

# AGENDA FOR SHARED PROSPERITY

The American people need an economic agenda that will spur growth, reduce insecurity, and provide broadly shared prosperity. Drawing upon some of the best informed and most innovative experts, the **Agenda for Shared Prosperity** will advance an economic program that is comprehensive, understandable, and workable.

The nation is ready for change. The American people reject the failed economic policies that reversed the gains of the late 1990s and left the great majority of people more insecure about their jobs, their incomes, their health insurance, their children's futures, and their own prospects for a dignified retirement. Moreover, Americans are impatient with politics as usual, and they are prepared to consider big and bold ideas for the nation's future. The **Agenda for Shared Prosperity** will propose and promote

ideas that are worthy of this historic opportunity—ideas whose honesty can gain public credibility, whose inspiration can give hope, and whose ambition will

our nation's proud history and bright promise.

The American Dream is that each generation will help its children achieve a better life. But people worry

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match the scale of the nation's problems.

The **Agenda for Shared Prosperity** will address the growing gap between America's promise and its problems. The United States is rich in resources. It has an energetic and entrepreneurial population, a \$13 trillion economy, the world's most advanced technologies, and a democratic system that is the envy of the world. But the great majority of working families and growing numbers of low-income Americans are facing challenges that are at odds with

that the steady generational advance that has characterized this country's progress is in danger of grinding to a halt. Except for a brief break in the late 1990s, the way most families maintain their living standards is by having more family members work longer hours. Thus, the typical middle-class family with kids worked over 10 hours more per week than a similar family worked in 1979. This added burden takes a toll on family and community life and the vitality of voluntary organizations.

Other pillars of our economic security have also become shakier. Six million fewer Americans have health insurance today than in 1995. Only one in five working Americans enjoy guaranteed pension benefits, about half the share as in 1980, and less than half the workforce has any employer-provided pension plan at all. After falling steeply through the late 1990s, poverty rates increased from 2001 through 2005. More than 37 million Americans, including 13 million children, live in poverty, and most of these poor people have jobs. By almost any measurement, economic inequality is wide and increasing—for instance, in 2005 corporate CEOs earned 262 times as much as the average worker; in 1978 they earned a still-healthy 35 times more.

## The gap between productivity and pay

The decline in the fortunes of American families stands in stark contrast to the American experience during the quarter century after World War II, a period when the federal government balanced the interests of working Americans and corporate America, and the labor movement was larger and stronger than it

is today. As the workforce became more productive and more efficient, living standards rose evenly across the board and in line with workers' economic performance. But starting in the mid-1970s, the connection between the compensation of workers and their productivity began to fall apart. The only exception, in this regard, were the years in the late 1990s when persistently low unemployment and fast productivity growth yielded widely shared income and pay growth. However, the gap between productivity and pay has been especially pronounced in recent years: although productivity has grown at a historically rapid pace over the last six years, the wages and compensation of the typical worker—even for those with a college degree—have not improved in several years.

This gap between pay and productivity growth is the result of economic and employment policies that shift bargaining power away from the vast majority of us and toward employers and the most well-off. A multitude of factors have contributed to stagnant wages and growing inequality: the steep drop in unionization rates (from 25% in the late 1970s to under 13% today); the failure to raise the real value of the minimum wage, let alone raise it in accordance with productivity (its value has *declined* by over 25% since the late 1960s); macroeco-

nomic policy that has kept the unemployment rate too high for most of the last 30 years; unfettered globalization and offshoring that increasingly puts U.S. workers in competition with workers around the world; economic deregulation and the privatization of government services; and escalating pay for CEOs. An agenda of accelerated globalization and greater national saving, as some urge, will neither bring the growth needed nor reconnect pay and productivity.

## Alternatives to failed economic policies: You are not on your own

The **Agenda for Shared Prosperity** will offer alternatives to the failed conservative economic policies that assume that the best thing government can do is enrich the wealthy. We challenge the pervasive argument that Americans must rely solely on their own efforts. EPI's Jared Bernstein has coined a phrase for these policies: "You're on Your Own," or YOYO economics. YOYO economics holds that the way to solve the economic challenges we face—from Social Security to health care to globalization to inequality—is a tax cut, a private health savings

account or retirement account, or further government cutbacks.

For most of the past quarter century, these conservative economic policies failed to lift living standards. Since 1980, the U.S. economy has grown at an annual average rate of slightly over 3% a year, but the benefits of this growth have gone overwhelmingly to the richest 10% and, among these, to the upper 1%. Inequality has risen to heights not seen since before the Great Depression. An America that once grew *together* is now growing *apart*.

As incomes become more volatile and access to jobs with good benefits erodes, Americans are also becoming more economically insecure. The share of workers with employer-provided health insurance or pensions is falling, and so the government's safety net, frayed by years of conservative, budget-cutting (you're-on-your-own economic policy), must catch growing numbers of people even as its ability to do so weakens. We are now faced with challenges in areas like health care or retirement that require more than just supplementing or filling in the gaps of employer-based systems but instead demand policies that can assure broad-based access to affordable, quality health care and that can provide a broad-based system for retirement income security.

# FULFILLING AMERICA'S PROMISE

The **Agenda for Shared Prosperity** puts the interests of working families first. Among the proposals put forth are:

## 1 HEALTH CARE AND RETIREMENT SECURITY

Building on existing popular and effective programs to provide accessible and affordable health care and ensure retirement security, we will propose: (a) that all Americans have guaranteed access to affordable health care through employer-provided insurance or a public plan; and (b) that retirees receive at least 70% of their pre-retirement income via a supplement to a strengthened Social Security.

## 2 FAIR TRADE

An alternative approach to globalization and competitiveness will include policies to rebalance trade, to invest in new technologies that generate high-quality domestic manufacturing employment, and to promote environmental and labor policies to ensure that globalization benefits working people in both developed and developing nations.

## 3 REWARDING WORK

A plan for rebalancing the labor market will include raising and indexing the minimum wage, ensuring the right of workers to organize unions, and making full employment a central commitment of economic policy.

## 4 BUILDING AMERICA

Economic growth can be stimulated by public investment in the nation's roads, bridges, dams, water supply, airports, mass transport systems, universal Internet access, and human capital through education and training.

## 5 ENERGIZING AMERICA

A responsible energy policy can reduce energy dependency and carbon emissions and create hundreds of thousands of jobs by producing renewable energy.

## 6 BALANCING WORK AND FAMILY

Economic and social policy can make it easier for families to balance the obligations of work and family by increasing flexible work hours, providing paid family and paid sick leave, and committing more resources to the education and care of children.

## 7 WORLD-CLASS EDUCATION FOR ALL

An agenda for American education will improve public education and close economic and race/ethnic disparities by expanding education to include high-quality early childhood education and after-school and summer programs; understanding that better health and housing policies and poverty amelioration as integral to efforts to close racial and economic achievement gaps; making public schools more effective by improving teacher quality and shrinking classes; making college education available and affordable for every young person who is prepared to do college work; and providing lifelong learning for every American by improving and expanding two-year colleges, adult education programs, and job training and retraining programs.

## 8 A NEW SECURITY

A proposal to rebuild the safety net will develop a set of policies to ensure that, for those who are willing and able, work is a pathway out of poverty. We will also detail how to rebuild the nation's safety net so people do not fall into privation.

## 9 MANAGING OUR FISCAL HEALTH

An improved federal fiscal system of taxation and expenditures can be created to meet the nation's needs, raise revenues fairly, respond to economic downturns, and be fiscally responsible by not escalating government debt relative to the size of the economy over the long run.

## 10 OPPORTUNITY FOR ALL


Policies to ensure that America's core values of opportunity for all are embedded in our economic and social programs. Each person, regardless of socio-economic, racial, or ethnic background, must be able to contribute to the nation's economy and well-being and to prosper accordingly.

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The **Agenda for Shared Prosperity** will produce progressive ideas for the 21st century. The flagship publication will be a narrative about the economy—how we got where we are and what economic challenges we face—and an agenda to restore broadly shared prosperity and lessen economic anxieties. Starting in early 2007, policy Briefing Papers addressing health care, retirement security, work and family, globalization, and other critical issues will be released on a regular basis. These will be accompanied by topic papers that narrow the focus to more specialized issues and are intended to supplement and provide the information that the Briefing Papers draw upon. For instance, the Briefing Paper on globalization will address the skewed exchange rates that fuel the current trade deficit, but a more detailed analysis of the problems caused by the misalignment of exchange rates and policy options and consequences will be covered in a special topic paper.

The **Agenda for Shared Prosperity** will enlist the efforts, expertise, and intellectual energy of some of the most imaginative and innovative thinkers. The effort is co-chaired by EPI Senior Fellow Mark Levinson and EPI Vice President Ross Eisenbrey, working under the direction of EPI President Lawrence Mishel. More than 50 economists, writers, and policy experts have been involved in the 10 task forces that are developing the policy analyses and the oversight committee that is reviewing the policy agenda.

A Web site, [SharedProsperity.org](http://SharedProsperity.org), will provide access to the various reports and analyses and offer links to relevant material. In addition, briefings for policy makers and public forums will provide opportunities for general discussion and debate.



The **Agenda for Shared Prosperity** keeps faith with the American creed that people of good will can build a better country and a better world, and it rejects the conventional wisdom that says the current economy, with its harmful impact on our society and our democracy, is the best we can do. All our initiatives are based on a simple idea: the success or failure of the economy is measured not by the value of the stock market or the size of the gross domestic product, but rather by the extent to which the living standards of the vast majority of Americans are rising. This agenda challenges the superficial assertion that global forces, technology, and competition have rendered Americans helpless to do anything but adjust individually to the outcomes of an unregulated market. Despite the assertions of the pundits and policy makers who preach that we're all on our own,

there has never been a single reason for Americans to despair of our capacity to improve our condition.

We are inheritors of a tradition that believes that the American people, working together through their government, can make the economy grow, reduce economic inequalities and insecurities, provide affordable and accessible health care, ensure retirement income security, protect the rights of working people, and help households balance work and family life. In the tradition of the nation's founders, the abolitionists, the progressives and populists, the New Deal, Fair Deal, New Frontier, and Great Society, the labor, civil rights, and women's movements, and the economic and social progress of the late 1990s, the **Agenda for Shared Prosperity** is working toward a new generation of social and economic reform in America.



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