United States we have seen regular debate about and experimentation with all three of these structures depending on the need in question. (Gosta Esping-Andersen, *Three Worlds of Welfare Capitalism* (Princeton University Press: 1990)).



Importantly the answers to the questions of why and for who may intersect in different ways for the same good. Take housing: The United States developed at least three forms of public option to create access to shelter in the first half of the 20th century. For middle-income Americans, the government provided federal loan programs that ensured stable, secure access to financing to purchase a house. For lower-income Americans, public housing—directly provided by the government—has attempted to offer a baseline safety net. And for people experiencing homelessness or severe housing insecurity, cities have built emergency shelters.<sup>35</sup>

In each of these cases, public policy is trying to solve an access problem, but the analysis of what is limiting access and therefore what sort of public option is required has varied greatly. For the vast majority of Americans, the decision was made that access to capital was the limiting factor, and therefore public policy was used to create insurance for banks to increase their willingness to provide that capital.<sup>36</sup> The creation of actual housing stock was left to the private sector. For the truly low-income, however, it was understood that the market might never create housing they could afford and the public would have to provide it directly.<sup>37</sup> Further, understanding access to shelter as a moral imperative, state and local governments have taken it upon themselves to directly provide true housing of last resort for those who have lost it.<sup>38</sup> All of these forms of public option still exist today alongside a robust system of tax credits and vouchers, largely introduced in the last 40 years, that also seek to address housing needs through interventions at the individual and developer level.<sup>39</sup> Notably, this mix is currently not maintaining a sufficient supply of affordable housing for Americans and we are now in what is widely understood as a housing crisis.<sup>40</sup> This crisis has led to a renewed interest in public options among other tools for alleviating the supply shortage in housing.<sup>41</sup>

Despite the current crisis, the example of housing lets us see some of the range of tools available to those designing access-oriented public options. A public option need not be—and indeed in the US very often is not—the direct provisioning of the good in question. It is often the **direct provisioning** of insurance to give people access to the good, which itself is offered by the private sector. Insurance is inherently about

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<sup>35</sup> Sitaraman and Alstott, *The Public Option*, 124.

<sup>36</sup> Louis Hyman, *Debtor Nation: The History of America in Red Ink* (Princeton University Press, 2012), 54-56.

<sup>37</sup> Hyman, *Debtor Nation*, 71.

<sup>38</sup> “Rental Housing Programs Database,” National Low Income Housing Coalition, accessed October 25, 2025, <https://nlihc.org/rental-programs>.

<sup>39</sup> “Overview of Federal Housing Assistance Programs and Policy,” Library of Congress, effective March 27, 2019, <https://www.congress.gov/crs-product/RL34591>.

<sup>40</sup> Makinizi Hoover and Isabella Lucy, “The State of Housing in America,” US Chamber of Commerce, last updated March 3, 2026, <https://www.uschamber.com/economy/the-state-of-housing-in-america>; Urban Institute, “A Road Map to Address America’s Housing Crisis,” accessed March 19, 2026, <https://www.urban.org/projects/road-map-address-americas-housing-crisis>.

<sup>41</sup> Rebecca Schneid, “How Zohran Mamdani Plans to Fix New York City’s Housing Crisis,” *TIME*, July 2, 2025, <https://time.com/7299525/zohran-mamdani-new-york-city-housing-crisis-plan>.



providing a safety net, but as such, it often fails the people who need it the very most when it is privately run. Jacob Hacker explains:

Although markets work splendidly in most areas of commerce, insurance markets often fail precisely when we need them most. The problem of adverse selection, for example, often makes it difficult for private insurers to provide good benefits at a premium that lower-risk people are willing to pay. . . . Many of the risks that we most want to protect ourselves against—unemployment during severe downturns for instance, or unexpected inflation that erodes our retirement benefits—are hard to insure against because they are ‘systemic,’ they occur to many people at once and are thus particularly difficult for private insurers to effectively cover. And some risks, like the cost of long-term care thirty or forty years down the line, are just too, well, risky for insurers to take on.<sup>42</sup>

A public option for insurance is a good tool when cost is the factor most limiting access. In some cases—such as unemployment insurance—where the ultimate goal is a cash transfer, the public insurance system is the good itself and directly goes out to the individual in need. In other cases, such as the housing example, the insurance is provided to private lenders who then make capital available at affordable rates to individuals.

Medicare and Medicaid are yet another form of **public insurance option** in which the insurance goes directly to the person in need of the service (health care) to ensure access, but the service itself is largely provided by the private sector. This is different from how health-care access is ensured in the UK, for example, where the government provides vertically integrated health care directly through the National Health Service. Medicare and Medicaid are notably not universal programs, rather, they are based on age and means respectively. This differs from Canada’s universal health insurance program, which covers everyone.<sup>43</sup> The policy decision made here was not that everyone should have health care or even health insurance on an equitable basis, but that the government should serve as a backstop for people the private market would never cover.

In contrast to the policy choices made around public health insurance options, the United States took a different approach with ensuring access to hospitals and emergency care. In the 1950s, policymakers sought to address the issue of access to hospitals through the Hill-Burton act, which provided federal funds to states to survey hospital and other health-care facilities. It then gave grants to communities that could demonstrate the need for and viability of new public or nonprofit facilities based on a target number of hospital beds per person. It also allowed the Surgeon General to condition approval of federal funding assurance on the hospital offering “a reasonable

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<sup>42</sup> Hacker, *The Great Risk Shift*, 181.

<sup>43</sup> Paul Starr, *The Social Transformation of American Medicine* (Basic Books, 1982), 241.



volume of services” to people unable to pay.<sup>44</sup> The obstacle policymakers had identified for accessing health care, in this case, was not cost—which is the concern driving public insurance programs—but the geographic distribution of supply.

By 1975, Hill-Burton had supported the construction of almost one-third of hospitals in the United States.<sup>45</sup> In a sense, Hill-Burton took a utility approach to the construction and management of new hospitals.<sup>46</sup> **Utility regulation** applies to goods often described as natural monopolies, where public policy has long understood that there are essential returns to scale because of upfront investment requirements and broad demand throughout the economy—for example, water, waste treatment, electricity, railroads, and telephone lines.<sup>47</sup>

To address this while ensuring access regardless of geography and cost (and in instances where full public ownership is not created), utilities regulations grant private enterprises the right to monopolize a market, but in exchange impose “affirmative public obligations requiring equal access and fair prices.”<sup>48</sup> As Sabeel Rahman explains, “depending on the industry and public concerns, other affirmative obligations might also be required, for example, to serve underserved areas or constituencies.”<sup>49</sup> Hill-Burton applied this approach to hospitals, ensuring they were built in areas that lacked them and imposing on the hospitals that took their funding certain obligations: originally that they operate a 24-7 emergency room and, many years later, an affirmative obligation to emergency care.<sup>50</sup>

To be very clear, almost none of the public options discussed thus far have consistently provided stable, equitable, and affordable access to quality goods. In part this is because the same tools that can be used to provide equitable access can be used to deliberately discriminate. In the United States, public options have a long history of being limited by and reinforcing racial discrimination. Hill-Burton funded formally segregated hospitals; likewise, school funding was often formally segregated. Federal home loan insurance created the redlining system, explicitly limiting Black families’

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<sup>44</sup> Beatrix Hoffman, *Health Care for Some: Rights and Rationing in the United States Since 1930* (University of Chicago Press, 2012), 71.

<sup>45</sup> John Henning Schumann, “A Bygone Era: When Bipartisanship Led To Health Care Transformation,” NPR, October 2, 2016, <https://www.npr.org/sections/health-shots/2016/10/02/495775518/a-bygone-era-when-bipartisanship-led-to-health-care-transformation>.

<sup>46</sup> Nicholas Bagley, “Medicine as a Public Calling,” *Michigan Law Review* 114, no. 1 (2015): 86-91, <https://repository.law.umich.edu/mlr/vol114/iss1/2>.

<sup>47</sup> K. Sabeel Rahman, “Losing and Gaining Public Goods,” *Boston Review*, September 5, 2017, <https://www.bostonreview.net/forum/k-sabeel-rahman-losing-and-gaining-public-goods>.

<sup>48</sup> K. Sabeel Rahman, *Democracy Against Domination* (Oxford University Press, 2016), 73.

<sup>49</sup> K. Sabeel Rahman, “The New Utilities: Private Power, Social Infrastructure, and the Revival of the Public Utility Concept,” *Cardozo Law Review* 39, no. 5 (2018): 1645, <https://ssrn.com/abstract=2986387>.

<sup>50</sup> Hoffman, *Health Care for Some*, 78-80.



access to home loans.<sup>51</sup> Social Security—a public option for retirement savings—was designed to exclude professions dominated by Black and female workers.<sup>52</sup> In many localities, public pools were shut down rather than desegregated.<sup>53</sup>

Nevertheless, the same public control that allowed formal segregation also allowed for deliberate actions to desegregate public goods, which have overall been more successful than efforts to desegregate private institutions. For example, in the two decades that followed the passage of the Hill-Burton Act, civil rights advocates challenged the segregation of hospitals receiving Hill-Burton funds with some success. In *Simkins v. Moses H. Cone Memorial Hospital* the Fourth Circuit ruled that hospitals receiving the funds were in fact quasi-public entities that could not racially discriminate under the constitution. Even more effective than this ruling, which left civil rights advocates to work to desegregate hospitals one-by-one, was the passage of Medicare. Hospitals' desire for regular public funding via Medicare, which forced hospitals receiving funding to comply with the Civil Rights Act, turned out to be the incentive that got hospitals to “voluntarily” desegregate.<sup>54</sup>

Deliberate racial discrimination is not the only way in which public options have failed to deliver equitable access. Underfunding has also prevented stable, quality supply in many cases. For example, in many locations, public housing has decades-long waitlists and has been plagued by quality scandals.<sup>55</sup> Another notorious example comes from Flint, Michigan, where, as a cost-saving measure, the city—under a state-appointed manager—switched to a cheaper water source that ended up containing a much higher level of contaminants, including lead.<sup>56</sup>

Yet, despite neoliberal claims, regulating the private market has not worked better. While our school system as a whole is segregated, private schools contribute disproportionately to this racial segregation.<sup>57</sup> Residential segregation in the private

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<sup>51</sup> Diego Mendez-Carbajo, “Neighborhood Redlining, Racial Segregation, and Homeownership,” Federal Reserve Bank of St. Louis, September 1, 2021, <https://fraser.stlouisfed.org/title/page-one-economics-5939/neighborhood-redlining-racial-segregation-homeownership-682195>.

<sup>52</sup> Ira Katznelson, *When Affirmative Action Was White* (Liveright, 2005), 22.

<sup>53</sup> Nathaniel Meyersohn, “Why America stopped building public pools,” CNN, July 24, 2023, <https://www.cnn.com/2023/07/22/business/public-pools-extreme-heat>.

<sup>54</sup> Largent, “Public Health, Racism, and the Lasting Impact of Hospital Segregation,” 719.

<sup>55</sup> Sonya Acosta and Erik Gartland, *Families Wait Years for Housing Vouchers Due to Inadequate Funding* (CBPP, 2021), <https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding>; Molly Parker, “Inside Public Housing Where Cockroaches Drop From the Wall and Kids are Getting Sick,” ProPublica, December 12, 2019, <https://www.propublica.org/article/inside-public-housing-where-cockroaches-drop-from-the-wall-and-kids-are-getting-sick>.

<sup>56</sup> Mona Hanna-Attisha, Jenny LaChance, Richard Casey Sadler, and Allison Champney Schnepf, “Elevated Blood Lead Levels in Children Associated With the Flint Drinking Water Crisis: A Spatial Analysis of Risk and Public Health Response,” *American Journal of Public Health* 106, no. 2 (2016): 283-290, <https://doi.org/10.2105/AJPH.2015.303003>.

<sup>57</sup> Nikole Hannah Jones, “Are Private Schools Immoral?” interview by Jeffrey Goldberg. *The Atlantic* Interview, *The Atlantic*, December 14, 2017, audio, 34:22, <https://www.theatlantic.com/education/>



housing market remains rampant, and not just because of the history of publicly backed redlining.<sup>58</sup>

Further overreliance on regulations and subsidies—the neoliberal alternative to public options—has left us able to adequately control neither private-sector prices nor supply. The Affordable Care Act (ACA) offers a case in point. An enormous legislative achievement, the ACA addressed significant failures of the US private insurance market, including by expanding Medicaid coverage, banning insurance companies’ ability to refuse to cover preexisting conditions, and subsidizing care for many Americans while imposing an obligation on them to purchase insurance plans. The ACA reduced the number of uninsured Americans by almost 20 million through its combination of regulations and subsidies. But despite the original legislation including a public option, the final law did not provide any government-administered alternative for those not covered by the Medicaid expansion.<sup>59</sup> This has left medical costs overly at the discretion of providers and private insurers, straining families’ budgets. Despite the passage of the ACA, out-of-pocket health-care costs have steadily risen since the 1970s.<sup>60</sup> Notably, between 2013 and 2022, health-care costs for households without Medicare—the countries’ most robust public healthcare option—rose by an average of 71 percent. Costs rose only 53 percent percent for households with Medicare coverage.<sup>61</sup>

Individual access to essential goods can be guaranteed in a variety of ways, but well-funded public options—whether through direct government provision, public insurance, or the creation of public utilities—holds great promise for delivering stable, equitable, affordable, and quality access. It’s for this reason that in recent years we have seen renewed interest in insurance, direct provisioning, and utility models of public options. New applications of the insurance model of public option have been proposed in recent years for long-term care, wages, and for young people entering the job market in a recession.<sup>62</sup> Meanwhile, direct provisioning, more in the style of the UK’s

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[archive/2017/12/progressives-are-undermining-public-schools/548084](https://www.chalkbeat.org/archive/2017/12/progressives-are-undermining-public-schools/548084); Matt Barnum, “Worried about school segregation? Don’t forget private schools,” Chalkbeat, September 30, 2019, <https://www.chalkbeat.org/2019/9/30/21108904/worried-about-school-segregation-don-t-forget-private-schools>.

<sup>58</sup> Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (Liveright, 2017), 41-57.

<sup>59</sup> Jennifer Sullivan, Allison Orris, and Gideon Lukens, *Entering Their Second Decade, Affordable Care Act Coverage Expansions Have Helped Millions, Provide the Basis for Further Progress* (CBPP, 2024), <https://www.cbpp.org/research/health/entering-their-second-decade-affordable-care-act-coverage-expansions-have-helped>.

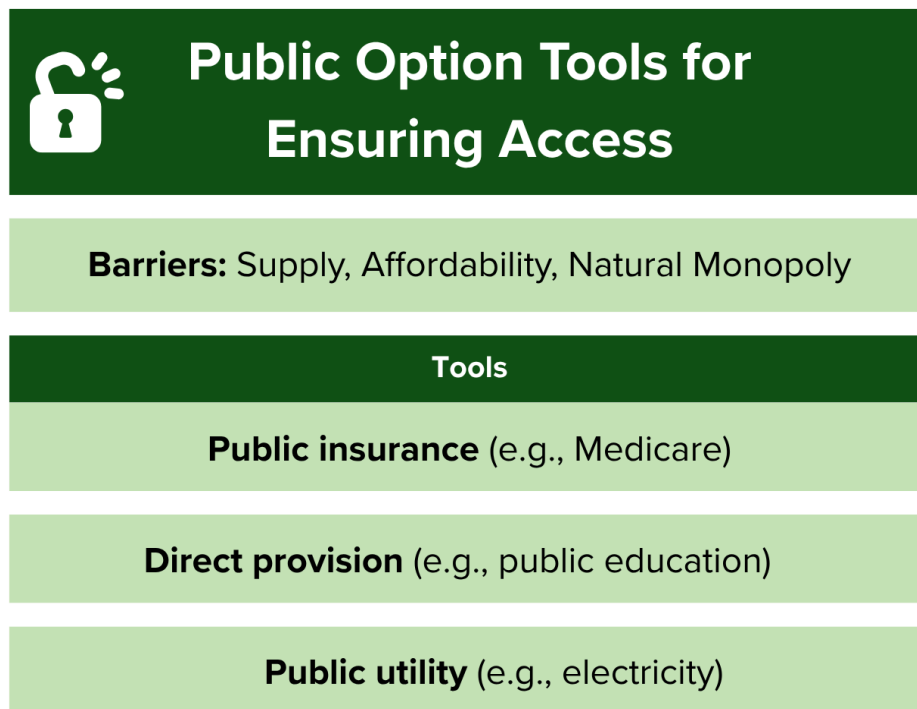
<sup>60</sup> Cynthia Cox, Jared Ortaliza, Emma Wager, and Krutika Amin, “Health Care Costs and Affordability,” KFF, October 8, 2025, <https://www.kff.org/health-costs/health-policy-101-health-care-costs-and-affordability/>.

<sup>61</sup> Nancy Ochieng, Juliette Cubanski, and Anthony Damico, “Medicare Households Spend More on Health Care Than Other Households,” KFF, March 14, 2024, <https://www.kff.org/medicare/medicare-households-spend-more-on-health-care-than-other-households/>.

<sup>62</sup> American Progress, “Establish a Voluntary Public Long-Term Care Insurance Program,” Center for American Progress, March 30, 2009, <https://www.americanprogress.org/article/idea-of-the-day-establish-a-voluntary-public-long-term-care-insurance-program>; Rick McHugh and Claire McKenna,



health-care system, has been proposed for housing, childcare, and banking, among other essential goods.<sup>63</sup> Finally, we have seen an effort to expand the public utility model to new areas. California has experimented with applying it to pharmaceutical production with the launch of Cal Rx; the FCC reclassified broadband as a utility in the spring of 2024; and scholars and advocates have suggested reframing key internet platforms, from Amazon to Google, as public utilities.<sup>64</sup>



“Is Wage Insurance a Worthwhile Option for Displaced Workers?” National Employment Law Project, February 10, 2016, <https://www.nelp.org/is-wage-insurance-a-worthwhile-option-for-displaced-workers>; Suzanne Kahn, “A Generational Crisis: Restructuring America’s Social Insurance System to Better Protect Young People,” Roosevelt Institute, March 31, 2020, <https://rooseveltinstitute.org/blog/a-generational-crisis-restructuring-americas-social-insurance-system-to-better-protect-young-people>.

<sup>63</sup> Saoirse Gowan and Ryan Cooper, *Social Housing in the United States* (People’s Policy Project, 2018), <https://www.peoplespolicyproject.org/wp-content/uploads/2018/04/SocialHousing.pdf>; Kendra Hurley, “The Case for Public Child Care,” *The Atlantic*, January 5, 2023, <https://www.theatlantic.com/family/archive/2023/01/america-public-child-care-programs/672637/>; Emily DiVito, “Banking for the People: Lessons from California on the Failures of the Banking Status Quo,” Roosevelt Institute, September 8, 2022, <https://rooseveltinstitute.org/publications/banking-for-the-people>.

<sup>64</sup> Audrey Stienon, “Public Pharma’s Biggest Barrier,” *The American Prospect*, January 5, 2024, <https://prospect.org/2024/01/05/2024-01-05-public-pharmas-biggest-barrier>; Emma Bowman, “Net neutrality is back: US promises fast, safe and reliable internet for all,” NPR, April 26, 2024, <https://www.npr.org/2024/04/26/1247393656/net-neutrality-explained-fcc>; K. Sabeel Rahman and Zephyr Teachout, “From Private Bads to Public Goods: Adapting Public Utility Regulation for Informational Infrastructure,” Knight First Amendment Institute, February 4, 2020, <https://knightcolumbia.org/content/from-private-bads-to-public-goods-adapting-public-utility-regulation-for-informational-infrastructure>.



## Public Value: Long-Term Planning for the Public Good

Sometimes the case for a public option rests less on concerns about access and more on the public's interest in fostering an industry that will provide for collective needs in the long-term (e.g., developing new green energy sources) or pushing industries to provide different versions of existing products (e.g., replacing fossil fuel-reliant vehicles with electric ones). Concerns about individual access may exist alongside these concerns about collective public value, but the primary driver behind the public option is a need for long-term planning of production for the public good. Often a public push to the private sector in the direction of delivering public value is the best way to provide for the common good. As Darity et al. write, "The public sector, by sovereignty and the sheer nature of its size, has the resources to change the way that infrastructural goods are delivered in the marketplace, and push private actors in a better direction."<sup>65</sup>

Many of the tools that provide access can also be used to drive this sort of push—for example, public utility boards could drive a shift toward greener energy sources—but public investment tools are also available. In contrast to the tools that are deployed when access is a primary concern, investment tools do not require the public to be involved indefinitely for them to fulfill their purpose. In most of the cases discussed in the prior section, providing stable access to a needed good requires long-term public investment and management. If the public investment disappeared, after a certain number of years the same access issues would reappear because the market failures would not have fixed themselves. In contrast, the hope with many public options focused on long-term planning for public value is that they will foster industries that the private sector will ultimately be able to sustain on its own. As Mariana Mazzucato explains, "The role of government is not to run commercial enterprises; it is to spark innovation."<sup>66</sup>

In recent years, the COVID-19 pandemic and the looming threat of climate change increased interest in this form of public option. Private-sector investors' business models are too focused on short-term gains to adequately and reliably ensure we have the goods and services we need to meet challenges in our future, much less when a crisis hits.<sup>67</sup>

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<sup>65</sup> William Darity Jr., Darrick Hamilton, and Rakeen Mabud, "Increasing Public Power to Increase Competition: A Foundation for an Inclusive Economy," Roosevelt Institute, April 29, 2019, 5, <https://rooseveltinstitute.org/publications/increasing-public-power-to-increase-competition-inclusive-economy>.

<sup>66</sup> Mariana Mazzucato and Henry Lishi Li, "The Entrepreneurial State and Public Options," in *Public Policy and Public Options*, ed. Ganesh Sitaraman and Anna Alstott (Cambridge University Press, 2021), 29.

<sup>67</sup> Christophers, *Our Lives in Their Portfolios*, 191-202.



If private-sector investors cannot be relied on, we need to look to public-sector options for investments that get needed industries off the ground through research and development funding or help new businesses scale. The latter is particularly important and often overlooked. The private sector’s withdrawal from R&D investments is a natural place where public funding can step in, but so is the frequent financing gap between innovation and commercial viability.<sup>68</sup> Mazzucato writes, “Public options are an important and proactive instrument to deliver public rewards in return for the state’s risk-taking in innovation, and a tool that can foster public sector capabilities in innovation and manufacturing in the direction of addressing societal missions.”<sup>69</sup>

The United States has a ready-to-draw-on historical precedent—the New Deal’s Reconstruction Finance Corporation—for this kind of investment and planning public option, as well as models from a wide variety of other countries. The Reconstruction Finance Corporation was established even before Franklin D. Roosevelt took office, and provides precedent for the federal government’s ability to responsibly establish public stakes in private companies. The Hoover administration founded the RFC to “restart the flow of credit necessary to prevent the nation’s economy from collapsing by lending to banks, trust companies, and other financial institutions.”<sup>70</sup> Over the next decade, under FDR, the RFC became the “New Deal’s ‘capital bank,’” helping finance major infrastructure projects, restart the nation’s housing industry, and build the domestic aircraft and synthetic rubber industries.<sup>71</sup> During World War II, the RFC supported the rapid scaling up of defense programs both through financing and by also taking a lead role in “constructing, owning, and operating defense-related manufacturing facilities.”<sup>72</sup> Where the RFC was an investor, it held voting rights in American companies and it used them actively to influence corporate policies and portfolios.<sup>73</sup> The RFC closed in the late 1950s, having outlasted its original 10-year authorization and weathered a number of investigations around alleged corruption.<sup>74</sup>

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<sup>68</sup> Ilmi Granoff, “The End of the Beginning for US Green Banks,” Roosevelt Institute, April 5, 2024, <https://rooseveltinstitute.org/blog/the-end-of-the-beginning-for-us-green-banks>.

<sup>69</sup> Mazzucato and Li, “The Entrepreneurial State and Public Options,” 21.

<sup>70</sup> Saule Omarova, *Finance as a Tool of Industrial Policy: A Taxonomy of Institutional Options* (Roosevelt Institute, 2024), 36, <https://rooseveltinstitute.org/publications/finance-as-a-tool-of-industrial-policy>.

<sup>71</sup> Omarova, *Finance as a Tool of Industrial Policy*; Chris Hughes, *Marketcrafters* (Simon & Schuster, 2025).

<sup>72</sup> Omarova, *Finance as a Tool of Industrial Policy*.

<sup>73</sup> Omarova, *Finance as a Tool of Industrial Policy*, 36.

<sup>74</sup> Natalie Leonard, “United States: Reconstruction Finance Corporation Emergency Lending to Financial Institutions, 1932–1933,” *Journal of Financial Crisis* 4, no.2 (2022): 1351–1373, <https://elischolar.library.yale.edu/journal-of-financial-crises/vol4/iss2/62>; Joseph Mason, “The political economy of Reconstruction Finance Corporation assistance during the Great Depression,” *Explorations in Economic History* 40, no. 2 (2003): 101–121, [https://doi.org/10.1016/S0014-4983\(03\)00013-5](https://doi.org/10.1016/S0014-4983(03)00013-5).



Many other nations have maintained a variety of public investment funds over the long term. In a 2024 paper, Saule Omarova describes three forms these investment funds take: sovereign wealth funds, national development banks, and state holding companies.

**Sovereign wealth funds** are government-owned investment portfolios, they invest domestically and internationally and in doing so are able drive national economic priorities on a global scale. Writes Omarova, “The fact that SWFs typically have no debt liabilities allows them to take longer investment views and act as suppliers of ‘patient’ capital.”<sup>75</sup> The Biden administration signaled interest in the United States creating its own sovereign wealth fund. In February 2025, President Trump signed an executive order tasking the secretaries of Commerce and Treasury with developing a plan for a sovereign wealth fund within three months (notably it has not yet been released publicly).<sup>76</sup>

**National development banks**, in contrast to sovereign wealth funds, are focused on domestic investments—typically physical infrastructure and strategic industries—as determined by the government. It is this form of national investment fund that garnered the most interest in the US during the Biden administration. Omarova, for example, proposed a National Investment Authority (NIA), which would serve as the “entrepreneurial muscle of the sovereign public.”<sup>77</sup> In 2022 she wrote, “There is currently no federal agency continuously monitoring, assessing, and managing the flow of capital into specific sectors, activities, or regions in which it can and should produce significant economic, strategic, and social benefits.” An NIA could provide this form of “continuous coordination of the nationwide economic development” by lending to private companies and guaranteeing loans.<sup>78</sup> While an NIA did not come fully into being under Biden, proto-versions of it exist in state green banks. Further, the Inflation Reduction Act (IRA) created the Greenhouse Gas Reduction Fund, which built and supported a national network of nonprofit green banks.<sup>79</sup>

Omarova’s third form of public investment fund, **state holding companies**, act as “public asset managers.”<sup>80</sup> A public asset manager has the ability to counter the power of private asset managers by managing private assets on behalf of economic beneficiaries (for

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<sup>75</sup> Omarova, *Finance as a Tool of Industrial Policy*, 30.

<sup>76</sup> The White House, “A Plan for Establishing a United States Sovereign Wealth Fund,” February 3, 2025, <https://www.whitehouse.gov/presidential-actions/2025/02/a-plan-for-establishing-a-united-states-sovereign-wealth-fund>.

<sup>77</sup> Saule Omarova, *The National Investment Authority: A Blueprint* (Berggruen Institute, 2022), <https://cdn.sanity.io/files/9xbysn2u/production/9a083cbad430cbb728b1f8dab77b6f88b44e35a5.pdf>.

<sup>78</sup> Omarova, *The National Investment Authority*, 17-18; Saule Omarova and Todd Tucker, “Industrial Policy Requires Public, Not Just Private, Equity,” *Democracy Journal*, March 27, 2023, <https://democracyjournal.org/arguments/industrial-policy-requires-public-not-just-private-equity>.

<sup>79</sup> Adam Kent and Isabelle Elizondo, “What Now for the Greenhouse Gas Reduction Fund Green Finance Programs?,” NRDC, May 28, 2024, <https://www.nrdc.org/bio/adam-kent/what-now-greenhouse-gas-reduction-fund-green-finance-programs>.

<sup>80</sup> Saule Omarova, *Industrial Policy 2025: Bringing the State Back In (Again)* (Roosevelt Institute, 2024), 34, <https://rooseveltinstitute.org/publications/industrial-policy-2025>.



example, private pension funds) in the public interest.<sup>81</sup> Lenore Palladino has argued forcefully that a public asset manager in the US could ensure that “currently existing household financial assets flow through the financial system in a way that meets the actual interests of those households who have sacrificed current consumption, in which they do not lose massive amounts of funds to fees and do not have their funds used for financial gain at the expense of a livable society and planet.”<sup>82</sup> Notably, in Omarova’s NIA proposal, the NIA would serve as both an investor and public asset manager.<sup>83</sup>

Public value is, of course, not created only through national investment funds. Another option proposed by Omarova specifically for banks, but available for other industries as well, is the “golden share.” **Golden shares** are legal arrangements where the government holds a “special, exclusive, and non-transferable” governance right in a private enterprise.<sup>84</sup> A golden share is not a full public option, but an application of some of the principles of public options to give the public more ability to direct private companies and hold them accountable. The idea is to give the government an official voice in the governance decisions of private companies without requiring it to be a controlling shareholder or even having to contribute substantial financial investment.<sup>85</sup> This is a practice that has been used in Europe from parties on both sides of the political spectrum.<sup>86</sup> Notably, President Trump has liberally exercised this option, first in striking a deal in the summer of 2025 around the Japanese company Nippon’s acquisition of US Steel, and with increasing frequency since then.<sup>87</sup> During the first year of Trump’s second term, the US also took stakes in Intel, Trilogy Metals, MP Materials, and more.<sup>88</sup> As Roosevelt’s Industrial Policy director Todd Tucker has pointed out, there are good and bad outcomes on the table with

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<sup>81</sup> Lenore Palladino, “A Public Option for Asset Management in the United States,” (Working Paper, Roosevelt Institute, 2022), 3, <https://rooseveltinstitute.org/publications/a-public-option-for-asset-management-in-the-united-states>.

<sup>82</sup> Palladino, “A Public Option for Asset Management in the United States,” 7.

<sup>83</sup> Omarova and Tucker, “Industrial Policy Requires Public, Not Just Private, Equity.”

<sup>84</sup> Saule Omarova, “Bank Governance and Systemic Stability: The ‘Golden Share’ Approach,” *Alabama Law Review* 68, no. 4 (2017): 1043, <https://law.ua.edu/wp-content/uploads/2011/07/Bank-Governance-and-Systemic-Approach.pdf>.

<sup>85</sup> Omarova, “Bank Governance and Systemic Stability,” 1043-1045.

<sup>86</sup> Cecilia Hult, “With his ‘golden share’ in US Steel, Trump turns to a mechanism more common elsewhere in the world,” *Fortune*, June 20, 2025, <https://fortune.com/asia/2025/06/20/golden-shares-us-steel-china-europe-russia-trump>.

<sup>87</sup> Todd Tucker, “A look at the ‘golden share’ agreement in the US Steel-Nippon Steel partnership,” Interview by Steve Inskeep, Morning Edition, NPR, June 18, 2025, <https://www.npr.org/2025/06/18/nx-s1-5435364/a-look-at-the-golden-share-agreement-in-the-u-s-steel-nippon-steel-partnership>.

<sup>88</sup> Hannah Grabenstein, “What you need to know about the government’s 10% stake in Intel,” PBS News, September 20, 2025, <https://www.pbs.org/newshour/politics/what-economic-and-policy-experts-think-about-the-u-s-governments-stake-in-intel>; Sam Meredith, “Trilogy Metals shares soar over 200% after US takes stake in minerals explorer,” CNBC, October 7, 2025, <https://www.cnbc.com/2025/10/07/trilogy-metals-shares-surge-after-us-takes-stake-in-minerals-firm.html>; Yun Li, “Rare earth miners jump as Trump announces establishment of critical mineral reserve,” CNBC, February 2, 2026, <https://www.cnbc.com/2026/02/02/rare-earth-miners-jump-as-trump-is-reportedly-eyeing-mineral-stockpile-.html>.



any use of a golden share. On the one hand, it could allow a future government to guide manufacturing in a greener direction or in service of national security; on the other, it creates new possibilities for corruption.<sup>89</sup>

While golden shares sit on one side of the spectrum of public options tools to ensure the production of public value, nationalization and direct production sit on the other side. Although the private sector often has a role to play, there are cases where direct production is preferable because it is more efficient or because the policy goal is not growth, but wind-down. For example, Kate Aronoff has argued that it is unlikely that the private fossil-fuel industry will responsibly wind down the use of fossil fuels at the pace we need; their business models simply are not designed to allow for that goal. Bringing oil production under national control, however, would allow for an orderly wind-down independent of profit-driven decisions.<sup>90</sup> In the shorter term, the US could join the majority of large oil-producing countries, using public ownership and control of its oil industry to stabilize prices and allow for more strategic production and marketing of energy resources.<sup>91</sup> There are also cases in which the stakes are less high than our planetary future, where nationalization and government production make sense from an efficiency standpoint. As Ha-Joon Chang writes, “Regulation or tax/subsidy regimes involve contractual agreements—explicit in the case of direct regulation, or implicit, in the case of tax/subsidy regimes—that are costly to manage.” Countries have successfully chosen to opt for state-owned enterprises for everything from airlines to telecommunications.<sup>92</sup>

Government investment can not only be more efficient but can address problems beyond the narrow mandate to attract private investment. As Omarova writes, well-designed government investment authorities have the power to “cure the core imbalances in the way capital-allocation decisions are made and their economic benefits are distributed.”<sup>93</sup> For investments to play this rebalancing role, policymakers must take on a persistent question that plagues this sort of industrial policy: How do you ensure financial investments, once made, truly push the private sector in the direction intended? How do we ensure public investment in private corporations does not become corporate welfare? These are legitimate concerns. Writes Omarova:

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<sup>89</sup> Tucker, interview.

<sup>90</sup> Aronoff, *Green Industrial Policy's Unfinished Business*.

<sup>91</sup> David G. Victor, “National Oil Companies and the Future of the Oil Industry,” *Annual Review of Resource Economics* 5 (2013): 445–462, <https://doi.org/10.1146/annurev-resource-091912-151856>.

<sup>92</sup> Ha-joon Chang, *State-Owned Enterprise Reform* (United Nations, 2007), 13, [https://hajounchang.net/assets/papers/PN\\_SOERreformNote.pdf](https://hajounchang.net/assets/papers/PN_SOERreformNote.pdf).

<sup>93</sup> Omarova, *The National Investment Authority*, 14.



It is imperative that the public does not merely absorb the extra risk of large scale infrastructure investment, while allowing private capital to appropriate the extra returns these investments generate. Rather than simply “derisking” private investment, the government needs to use its unique advantages as a market actor to maximize the benefits to the public and to achieve its key public policy goals.<sup>94</sup>

Many tools exist for the government to draw on as it tries to maximize the public benefits of its investments, as Isabel Estevez documents in a 2023 brief, “Multi- Solving, Trade-Offs, and Conditionalities in Industrial Policy.” Estevez writes, “Like any other public investment, from tax policy to education policy, the impacts of public investment hinge on an intricate system of subtle design choices.” These design choices come throughout the investment cycle, and range from mission-setting and choosing target recipients of funds to defining contractual terms and monitoring how funds are spent.<sup>95</sup> Estevez documents a toolbox of conditionalities that can be paired with public investments to ensure the investment delivers for the public: for example, wage floors, proscriptions against anti-labor activities, preferences to firms that have workers involved in governance, and more. Likewise, the golden share could be deployed to this end, and a condition of a NIA investment might be the granting of a golden share. The deployment of investments made under the IRA and CHIPS Acts involved creative use of such conditionalities. For example, the CHIPS Act requires corporations receiving funding to make childcare available to their workers.<sup>96</sup> One of the challenges with the Trump’s administration’s use of similar tools is that they often lack transparency about the conditionalities that accompany them.

Over the last few years, there have been intense debates about these public options tools, including among those worried that layering these conditions onto investments would make the investment tools less effective at driving private investment toward the intended goal, as well as those who believed that the Biden administration's investments were little more than corporate giveaways.<sup>97</sup> The key to addressing both of these concerns is to design projects carefully, weighing the specifics at hand. After all, there are hundreds of requirements that any infrastructure project in the United States has to meet before we even get to public investments—from regulations on pollutants to minimum wage laws.

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<sup>94</sup> Omarova, *The National Investment Authority*, 13.

<sup>95</sup> Isabel Estevez, “Multi-Solving, Trade-Offs, and Conditionalities in Industrial Policy,” Roosevelt Institute, October 26, 2023, 14, <https://rooseveltinstitute.org/publications/multi-solving-trade-offs-and-conditionalities-in-industrial-policy>.

<sup>96</sup> Lea Woods and Julie Kashen, “CHIPS Act Child Care Requirements Already Showing Promise,” The Century Foundation, April 17, 2024, <https://tcf.org/content/commentary/chips-act-child-care-requirements-already-showing-promise>.

<sup>97</sup> Daniela Gabor, “The (European) Derisking State,” Center for Open Science, May 13, 2023, <https://doi.org/10.31235/osf.io/hpbj2>; Matthew Yglesias, “Does Joe Biden mean what he says on industrial policy?,” Slow Boring, March 13, 2023, <https://www.slowboring.com/p/does-joe-biden-mean-what-he-says>; Ezra Klein, “The Problem With Everything-Bagel Liberalism,” *New York Times*, April 2, 2023, <https://www.nytimes.com/2023/04/02/opinion/democrats-liberalism.html>.



The question when public money is funding a project is not if any conditionalities should be applied, but, more simply, what further conditionalities should accompany the money so that we can be assured it produces the public value we want. Fundamentally, this means that all public value projects must be combined with tools that also encourage access and accountability. It is to the latter that we now turn.



## Public Option Tools to Produce Public Value

**Barrier:** Private interests running counter to the public good

### Tools

**Public investment funds** (e.g., Reconstruction Finance Corporation)

**Golden shares** (e.g., government stakes in US Steel)

**Nationalization and direct production** (e.g., Tennessee Valley Authority)



## Accountability: Ensuring Public Power Serves the People, Not the Powerful

The signature advantage of public options, regardless of the form they take, is the capacity for broad democratic accountability and oversight. Minimally, in a democratic country, if people don't like the direction a public option is driving or are unhappy with the amount or quality of access being provided, they can vote out the policymakers in charge.<sup>98</sup> That said, the excesses of the current administration—some executed in the name of accountability—should also make us think carefully about the forms of accountability and oversight mechanisms we put in place. The current administration has used research funding to control speech at universities and weaponized the FCC's control of broadcast licenses to try and remove unfriendly TV hosts.<sup>99</sup> These are just a few of its novel, extreme, and least deadly uses of power. In the face of these examples, it is reasonable to approach increasing public control of any part of our lives with skepticism. But, we have also seen that some of our most mature public options have proved the most resilient to oligarchic control; school boards, for example, have stood up to defend their transgender and immigrant students.<sup>100</sup> To preserve public options as a tool in the face of reasonable fear of government corruption, we need further research into how these public options have stayed accountable to their constituents and how to best ensure accountability and transparency in all new programs.

In the meantime, public options are worth fighting for despite the current displays of government corruption, because the private sector's own record on accountability is at least equally dismal. As many researchers have documented, including Roosevelt authors, the principle of shareholder primacy has led to a relentless focus on short-term returns at the expense of other values.<sup>101</sup> Attempts to force the private sector to take a more holistic view (for example, the ESG movement) have been relatively weak. Further, the rise of asset-manager ownership of much of society's basic infrastructure has made it harder for everyday people to even figure out who should be

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<sup>98</sup> Rahman, *Democracy Against Domination*, 135.

<sup>99</sup> Sita Nataraj Slavov and Alan D. Viard, "Trump Administration Uses Federal Research Funding to Control Campus Speech," American Enterprise Institute, June 16, 2025, <https://www.aei.org/economics/trump-administration-uses-federal-research-funding-to-control-campus-speech>; Ian Youngs and Katie Razzall, "US TV hosts back Kimmel as Trump threatens networks," BBC, September 19, 2025, <https://www.bbc.com/news/articles/clyxjve3pe2o>.

<sup>100</sup> Francisco Durán and Bethany Zecher Sutton to APS Staff and Families, August 25, 2025, in Arlington Public Schools, <https://www.apsva.us/post/aps-responds-to-u-s-department-of-education>; Sarah Mervosh, "A Minnesota School District Guards Against ICE, From Dawn to Dusk," *New York Times*, January 31, 2026, <https://www.nytimes.com/2026/01/31/us/minneapolis-school-district-ice-agents.html>.

<sup>101</sup> Lenore Palladino, "Ending Shareholder Primacy in Corporate Governance," (Working Paper, Roosevelt Institute, 2019), <https://rooseveltinstitute.org/publications/ending-shareholder-primacy-in-corporate-governance>.



held accountable when things go wrong.<sup>102</sup> As Brett Christophers documents, asset managers own but “almost never” manage infrastructure, thus evading scrutiny even as they make decisions that focus relentlessly on the profits that can be generated by short-term turn around.<sup>103</sup>

We also see daily evidence that the private sector cannot be adequately held accountable in the context of the climate crisis. As Aronoff has documented, for example, there are already “an estimated 10 million orphaned, abandoned, idled, marginal and legacy” oil and gas wells in the US, emitting significant amounts of methane into the air and toxic chemicals into the water. Companies have been left to address this issue on their own with minimal regulation and accountability. In many cases, this has involved large companies selling wells off to smaller and less-responsible owners, who are not monitoring the wells as needed to protect communities in the short or long term.<sup>104</sup>

In the early 20th century, Progressive-Era advocates understood the limitations of the private sector’s accountability to the public. Their turn toward utilities was as much about creating more accountability structures as it was about creating more access. Writes Rahman:

If antitrust regulation was a technique to limit economic domination and ensure democratic accountability by cutting corporations down to size, the public utility approach achieved these same goals by ratifying the presence of large, consolidated firms, but imposing strict restrictions and affirmative public obligations.<sup>105</sup>

Thus, almost every state established public service commissions—public regulatory bodies with the expertise to provide regular oversight of public utilities, from railroads to gas and electricity.<sup>106</sup>

Regardless of the primary problem a public option is trying to solve, building in accountability mechanisms is essential to ensuring the public option meets its goals. In many cases, electoral oversight alone will feel insufficient: for example, where significant public funds are being deployed, where specialized expertise is needed to adequately oversee the operations of a public option, or where there are specific constituencies more affected by the option than others. Elections are especially insufficient as an oversight mechanism in our current moment, where electoral cycles outpace policy implementation as the result of sclerotic processes, congressional dysfunction, and obstructionist courts. Without layers of accountability, public options can quickly

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<sup>102</sup> Kristen Talman, “How ‘ESG’ came to mean everything and nothing,” BBC, November 15, 2023, <https://www.bbc.com/worklife/article/20231114-how-esg-came-to-mean-everything-and-nothing>.

<sup>103</sup> Christophers, *Our Lives in Their Portfolios*, 9.

<sup>104</sup> Aronoff, *Green Industrial Policy’s Unfinished Business*, 18.

<sup>105</sup> Rahman, *Democracy Against Domination*, 73.

<sup>106</sup> Bagley, “Medicine as a Public Calling,” 74; Gerald D. Nash, “The California Railroad Commission, 1876-1911,” *Southern California Quarterly* 44, no.4 (1962): 287-305, <https://doi.org/10.2307/41169752>.



become captured by corporate interests or begin to reflect biases throughout society that they should be seeking to undo.

The broadest tool for public oversight is the creation of **specialized regulatory and elected bodies** like those established by Progressive-Era reformers. These sorts of boards have been created to provide oversight for public goods well beyond classic “utilities.” School boards are a classic and widely understood form of this kind of specialized accountability and oversight mechanism. Community health centers and Head Start programs are required by legislation to have these kinds of boards.<sup>107</sup> Likewise, states are required to have workforce development boards to deploy federal workforce development funding.<sup>108</sup> Whether these boards are elected or appointed varies across localities and purposes—and research has been inconclusive if one or the other leads to better governance—but the idea behind all of them is that they are providing specialized and extra oversight over a public good. They do this at different points throughout the public provisioning process, ranging from setting performance standards, overseeing procurement, and reviewing performance.

The **equity stakes or golden share** proposal discussed in the previous section is another way of creating a public option specifically to provide oversight and produce public value. By having an equity stake in or a special seat on the board of a corporation, the public can not only help direct its decisions but also oversee them. This model differs from the oversight board in that private actors continue to dominate most of the corporate governance and the entity may remain private, but offers a backstop to help ensure a company providing a public good is serving the public. That said, as many have noted in the wake of President Trump’s expanded use of this tool, if the government holding the golden share is corrupt, this control can be used for personal enrichment and power building rather than in the public interest.

Likewise, oversight boards have not always worked as they should. As Jared Heern has documented, because of the specialized knowledge required by oversight boards, they are particularly vulnerable to corporate capture by industry actors.<sup>109</sup> Indeed, sometimes that capture is built into the authorizing legislation from the beginning. The Workforce Innovation and Opportunity Act (WIOA), for example, requires the majority

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<sup>107</sup> “What is a Health Center?” Health Resources and Services Administration, last reviewed November 2025, <https://bphc.hrsa.gov/about-health-center-program/what-health-center>; Mel Gravely, “The Relationship between a Head Start Governing Body and Policy Council,” Gravely, June 6, 2016, <https://www.thegravelygroup.com/blog/the-relationship-between-a-head-start-governing-body-and-policy-council>.

<sup>108</sup> *Workforce Innovation and Opportunity Act*, Public Law 113-128, U.S. Statutes at Large 128 (2014): 1440-1444.

<sup>109</sup> Jared Heern, “Who’s controlling our energy future? Industry and environmental representation on United States public utility commissions,” *Energy Research & Social Science* 101, (2023), <https://s3.documentcloud.org/documents/23836462/puc-commissioners-study.pdf>.



of representatives on workforce development boards to represent business. There is legally no way for the boards to be weighted to favor workers.<sup>110</sup>

Curtailing representation on oversight authorities is only one way that legislation has limited accountability for public goods; in other cases, legislation has limited the purview of regulators. Medicare provides a classic example. When it passed in 1965, the Medicare legislation explicitly denied the government any power to set rates. As a result, “the higher a hospital’s costs the more it would be paid,” writes Paul Starr. “A surer way of promoting health-care inflation could not have been devised.”<sup>111</sup> This shifted in the 1980s and the government began to impose price controls (under Ronald Reagan, interestingly), but not until the IRA passed was Medicare allowed to negotiate prices for prescription drugs.<sup>112</sup> Making full use of the state's accountability capabilities in the realm of health care has been a slow, politically complicated process.

Public goods legislation has also been structured to deliberately limit access by transferring accountability away from the national level and to the states. As Ira Katznelson has documented, allowing states and localities to implement certain public goods—for example, higher education and income supports—was a deliberate choice to allow states to deny access to Black Americans and other minority racial groups.<sup>113</sup>

The history of public goods in America is one where too often policymakers have ceded accountability mechanisms to the private sector, deployed those mechanisms to limit instead of expand access, or allowed those mechanisms to be co-opted by the private sector. But that does not mean we do not still need them. Rather, this history provides lessons in (a) how powerful the policy decisions about accountability can be (after all, they have been effectively deployed to thwart access to a public good), and (b) how we might prevent these outcomes in the future. For example, if WIOA can legislate the balance of power on workforce development boards to be weighted toward business owners, it could just as easily reverse that balance of power toward workers. This model could be applied widely to legislation constituting oversight boards, giving power to consumers, workers, and producers of various goods and services. Indeed, federal law already requires that federally funded community health centers have governing boards where patients hold the majority of seats.<sup>114</sup> Likewise, all Head Start programs are

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<sup>110</sup> 20 CFR § 679.320.

<sup>111</sup> Starr, *The Social Transformation of American Medicine*, 47.

<sup>112</sup> Nicole Rapfogel, “5 Facts To Know About Medicare Drug Price Negotiation,” Center for American Progress, August 30, 2023,

<https://www.americanprogress.org/article/5-facts-to-know-about-medicare-drug-price-negotiation>.

<sup>113</sup> Katznelson, *When Affirmative Action Was White*, 22-23.

<sup>114</sup> Brad Wright, “Who Governs Federally Qualified Health Centers?,” *Journal of Health Politics, Policy, and Law* 38, no. 1 (2013): 1-3, <https://pmc.ncbi.nlm.nih.gov/articles/PMC5602556>.



required to have policy councils where primary caregivers of enrolled children make up the majority of members and the community has at least one representative.<sup>115</sup>

A third tool of public oversight is attaching **strict performance requirements** to public funding or licensing and using oversight mechanisms to withdraw those funds or licenses when those requirements aren't met. Funding (and the threat of withdrawal) can add teeth to the other public accountability mechanisms we have discussed. For example, Title IX bans discrimination on the basis of sex in education programs that receive federal money, and institutions can lose their funding if they are found to be in violation of Title IX.<sup>116</sup> Title IX is credited with vastly expanding women's participation in sports—at the high school level, women's participation has expanded by over 1,000 percent since its passage and at the college level by over 600 percent.<sup>117</sup> But, despite these successes, Title IX enforcement has been spotty at best, and sexually discriminatory environments have been allowed to continue at many institutions with little consequence—even when the regulatory agency charged with enforcing Title IX, the Department of Education's Office for Civil Rights, finds violations.<sup>118</sup> No higher education institution has ever been fully stripped of federal funding for violating Title IX.<sup>119</sup> Beyond Title IX, public funding for higher ed has been weaponized by the Trump administration over the last year, as it has gone after specific universities' funding—including by using Title VI antidiscrimination requirements—where they perceive ideological opposition.<sup>120</sup>

An important difference between a public option accountability mechanism and regulation is often the creation of mechanisms for enforcement beyond the judicial system. Ideally, the oversight mechanisms created to allow for public voice and oversight also allow for the kind of efficient decision-making that is too often absent from the electoral process, a lawsuit, or a community zoning meeting. As many have pointed out, those processes are frequently long and drawn out and favor those with money and time

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<sup>115</sup> "Head Start Policy and Regulations," HeadStart, last modified August 24, 2024,

<https://headstart.gov/policy/45-cfr-chap-xiii/1301-3-policy-council-policy-committee>.

<sup>116</sup> "Title IX and Sex Discrimination," US Department of Education, last modified January 30, 2026,

<https://www.ed.gov/laws-and-policy/civil-rights-laws/title-ix-and-sex-discrimination>.

<sup>117</sup> Lindsey Darvin, "Title IX's Future Uncertain After Department Of Education Cuts," Forbes, March 28, 2025, <https://www.forbes.com/sites/lindseydarwin/2025/03/28/title-ixs-uncertain-future-under-department-of-education-cuts>.

<sup>118</sup> Dana Bolger, "Gender Violence Costs: Schools' Financial Obligations Under Title IX," *Yale Law Journal* 125, (2016): 2106-2129, <https://yalelawjournal.org/feature/gender-violence-costs-schools-financial-obligations-under-title-ix>.

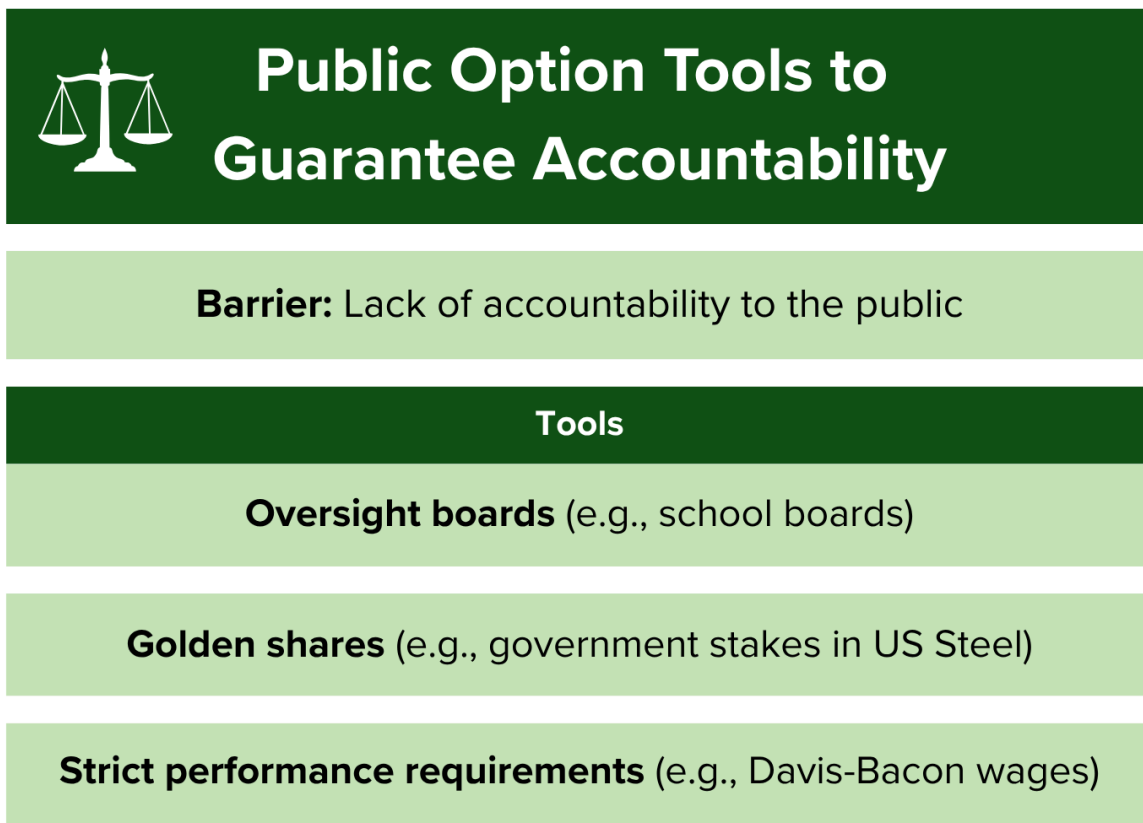
<sup>119</sup> Rachel Axon, "What happens if a school doesn't comply with Title IX? Not a whole lot.," *USA Today*, December 22, 2022, <https://www.usatoday.com/in-depth/news/investigations/2022/12/15/title-ix-enforcement-essentially-toothless-mired-red-tape-delays/10803850002>.

<sup>120</sup> Jeremy W. Petes, "Trump Amps Up an Obama Strategy to Crack Down on Colleges," *New York Times*, August 6, 2025, <https://www.nytimes.com/2025/08/06/us/politics/trump-universities-title-ix-vi-obama.html>.



to spare.<sup>121</sup> In contrast, as Johanna Bozuwa and Dustin Mulvaney recently argued, public utilities “with a strong regional and interregional mandate, long-term planning horizons, and an ability to absorb the financial risks” should be able to design efficient and accountable planning processes.<sup>122</sup>

As discussed at the start of this section, our current democratic crisis raises the stakes on building reliable accountability and oversight mechanisms into public programs, even as it suggests that a truly corrupt government will quickly trample guardrails. More research is needed on the strongest oversight mechanisms available in addition to electoral processes, but truly accountable public options will always start first and foremost with a strong democratic system.



<sup>121</sup> Ned Resnikoff, “How to Fix Housing: The Pivot from Localism to Regionalism and Rule of Law,” Roosevelt Institute, April 29, 2025, <https://rooseveltinstitute.org/blog/how-to-fix-housing>.

<sup>122</sup> Johanna Bozuwa and Dustin Mulvaney, *A Progressive Take on Permitting Reform: Principles and Policies to Unleash a Faster, More Equitable Green Transition* (Roosevelt Institute, 2023), <https://rooseveltinstitute.org/publications/a-progressive-take-on-permitting-reform>.



### III. Applying the Tools

How do we determine if we are looking for a public option that prioritizes guaranteeing individual access, producing public value, or ensuring accountability? And, perhaps more importantly, how do we balance these values in policy design, since it is rare that we will want to apply just one? To show how we might go about answering these questions, this section considers three cases that pose different challenges and design choices, but in each a properly designed public option has an important role to play: childcare, electric vehicles, and banking.

#### Childcare

Childcare presents a case where the most pressing problems are those of access driven by supply constraints. Families across much of the income spectrum lack stable, quality, affordable childcare options. This is a classic example of a private market failure: Running a childcare business is costly because it is labor- and space-intensive, but the customers are typically young parents who are not at the peak of their earnings and have real ceilings on what they can pay for the service.<sup>123</sup> This has led to a shortage of childcare spots. In 2018, the Center for American Progress found that over half the US population lived in a childcare desert.<sup>124</sup> The specific economic drivers of this lack of access require a sustained public investment, not a directional nudge.<sup>125</sup> This suggests that we should be strongly considering an access-based public option.

This is just the beginning of the design choices. Childcare is an unlikely candidate for an insurance model since it is a predictable cost based on personal choices. Functionally, there would not be a significant difference between an insurance public option and a public voucher system, and neither is likely to efficiently solve the supply problems that plague the industry, in particular the lack of adequate geographic distribution of care. On the other hand, both direct provision and a utility model have real potential to help solve these challenges. Direct provision is, of course, the model we already use for providing care for children over five. Beyond public schools, we have good models for

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<sup>123</sup> Maude Toussaint-Comeau and Maxwell Jaffe, “Childcare Use and Expenses Among Families of Different Income Levels,” Chicago Fed Insights, September, 2024, <https://www.chicagofed.org/publications/chicago-fed-insights/2024/childcare-use-expenses-by-income-levels>.

<sup>124</sup> Allie Schneider and Hailey Gibbs, *Data Dashboard: An Overview of Child Care and Early Learning in the United States* (Center for American Progress, 2023), <https://www.americanprogress.org/article/data-dashboard-an-overview-of-child-care-and-early-learning-in-the-united-states>.

<sup>125</sup> Suzanne Kahn, “A Tale of Two Market Failures: Why Childcare and Green Technology Require Different Public Approaches,” Roosevelt Institute, May 30, 2024, <https://rooseveltinstitute.org/blog/a-tale-of-two-market-failures>.



the success of direct provision from Head Start and, historically, government-operated childcare centers during World War II.<sup>126</sup>

Many people in the childcare industry have raised concerns about how a public option might displace current providers of childcare. This fear is not without basis. In DC, the launch of universal pre-K, starting with 3-year-olds, dramatically affected the economy of private childcare providers. Because 3- and 4-year-olds can have higher student-teacher ratios, childcare providers have traditionally cross-subsidized infant and very young children with older children. When that option was withdrawn, the supply of care for younger children shrunk.<sup>127</sup> This should serve as a reminder that public options must be designed carefully, with a clear understanding of their likely effects on the markets they enter. Importantly, in the case of childcare, we should also note that designing a public option so that it supports the existing childcare workforce, largely made up of Black and brown women, would be critical to implementing this policy justly.<sup>128</sup>

As we seek to address these concerns while building a program that adequately solves for the many problems that contribute to the lack of access to childcare, there may be interesting lessons to be learned from a utility model, particularly as it was applied to hospitals. Braiding these models of public option may allow us to build a system that addresses supply challenges while preserving a variety of childcare delivery mechanisms.

Regardless of the ultimate form of a universally available, public option for childcare, strong accountability measures must be included. Here, Head Start's system of governing boards and policy councils with strict rules about the distribution of seats on these oversight bodies provides a ready-made model for layering accountability measures into a public option.

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<sup>126</sup> Ella Wagner, "Childcare on the World War II Home Front," National Park Service, <https://www.nps.gov/articles/000/childcare-on-the-world-war-ii-home-front.htm>.

<sup>127</sup> Jessica Brown, "Does Public Pre-K Have Unintended Consequences on the Child Care Market for Infants and Toddlers?," (Working Paper no. 626, Princeton University Industrial Relations Section, 2018), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3360616](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3360616).

<sup>128</sup> Lena Bilik, Mary Beth Salomone Testa, Suzanne Kahn, Nina Dastur, and Meredith Loomis Quinlan, *Building a Vision for Universal Public Childcare: Principles for a Childcare System That Works for Workers and Families* (Roosevelt Institute, 2025), <https://rooseveltinstitute.org/publications/building-a-vision-for-universal-public-childcare>.





## Case Study: **Childcare**

**Challenge:** Lack of affordable, accessible, high-quality supply

### **Recommendation**

**Direct provision** coupled with **utility-style regulation:**

Public investment in a universally accessible, public childcare option with utility-style regional planning to ensure coverage and fair wages



## Electric Vehicles

If childcare provides clear examples of individual access issues driving public option design choices, the need to transition the economy away from fossil fuels—in part by shifting drivers toward electric vehicles—offers a similarly clear example of the need to produce public value as the driving force behind a public option. To be clear, greening our transportation sector and decreasing our reliance on fossil fuels will require investments in access-based public options as well, but much of what green energy policies seek to do is produce shared benefits that extend well into the future and far beyond the needs of any individual. Thus, while increasing the availability and reliability of public transit options and making those options run on green energy sources is vital, there is also a need to increase production of electric personal vehicles, which provides a useful illustration of the potential for public options to ensure long-term public value.<sup>129</sup>

Transitioning people to owning personal electric vehicles does not require that we guarantee all individuals access to such a car, but it does require shifting the market to produce more so that car buyers make the shift easily. As long as individuals are buying fossil fuel-based cars, the private sector will not of its own accord shift the kinds of vehicles it makes. As a result, individuals who are interested in buying electric vehicles face limited and expensive options. The government may not want or need to become

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<sup>129</sup> Lenore Palladino, *Electric Vehicles: How Corporate Guardrails Can Improve Industrial Policy Outcomes* (Roosevelt Institute, 2024), <https://rooseveltinstitute.org/publications/electric-vehicles>.



the direct producer of electric vehicles—and indeed, that would not be the best use of resources—but if we are serious about meeting our climate goals, the government may need to push the private sector toward manufacturing more electric cars. This is what the Biden administration’s industrial policy sought to do through a variety of mechanisms, including tax credits that went to automobile producers directly, tax credits that subsidized consumer purchases of cars, and new lending structures for manufacturers.<sup>130</sup> Jesse Jenkins has predicted that the rollback of these subsidies will result in electric vehicles making up just 24 percent of new car sales in 2030 instead of a previously estimated 40 percent.<sup>131</sup>

A renewed effort to drive the automobile market to include more electric cars will need to draw not just on tax credits but on public value—promoting public options. Here it is worth knowing that such tools played a key role in the development of the United State’s best-known electric vehicle manufacturer: Tesla. Tesla benefited not only from consumer-side subsidies that helped build the market for their product, but also government loans from the Department of Energy (DOE) to support the construction of its factory in Fresno.<sup>132</sup> Public lending programs that are willing to take risks on companies and products that private lenders might not are an essential public option tool. The Biden administration’s industrial policies included new public lending programs to provide these kinds of directional pushes; for example, a DOE loan program funded domestic battery manufacturing plants essential to EV manufacturing.<sup>133</sup>

Notably, these public investments and loans were accompanied by experimentation with direct provisioning of other essential components of an EV transition. The Infrastructure Investment and Jobs Act (IIJA) includes \$7.5 billion in support for public charging stations.<sup>134</sup> Arguably, charging stations raise questions of access as much as they do public value questions, so it makes sense that they demand an access-oriented public option.

Tesla’s story—including the climactic rise of Elon Musk to briefly being the most powerful man in the Trump administration—drives home the importance of accountability mechanisms once again. Tesla has benefited tremendously from public funds, yet the jobs it has created with them have exploited workers. Reporting has uncovered racist and sexist treatment of workers at the Fremont factory along with

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<sup>130</sup> Palladino, *Electric Vehicles: How Corporate Guardrails Can Improve Industrial Policy Outcomes*, 78. <https://rooseveltinstitute.org/publications/electric-vehicles>.

<sup>131</sup> Jack Ewing, “How Electric Vehicles Are Targeted by the Republican Policy Bill,” *New York Times*, May 23, 2025, <https://www.nytimes.com/2025/05/23/business/electric-vehicles-house-tax-bill.html>.

<sup>132</sup> Palladino, *Electric Vehicles: How Corporate Guardrails Can Improve Industrial Policy Outcomes*, 78.

<sup>133</sup> Elaine Buckberg, “Clean vehicle tax credit: The new industrial policy and its impact,” Stanford Institute for Economic Policy Research, August, 2023, <https://siepr.stanford.edu/publications/policy-brief/clean-vehicle-tax-credit-new-industrial-policy-and-its-impact>.

<sup>134</sup> Buckberg, “Clean vehicle tax credit.”



concerted efforts by management to undermine organizing attempts.<sup>135</sup> There is no reason public funds should be allowed to be used in ways that hurt the public. (Further, when public investments lead to extreme individual wealth, there should be a tax system that redistributes that money.) Just as we limit how manufacturers can exploit the environment through basic standards, we can and should have labor standards that prevent this kind of behavior through stronger labor laws and by attaching eligibility requirements to the provision of government funds. For example, public financing should carry wage floors and labor neutrality commitments. Recent industrial policies have done a better job of including these guardrails than the Obama-era loan programs that Tesla took advantage of, but the long-term consequences of the lack of guardrails on loans made a decade ago serve as a reminder of the importance of pairing accountability tools with public value-oriented tools.



## Case Study: Electric Vehicles

**Challenge:** Lack of profitability in the market

### Recommendation

**Supply-side government investments:**

Investments and incentives to push car manufacturers toward EV production while maintaining guardrails to ensure that funds are not used in ways that are harmful to the public



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<sup>135</sup> Bryce Covert, “The Toxic Culture at Tesla,” *The Nation*, April 9, 2024, <https://www.thenation.com/article/society/tesla-racism-sexual-harassment>.



## Banking

Banks play two distinct but equally crucial roles in the economy. First, through consumer banking, banks hold and lend money to everyday people; second, by facilitating credit markets, investment banks expand the money supply. Both of these roles are critical to the public. A key piece of New Deal legislation, the Glass-Steagall Act, prevented these two functions from being housed in one entity, but it was repealed in 1999.<sup>136</sup> Under Glass-Steagall, investment banking was treated much like a utility, with mechanisms put in place to ensure accountability and public oversight. In addition, in the 1970s the government tried to ensure equitable access to consumer banking largely through a regulatory regime based on similar utility principles.<sup>137</sup> This approach has continued since Glass-Steagall was replaced in 1999, but a series of banking crises and growing acknowledgment that this system never adequately addressed consumer access issues have led to calls for the adoption of a direct-provisioning approach in recent years.

On the consumer banking side, access issues have persisted for years. Emily DiVito writes:

Full and free access to the money you own, and the banking systems through which it can be accessed and stored, is an essential component to building wealth and achieving economic stability—for both individual families and for entire communities that would benefit from more small business loans and direct community investments.<sup>138</sup>

The federal government has tried to ensure this access through a regulatory regime that includes the Community Reinvestment Act (CRA), which passed in 1977, with the aim of remediating racial discrimination in consumer banking and fostering community banks.<sup>139</sup> According to Mehrsa Baradaran, Senator William Proxmire—one of the key authors of the act—described the CRA in much the same way as a utility: Banking was “a franchise to serve local convenience and needs and therefore ‘it is fair for the public to ask something in return.’”<sup>140</sup> The CRA rates banks based on how they serve underserved communities, but it lacks real teeth. It does not force banks to lend or open branches in specific communities, but simply tracks where banks open branches to give ratings that

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<sup>136</sup> Julia Maes, “Banking Act of 1933 (Glass-Steagall),” Federal Reserve History, November 22, 2013, <https://www.federalreservehistory.org/essays/glass-steagall-act>.

<sup>137</sup> Lev Menand, “Money and Banking in the United States: A Guide to the Policy Landscape,” Roosevelt Institute, June 13, 2024, 10, <https://rooseveltinstitute.org/publications/money-and-banking>.

<sup>138</sup> Emily Divito, *Banking for the People: Lessons from California on the Failures of the Banking Status Quo* (Roosevelt Institute, 2022), 2, <https://rooseveltinstitute.org/publications/banking-for-the-people>.

<sup>139</sup> Mehrsa Baradaran, *The Color of Money: Black Banks and the Racial Wealth Gap* (Harvard University Press, 2017), 232-233.

<sup>140</sup> Baradaran, *The Color of Money*, 233.



might later affect the bank's ability to win new regulatory approvals, such as those for mergers and new charters.<sup>141</sup>

Despite these efforts, or perhaps because of their weakness, today “seven million US households—over 5 percent of the country—are ‘unbanked,’ meaning that no one in the household has a checking or savings account at a traditional bank or credit union.”<sup>142</sup> Even more American households are “underbanked,” and lack sufficient access to traditional banking. Black, brown, indigenous, and disabled Americans are more likely to be unbanked or underbanked.<sup>143</sup>

The federal government has also made efforts over the years to take a public value-oriented strategy and foster private banks in underserved communities. These efforts have largely failed. As Baradaran has shown, relying on private-sector actors cannot address the fundamental inequalities that underlie access issues in banking. Because banks rely on the wealth of their customers to create more wealth, she writes, “The black community needs banks to grow and prosper, but the banks cannot achieve that growth and prosperity alone. Self-help microfinance cannot overcome macro inequality and systemic racism.”<sup>144</sup> Policies designed to foster a private Black banking industry through government investments in these banks have not only consistently failed, they have too often ended up funneling money out of Black communities.<sup>145</sup>

The solution to banking access problems thus lies in access-based public options.<sup>146</sup> One proposal, Fed Accounts and Postal Banking, would have the Federal Reserve offer all American citizens and residents “no-cost, no-fee, no-minimum balance bank accounts”; this would be complemented by a postal banking system wherein the post office would offer in-person banking services.<sup>147</sup>

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<sup>141</sup> Darryl E. Getter, *The Effectiveness of the Community Reinvestment Act* (Congressional Research Service, 2020), <https://www.congress.gov/crs-product/R43661>.

<sup>142</sup> Ryan Goodstein and Kutzbach, “The Effect of Job Loss on Bank Account Ownership,” *Journal of Money, Credit, and Banking* 56, no. 8 (2024): 1963-2000, <https://doi.org/10.1111/jmcb.13127>.

<sup>143</sup> Federal Deposit Insurance Corporation, *FDIC National Survey of Unbanked and Underbanked Households* (FDIC, 2023), <https://www.fdic.gov/household-survey/2023-fdic-national-survey-unbanked-and-underbanked-households-executive-summary>.

<sup>144</sup> Baradaran, *The Color of Money*, 278.

<sup>145</sup> Baradaran, *The Color of Money*, 5.

<sup>146</sup> Some crypto entrepreneurs have tried to take advantage of the existing inequities in the banking system to position private crypto currencies as the solution; however, that seems more likely to lead to recreations of the existing problem. A public option would offer a better solution.

<sup>147</sup> Emily DiVito, “The Business of Bank Fees: How Public Alternatives Can Ensure Equitable Economic Participation,” Roosevelt Institute, June 5, 2024, 13, <https://rooseveltinstitute.org/publications/the-business-of-bank-fees>. Other wealth-building public options that could go hand-in-hand with a public banking option are guaranteed incomes and baby bond proposals” Edwith Theogene and Christian Weller, *Baby Bonds: A Worthwhile Step To Reduce the Racial Wealth Gap* (Center for American Progress, 2025), <https://www.americanprogress.org/article/baby-bonds-a-worthwhile-step-to-reduce-the-racial-wealth-gap>; Terri Friedline, Ameya Pawar, and Sarah Treuhaft, *Public Banking: Financial Infrastructure to Support Guaranteed Income* (Institute on Race, Power and Political Economy,



A public option has also been proposed on the investment banking side. The repeal of Glass-Steagall led to increasing concentration and the growth of mega-banks that housed both investment and consumer functions. These “too-big-to-fail” institutions have been involved in repeated financial crises over the last few decades.<sup>148</sup> Alongside these mega-banks, alternative, uninsured “shadow banks” have proliferated, adding more risk to the financial system.<sup>149</sup> On multiple occasions, staving off deeper financial crises has required the government to step in and bail out mega-banks (and shadow banks).

Researchers have proposed a range of public options to compete with these unstable financial actors. For example, Lenore Palladino has called for a public asset manager that can manage investments in the public interest and put pressure on the financial industry to better serve everyday investors.<sup>150</sup> Others have proposed creating a Central Bank Digital Currency—a non-defaultable currency issued by the Fed—that would provide a secure public alternative to shadow banking, helping reduce the systemic vulnerabilities created by businesses' reliance on shadow banking options.<sup>151</sup>

There are two key lessons for the design of public options to be drawn from the history of banking: First, an accountability approach is often insufficient to solve access issues. Accountability is essential, but it cannot overcome larger structural inequalities that limit access. Second, the utility model is only as strong as the specific regulations behind it—without strict guardrails, carrots, and sticks, too many loopholes emerge.

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2025), <https://racepowerpolicy.org/wp-content/uploads/2025/06/Public-Banking-Guaranteed-Income.pdf>.

<sup>148</sup> Art Wilmarth, “Taming the Megabanks: Why We Need a New Glass-Steagall Act,” The FinReg Blog, September 24, 2020, <https://sites.duke.edu/thefinregblog/2020/09/24/taming-the-megabanks-why-we-need-a-new-glass-steagall-act>.

<sup>149</sup> Menand, “Money and Banking in the United States,” 3.

<sup>150</sup> Lenore Palladino, “A Public Option for Asset Management in the United States,” Roosevelt Institute, April 2022, <https://rooseveltinstitute.org/publications/a-public-option-for-asset-management-in-the-united-states>.

<sup>151</sup> Menand, “Money and Banking in the United States,” 26.





## Case Study: Consumer Banking

**Challenge:** Lack of affordable, equitably available supply

### Recommendation

**Direct public provision:**

Offer no-cost, publicly run bank accounts to all citizens and residents



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Across these three examples, it is important to note that while we have argued that a well-crafted public option would solve persistent policy challenges, we have not argued for full nationalization. While there may be instances where nationalization or partial nationalization is advisable, the majority of the time public options will be intended not to replace private enterprise but to make essential goods services more accessible while providing an increased level of direction and accountability throughout specific markets and the economy. How to best design such public options is necessarily varied, but understanding the range of public option tools in the toolkit can help policymakers build the economy and government Americans deserve.



## Conclusion

To make the case for the public option tool kit, this paper has drawn on examples from the United States' health care, childcare, education, housing, banking, manufacturing, and energy industries. We would be remiss not to note that in almost every single of these industries, the first year of the second Trump administration has seen policy decisions that have reduced and destabilized access or redirected attention away from critical public goals like reducing vulnerability to the climate crisis. Our goal must be to not just rebuild so that these systems look as they did at the end of 2024, but to create systems that are more resilient because they provide better access, clearly work toward shared goals, and are accountable to the American people.

Public options hold immense promise for the project before us. They should allow the government to build an economy and policy infrastructure that ensures all Americans have access to a good life. The tool kit of policies that fall under the category of public option is essential for policymakers working to move in this direction, but they are far from the only tools available or sufficient for building this economy.

A thriving economy will also need a rebuilt labor movement and other extra-governmental forms of civic representation and engagement. These kinds of organizations are essential for holding the public accountable, in particular by organizing people to take advantage of new accountability mechanisms. Public options can help facilitate the rebuilding of these organizations, but they will not stand in their place.

We also should state upfront: To make full use of public options, policymakers must move beyond the austerity mindset in which neoliberal policy tools were established and embrace a more progressive tax code. Indeed, a rebalanced tax code should both help support progressive policy tools and itself serve as another essential tool of progressive governance and structuring the economy.

Taxes, organized countervailing power, and public options are three essential components of a progressive governing tool kit, and each one will make the other tools in the tool kit stronger. Together they can help us build a stable policy infrastructure rather than a patched and crumbling wall.





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