The Back Will Lead Us Forward

A Framework of Innovative Breakthrough Wage, Income & Asset Policies

This memo proposes a policy framework to tackle extreme inequality, end racial economic exclusion and drive enduring prosperity. It brings together new thinking on economics, communications and organizing.

A Moral Conversation: How We Can Talk About Our Economy and How to Reform It

“Ending poverty is too modest a goal given our remarkable prosperity. For our economy to continue to move forward, the middle class will have to become a chapter in our history. There will be no “middle class” between those who struggle and the richest of the rich, when we all prosper.”

“Economics is not governed by scientific laws. Economics is governed by people’s decisions, sometimes shaped by our better selves, sometimes by our lesser selves. In exclusionary markets, the few maintain their power, corruptly, at the expense of the rest of us. In democratic markets, we each have power over our own lives.”

“Race, gender, class are at the center of extreme inequality. Over the last two generations, dominant firms focused on their so-called core competencies and contracted for what they deemed less important work – as a result, professional class white men prospered and a new working class, more women than men, a mix of all races, struggle to get by.

“We have built a remarkably prosperous economy. It has transformed our lives, though not the most important parts of it. The economic bullies need to recognize they rely on the rest of us. They need to treat us with respect and love. We need to come together as one nation and not allow bullies to pit us against each other.”

“They prepare our meals, morning, noon and night. They clean up after us, at home and at work. They raise our children at school and care for them after school. They deliver the latest gadget. They drive us to the event. We can’t live without them, we rely on them for what matters most, yet we do not allow them to share in our prosperity.”

“These who have been held back the longest, those who have been forced to the back of the bus, those who have been forced to live in the shadows, those who have been deemed unworthy by their so-called betters, will now lead us forward into an new era of shared prosperity and enduring progress.”

Shared Prosperity & Enduring Progress Framework

1. To break down concentrations of income, a $15 Wage Standard With Premiums for prosperous regions and extremely prosperous industries.

   While wage standards with targeted premiums will ensure businesses value their workers, they will not be a living wage in the most prosperous regions.

2. An Everyone to Middle Class EITC through which the amply advantaged professional class compensate the less than advantaged rest of us.

   While a dramatically expanded EITC will ensure everyone reaches a decent standard of living, it will not ensure they will have enough to take risks or absorb setbacks.

3. A Social Inheritance (aka baby bonds) through which those who have enjoyed generations of wealth building advantages compensate those who have been systematically excluded from building wealth.

   While young adult trusts will provide everyone a solid foundation of assets, they will not ensure everyone shares in our future economic progress.

4. Prosperity Shares (aka a basic income) ensure everyone shares in the prosperity we all contribute to, effectively making each of us a shareholder in our economy.

   While universal dividends will ensure everyone moves forward with the economy, they will not provide everyone with the dignity of work.

5. Public Benefit Work (aka a federal jobs guarantee) to ensure both those who have been excluded from the labor market can find work and ensure work not being performed by the for profit businesses gets done.

   While guaranteed jobs will ensure everyone can find work, they will not ensure that they will be valued by their employer.

6. Prosperity Council: establish integrated state regional councils, to guide and adjust the wage, income, asset and jobs policies. A well-structured council holds in check the potential excessive power of the economy’s lead firms.
Economic Structure, Strategic Narrative

To craft a narrative, or imagine policy reforms, we need to see how the economy is structured. Heretofore, we have thought of one economy of big corporations and another economy of small businesses. To reinvigorate a broad coalition and successfully challenge the powerful, we need to instead see how we are connected to each other through the economy.

A Half Built Connected Economy, Now at a Turning Point

- over the last 40 years, business has learned how to produce quality products across contracting ecosystems, now need to learn how to ensure that everyone who contributes to the resulting prosperity, directly or indirectly, shares in it
- to prosper, dominant firms rely on vulnerable industries, their workers, and the communities that sustain them, yet they do not recognize their contributions
- within exclusionary markets, dominant firms take excessive profits for themselves, profits created across the entire ecosystem, thus generating extreme inequality
- dominant firms and the professional class hoard prosperity born of stabilizing mechanisms (e.g., patents, natural monopolies, government funded research)
- while stabilizing mechanisms for the rest of us, often written to exclude by race, (e.g. minimum wages, social security, cheap colleges) have been weakened or eliminated

Extreme Inequality is Holding Us All Back

- too much money in the pockets of the powerful few undermines our democracy
- too little money in the pockets of the rest of us slows down economic progress
- and as people struggle to keep up, bullies divide us by class, by gender, by race

Tweaking Policy Basics: Regions and Indexing

- income and wealth need to keep up with the economy (4%) not the cost of living (2%)
- think about regional differences in income & wealth, not the price of goods and services
- there is more than enough in our economy to ensure everyone a truly decent standard
- the economy doubles every 40 years, how should we distribute that income & wealth?

Rethinking Taxes and Broadening Support to Rein In Monopoly

- taxes breakdown extreme concentrations of income and wealth that are a danger to us
- taxes compensate for dominant firms’ power, benefiting vulnerable industries’ workers
- taxes compensate for the stabilizing mechanisms dominant firms prosper off of
- taxes compliment policies to break apart or create countervailing power to monopolies

---

Could Have Ended Poverty...

Exclusionary Markets

- dominant firms rely on vulnerable industries
- generating prosperity but...
- vulnerable industries effectively powerless
- dominant firms take at expense of the rest
- not enough demand, prosperity fleeting

Everyone to the Middle-Class

- End Racial Exclusion
- Break Up Extremes...
- ...Show Real Progress
- ...Drive Prosperity

---

Economy Doubles Every 40 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>500</td>
<td>5%</td>
</tr>
<tr>
<td>1991</td>
<td>500</td>
<td>5%</td>
</tr>
<tr>
<td>2002</td>
<td>500</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>500</td>
<td>5%</td>
</tr>
</tbody>
</table>

---

Contracting Ecosystem

- R & D
- Logistics
- Marketing
- Production
- Services

- dominant firm(s)
- vulnerable industries

---

Absolute Measures...

- 2020:
  - struggling to get by
  - living in poverty
- 2060:
  - prospering
  - living in luxury

---

www.LeapForwardProject.org