

Toward an Economic Justice Agenda

Douglas Fraser, then president of what was still a million-member United Auto Workers union, presciently warned nearly 30 years ago that the leaders of corporate America were waging—in combination with the American right—a “one-sided class war.” He described it as “a war against working people, the unemployed, the poor, the minorities, the very young and the very old, and even many in the middle class of our society.” Jump ahead three decades and the results of that war are palpable.

Living standards have eroded, and union density is at its thinnest in more than 100 years. Public services are under-funded, and government agencies whose job it is to temper or limit the inequalities of a capitalist society have been hamstrung. This corporate offensive has as its ideological counterpart a “free-market” orthodoxy preached and shared not only by the Republican Party but also by neoliberal Democrats—those “centrists” who favor cuts in social spending, advocate deregulation and privatization, and who reject accommodations with the unions.

The heart of social democratic thinking—the idea that the promise of each human being can only be developed in a society embodying the values of liberty, equality, and solidarity, and that social problems have uniquely social solu-

tions—has been displaced by a vicious economics that teaches that an “efficient” economy is synonymous with a deregulated one.

This economic convention holds that eliminating environmental and occupational health and safety regulations, combined with weakening legal guarantees of the right of workers to form unions, is a prerequisite for economic growth. It is a conceit that says government provision is inherently inferior to private goods, even as our private health insurance system fails the needs of millions. And to ensure that the provision of public goods fails, conservative policy starves the public sector and depletes its treasury by shifting the tax burden from corporations and the rich onto people in middle and low-income communities.

This conscious government policy of redistributing income, wealth and power upward, when aligned with corporate victories over unions, explains why ordinary people’s living standards have deteriorated over the past three decades. In addition, the “Washington Consensus”—that is, the dogmatic defense of “free trade” (absent any international trade provisions that guarantee human, environmental, and labor rights) and those punishing “structural adjustment programs” enforced by the IMF and the World Bank, which turn Third World nations into debtors and paupers—has allowed global corporate elites free rein to force a race to the bottom as they search the globe to locate production where labor is cheapest and most vulnerable. Now these Goliath firms are free to locate operations in weak states that cannot or will not enforce human rights, labor standards or environmental regulations. They exploit labor on a world-scale while poisoning the planet.

The old adage was that “a rising tide lifts all boats.” A scorched-earth model of economic development has replaced it. This model not only despoils once-high living standards in the advanced industrial democracies; its emphasis on short-term profit and financial speculation also gives rise to recurrent international financial crises that have wiped out much of the middle classes of Latin America and Southeast Asia. And while prudent expenditures on military costs for legitimate national defense needs may be necessary, U.S. military spending is today neither legitimate nor prudent; the cost of growing and maintaining an empire is contributing to the demise of social and economic democracy at home.

To achieve a modicum of equality and opportunity, democratic forces in advanced industrial democracies traditionally used their power politically—to create state policies that guaranteed labor rights, raised government revenues through progressive forms of taxation, and used these revenues to fund high-quality universal public goods such as free public education, accessible health care and child care. To sustain the high levels of productivity necessary to maintain such policies, “welfare states” generously funded research and development and job training relevant to the needs of a dynamic economy.

That is not how the U.S. functions today, and we and the world are the poorer for it. Replacing the current free-market orthodoxy means waging an ideological battle, something socialist, liberal and democratic movements are used to doing. These movements may have different demands, but on the need for government intervention there is no dispute.

Today, the left and the social movements operate in a peculiar context, in which even those members of the public with the most to gain from government intervention no longer take for granted that federal and state aid is desirable, let alone winnable. The huge number of nonvoters in elections—even allowing for the undemocratic exclusion of a disproportionate number of African-American and Latino prisoners and ex-felons and our arcane voter-registration rules—speaks to this alienation from government. “If the pols can’t help, why vote?” creates a self-fulfilling nightmare.

Corporate Power Corrupts the Culture

In an ironic twist, it was government and government intervention in the economy—and not its absence—that got blamed for the nation’s ills. Private services and private charities were exalted, while government services were debased. This ideological totem of “Reaganomics” still stands today. Now schools, city services, prisons and even armies operated by private entities are considered by definition better run because they are in private hands. The post office and not the Enron collapse or the savings and loan scandal has become the poster child for waste and incompetence.

This devaluing of the public sector has harsh real-world consequences. Witness the pathetic response to Hurricane Katrina and the high-profile Bush administration scandals, including the maltreatment of veterans at Walter Reed Hospital. The interest-rate spiking and foreclosures that followed from the unregulated and flagrant predatory lending of sub-prime rate mortgages—foreclosures that are hitting low-income communities of color particularly hard—is also the direct outcome of the wholesale privatization of inherently governmental functions and the deflection of resources to serve corporate interests rather than socially determined national security needs.

These crises have been eye-openers for some, reminders of what government can and should do, because reasserting a strong government role runs against the grain of 30 years of economic thinking dominated by the right. Worse, alienation from government has become a self-reinforcing dynamic. The incessant attack on means-tested programs for the poor has led many white working class and middle class individuals to forget that only progressive taxation, state regulation, and public provision can insure them the opportunity to hold a well-paying union job or afford an adequate retirement and college opportunities for their children (let alone good public schools, roads, public health and sewage). With regulatory oversight and enforcement crippled, with state and local governments stripped of the capacity to provide seamless provision of emergency and social services, government's failure to respond effectively to community needs or to major crises reinforced the business-friendly mantra that government is the source of the problem.

Further contributing to the muddle is a generation's worth of ruthless media consolidation. Conglomerates have a chokehold on the nation's most important media outlets, including radio, television/cable, and newspapers. Six giant conglomerates control the vast majority of the nation's (and increasingly the world's) television, movie and book production and distribution, while the cable companies and the telecoms vie over enclosing and monopolizing the Internet's open-access structure. Not only is the news held in fewer (and self-interested) hands, but the news content is homogenized. Debate parameters are squeezed to the point where the media begins to take on the characteristics of a consciousness-molding,

status-quo-affirming industry.

Thirty years of corporate marauding leaves the U.S. today politically despised abroad and economically unstable at home. For prosperity to be sustainable in the long run, government policy must promote democratic urban planning, environmentally conscious forms of consumption and production, far greater public oversight of corporate behavior and global rules that promote sustainability and economic development.

Turn Fragmented Protest Groups into a Solidaristic Progressive Movement

The principles of governmental responsibility in ensuring the public good described above were accepted as truisms in most liberal democratic societies up until the resurgence of right-wing ideology and power in the 1970s. Now, the notion that a just society can at the very least be characterized by a fair distribution of power between labor and capital, and by the universal and equitable provision of basic human needs—hardly unique socialist principles—must be reinvented and fought for again. Yet corporate elites claim we can no longer “afford the luxury” of social equity. Is this really the case? Must even the Democratic Party leadership abandon its historically articulated concern for the interests of working people and the excluded? Can we no longer achieve both economic prosperity and social justice? The peoples of Northern Europe have refused to embrace the Anglo-American style of “race-to-the-bottom” capitalism. We need to join them.

Unfortunately, many of the Democratic Party’s leaders fail to defend the four pillars on which any just economic policy agenda must be built:

- ◆ Progressive taxation and prudent military spending cuts to provide necessary public revenue;
- ◆ Universal social insurance programs and high-quality public goods;
- ◆ Powerful, democratic labor and social movements capable of achieving equity in the labor market; and
- ◆ Global institutions that advance labor and human rights and

provide for a sustainable environment.

The recent Democratic congressional victories provide some space for social movements to advance these principles. But unless the Democratic Party national leadership abandons its commitment to balancing the budget while preserving and growing a massive military arsenal (the principles of 'Rubinomics' and the 'Hamilton Project'), no serious congressional proposals to create a truly universal national health care system and to fund other pressing human needs will be enacted. Only if social movement pressure from below shakes Democratic leaders from their loyalty to wealthy contributors, corporate donors and lobbyists can the political stalemate that maintains rampant inequality be reversed.

Even among left Democratic elected officials, how many remind the public that if corporate taxation and upper-income tax rates were restored to 1978 levels, the federal government would garner close to \$600 billion a year in additional revenue? Or routinely mention the massive waste in our imperial military budget?

As supporters of America's unions, we believe that labor's power in the marketplace must be strengthened by guaranteeing a true right to organize and to bargain collectively. But social justice cannot be achieved solely through the labor market. For all to have a decent living standard, the "social wage" provided by public goods and social insurance must also be raised and its distribution broadened. Sufficient funds to finance such goods will be available only if we restore progressive taxation and if we prune the massive waste in the military budget.

The weakness of the American left has engendered a mostly defensive politics over the past 30 years. The poor have borne the brunt of welfare state cutbacks, as the value of means-tested social welfare programs has declined and they are made available to fewer recipients. While the value of universal social programs such as Medicare and Social Security have been so far been maintained, this defense of the universal programs of the New Deal and Great Society has occurred on a terrain of a major regressive restructuring of our tax system, a significant increase in military expenditure, and (real or alleged) constraints that globalization places on a high-wage industrial economy.

Unfortunately the sum of left politics in the U.S. continues to be

much less than its parts because different constituencies of the left focus on their own most immediate, particular—and sometimes conflicting—needs. Thus:

◆ Even the best of the unions narrowly focus on organizing the unorganized and changing the unfavorable legislative and labor board climate for organizing. This is a valuable goal in itself, one that is clearly necessary. But it is not sufficient. And it cannot succeed except in the context of a broad, progressive political climate.

◆ Social service providers defend social provision, as they should. But they do not always see the relevance of union organizing. And public sector advocates by themselves do not have the political weight to tackle the main cause of public sector vulnerability: systematic reductions in revenue.

◆ Private-sector unions and those engaged in living wage and raising-the-minimum-wage struggles often sound and act as though strengthening the power of labor in the private market by itself can raise working-class and poor people's living standards. Certainly, improving the power of workers in the labor market is a key part of the social justice project. But absent progressive taxation, expansion (and restoration) of high quality universal public provision and social insurance, and along with massive military spending cuts, our nation will not be able to provide equity for the poor and the working poor. To do so requires reconstructing the strong public sector and bringing the social wage up to at least the level underpinning the more egalitarian societies of Western Europe. And that requires politics; and politics requires allies, especially among those who can be won to resisting the privatization of inherently governmental functions. Not only can the public be persuaded to oppose privatization and increase support for the public sector, but making those connections is one more way to begin building longer-term strategic alliances around citizen challenges to corporate control of government.

◆ Fair-trade advocates (and private-sector unions threatened by overseas competition) push for “raise-the-floor” fair trade agreements. But many other sectors of the progressive community do not see how this achievement of global labor solidarity must be central to any domestic—as well as international—economic justice agenda.

◆ Finally, Democratic Party leaders were so traumatized by charges of being “weak on defense,” “tax-and-spend profligates” and of “coddling the undeserving” that they long ago abandoned any critique of irrational and wasteful military spending. Nor do they clearly articulate a defense of the centrality of social rights to a democratic society out of fear that standing up for public goods will be attacked by the right. Some neoliberal pundits applauded former President Clinton’s tough-on-crime policies and “welfare reform” for taking the race card away from the Republicans. But they fail to note that race wasn’t the only card Republicans had to play and, more importantly, that race remains central to most political debates. The price of Clinton’s tough-love politics meant the abandonment by the entire political establishment of any responsibility for redressing the plight of our inner cities as well as that of our rural poor. Nor could this allegedly smart politics win back Congress or cinch victory for Al Gore in 2000.

The tragic and shameful aftermath of Hurricane Katrina did not fall from the sky; the neglect of its victims results from a conscious gutting of the capacity of government by both Republican and Democratic elites. As they say in New Orleans, it wasn’t the hurricane that caused the flooding. It was the collapse of the city’s inadequate levee systems that caused the devastation.

On Creating an Economic Justice Agenda

If we are to reconstruct a majoritarian coalition of the working and middle class, the poor, communities of color, the excluded and people of conscience, we must advance and defend an economic program that redresses the structural inequality that corporate power has institutionalized over the past 30 years. The program that follows is not set-in-stone. It is a work in progress, an agenda for Congress that DSA hopes will begin a broad discussion of how politically to restore progressive taxation; defend and expand high-quality public provision and social insurance; empower working people in the labor market; create universal programs that are genuinely universal and that address racial and ethnic disparities; and create a global economy that raises global living and human rights standards rather than debasing them.

Restore the Fiscal Capacity of Government: Progressive Taxation & Prudent Military Spending Cuts

An economic justice agenda aimed at restoring social equity and equality of opportunity in the United States would, by necessity, restore progressive taxation. The Bush administration's lowering marginal tax rates on high-income earners, (a pattern first established on the state level), cutting the capital gains tax, and eliminating the wealth tax have contributed to an annual loss of more than \$200 billion in federal revenues (or nearly 7 percent of the federal budget). This gutting of the treasury will worsen if the Bush tax cuts are made permanent after 2010. Neoliberals and conservatives alike claim we cannot afford to expand public provision; they are wrong. Restoring the marginal income tax rates and corporate taxation that prevailed before the Reagan era would net the treasury at least 20 percent more in annual revenue.

For those claiming the United States is too poor to afford any new government programs in universal child care, funded parental leave or job retraining, we would also point out that our military budget now incredibly and irrationally outranks the defense expenditure of all other nations combined! Most advanced industrial economies devote 4-to-7 percent of their budgets and only 2 percent or less of their GDP to defense expenditure. The U.S. spends close to 25 percent of its national budget on "defense," or more than 7 percent of our GDP. If one takes into account arms exports and indirect military spending, close to 15 percent of American production is military-related.

In short, the restoration of progressive taxation to the levels of even the late 1970s and a leaner, saner defense budget could immediately increase the financial resources available for domestic social programs by well over 25 percent of the current federal budget—approximately \$700 billion.

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High-Quality Public Goods and Social Insurance

Single-Payer National Health Insurance

A single-payer national health insurance system—based on medical need and not on the ability to pay—is in the present political climate the only efficient and just means to provide health care for all. Currently, the U.S. spends close to 17 percent of its GNP on health care (as compared to 12 percent or less in other advanced industrial nations). Yet our health outcomes rank us near the bottom of these nations. Private health insurers spend nearly one out of four of their medical dollars on marketing and administration, while Medicare's administrative costs are only 3 percent of the program's total expenditure. With "single payer," we could maintain private and non-profit provision of health care *and* consumer choice of primary-care physicians. The government would not take over the administration and provision of health-care, but it would eliminate the wasteful and redundant private insurance industry and replace it with one insurer—a system equivalent to "Medicare for all," and not just for the poor or the currently uninsured. The cost-savings in such a program could extend coverage to all citizens; it would also make our labor markets more efficient, as workers would no longer worry that a change in employment might adversely affect their medical coverage. In addition, the huge savings in administrative costs (and elimination of wasteful insurance advertising) could be used to improve the quality of health care.

Defend and Expand Social Security

Talk of "reforming" Social Security is a buzzword for privatizing the most valuable program to survive from the New Deal. The Social Security system insures all citizens not only against poverty in old age, but also against disability and the vulnerability dependent children face when they lose an income-earning parent or guardian. This Old Age, Survivors, and Disability Insurance system can readily be preserved, even expanded in scope, by raising the cap on income taxed; taxing wealth and not only income; and including state and local employees in the system. Such a program to expand social insurance would also grant citizenship to all those—such as immigrants of all status—who work in the formal economy, so they could both contribute taxes to Social Security (which

they often do) and benefit from the social insurance system their taxes support. Such measures might allow the government to raise the real value of public pensions at a time when the percentage of workers covered by adequate private pensions has declined precipitously.

Create a Truly Democratic Public Education System

To truly leave no child behind, an economic justice agenda would equalize expenditure per pupil in public primary and secondary education and provide extra national funds to schools that service disproportionately low-income students and English language learners. By providing funds for universal pre-kindergarten AND kindergarten (many small school districts are so poorly funded they can only service children ages six and up), and boosting after-school programs we could insure that all children grow up in an environment that provides nurturing care and educational enrichment. A democratic educational policy would transform public school teaching into a well-paid and valued profession, attracting our brightest college graduates and retaining its best teachers.

Provide Quality Child-Care for All

Increased public financing of childcare, whether via nonprofit childcare cooperatives or pre-nursery schools, would ensure that the children of working parents receive high-quality care. In France, once a child is out of diapers, he or she is eligible to attend state-funded child care facilities, often open round-the-clock to fulfill the needs of shift-working parents. Throughout most of Northern Europe, paid parental leave (both maternity and paternity) ensures that parents can stay at home full-time with an infant child without suffering any significant loss of income.

Strengthen the Power of Working People and Their Organizations

We must immediately restore the right of workers to organize democratic trade unions and to bargain collectively. In light of corporate America's wide abuse of current labor laws to harass and fire pro-union employees, it is imperative that Congress pass the Employee Free Choice Act. This act would not only enable workers

to form a union after a majority signed union authorization cards; it would also ensure that employers bargain in good faith with their unionized workers. Despite Ronald Reagan's ringing defense of the rights of workers to organize democratic trade unions in Communist nations, such a right has not truly existed in the U. S. for more than three decades.

In order to restore the minimum wage to its historic level of one-half of the average wage, it should be raised to \$10 an hour and indexed to inflation. In the absence of national health care legislation, workers not covered by adequate health insurance should be guaranteed a "living wage" of \$13 an hour (indexed to inflation and the cost of insurance).

The federal government must restore health and safety standards to the levels of the 1970s and strictly enforce these regulations, as well as labor rights and anti-discrimination laws.

The severe cutbacks in eligibility for unemployment and disability insurance must be reversed and the eligibility period for unemployment lengthened from its present 26 weeks. Federal and state governments should expand expenditure on job retraining, active labor market policies, and life-long learning and affordable college education.

Control Corporations by Expanding Democracy

Rolling back the privatization of inherently governmental functions can start with fighting the move to subcontract vote counting.

Certain parts of the natural, social and political commons should be organized and protected. Community-based trusts and co-operative ventures need to be bolstered by fiscal, tax and financial policies that balance or eliminate the deeply-embedded advantages collectively known as "corporate welfare." Monopoly patents on property related to public health and products developed with research funded at least in part by taxpayers must be curbed.

Recidivist lawbreaking companies create serious public harms. They should be forced into receivership and restructured to eliminate the sources of criminal behavior. Industrial sectors involving inherently dangerous technologies that pose a fundamental public health threat or inordinate costs borne by the public should be restructured under federal charters that require them to undergo transitional planning (e.g. tobacco companies should be forced to stop advertising for new customers, and a por-

tion of their revenues should be directed to public hospitals to offset some of the costs of secondhand smoke, as well as to tobacco farmers seeking to convert their operations).

Fuel and power companies that refuse to invest in sunrise technologies that will help society make the transition away from fossil fuels should be threatened with nationalization. Any bailout of strategic sectors (e.g. the auto industry) should come with significant requirements to redirect their operations toward solving such national policy challenges as mass transit.

Similarly, much of the nation's bloated military-industrial complex should be redirected away from such failed technologies as missile defense systems, and weapons systems such as the V-22 Osprey, which even the Pentagon says it doesn't need or want and toward ameliorating and preventing such real national security threats as global warming.

Challenge the Power of Corporate-Dominated Media

Challenging corporate control of the media is essential to restoring democratic discourse and resisting corporate power. Although the American people collectively own the airwaves with an estimated access value of \$750 billion—the public receives virtually nothing in return for spectrum licenses the FCC grants for free to corporate broadcasters. Regulatory palliatives—including the public interest doctrine—have been eviscerated, as public television and radio are co-opted and community voices are marginalized. Trust busting is needed to break up media monopolies where one corporation can simultaneously controls radio, television, newspaper and cable service in a single media market. Federal dollars in the form of grants or small business loans can be given to nonprofits looking to start local newspapers, cable stations, low-watt radio stations and even satellite radio connections. The federal government should take its commitment to expanding and modernizing the Internet as it did in funding the U.S. highway system and rural electrification by ensuring that any future rollouts of high speed connectivity be available in every community, regardless of income or population concentration.

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Global Institutions that Advance Labor and Human Rights and Provide for a Sustainable Environment

The struggle for social justice at home is inextricably tied to the struggle for social justice abroad. Thus, an economic justice agenda would press the U.S. to support the creation of international trade and investment agreements that provided for sanctions against violators of basic human and labor rights. It would also press for the creation of international courts to address crimes committed by multinational corporations. The world may indeed be flattening and greater economic and cultural global integration may be inevitable; but it can only benefit the vast majority of the world's people if democratic social movements, political parties, and trade unions regulate such processes. And unless the U.S. takes the lead in curtailing greenhouse emissions and substituting renewable energy for fossil fuels, there can be no future for the movement for social justice—or even for human existence.

The neo-liberal policies of the current IMF and WTO guarantee the ability of capital to invest in countries whose governments suppress basic labor and human rights. Absent democratic control of international institutions, the power of capital to pursue its parochial, short-term interests will remain unchecked. “Free trade” agreements such as NAFTA must be renegotiated so that developing nations regain the ability to regulate the behavior of foreign investors and to control their economic destiny. The decimation of small-scale Mexican agriculture by the imports from U.S. agribusiness is a major reason for the four-fold increase in the number of undocumented immigrants entering the U.S. from Mexico under NAFTA.

A restructuring of the global economic system to enable developing countries to build more integrated and equitable economies would curtail the “push” factor behind global migration. Greater labor rights in the advanced industrial world would curtail the unquenchable thirst of corporate agriculture and food processing industries in the United States—as a raise in wages and benefits would compel these industries to increase labor productivity.

Reverse Inequality through Social Solidarity

Absent a democratic state providing for basic human needs and a democratic framework allowing people to make those needs known, capitalism engenders inhuman levels of social inequality. For all citizens to flourish, they must have equal access to high-quality, equitably financed education, health care, childcare, and housing. In addition, only through publicly provided social insurance can we protect ourselves against the vicissitudes of the market and the life-course, such as unemployment, illness, disability, and old age.

The economic justice agenda sketched above is not a comprehensive program for social and economic justice. Additional measures and careful democratic oversight of state provision will be required to ensure that these programs lead to a truly just society. Expanding access to health care services will be as important as expanding health coverage if the United States is to eliminate the racial disparities in the population's health. Nor will increased public spending to create a high quality education system for all eliminate the need for affirmative action programs that take into account race, class, and gender inequalities, as well as the isolation of the inner city poor.

By uniting behind a program that restores faith in democratic government, re-institutes progressive taxation, defends and extends public goods and social insurance restores and expands labor rights, and builds just global institutions, democratic forces can curb the power of corporate elites and reverse corporate globalization's accentuation of inequality. The corporate domination of U.S. politics and society has undermined ordinary people's living standards most egregiously over the last thirty years and most perniciously for those already beaten down. Only by democratizing the distribution of power in the United States can we restore the promise of the American Dream to those who have seen it taken away, while extending that promise to those previously excluded from full membership in our society.



About This Document

This version of *Toward an Economic Justice Agenda* is the second draft of a perspectives piece we hope will lead to a consensual legislative and political program around which a broad coalition of progressive groups can coalesce behind. While it is not yet an official position of **Democratic Socialists of America** (DSA), it is also more than just the views of its primary authors, and we are sharing this draft with DSA members as well as nonmembers and with other organizations that make up the broad progressive community and are engaged in similar discussions.

We are interested in dialogue and feedback from all of these sources precisely because we want to develop a well-articulated perspective that has truly broad support and can focus the work of the many movements for social change in the U.S. DSA welcomes serious discussion of these views. Comments on the draft may be sent to programcomments@dsausa.org.

This second version is being distributed at progressive events during summer and fall 2007. Following feedback, discussion and debate among DSA members and friends, we intend to formally adopt an official DSA version at our national convention in Atlanta this November.

To arrange a speaker to talk to your organization about this document and the politics behind it, please contact our national office: **(212) 727- 8610**. If the views we express—even in draft form—motivate you to join **DSA**, please return the membership coupon below.

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