

PLANKS FOR A NEW DEMOCRATIC PLATFORM

The 2018 midterm elections give U.S. voters their first chance to impose a meaningful check on Donald Trump's chaotic and destructive presidency as well as on the hyperpartisan Republican governors and legislatures that control the majority of states. Democrats, however, can't build new and enduring majorities simply through "resistance." We also owe the American people a positive and genuinely progressive vision for stimulating stronger growth and sharing a new prosperity, uniting citizens around common purposes and values, and reinvigorating our country's global influence and alliances.

This document offers a first draft for a New Democratic platform – bold and forward-looking ideas for change aimed not just at winning elections but at making American democracy work again. Armed with radically pragmatic ideas like these, Democrats can build a big-tent party and win in every part of America.

1. OFFER AMERICANS A PROGRESSIVE ALTERNATIVE TO POPULISM – AN OPTIMISTIC VISION FOR JOBS AND SHARED PROSPERITY

Populism is a dead end for our country. Whether right-wing or left-wing, populists feed on economic pessimism and defeatism. They serve up scapegoats rather than solutions, and falsely promise to take us back to a supposedly better past.

Our economy has real problems, but we won't solve them by looking backwards or telling Americans the economy is rigged against them. Nor should our party promise to shower citizens with a costly array of new government jobs and benefits as a substitute for real economic opportunity. On the contrary, effective political leadership begins by inspiring public confidence in our collective capacities, as free and enterprising people, to overcome the obstacles before us and build a better economic future for our children.

We believe Democrats owe voters an optimistic and forward-looking blueprint for building a new American prosperity in the digital age. Our country has unmatched assets: abundant natural resources,

talented and industrious people, scientific and technological prowess, and an entrepreneurial culture. With pragmatic leadership, we can revive Americans' "can-do" spirit and assure our country's economic preeminence in the 21st century.

Our economy, like those of most other advanced democracies, has experienced a slowdown in economic and labor productivity growth – and a troubling rise in inequality. Crucially, the benefits of our economy's comparatively modest growth in this century have not been spread evenly across the country. What's more, income and wealth gains have become concentrated among the top 10 percent of Americans – a distinct class of highly educated Americans who live in a world of self-perpetuating privilege.

To expand the economic winners' circle, we propose a new Democratic plan that tackles the problems of low growth and high inequality simultaneously. To boost productivity growth and raise wages, America needs more innovation, not less, and we need to spur more entrepreneurship and start-ups, especially in those places – inner cities and rural and small-town communities – that have been bypassed by digital innovation and growth. To unleash individual initiative and ingenuity, we must lower tax and regulatory barriers to investment and business creation, and invest more in modern infrastructure, science and technology, and a highly skilled workforce. And, as we act to reinvigorate private enterprise, we also need to forge a new social bargain among business, workers and government that expands opportunity for all.

2. KEEP MARKETS OPEN TO KEEP OUR ECONOMY GROWING

By threatening to tear up existing trade agreements and imposing tariffs on imports from friend and foe alike, President Trump seems determined to blow up the rules-based global trading system

painstakingly built over many decades by U.S. leaders from both parties. This backsliding to protectionism and blatant government interference with private decision-making is profoundly at odds with longstanding American principles and core economic interests. And it's already invited damaging retaliation from America's trading partners, who are hitting back with their own targeted tariffs on a wide range of farm and manufacturing products, including motorcycles, whisky and orange juice.¹

We acknowledge the damage done to American interests by the mercantilist practices of China and other nations, but we reject the Trump administration's use of tariffs as a club to bludgeon other countries into making trade concessions. Tariffs won't change China's conduct, but will antagonize America's global partners, impose higher costs on U.S. producers, cost American jobs, and saddle American consumers with new trade taxes on everything from cars to canned beer. Instead, Democrats should back a smarter strategy to pressure China by enlisting allies, enforcing current trade rules and writing new ones, focusing negotiations on key threats, and ratcheting up focused, targeted sanctions if China refuses to stop its abuses.

Pragmatic Democrats believe that open markets and trade are integral to building a more dynamic, innovative and competitive U.S. economy. We will work to boost the competitiveness of U.S. businesses and workers, create new opportunities for Americans to tap global demand, and assure that the global economy's benefits are more widely shared by more Americans. For example, digitally-enabled trade – through Internet platforms like eBay and PayPal and logistics firms like FedEx and UPS – is rapidly democratizing trade, making it possible for America's small businesses and

entrepreneurs to sell to customers around the world, often as easily as their larger competitors.

International trade is a win-win proposition for all countries when it's conducted under common rules that are fair and enforceable. That's why we should work with our North American neighbors to conclude a modern, progressive, and mutually beneficial new NAFTA agreement; re-engage with our Asian and Latin-American friends in the Trans-Pacific Partnership; and push back against abuses of free trade rules like digital protectionism, state-dominated trade, China's technology theft and many other violations of free trade rules.

3. ENCOURAGE A NEW WAVE OF MANUFACTURING STARTUPS AROUND THE COUNTRY

For all the talk of an intangible data-driven economy, physical industries such as manufacturing and agriculture are still essential to prosperity – especially outside our largest cities. Yet these are precisely the industries where investment, incomes and jobs have lagged behind, hurting millions of working Americans across the country. In fact, the collapse in manufacturing employment and wages is a major reason why the share of the economy going to labor has dropped.²

But it doesn't have to be that way. New technologies such as 3D printing and robotics can drive a renaissance in manufacturing – this time through the creation of local advanced manufacturing startups across the country.

Industrial companies now have the capability to create online “manufacturing platforms” that would enable even small factories to tap into an emerging array of design, production, sales and distribution services available online – much in the same way many businesses have come to rely on app stores, social media or advertising networks on the Internet. These new technologies make

possible the production of customized clothing, furniture and other products that can't be matched cost-efficiently by foreign competitors and that are produced “just in time,” without the delays created by weeks of trans-oceanic shipping. In the same way that Internet-based apps have enabled a new ecosystem of small businesses to emerge, the evolution of online manufacturing platforms could potentially launch a new generation of manufacturing entrepreneurs. And, rather than costing jobs, experience suggests that even the most automated technologies require loads of skilled workers to do the more complicated tasks machines can't handle.

Despite these potential rewards, however, the U.S. risks falling behind in this crucial race for next-generation manufacturing. We advocate a national push to create one million new, well-paid manufacturing jobs by encouraging the rebirth of American manufacturing ingenuity at the local level. Achieving this result will require a combination of state, regional and national policy levers. At the national level, Congress should budget \$300 million to fund research to develop the underlying standards for online manufacturing platforms, just like the government developed the underlying standards for the Internet.

In addition, the federal government and consortia of states should work together to set up research institutes for materials sciences – the key missing technology for the next industrial revolution. We propose \$500 million in federal funding for the next three years, aimed toward industrial states.

Finally, the “entry fee” for entrepreneurs in manufacturing has to be lowered. States that want to encourage manufacturing entrepreneurs should budget – say, \$5 million a year – to buy and operate a center with the latest 3D printing and robotics equipment. Budding entrepreneurs can apply for

access on an “all-comers” basis, to give everyone an opportunity to get in on the ground floor of wealth creation.

4. EMBRACE BOTH U.S. ENERGY ABUNDANCE AND CLIMATE PROTECTION

Over the past 25 years, American ingenuity has sparked an energy revolution – dramatically boosting energy efficiency, unlocking vast reserves of shale oil and gas, and driving down the costs of renewable wind and solar power. The United States has become an energy superpower again – an immensely positive development for jobs, our trade balance and for U.S. energy security. Under President Obama, Democrats wisely pursued a balanced strategy of energy innovation that created millions of new jobs and delivered affordable energy to consumers and businesses, all while reducing U.S. greenhouse gas emissions by 12 percent.³

The Trump Republicans, however, have destroyed this intelligent balance of pro-growth and pro-climate policies. Shamefully, they have enshrined the denial of climate science as national policy, and have refused to allow our country to cooperate with, much less lead, international efforts to stop overheating our planet.

At the same time, some environmental activists have tried to squelch the shale boom with proposals to ban drilling and to keep gas and oil resources “in the ground.” Democrats should reject this anti-jobs stance, which poses a false choice between fossil and renewable energy. For the foreseeable future, the United States and the world will need both – and substituting natural gas for coal already has enabled us to cut U.S. carbon emissions.

Therefore, we advocate sustainable shale energy development as well as rapid growth in renewable energy, increased energy efficiency, faster

deployment of electric vehicles, re-licensing of nuclear power plants, carbon capture and storage technology at natural gas power plants and other innovative approaches. We believe this mix of current technologies, and investments in new breakthroughs, can achieve a 90 percent cut in emissions by 2050 over 2005 levels, position the United States at the head of the \$6 trillion global clean energy market, and leave our children a healthier climate.

5. IMPROVE THE REGULATORY ENVIRONMENT FOR INNOVATION

Wise regulation is essential to referee market competition, protect public health and safety, and keep powerful economic actors honest. The right kind of regulation can even spur economic growth by creating the market-making standards and certainty nascent industries need before they can invest.⁴ That’s why Democrats oppose the Trump Republicans’ slash-and-burn campaign to dismantle environmental and financial regulation and make it harder to enact necessary new rules.

But the sheer accumulation of regulations over the years – good, bad or indifferent – dampens the economy’s animal spirits and puts mounting obstacles in the way of U.S. investors, inventors and entrepreneurs. A good example is the proliferation of occupational licensing by states. The share of workers licensed by states has risen fivefold since the 1950s, and now covers not just doctors and lawyers, but also florists, pest control workers and manicurists.⁵ In addition to impeding worker mobility, the rise in occupational licensing requirements makes it particularly hard for low-income Americans to parlay their talents into self-employment. A 2011 study found that licensing results in 2.8 million fewer jobs with an annual cost to consumers of \$203 billion.⁶

Regulatory accumulation also raises compliance costs for U.S. businesses and diverts managers from creating new products and services to filing an ever-growing array of forms with multiple government agencies. It erects costly barriers to entry for entrepreneurs and small businesses. And it can slow productive economic activity to a torpid pace. It takes much longer to build a new road or bridge or airport in the United States than it does in major competitors like China or Germany. A 2014 report by the Government Accountability Office found that permitting takes an average of 4.6 years – and as long as a decade in some cases.⁷ Those delays are costly. By one estimate, a six-year delay in starting construction on public infrastructure projects costs over \$3.7 trillion, including the costs of prolonged inefficiencies and unnecessary pollution.⁸

We propose three ways to streamline the regulatory process. First, we need a way to prune old, redundant and conflicting rules. We favor a Regulatory Improvement Commission that would meet periodically (like the Military Base Closing Commission) to review the backlog of old regulations and draw up lists of rules for elimination or modification. The package would be sent to Congress for an up-or-down vote, and then on to the President for signing.

Second, Democrats should favor giving regulatory bodies a time limit or “shot clock” on reviews and permits. The Federal Communications Commission, for example, requires state and local governments to review wireless siting applications within 150 days. Canada has adopted a two-year deadline for action on big federal infrastructure projects. Germany compresses reviews to six months, and precludes legal challenges that drag on interminably in this country, adding enormously to the cost of routine infrastructure upgrades.

Third, we support licensing reciprocity – interstate compacts that enable workers to move from one state to another without having to go through the licensing process all over again. Such compacts should also aim at reducing the scope of licensing and, where it’s deemed necessary, cutting the amount of time and money eaten up by training, paperwork and fees. Another approach is to enable workers to challenge, in court, licensing requirements that serve no compelling public health or safety purpose.

6. REINVENT AMERICA’S PUBLIC SCHOOLS FOR THE 21ST CENTURY

We believe that first-rate public schools are key to delivering on America’s core promise of equal opportunity. That’s true for U.S. students everywhere – not just for kids trapped in low-performing urban systems. In international comparisons, even students from America’s best suburban school districts consistently score below students from other advanced countries in Europe and Asia.

Fortunately, a growing number of schools around the country are delivering on this promise of an excellent education for all children. Across America, cities as diverse as New Orleans, Denver, Indianapolis, and Washington, D.C., have been experiencing dramatic improvements in public education. Unlike traditional school districts, these innovative systems treat most of their schools like public charter schools, even if they go by such labels as “innovation schools,” “partnership schools,” “renaissance schools,” or the like. The evidence shows that the formula associated with the best charter schools – autonomy, accountability, diverse school designs that enable personalized learning, and parental choice – delivers much better results than the centralized, bureaucratic approach to education that school districts inherited from the 20th century.

In addition to narrowing achievement gaps by race and class, more autonomous and accountable schools can raise the general quality of public education. That is why accelerating our country's evolution toward a 21st century school model must be a national priority, even as K-12 schools remain mostly a state and local responsibility.

Specifically, we encourage states and localities to move aggressively to shut down underperforming charters, remove caps and other restrictions that limit the spread of high-performing charters, improve the quality of authorizing bodies, and equalize funding so charters and other non-traditional public schools receive as much per pupil as district schools.

7. REVAMP HIGHER EDUCATION TO LOWER COSTS AND OPEN ALTERNATIVE PATHS TO OPPORTUNITY

In today's knowledge-driven economy, affordable access to post-secondary education is more crucial than ever. Yet the cost of college continues to rise at both private and public institutions across the United States. According to data from the College Board, average tuition and fees for a public four-year college is \$20,770 for in-state, \$35,420 for out-of-state, and \$46,950 for private institutions, representing increases of 13, 12, and 15 percent respectively since 2014.⁹ American college students are facing a triple whammy – out-of-control college costs, record levels of student debt, and declining real earnings for college graduates.

Nevertheless, demands for “free college for all” are both misguided and inequitable. In fact, there are many pathways to the middle class, including through a burgeoning number of “new collar” jobs that don't require a traditional four-year degree. We need to modernize higher education so it is not only more affordable but more likely to provide students

the skills and credentials they need to land good jobs.

As a first step toward a fairer, more accountable and effective higher education system, we should end the federal government's extreme bias toward traditional college in its student aid programs. Washington shells out more than \$139 billion a year on postsecondary education and training; but, of that total, only \$19 billion goes to help the vast majority of young Americans who are not college-bound get career education and training. We should extend student aid, including federal Pell Grants, to high-quality credentialing programs and provide students with standardized information on the quality and value of skills credentialing options. We propose earmarking revenues from the new excise tax on elite university endowments to pay for this expansion of public support for non-college youth.

And, rather than enshrining a costly new entitlement to “free college” – which would compound economic inequality in America – creating a three-year system is a pragmatic way to reduce the cost as well as the length of time required to get a college degree for those who aspire to one.

To adopt a three-year system, students would need to get credit for advanced study in high school, declare majors earlier, and go abroad on their own time. To attract more students and reduce school debt, three-year degrees should offer at least a 25 percent reduction in tuition and other fees. Schools would also need to modify curriculums to impart core college skills, to ensure students get good, middle-class jobs or go on to graduate school to acquire highly specialized skills.

Congress should set a reasonable transitional period after which federal financial aid (Pell Grants, various higher education tax benefits, and loans) will be limited to students enrolled in three-year degree programs. It should also award financial aid and

grants only to universities and colleges that commit to hold future tuition and fee increases to inflation.

We also favor improving access to postsecondary education for the millions of Americans who live in so-called “higher education deserts” – geographically severed from institutions of higher learning. As many as 12 percent of all adults may fall in this category, according to the American Council on Education.¹⁰ And, while online options could reach many of these Americans, more than three million people live in areas that lack broadband Internet access as well.¹¹ For the residents of these deserts, the lack of postsecondary opportunities means workers can’t upgrade their skills, that businesses can’t find qualified talent, and that young people must move away to pursue an education – exacerbating population decline in rural areas.

One promising remedy is to encourage the spread of “higher education centers,” freestanding facilities where colleges, community colleges and occupational training providers can offer courses to area residents under one roof cost-effectively. Virginia, Maryland and Pennsylvania are among the states that have adopted this model, which has enabled rural residents to earn valuable credentials while living in their communities and juggling work and family commitments.

8. CREATE AN AMERICAN MODEL FOR UNIVERSAL HEALTH CARE

The passage of the Affordable Care Act (ACA) was a monumental achievement in health care reform – one that promised to close coverage gaps for millions of Americans while providing better care at lower costs. In 2016, the rate of uninsured among the non-elderly was 10.3 percent, according to the Kaiser Family Foundation, down from 18.2 percent in 2010.¹² The Trump Administration and the GOP Congress, however, have worked to sabotage the ACA at every turn, ending vital subsidies to

help families pay for coverage, undermining the insurance exchanges established by the ACA, and eroding essential consumer protections such as guaranteed coverage for patients with pre-existing conditions. Hit hardest by the GOP’s toxic partisanship are working Americans who don’t get coverage from their employers. The Congressional Budget Office (CBO) estimates that, in 2019, average premiums in the market for individual insurance policies will jump by 15 percent.¹³

All Americans deserve access to affordable coverage. Embracing a single-payer system, however, is the wrong way forward. Not only is it unaffordable – Sen. Bernie Sanders’s proposal is estimated to cost well over \$1 trillion annually¹⁴ – but it also would be massively disruptive to the 178 million Americans who get their insurance through their employers.¹⁵ A move to single payer would deprive workers of choices and shut down the private competition that has underwritten medical research and breakthroughs and made the U.S. health system the most innovative in the world. It would force working Americans to give up their doctors, and raise the threat of rationing care without a guarantee of better quality.

Rather than importing other countries’ health care models, pragmatic Democrats commit to building a distinctly American system that preserves consumer choice and innovation while ensuring affordable coverage for all. Accordingly, we will work to restore and then build upon the successes of the ACA to create a path to universal coverage and better outcomes. This means stabilizing the individual marketplace to ensure competition and consumer choice and lower premiums, while also expanding access to Americans who still cannot afford insurance, as Virginia recently did by expanding its Medicaid program under the ACA.

Democrats should also give top priority to driving health care prices down, which is essential to expanding coverage. We should quicken the pace of payment and delivery reforms that focus on patient wellness over fee-for-service; explore new models of care that eliminate unnecessary costs, improve provider accountability and leverage innovations in telehealth and biotech; and, thereby reduce the growing burden of out-of-pocket costs and premiums on employers and workers.

9. REINFORCE EMPLOYERS' RESPONSIBILITY TO RAISE WAGES AND INVEST IN WORKERS

Decades of wage stagnation and disinvestment have eroded workers' financial security and opportunities for advancement. Real wages for the middle quintile of workers grew by just 3.41 percent between 1979 and 2016, according to the Brookings Institution, and even fell by 0.98 percent for the bottom fifth.¹⁶ Wages are, moreover, remaining relatively flat despite the tightest labor market since the Great Recession. Overcoming this stagnation is essential for restoring household prosperity and Americans' optimism about their financial futures.

The wrong way to reverse these trends, however, is through massive new federal programs to "guarantee" government jobs – which is not only expensive but also ignores voters' clear preference for private sector jobs – or to impose top-heavy regulatory mandates that stifle growth. Rather, Democrats should stand for an agenda that is both pro-worker and pro-employer and that challenges businesses to step up on behalf of their workers.

One way to do this is to encourage new norms for corporate behavior, such as those embodied by so-called "benefit corporations." This new form of corporate entity is now sanctioned by more than 30 states and protects businesses from shareholder liability if they choose to operate for purposes

other than sheer shareholder profit.¹⁷ The legal recognition of these entities is an important step toward loosening the grip of "shareholder primacy," which now demands that companies satisfy shareholders' short-term needs for high stock prices at the expense of long-term investments in research, equipment and, most importantly, their workforce. One 2005 study reported that as many as 80 percent of CFOs said they would defer spending on research and development, maintenance and other crucial needs in order to hit a quarterly earnings target.¹⁸

We propose to reward companies that defy current norms of "shareholders first" and put the interests of their workers on par with making profits. We advocate reserving the lowest corporate tax rate for companies that agree to plow back gains into better wages and benefits, or that reorganize themselves as "benefit corporations" that meet higher standards for fair worker treatment and investment.

10. MODERNIZE U.S. IMMIGRATION LAWS

Donald Trump's animus toward immigrants, refugees and their children is a moral disgrace for America that affronts our country's heritage of openness and pluralism, not to mention simple human decency.

Yet, for all their ugly nativism, Trump and right-wing populists in Europe have tapped into a deep vein of cultural and economic anxiety about migration. Many working class voters fear, rightly or wrongly, being swamped by immigrants who are taking their jobs and eroding their cultural and national identity. Combating populism at its roots requires confronting these fears head-on – not ignoring them or, worse, dismissing them as bigotry. The planks in this document for rekindling upward mobility and economic optimism are intended to speak to the common aspirations of working Americans,

regardless of their race, region or political leanings. But our party also must address the cultural challenges posed by large-scale immigration.

It is right and necessary for Democrats to protect the children of immigrants and to insist on a humane path to legal status both for “Dreamers” who arrived in this country as children and for illegal migrants who pay taxes and obey the law. But it’s not a sufficient response to the immigration crisis. We also need to speak to the public’s valid concerns that America’s immigration system is broken and that we are no longer able to control our own borders.

We believe border security and immigration reform are not in opposition; they are complementary goals. A secure border cannot be achieved without a sweeping overhaul of our outdated immigration laws, and comprehensive reform will not work absent smart enforcement that convinces Americans that we can control our borders. A New Democratic plan to modernize U.S. immigration laws for the 21st century includes these key elements:

- Build a virtual or “smart wall,” not Trump’s wall, to improve border security. To quote former Department of Homeland Security Secretary Janet Napolitano, “show me a 10-foot wall, I’ll show you a 12-foot ladder.” There are already fences and physical barriers across most of our southern border, but what our border patrol officers need to seal the border is more modern surveillance and sensor technology.
- Toughen enforcement of immigration laws in the workplace. Most illegal immigrants come to the United States for jobs. We support a national E-Verify mandate that will require employers to verify the legal immigration status of every worker they hire against an online federal database. This would both end the patchwork of state E-Verify mandates that businesses have found burdensome while also cracking down on

employers who knowingly hire undocumented workers. The same technology can also help us track the more than 600,000¹⁹ foreign students and visitors who overstay their visas.

- Align U.S. immigration laws more closely with our national economic interest. Democrats should not be afraid to rethink the criteria by which roughly 1.8 million immigrants are naturalized or granted permanent legal status each year,²⁰ and to strike a better balance between family ties and specific skills our knowledge-based economy needs. We also need a new seasonal worker program that enables U.S. farmers and other businesses to come out of the shadows and hire workers on an as-needed basis. Priority would be given to American workers, but, if none are available, immigrant workers should be eligible. We should also devise new ways to keep talented immigrants in America rather than exporting the education and skills they acquire here to our competitors. This could mean, for instance, creating “startup visas,” as the Kauffman Foundation has proposed, for foreign students interested in launching new ventures here in the United States, or expanding programs such as the “Conrad 30” waiver program, which helps grant visas to foreign doctors and dentists on the condition that they work in underserved and rural communities where providers are scarce.

11. GO LOCAL: USE FLEXIBLE FEDERALISM TO SOLVE NATIONAL PROBLEMS FROM THE GROUND UP

Washington’s continuing failure to find consensus and forge effective solutions to the nation’s urgent problems is undermining public confidence in our democracy. Yet, while most Americans think the federal government is broken, they have much higher confidence in the capacities and responsiveness of local government. And for good

reason: The nation's metros have become America's laboratories for public innovation and creative problem-solving.

What's more, today's borderless global economy is increasingly organized around vibrant metro regions. U.S. metros are mobilizing public and civic capital to make the key investments – in transport and other infrastructure, regional innovation ecosystems and developing their human capital – that are renewing our economy's dynamism and ability to provide broadly shared prosperity. What they need from Washington is not standardized, one-size-fits-all policies that are oblivious to local realities, but the flexibility and resources to tackle the nation's challenges from the ground up. By contrast, the federal government today is paralyzed by uncompromising partisanship, mired deeply in debt, hobbled by slow-moving bureaucracies, and colonized by powerful interest groups determined to protect the status quo.

As the Trump Republicans push a divisive populist agenda in Washington, Democrats should take advantage of America's flexible federalism to move more power to local governments. Instead of turning reflexively to Washington, Democrats should push for a systematic decentralization of decisions and resources to mayors and metro leaders who are making local government America's most effective catalyst of economic and social progress.

This doesn't mean eviscerating the federal government, which must continue to do the things it is best suited to do: set fiscal and monetary policy; invest in science and technology, infrastructure, and education; make the rules for immigration, environmental protection and other cross-border issues; and, of course, take the lead on diplomacy and defense. Nor does flexible federalism mean a preference for the states over Washington – in fact,

metro leaders complain that state governments often put bigger obstacles in their way than the feds. For example, GOP state legislatures are awash in proposals to “preempt” local government ordinances dealing with environmental protection, guns, and labor issues, among others. What's needed is a new approach in which the states and the federal government enable and become better partners with local leaders.

Here's why: Local leaders and civic coalitions are inventing a new way of solving public problems that better fits the realities of life in the 21st century. Where the old model was centralized, hierarchical and worked through stovepiped bureaucracies, the new model is distributed, collaborative and works across sectors²¹. Our party must offer voters not only fresh ideas for governing, but also modern and credible means of translating our ideas into action. By going local, Democrats can bring the benefits of progressive governance home for Americans.

12. EMPOWER THE POOR WITH WEALTH-BUILDING STRATEGIES AND DIGITAL TOOLS

U.S. anti-poverty policy traditionally has emphasized income supports for low-income families, to the neglect of wealth-building strategies. While income transfers are essential for covering daily expenses, upward mobility also depends on saving and building personal assets – especially for post-secondary education and training, purchasing a home, or even creating a business. While considerable attention has focused on income inequality, wealth disparities are far worse – especially for blue-collar households.

We advocate a 21st century approach to empowering low-income and working Americans that stresses social investment and wealth creation, not just income transfers to support consumption. Specifically, we call for American Development Accounts (ADAs) – specially designated savings

accounts matched by federal dollars – to help younger workers and blue-collar households rise into the middle class by enabling them to save and build financial assets. ADAs would be available to all workers contributing to a defined contribution savings plan, with the government matching contributions for low-income workers. First-time workers would be automatically enrolled into an ADA, while others could enroll when they apply for the Earned Income Tax Credit (EITC).

We also believe it's time to deploy digital technologies to help poor citizens bypass social service bureaucracies and take charge of their lives. Today they must go from one social agency to another – presenting slightly different paperwork when applying for various social services, often spending time, energy, and lost work hours waiting in long lines. Instead of forcing them to run the bureaucratic gauntlet, our federal, state, and local governments should join forces to create online HOPE (Health, Opportunity, and Personal Empowerment) accounts and action plans. HOPE accounts would be a one-stop shop, streamlining access to existing federal, state, city, and nonprofit programs. The accounts would enable families to learn about and apply for all public and philanthropic programs for which they are eligible. Families without access to a smartphone or other digital device would be provided one. Individuals would, in effect, become their own case managers – applying for and enrolling in programs to improve health, nutrition, job training and placement, housing, and income.

13. TAX WASTE, NOT WORK

In contrast to the Trump Republicans' tax giveaways to America's privileged class, Democrats favor a new framework for real tax reform that is pro-worker and pro-growth. Our current tax system

relies too heavily on taxing labor and income, with more than one-third of federal revenues (over \$1 trillion annually) coming from the payroll tax²² – a regressive tax on labor that suppresses wages and disproportionately burdens working Americans. Because employers have to pay it too, the payroll tax also discourages employers from hiring more workers.

Progressive tax reform should encourage and reward hard work, not penalize it. At a time of anemic wage gains, a very direct way to help average working Americans is to let them keep more of what they earn. Therefore, we support reducing the payroll tax and offsetting the cost by taxing an activity everyone wants less of: pollution. A nationwide carbon tax starting at \$40 per ton, for example, could raise about \$200 billion a year,²³ enough to shave one point off the payroll tax for both employees and employers – putting almost \$1,000 a year back in the pocket of an average wage earner. And a carbon tax wouldn't just raise revenue. It also would combat climate change by cutting heat-trapping carbon emissions and creating stronger incentives for companies to invest in clean technology and fuels.

Ultimately, progressives should aim at eliminating payroll taxes altogether while shifting the burden of federal taxation to consumption as well as carbon taxes. We also favor a return to reasonable estate tax exemptions and rates, among other progressive reforms (see next plank). Estate taxes play an important role in reducing wealth inequality that compounds over generations. There is little justification for imposing higher taxes on the labor of working Americans while allowing the richest 1 percent to inherit \$22 million from their parents tax-free.²⁴

14. CHAMPION FISCALLY RESPONSIBLE PUBLIC INVESTMENT

Under Donald Trump, the Republican Party is setting new records for fiscal irresponsibility. In the past year, Trump and the GOP-controlled Congress rammed through a combination of unfunded tax cuts and spending increases that will add several trillion dollars to the national debt throughout the next decade. This added debt will lead to higher interest payments – drawing resources away from critical investments in our future such as education, infrastructure and scientific research.

But the squeeze on public investment is not solely due to GOP profligacy. An aging population and rising health costs are causing formula-driven social insurance programs (mainly Medicare, Medicaid and Social Security) to claim an ever-growing share of government revenues. Yet many on the left reflexively resist pragmatic attempts to modernize these programs and slow their unsustainable cost growth.

The result is a tightening vise on public investment and other core functions of government. We believe Democrats should defend strategic public investment with the same fervor that historically has been reserved for social insurance programs. We must redouble our commitment to the building blocks of our economy by modernizing transportation, energy and other vital infrastructure; boosting funding for science and technology; grooming a next-generation workforce equipped for the jobs of the 21st century; and, stimulating social mobility.

Unlike the Republicans, who want to stick future generations with the bill, Democrats believe in paying our way today. We must reform our tax code and modernize Medicare, Medicaid and Social Security to guarantee a secure retirement and basic health care to all without placing an unjust burden

on young Americans. To ensure sufficient funding is available for public investments and all the other proposals in this blueprint, we advocate the following:

- Rolling back Trump's tax cuts for the most affluent Americans (while preserving some business rate reductions, which are a competitive necessity).
- Scaling back \$1.5 trillion worth of "tax expenditures"²⁵ that overwhelmingly benefit affluent Americans.
- Shifting the basis of federal taxes from work and income to pollution and consumption.
- Trimming health and retirement benefits for wealthier retirees while strengthening benefits for those most in need.
- Replacing inefficient "fee for service" health payments with bundled or value-based payments that reward the quality, not quantity, of care.

The right combination of these policies would strengthen our economy, reduce poverty, secure social insurance programs for decades, and give young Americans renewed control over their own fiscal future.

15. REINVIGORATE AMERICA'S STRATEGIC ALLIANCES

Donald Trump lost the popular vote in 2016 by nearly three million votes, but nonetheless managed to win in the Electoral College. That made him a legitimate president, but it in no way gave him a popular mandate to upend the national security strategy that has kept Americans safe and prosperous for more than seven decades. Yet, under Trump, America is erecting walls and tariffs and retreating into insularity, protectionism, nativism and belligerent unilateralism. Abetted

by a supine Republican Party, Trump is frontally assaulting the main precepts and institutions of the internationalist strategy America adopted after World War II to defend itself by enlarging and strengthening the “free world.”

We reject the selfish and narrow nationalism of Trump’s “America First” doctrine. It doesn’t promote our true national interests and it doesn’t reflect the principles on which our country was founded. And it leaves the liberal and democratic world leaderless at the worst possible moment. Democrats pledge to vigorously defend liberal democracy against the three main threats it faces today: the rise of populist nationalism in the democratic world; Russia’s reversion to despotism at home and adventurism abroad; and the emergence of the Chinese model of authoritarian, state-directed capitalism as an alternative to free enterprise and democracy.

We should work to reinvigorate our strategic alliances and institutions for regional and global problem-solving. We will invest in modernizing U.S. military forces and enhancing our capabilities to fight terrorism and cyber warfare. We will work to repair the breach with Canada and Mexico and our European partners. We will resume America’s leading role in orchestrating international action to combat climate change. We will rejoin the effort to spread liberal trade rules to Asia as a counterweight to China’s economic might. And we will foster closer security cooperation with Japan, South Korea and other key allies in the region to maintain a stable balance of power in the Pacific as China’s military strength grows.

16. COMBAT POLITICAL POLARIZATION

Pragmatic Americans – voters who self-identify as “moderate” – comprise a plurality of the nation’s electorate (39 percent in 2016).²⁶ Yet they are

increasingly outshouted and marginalized by the extremes of both right and left, which are fueled by the gerrymandering of districts that favor partisans, vitriolic social media, and campaign finance laws that further inflame ideological passions. According to the Pew Research Center, only a quarter of both Republicans and Democrats say the “tone of political debate is respectful.”

Polarization and the loss of civil discourse not only make progress on important priorities impossible but threaten the very fabric of our democracy. Nevertheless, some progressives believe the right response to the frustrations caused by our current politics is to shout even louder, demand greater party loyalty and impose ideological litmus tests aimed at punishing deviations from orthodoxy.

We believe in a big-tent Democratic Party that respects a diversity of viewpoints and disallows a vocal minority from hijacking party governance. We support campaign finance reforms that liberate elected officials from the 24-7 treadmill of fundraising and from interference in their districts by shadowy outside interests. We also propose to re-enfranchise Americans who feel they have lost their electoral voice. In particular, we propose that, in every state with more than two representatives in Congress, at least one seat should be allocated to an “at-large” member representing the entire state. The creation of these at-large districts would reduce the number of members hailing from gerrymandered districts and force more members of Congress to consider the interests of a broader constituency. The idea of at-large districts is also one that is familiar to voters – many of whom elect at-large members to their city councils or other local offices; at-large seats were also common in Congress during the 19th and early 20th century.

CONCLUSION

Our nation is at a crossroads – politically, economically and culturally. Trump’s presidency presents dire challenges to the fundamental institutions of democracy, not just here at home but overseas. His ascendance has emboldened populist movements around the world and threatens to usher in a dark new era of xenophobia, protectionism and illiberal nationalism. Democrats have a duty to stop our country’s slide into extremism and civil strife. Now is the time for thinking strategically, not

ideologically. We must broaden, not narrow, our political base, build new majorities and win more elections. Above all, we must offer an optimistic, unifying vision for the country that affirms our values as an open and tolerant society, restores economic opportunity for American workers and their families and renews our leadership abroad. In that spirit, we offer these planks for a new Democratic platform for 2018 and beyond.

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