

THE NEW AMERICAN CHOICE RESOLUTION

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America is the greatest nation on earth -- a beacon of freedom and opportunity for the whole world to see. But even as nations everywhere rush to embrace our values, there are signs that the American dream is faltering here at home. For all the glow of our splendid military victory, most Americans feel their country is on the wrong track.

After more than ten years of Republican rule in Washington, America's economy has been devastated. Today the Republican borrow and spend policies offer a hollow promise of prosperity for the ordinary men and women of America. Our social fabric has been torn by increasing tensions of class and race. More and more, America's schools don't teach our children well, America's streets are filled with crime, and our government costs too much and does too little.

When most Americans look at politics nowadays, they see too many old answers, and choices that offer no choice at all. The old ideologies on the right and left are no longer sufficient to realize the aspirations of the American people, and both political parties will be left behind unless they put forth new answers and new institutions for a new era.

For years, the Republicans have consistently chosen private gain over public responsibilities, put self-interest ahead of the common good, and clung to a doctrine of every man for himself in a nation that pledged long ago to go up or down together.

A reckless Republican fiscal policy has plunged the federal government into insolvency, burdened working families with one of the least progressive tax systems on earth, and paralyzed national initiative and progressive government.

So long as millions of America's families lack basic health insurance, so long as American workers aren't getting the skills they need to keep the best jobs here in America, so long as some Americans still suffer from discrimination while a Republican Administration plays politics with civil rights, so long as 18 nations do a better job of bringing healthy babies into the world than we do -- this country needs a strong Democratic Party more than ever.

But in the minds of too many Americans, the Democratic Party has stood for government programs that don't work, special interests before the interests of ordinary people, and a reluctance to assert American values at home and abroad. The New Deal policies that built and united the middle class no longer command its loyalty.

America doesn't need two Republican parties, two establishment parties, or two parties from Washington, D.C., but it does need a Democratic Party that will stand up for ordinary people.

Our party's challenge today is to discard the orthodoxies of the past and make government a champion of national purpose and not a captive of narrow interests, a creator of opportunity and not an obstacle to it. Democrats should once again stand for change and innovation, not blind loyalty to programs of the past. Unlike the Republicans, we believe in government and want to make it work in the information age.

America needs a new choice, and we believe that only Democrats can provide it. We have gathered from every state and region to show that Democrats everywhere want to set a new course for our party and our country.

The new choice we offer is a new public philosophy, not a new set of programs. It is built on a set of common beliefs and broad national purposes, not on promises to disparate interest groups. It looks for leadership not from Washington but from states and communities that have become America's laboratories of innovation.

We believe the mission of government is to expand opportunity, not bureaucracy. We want a government that takes power away from the entrenched bureaucracies and special interests in Washington and puts it back in the hands of ordinary people. Centralized bureaucracies are no longer the best or most effective way to deliver services in the information age. We believe government can give people more choices, more responsibility, and more for their money.

We believe that America must lead the march of nations toward democracy and free enterprise, not retreat from the world. Some things are worth fighting for -- like liberty, justice, and human decency. We reject doctrinaire

efforts either to play power politics or to shed the responsibilities of power. Unlike the Republicans, we support a foreign policy that upholds the moral principles most Americans share.

We believe the role of government is to guarantee equal opportunity, not mandate equal outcomes. We reaffirm the Democratic party's historic commitment to secure civil, equal, and human rights. We oppose discrimination of any kind -- including quotas. As Democrats we believe it is fundamental that women and men who suffer the burden and injustice of discrimination be afforded the legal means and economic opportunity to right those wrongs. Where others seek to exploit racial differences for political advantage, we support a broad opportunity agenda to give all Americans the tools to get ahead.

We believe that America needs a national strategy to compete for the best jobs in the world. We want to make our economy an engine of growth and opportunity again, with a government that helps to create wealth, not just redistribute it, and seeks to expand trade, not restrict it. We support a new social compact to make our free enterprise system more democratic and productive. We demand a more progressive tax system, and a government that spends more on the future, not the present or the past.

We believe government should protect the environment. We believe government should be caretaker of our natural resources and seek to protect and manage natural resources for future generations.

We believe our society has a moral duty to experiment with fundamentally new approaches to liberate the poor from poverty and dependence by promoting work, family, and independence. America will not succeed in the information age if we continue to waste the potential of millions of disadvantaged citizens.

We believe in reinventing government. We want to eliminate unneeded layers of bureaucracy, and give citizens more choice in public services, from child care and care for the elderly to public schools.

We believe in government that stays true to America's moral and cultural values. Government ought to let individuals take responsibility for their own lives; respect individual liberty and stay out of our private lives and personal decisions; take affirmative action to assure that opportunities are in fact equal; give every American who works hard the chance to get ahead; and ask citizens to give something back to their country.

Our goal is to make the beliefs, ideas, and governing approach of the new choice the dominant political thinking in America before this decade is out. Just as the New Deal shaped the political order for the industrial age, the new choice can define politics in the information age.

Our purpose is not to seek the middle of the road but to build a new road that leads beyond right and left to move America forward.

The industrial age is over; the old isms and the old ways don't work anymore. Today, and in the months to come, we will put forth new answers and a new way of thinking which are based on the principle of inclusion and work for the greatest public good. We invite the American people to join our cause.

RESOLUTION: DEFINING AMERICA'S NEW ROLE IN THE WORLD

Preamble

The Persian Gulf war marked the end of the Cold War era and the beginning of a new epoch in international politics. It is also a reminder that the world remains a dangerous place.

The Soviet Union remains a nuclear superpower, but one which is on the verge of economic and political collapse. Ethnic, national and religious conflicts could come to boil in every corner of the world. Terrorism and the spread of weapons of mass destruction pose new threats to peace and stability. Stark inequities in developing countries remain a significant source of turmoil. In this new security environment, Americans must think anew about the purposes our power and diplomacy should serve.

For four decades, we have organized U.S. defense strategy and institutions largely around a single, obvious threat. In the new era, the perils we face are unpredictable. If our Cold War goals were containment and deterrence, our primary aim now must be the assurance that America will be prepared for a variety of more ambiguous but still potent dangers. We must determine what role the U.S. will play in shaping a new system of global security. We must repair

the economic and social foundations on which our country's prestige and influence rest. We must develop and implement a strong national energy policy. And we must renew the basis of bipartisanship in foreign policy, for America is only effective abroad when we are united at home.

Therefore

Mainstream Democrats believe that America should move beyond the largely accomplished task of containing Soviet expansion to a new mission: supporting democratic movements around the world. This policy will express a clear moral purpose and serve our true national interests.

Our approach rejects both the right's fascination with power politics and the left's desire to shed the responsibilities of power. It seeks not to impose U.S. values or institutions on others, but to encourage those who are struggling to establish individual liberty, popular sovereignty and equality before the law. It offers moral and diplomatic support to genuine democratic movements, while extending U.S. economic and military aid in a more discriminate way, as prudence and the circumstances of each case warrant. This approach also offers protection to our democratic allies and consistently champions human rights in all countries. It stems from our conviction, confirmed by experience, that the peaceful spread of liberal democracy offers the best hope for a more prosperous, just and stable world.

Our policy is based on five principles:

1. **National Strength.** As America enters a new and uncertain era in world politics, we must maintain a strong, technologically advanced defense. We must be prepared to back up our diplomacy, as required, with the credible threat of force, to defend our allies, and to meet dangers that we cannot now foresee. Our force structure should shrink as the Soviet conventional threat recedes. However, our armed forces must remain large enough to deal with other threats to our security, and they should gain in flexibility, mobility and quality of equipment and training what they lose in numbers.

The Persian Gulf war demonstrated that superior weaponry is a strategic asset: complete U.S. dominance of the air helped disarm and demoralize a heavily armed foe, and set the stage for a remarkable ground campaign that took only 100 hours to liberate Kuwait. Hence, even while our armed forces are reduced, mainstream Democrats reaffirm our support for a robust program of research into new military technologies, conventional and strategic.

Mainstream Democrats salute all those involved in the resounding success of Operation Desert Storm. Credit is due to our national leadership, for the skillful orchestration of the international effort to isolate and then defeat Iraq; to our military leaders, for the well-conceived and superbly executed strategy that brought swift victory and minimized U.S. losses; to Congress, for financing the modernization of our forces and enacting Pentagon reforms that streamlined the military chain of command and reduced interservice rivalry; to the people who work in the defense industry, who made the weapons that carried the day; and, above all, to the magnificent courage and competence of the volunteer men and women of Desert Storm.

But U.S. policy before the invasion of Kuwait was marked by miscalculations and missed opportunities. The key lesson of the Gulf war is that the best time to stop a dictator's aggression is before it starts. Moreover, the Administration has mishandled the war's aftermath by reverting to the same balance of power logic used to justify the pre-war "tilt" to Iraq. Encouraging Iraqis to rise against Saddam Hussein when the U.S. had no intention of supporting them led to tragic results. The Administration's initial -- and shameful -- decision to wash its hands while Shiites and Kurds were slaughtered undermined its moral rationale for the war with Iraq. While the Administration's current humanitarian efforts are absolutely essential, they are tragically late in coming.

We support current plans, endorsed by both Congress and the Administration, to reduce U.S. forces by one-fourth by 1995. Assuming continued progress in conventional and strategic arms control, a steady reduction is a proper response to the waning Soviet threat and to our allies' growing ability to bear more of the burden of their defense. We should bring home a substantial portion of our troops in Europe by the end of the decade, and close unessential bases here and abroad.

Barring a resurgence of the Soviet threat to Europe, the U.S. will no longer need to maintain large forces abroad. Nonetheless, as the Gulf war showed, America will need the ability to respond rapidly to crises far from our shores. Therefore, our nation must continue to emphasize maritime and air power. We also recognize the strategic importance of sealift and airlift to our victory in the Persian Gulf, and support the development of a national policy to address these needs. With fewer bases and troops posted overseas, the U.S. will need ground forces that are lighter, more lethal and more mobile, as well as more pre-positioning of equipment.

In order to protect U.S. citizens and interests abroad, we also need to strengthen our special forces and anti-terrorist capabilities. Despite their economic disarray, the Soviets continue to modernize their nuclear forces. Because these forces represent the only threat to our national survival, we must ensure our capacity to deter an attack.

2. **Energetic engagement in the world.** Mainstream Democrats recognize that, as the world's preeminent power, America cannot safely abdicate the responsibilities of global leadership. We reject the isolationism of the right and the left as being contrary to our national interests and duties.

No other country or combination of countries today can take America's place as the champion of liberty and a civil world order. No other nation could have rallied the world community behind the effort to protect a small state like Kuwait from a ruthless aggressor. America must remain energetically engaged in the worldwide struggle for individual liberty, human rights and the rule of law. And if the principle and practice of collective security is going to work in the new era, it will require vigorous American leadership, and a more active and responsible role for the United Nations in the preservation of peace.

Mainstream Democrats believe that America's influence in the world rests on four pillars: the universal appeal of democratic values, a robust economy, skillful diplomacy and military power. While we prefer to resolve problems through diplomacy, we disagree with those who view the use of force as inherently wrong, or who believe force should only be used when invaders are on our shores. The U.S. cannot police the globe, but neither can it retire from an interdependent world and be a passive exemplar of democracy. Americans support an active role for our country in the world, and within the bounds of morality and prudence, they know that intervention in foreign conflicts will sometimes be necessary to protect our vital national interests. We believe some things are worth fighting for, like liberty, justice and human decency.

3. **Human rights.** Mainstream Democrats pledge to make human rights a central and consistent theme of U.S. foreign policy. The human rights movement of the late 1970s -- heartened by the Helsinki Final Act of 1975 and forcefully championed by President Jimmy Carter -- set in motion internal forces that helped chip away at the legitimacy of communist and despotic regimes from Eastern Europe to Latin America. Those who doubt the moral power of human rights should listen to the eloquent testimony of the former Czech dissident -- now President -- Vaclav Havel:

"In less than 15 years this simple concept of human rights came close to accomplishing what the theories of 'containment,' 'deterrence,' and 'mutual assured destruction' could not. This concept of human rights paved the way for the enormous changes in Eastern Europe that we have recently witnessed."

During the 1980s, however, Republicans subordinated human rights to power politics. Thus, at the very moment the democratic revolution caught fire and began to spread, at the very moment the world became inflamed with the American idea, America's voice was muted.

In case after case, the Bush Administration has chosen the spurious logic of *realpolitik* over the moral clarity of human rights: as exemplified by China, where the U.S. continues to curry favor through trade credits and cordial diplomacy, despite the crushing of democratic stirrings in Tiananmen Square; by the Soviet Union, where we have turned our backs on the Baltics and democratic forces, while confining our diplomacy and contacts to one individual whose position increasingly rests on the military and KGB; and, by the Middle East, where the Administration imagines that peace and stability can emerge from countries which lack elementary human rights, use oil wealth to buy arms, and whose leaders, absent democratic accountability, are free to pursue their ambitions through force.

U.S. foreign policy cannot be divorced from the moral principles most Americans share. As we shape a new international system, the U.S. ought to base its relations with other governments in large measure on how they treat their people, on whether their domestic institutions have a democratic or repressive character. Our relations with "friendly" autocratic regimes should be closely scrutinized, lest we betray our own principles as well as indigenous democratic movements inspired by America's democratic precepts and example. Applying the human rights test consistently will help us avoid untenable alliances with illegitimate and unpopular regimes.

4. **Democratic accountability.** America's enormous power must also be tempered by democratic principles and accountability, as well as by a vigilant and free news media. We believe the end of the Cold War presents an

opportunity to restore a higher degree of democratic control over the conduct of U.S. defense and foreign policy.

We recognize that we must still engage in clandestine intelligence-gathering and other lawful covert activities in a world of unpredictable threats. We believe a fundamental review of America's intelligence policies is in order. Its purpose should be twofold: to improve the quality of our political and cultural intelligence, and to narrow the scope of official secrecy, to the extent consistent with national security.

Similarly, in the last 40 years, the power to commit America to war shifted perceptibly toward the executive branch, as the forward deployment of large ground forces in Europe and the advent of nuclear warhead and missile technology compressed the time for decision in a crisis. Without impairing a president's ability to act in an emergency, we have a chance today to restore the normal peacetime process of democratic deliberation and decision-making in matters of war.

Like any other governmental actions, America's conduct in the world must be subjected to the test of democratic legitimacy. A republic cannot treat presidents as enlightened despots for the sake of a more expedient foreign policy. Despite conservative claims of unfettered executive authority to commit U.S. forces to war, President Bush wisely chose to seek congressional authority for the use of force to free Kuwait. That authority -- plainly required by the Constitution -- gave Operation Desert Storm the legitimacy it otherwise would have lacked and thereby unified the country.

Nonetheless, America needs new mechanisms to restore the constitutional balance of war-making power between the executive and legislative branches. We propose reform of the 1973 Wars Power Resolution. This law, which has failed to achieve its original purpose, should be changed to allow the creation of a permanent war powers delegation of congressional leaders. The delegation should be regularly consulted on foreign affairs by the President or his top security advisors. This would ensure congressional involvement at the most critical decision point, before troops are actually deployed, rather than the present unworkable formula -- automatic withdrawal triggered by lack of congressional action. Moreover, by institutionalizing a means of collaboration between the two branches, this step will foster wiser policy as well as bipartisan support for difficult operations.

Above all, it would ensure that the American people -- through their elected representatives in Congress -- have a say in deciding whether our country goes to war.

5. **Aid for democracy.** Finally, mainstream Democrats believe it is in America's interest to offer special help to countries that are undergoing the difficult transition to democracy. With two centuries of experience with stable, democratic government and a robust market economy, Americans have much to offer those struggling to establish the basic conditions for political and economic freedom in their countries.

Without trying to remake the world in America's image, we can use U.S. aid, trade, expertise and volunteers to help other countries build the institutions of civil society: honest elections and representative assemblies, independent parties, free labor unions and media, and impartial legal systems that protect individual and property rights.

Because it has failed to link economic and political progress, American aid to developing countries has all too rarely made a lasting impact. It is time for a new approach to U.S. foreign aid that fosters democratic and decentralized decision-making, the return of some state activities to the market, and development that is sustainable in both economic and environmental terms.

U.S. development aid also should be delivered in novel ways; less should go to foreign governments and more to private and community-based groups. We should also look for more opportunities to channel aid through private U.S. organizations, such as the National Endowment for Democracy, that have valuable experience in democratic development.

Building democracy will be hard, laborious work, filled with setbacks and disappointments. Yet no country is better suited to the task than America, whose democratic experiment has endured longer than any other's.

**RESOLUTION:
RESTORING AMERICA'S COMPETITIVE EDGE
PART ONE: PAYING FOR PROGRESS**

WHEREAS, the common mission of federal tax and spending policies is to promote the security and prosperity of all Americans;

Whereas, the current Gramm-Rudman system and the fiscal policies and management of the last 12 years have failed to promote this mission by controlling the growth of federal spending, the burden of federal taxes, or the size of the federal deficit;

Whereas, the federal tax burden on working families is now at its highest level in American history, and federal spending this year will claim the largest share of the nation's economy of any year since World War II;

Whereas, the failures of the Bush and Reagan Administrations to control the growth of federal spending have produced a large, permanent federal deficit, which impedes income gains by average Americans while increasing pressures to raise their taxes;

Whereas, the budget deficit diverts scarce public resources from crucial programs to debt service and constricts the nation's ability to address new problems and respond to new needs;

Whereas, the budget deficit also blocks creative public initiative, thereby undermining public faith in progressive government;

Now, therefore, be it *RESOLVED* by the 1991 Democratic Leadership Council Convention that Democrats intend to restore the progressive mission of national fiscal policy by controlling the growth of federal spending and reducing the tax burden on moderate-income and middle-class families.

First, we should replace the failed Gramm-Rudman system with a cap that limits the growth rate of federal spending (excluding interest payments) to the growth rate of per capita income in the previous year. The principle should be that federal spending should increase no faster than an average American's capacity to pay for it, except during times of war or recession. By tying federal spending growth to the growth of the economy, this progressive reform would reduce the current \$310 billion deficit by two-thirds in four years and eliminate the deficit by the end of the decade.

Second, it is time to relieve the tax burden on average Americans and restore progressivity to the tax code. One way is to reform the payroll tax system in order to distribute its burden more fairly and reduce the tax burden on poor, moderate-income, and middle-class Americans. Another progressive approach to middle-class tax relief would substantially increase the value of the children's exemption, and offset the revenue cost by a combination of spending cuts and higher taxes for wealthy persons.

Third, the national budget should promote long-term investments in the skills and productivity of the American people and the operations of healthy markets. In order to promote these progressive priorities, the national budget should be divided into an "Investment Account" covering capital investments in infrastructure, education, and research and development, and a "Consumption Account" covering all other government operations and transfer payments. The federal deficit should be strictly confined to net annual capital public investments, while all consumption-related expenses should be covered by annual revenues.

Fourth, the federal government should establish a new standard for renewing any current spending: Do a program's achievements justify the tax burden on average families entailed to maintain it, or could better results be achieved by reforming it or by transferring responsibility to the private sector or to state or local governments? To enable both branches to review all expenditures on a systematic basis, every spending program should be subject to a sunset law requiring that it be reauthorized every ten years. The only exception would be federal retirement programs.

Fifth, our nation should begin immediately to fund new initiatives for promoting the prosperity and security of average families, and finance these new commitments by reducing existing spending. Spending for the federal government's administrative and personnel expenses can be reduced by 3 percent a year -- the benchmark of healthy productivity gains in the private sector -- and the savings generated in only three years would finance major increases in the federal tax exemption for children in moderate-income families and in the Earned Income Tax Credit for working poor families. College tuition assistance for any young American willing to dedicate one or two years to national service,

along with a national apprenticeship program to train all non-college bound youth, could be financed by reducing federal subsidies for wealthy people who can take care of themselves and targeting the benefits from entitlement programs and tax expenditures to poor, moderate-income and middle-class Americans.

Finally, we should improve the fiscal management as well as the fiscal policy of the federal government by bringing up to the state-of-the-art its outdated and ineffective financial management systems.

**RESOLUTION:
RESTORING AMERICA'S COMPETITIVE EDGE
PART TWO: MEETING THE GLOBAL CHALLENGE**

WHEREAS, the central goal of American economic policy is to enhance the prosperity of Americans;

Whereas, economic growth and individual prosperity in America now depend on the ability of U.S. workers and businesses to outperform foreign competitors in both U.S. and world markets;

Whereas, in the new global economy, as investment capital and advanced technologies flow freely among many nations, the critical factors in outperforming foreign competition are the skills, training and talents of a nation's workers, and the ability of a nation's businesses and government to organize and marshal these skills and talents;

Whereas, the challenge of meeting competition is the greatest spur to developing, organizing and marshaling the nation's skills and talents;

Whereas, policies that have neglected making investments to train, develop, organize and marshal Americans' skills and talents, or that have tried to shield America's businesses and workers from the challenge of the global economy, have produced the slowest gains in working Americans' incomes and productivity since the Great Depression and declining average wages;

Whereas, the Bush and Reagan Administrations have presided over a decade of record-high trade deficits, increasing economic stress on working families, and deplorable neglect of the need for long-term investment in U.S. workers, and the current administration now ignores the rising unemployment and distress of millions of Americans in today's worsening recession;

Now, therefore, be it *RESOLVED* by the 1991 Democratic Leadership Council Convention, that our government should take the necessary steps to increase the prosperity of all Americans by enabling them to meet the challenge of global competition.

First, in order to help American workers and businesses better meet the challenge of global competition, government should support and adopt policies that promote continuous improvement in productivity and enhance technological innovation and creativity by workers and industry.

Second, the Congress should ease the economic stresses on working Americans who have lost their jobs in the current recession, brought on by the economic mistakes and narrow visions of the Bush and Reagan Administrations. The Administration should move immediately to provide state unemployment programs with the funds they need to administer claims promptly, and should distribute to the states funds accumulated in the Unemployment Insurance Trust Fund for unemployed workers. Congress also should reform the unemployment insurance system so as to ensure that unemployed workers receive adequate assistance in prolonged recessions.

Third, the U.S. must use its enormous market power to expand fair and free trade around the world. We urge Congress to extend "fast track" negotiating authority for a free trade pact with Mexico that will lead to higher incomes and employment in both countries, conditioned on a credible plan by the Administration for addressing potential job losses and labor and environmental standards. Extending "fast track" negotiating authority is also important to the success of the current Uruguay round of multilateral trade negotiations.

Fourth, government and business should provide every American worker with real incentives and opportunities to be more productive and innovative on the job. The federal government should guarantee real opportunities for every young American and every American worker to receive the education and to develop the skills necessary to be productive and prosperous. The federal government also should promote broader use of productivity-based compensation, so workers can reap the rewards of their own productivity gains, while not undermining the right of

American workers to bargain collectively. Government also should promote more participation by workers in decisions that affect how productive they can become, such as workplace organization and allocating resources for training.

Fifth, the federal government should offer every American worker real incentives and opportunities to own a stake in the businesses they work for. We need tax or credit policies that promote greater stock ownership by ordinary employees, as a way of promoting entrepreneurship among workers and increasing their long-term economic security.

Sixth, the federal government should become a model of the advanced, competitive workplace. Every federal office and agency should be required to achieve annual productivity gains of at least three percent. The principles of performance-based pay and worker participation in decisions about the organization and operation of their workplaces should be examined for the federal workforce.

Seventh, the government should promptly develop a national strategy for investing in an advanced communications and transportation infrastructure. Government and business also must invest more resources in research and development in the advanced technologies and workplace organization that will strengthen America's manufacturing and service sectors, including provisions to enable consortia, when appropriate, to cooperate in selected areas of emerging technologies where global competition defines the market.

Eighth, we should guarantee the conditions for healthy competition by restoring strict enforcement of antitrust regulations.

Ninth, government energy policies should encourage a balance of exploration, development and production of traditional and alternative supplies and increased conservation.

Tenth, we should explore innovative ways of harnessing market forces to promote environmentally sound business practices, such as pollution taxes and tradeable permits, which give companies real incentives to combat pollution and develop clean technologies. Government should encourage source reduction of pollution, reuse of goods, recycling of materials, and alternative energy sources, in order to conserve scarce resources and preserve our natural resources for future generations.

Eleventh, we urge the federal government to develop a fair farm bill intended to reduce the loss of family farms and provide for long-term debt financing and/or restructuring.

RESOLUTION: STRENGTHENING THE FAMILY

WHEREAS, no institution is more important to America's moral, social or economic well-being than the American family;

Whereas, the nation's median family income has not risen for nearly two decades, the average private production worker's weekly earnings, adjusted for inflation, has dropped 15 percent since 1973, and families today pay nearly twice as much of their incomes in taxes as in 1960 and get less in return;

Whereas, soaring costs for college, housing and medical care are intensifying the economic squeeze on America's families;

Whereas, sharply rising rates of divorce, births to unwed mothers, runaway fathers, and irresponsible parents also are taking their toll on children;

Whereas, a growing body of evidence supports the conclusion that the intact, two-parent family is usually best suited to the task of providing for the economic and moral well-being of children;

Whereas, forty percent of our welfare dollars are spent on children with fathers who could contribute to their support, and too many women are forced to bear the financial burden of raising a child alone;

Whereas, too many American families are denied the assurance of basic safety where they live, as police forces are chronically undermanned and less visible in the streets and neighborhoods;

Whereas, some 33 million Americans, one-third of them children, lack basic health insurance, and another 20 million have inadequate coverage -- while health care costs continue to escalate more rapidly than other sectors of the economy;

Whereas, the traditional answers on the right and the left do not work anymore: "Family values" cannot feed poor children, and government programs can never be a substitute for strong families;

Whereas, what America's families need most is more time to spend with their children, more resources to raise them effectively, and more choices for juggling the demands of work and home;

Now, therefore, be it *RESOLVED* by the 1991 Democratic Leadership Council Convention, that this nation should adopt a progressive, child-centered family policy that seeks to reinforce families rather than replace their essential functions with bureaucratic programs.

First, government should stop taxing away the money that families need to raise children. The best way to help working families make ends meet is to let them keep more of what they earn. We propose raising the value of the personal exemption for middle- and low-income families with children under five, to help offset the rising costs of raising a child. Increasing the personal exemption to between \$6,000-7,000, or replacing it with a tax credit worth \$800-\$1,000, would restore its value to its 1948 level. We also propose relieving the burden of the social security payroll tax on working families. For example, by lifting the cap on income subject to the tax and using the additional revenues to reduce the tax rate for everyone, the government could provide real tax relief for more than 115 million American workers -- and a larger share of the tax burden for the nation's 5 or 6 million most highly-paid people. And by lessening the regressive shape of the payroll tax, this reform will ease the unfair impact of diverting the social security surplus to finance non-social security programs.

Second, we should expand the Earned Income Tax Credit to bring working families out of poverty. Millions of hard-working Americans live in poverty even though they have full-time jobs. We should reward those who work and raise children but are still poor. An expanded EITC could end poverty for 4 million Americans in families with a full-time, year-round worker, and help another 7 million poor Americans in families with part-time or part-year workers.

Third, we believe in a renewed child advocacy emphasis by the federal and state governments which should be evidenced by toughening child support laws, facilitating efforts to locate missing children and bringing their captors to justice, and developing programs to better identify child abuse. We believe that the state should coordinate their efforts by establishing Children Protection offices so that resources are properly dedicated to our future.

Fourth, we should encourage parental responsibility by cracking down on delinquent parents through tough enforcement of child support laws and decrees. Congress has required dramatic improvement in child support enforcement in recent years, including automatic wage withholding, but more can be done to encourage parental responsibility in mothers as well as fathers. We believe states should establish a rebuttable presumption of paternity for men who are identified by unwed or abandoned mothers at childbirth. The man's name and social security number would be put on the child's birth certificate.

Fifth, we believe that rational family planning is an integral part of strengthening the American family. We respect individual liberty and privacy rights and support the right of reproductive freedom for all women regardless of socio-economic status or age.

Sixth, we support passage of the Family Leave Act and encourage employers to act on their own to create "family friendly" workplaces for their employees. For example, on-site day care centers and flexible work and leave policies are good for business and good for productivity.

Seventh, we believe the government should explore a range of options which will guarantee affordable housing to the nation's low-income population.

Eighth, we support a comprehensive reform of the nation's immensely costly and unfair health care system. Seventy-five percent of all Americans obtain health insurance coverage through the workplace, and seventy-five percent of the uninsured are workers or live in families of workers. Every American should be guaranteed access to affordable health care beginning with full funding for children's health care programs. The private health insurance market should be reformed to make insurance more accessible and affordable for small business. In order to stabilize and control health care costs, stricter measures should be taken, including individual responsibility through cost sharing, the ability to choose doctors and providers, an emphasis on prevention, increased research on patient outcomes and practice guidelines, expansion of managed care, technology assessment, greater use by the private

sector of Medicare reimbursement rules for hospitals and doctors, and community action to combat the social conditions that breed or aggravate ill health. In addition, affordable, long-term health care options for the elderly and chronically ill must become a priority of our health care and insurance system.

Ninth, we support a seven-day waiting period for the purchase of handguns. We believe there are too many guns on the streets and not enough cops. The Brady bill would help reduce the increasing incidence of handgun murders, while respecting our constitutional right to keep and bear arms. We abhor the increasing incidence of youth violence and gang related crime and support those cost-effective governmental programs which infuse our youth with a sense of hope, self-esteem and social ethics. We urge swift and certain punishment of all people who violate the country's gun laws and urge stronger mandatory sentences for criminals who use guns in the commission of crimes. We urge citizen involvement in neighborhood well-being and security.

Tenth, we endorse the Police Corps, which would increase the nation's supply of highly educated and trained police, and the concept of community policing, which would put law officers back in the streets and neighborhoods. Under the Police Corps, the U.S. would pay for college and training in return for a commitment by graduates to spend several years in a local police department. Unlike the common practice of motorized response to 911 emergency calls, community policing seeks to prevent crime by making police a visible fixture of neighborhoods. We also support a comprehensive family security policy to address domestic violence and help keep family members safe.

Eleventh, we urge recognition of the need to ensure the proper balance of the scales of justice between defendants' rights and victims' rights by advocating the use of victim-impact statements, victim reparations and other measures which ensure that the victims of crime will not be lost in the complexities of the criminal justice system.

RESOLUTION: MAKING PUBLIC EDUCATION WORK

WHEREAS, for Americans, public schools have long been the main source of individual opportunity and civic education, and today the education of our people will determine our future as a nation;

Whereas, an educated work force is necessary to succeed in a global economy in which what we earn hinges mostly on what we can learn;

Whereas, U.S. students are falling behind their counterparts in Europe and Japan in many key measures of educational attainment, especially in math, science and geography, and U.S. adult illiteracy rates are far higher than those of other advanced democracies;

Whereas, for nearly 10 years, states and schools have worked to improve education, and although the President has announced a new national plan to improve our schools, and Congress is considering several education bills, the work of reform continues mostly at the state and local level;

Whereas, while real progress has been made, the work ahead of us is staggering: too many of our children show up for school physically and mentally undernourished, our drop-out rates are too high and our achievement levels too low; in too many schools learning is made difficult by the absence of discipline and the presence of danger; alone among industrial nations, we have no system of moving non-college bound students from school to work with good jobs; our college drop-out rate is enormous in part because of the failure of scholarship, loan and work programs to keep up with higher costs and declining incomes of the middle class; much of our work force is less literate and therefore less flexible than our competitors;

Now, therefore, be it *RESOLVED* by the 1991 Democratic Leadership Council Convention, that this nation guarantee upward mobility and equal opportunity through a sweeping reorganization of public schools and an assured way for all citizens to have an ability to obtain a college education.

First, we support the National Education Goals for the year 2000 developed by the President and the Governors, and believe all Americans have a responsibility to help meet them. To make sure these goals are met, we support the establishment of world class standards for what our children should know in core subjects, a national examination system to measure whether students meet the standards in those subjects, and an annual report card at the national and state levels to measure schools' progress toward the standards.

Second, to make sure all children start school mentally and physically ready to learn, we support early childhood

education with strong parental involvement for all children who need it by 1995. That means the federal government must make good on its commitment to fully fund Head Start, and states must support other good alternatives like school based programs and HIPPY (Home Instruction Program for Pre-School Youngsters). Also, every mother should have access to prenatal care and all children access to primary and preventive care in the pre-school years. This system should be financed by state and federal funds and the toughest possible enforcement of child support orders.

Third, states and communities must commit to restructuring educational systems, pushing more decision-making down to the school level to principals and teachers on the firing line, while increasing accountability by districts and states, with rewards for schools which are succeeding and consequences for those which are not. States should develop public school choice plans, with protection against discrimination based on race, religion, and poverty; should consider giving entities other than school districts the opportunity to operate public schools; and should develop alternative public schools and the Youth Opportunity Centers proposed by the Carnegie Council on Education and the Economy. We support ways to encourage shared decision making among parents, teachers, government, and citizens of the community.

Fourth, we support greater incentives to get and keep good teachers; alternative certification for those who want to take up teaching as a second career, and leadership academies in every state to train outstanding superintendents, principals and teachers. We would encourage all states to work to reduce the student teacher ratio, beginning with kindergarten and for first grade classes when necessary to enhance the education opportunity for our children.

Fifth, we support ways to encourage responsibility on the part of parents and students. Students should be enrolled in school in order to get and keep drivers licenses. Parents should be held accountable for keeping their children in school and for keeping in contact with teachers on their children's progress. We encourage the development of more democratic models of education in which students may learn to participate responsibly in democratic society. Schools should promote certain values: good citizenship; honesty; tolerance, respect for self, for others and for our environment. Students should have the opportunity to do needed community service to learn that in our democracy both rights and responsibilities are vital.

Sixth, we support a national system of apprenticeships for high school students who don't want to go on to college, but who must have more training to make a good living. America has been hurt by a shortage of skilled labor, while the majority of American youth who don't go on to college or finish college have trouble getting the skills they need. The incomes of younger workers with a high school education only have dropped 25 percent in the last 15 years. Democrats should encourage schools and businesses and labor to start youth apprenticeship programs, in which high school students work for employers who promise to hire them and continue their educations after they graduate from high school, and who want the students to take challenging courses and do well because they have a clear investment in their future. If apprentices stay in school and do well, they should receive a certificate of apprenticeship that will really mean something in the job market.

Seventh, we support a new, civilian G.I. Bill that would promise a college education in return for voluntary national service. For a decade, the Republicans have tried to cut back on the student loan program because of problems with the programs and because of their belief that the nation should not help middle class citizens go to college. They are wrong. The cost of a college education is three times the percentage of an average family's income that it was 30 years ago, all students need some education beyond high schools for economic reasons alone, and middle class incomes are declining. Our response to the Republican assault on the middle class is another new choice: It is time to replace the false choice of entitlement or neglect with a new politics of reciprocal responsibility. We envision a series of voluntary national service opportunities springing up in communities across the country: a Teacher Corps that would remove barriers to entering teachers; an Earth Corps to enlist youth in the battle to protect the environment, here and abroad; and a Police Corps to combat crime by putting more police officers on the streets. In addition to national service, we would encourage other innovative initiatives to help finance college educations.

Eighth, we support a major national commitment to teach everyone with a job to read and provide everyone with a job the opportunity to get a G.E.D. This can be done for a small amount of money and would immediately increase productivity and incomes all across America.

Ninth, we support ways to encourage lifelong learning using existing and expanded community and public colleges and universities to help adults remain competitive and productive in the changing workplace and fulfilled in their personal lives.

Tenth, while most of the money for all levels of education will continue to come from state and local government, school districts, and private citizens, we seek to hold President Bush accountable to the following pledges he made at

the Education Summit in 1989:

-- to promote national educational equity by helping our poor children get off to a good start in school, giving disadvantaged and handicapped children extra help to assist them in their school years, ensuring accessibility to a college education, and preparing the work force for jobs;

-- and second, to provide research and development for programs that work, good information on the real performance of students, schools, and states, and assistance in replicating successful state and local initiatives all across the United States.

RESOLUTION: BEYOND WELFARE: NEW PATHS TO OPPORTUNITY

WHEREAS, our society has both a moral obligation and a practical interest in helping poor citizens move into the economic and social mainstream of American life;

Whereas, after 12 years of Republican stewardship, this country is not meeting some of its most basic social responsibilities, as stagnating family incomes, a growing gap between rich and poor, the spread of child poverty, and rising racial friction threaten to divide America into separate, unequal societies;

Whereas, despite rising social spending, America has made negligible progress against poverty since 1970, and now the persistence of poverty, dependence and racial strife also are handicapping America in global competition;

Whereas, there is a growing national consensus that public welfare programs should promote work, family, and economic independence, and the Family Support Act of 1988 is a first step in this direction;

Whereas, despite current welfare programs, the rise in the percentage of children born in poverty, and the inability to break the cycle of generational poverty have given rise to an entrenched, socially isolated underclass;

Whereas, the emergence of these and other new social dilemmas, coupled with the stubborn persistence of poverty, are undermining public support for progressive social investment;

Whereas, it is time for the nation to experiment with new welfare approaches that go beyond repairing the safety net to providing ladders out of poverty; and view the poor as citizens temporarily in need of government's help, not as permanent wards of the government;

Whereas, such approaches should eliminate barriers to individual initiative and transfer resources and decision-making power from bureaucrats to the recipients of social services;

Whereas, new approaches should emphasize individual and parental responsibility, strong families and the moral and cultural values that most Americans share;

Now, therefore, be it *RESOLVED* by the 1991 Democratic Leadership Council Convention that America must try new and radically different strategies for liberating the poor from poverty and dependence.

First, as a fundamental precondition for equal opportunity, the U.S. should reaffirm its unwavering commitment to civil rights. We urge President Bush to join Democrats in forging a fair compromise on the Civil Rights Act of 1991 that will prevent both job discrimination and quotas, and we deplore the Republicans' playing politics with civil rights. We believe in guaranteeing equal opportunity, and in affirmative action and developmental programs to assure that opportunities are in fact equal. But government should not mandate equal outcomes; therefore, we oppose quotas that create racial, gender or ethnic preference.

Second, America needs to make work pay. We propose a new "guaranteed working wage" which would ensure that no family with a full-time, year-round worker will live in poverty. Such a step would immediately lift 4 million Americans out of poverty, and make work more attractive than welfare. Our working wage would be created by expanding the Earned Income Tax Credit and removing obstacles to needy families that want to receive food stamps for which they are eligible.

Third, we should add to welfare's traditional focus on income and maintenance a new emphasis on saving and

building personal assets. Just as middle-class families build assets with public support -- for example, tax breaks for buying homes and private pensions -- we should create "Individual Development Accounts" (IDAs) for low-income families. IDAs would be tax- favored and subsidized savings accounts for specific uses: college, home ownership, retirement and starting a small business.

Fourth, government should provide capital and support for small-scale or microenterprises in poor urban and rural communities. Money should be diverted from existing economic development funds to set up public-private groups which will provide poor entrepreneurs with access to credit and business advice. This approach has worked in developing countries, and can build upon an already strong tradition of self-employment in poor communities.

Fifth, we support vigorous implementation of welfare reform -- the Family Support Act of 1988 -- in every state, with strict enforcement of the requirement that recipients with children three years or older pursue independence through education, training and job placement, with help if needed for child care and medical expenses.

Sixth, we should refocus the fight for social justice on the economic and cultural fronts, especially on innovative approaches that empower poor and minority citizens to make the choices and control the resources necessary to liberate themselves from poverty and dependence. We should accelerate experiments with tenant ownership and management and expand choices for the poor through social service vouchers.

The quest for social justice ought to be rechanneled toward initiatives that help all Americans build the capacities they need to enter the social and economic mainstream, such as youth apprenticeship opportunities for non-college-bound youth and a civilian G.I. Bill based on voluntary national service. Such approaches should be universal so that public policy does not create a zero-sum game in which the gains of one group appear to come at the expense of another.

**RESOLUTION:
RESTORING AMERICA'S COMPETITIVE EDGE
PART ONE: PAYING FOR PROGRESS**

BACKGROUND

THE ROLE OF FISCAL DISCIPLINE IN PROGRESSIVE POLITICS

The unprecedented growth of federal spending, federal taxes and federal deficits over the last 12 years has eroded the economic prosperity of average families.

SPENDING: Federal spending has grown faster than the taxpayer's ability to support it. Since 1980, spending has grown by more than 8 percent a year, substantially faster than Americans' per capita incomes. Federal spending claimed some 23 percent of the nation's G.N.P. in the 1980s, as compared to 20.5 percent in the 1970s and 19 percent in the 1960s. This fiscal year, federal spending will rise 11 percent, growing twice as fast as per capita incomes. *This budget will claim more national wealth -- more than 25 percent of G.N.P. -- than any other year since World War II.*

TAXES: Despite income tax rate cuts and huge deficits, the federal tax burden on average families increased in the 1980s. As a result of seven successive hikes in the payroll tax rate, a typical, working family pays 3 percent more of its income this year in social security and income taxes than it did in 1980, and nearly 25 percent more than in 1970. *By the Administration's own estimates, federal taxes will claim more of G.N.P. in George Bush's term than in any previous presidential term in U.S. history.*

DEFICITS: Nearly 18 percent of all federal spending in the 1980s was paid for by deficit borrowing, as compared to 11 percent in the 1970s and little more than 4 percent in the 1960s. Deficits in the 1980s equalled 4.1 percent of G.N.P., the largest share of any decade since World War II. *By the Administration's estimate, the deficit will reach a record-high \$308 billion this year, a 40 percent jump over 1990 and equal to 5.7 percent of G.N.P.*

1. **LIMIT THE GROWTH OF SPENDING:** The government's authority to spend taxpayers' money should be regulated by the economic life of average taxpayers. The growth of federal expenditures, therefore, should be limited by the proposition that the people's capacity to pay for government has to expand before there is a commensurate increase in government spending.

If through the 1980s, the federal government's annual, non-interest spending had grown no faster than Americans' average per capita incomes, the deficit in 1989 would have been \$10 billion instead of \$152 billion, and the 1989 national debt of \$2.2 trillion would have been \$860 billion less. These results would not have required austerity budgets but, rather, could have been achieved by paring the annual growth rate of non-interest spending from 7.6 percent to 6.9 percent -- the rate at which people's incomes grew.

If beginning this year, Congress were to increase federal spending no faster than the rate at which their constituents' per capita incomes grew in the preceding year, the deficit would fall from the current \$308 to \$91 billion in just four years, and be eliminated by the end of the decade. These results entail restraining the growth of new spending to an average annual rate of 5.6 percent instead of 6.3 percent as currently projected, which also would cut \$560 billion from the \$4 trillion national debt forecast for 1999.

- EASE THE TAX BURDEN ON WORKING PEOPLE:** The real tax burden on working families, both the great middle-class and those with moderate incomes, has been rising steadily for 40 years. The tax cuts and tax reforms of the 1980s pared this burden for the top 5 percent -- who also saw their incomes rise very fast. But for nearly everyone else, payroll tax hikes more than offset any gains -- while their incomes were rising very slowly. Average families can no longer afford to pay for the American Dream -- a private home and car, and health care and education for their children -- and their taxes too.

Congress should look again at reforming the payroll tax, which funds nearly 30 percent of federal spending, including over \$60 billion a year in non-social security expenses. Yet, this tax exempts most of the income of the 5 percent most highly-paid Americans -- salary over \$53,400 and unearned income. Congress could remove the "cap" that today excuses from the tax any salary income over \$53,400, and use the additional revenues to cut the tax rate from 7.65 percent to 6.95 percent. This reform would provide an average-income family with \$260 a year in tax relief -- without increasing the budget deficit or depleting the Social Security Trust Fund. Another way of easing the tax burden for average families: double or triple the children's exemption for non-wealthy families.

- PROMOTE PUBLIC INVESTMENT:** A sound fiscal strategy for promoting prosperity depends as much on what the government spends taxpayers' money on, as on how much it spends. Democrats should shift spending priorities away from government operations and transfers, and towards investments in economic growth.

While spending and deficits soared, federal investments in physical capital dwindled from about 25 percent of the budget in the 1960s to little more than 10 percent in the 1980s. Progressive budget discipline should not hamper the federal government's ability to borrow for capital investments -- as do most states and private businesses. Deficit-financed investment, however, should be limited to spending that promotes economic productivity, and so increases the wealth from which national debts can be settled -- principally, infrastructure, R&D, and education and training.

The government also should be required to raise the tax revenues every year necessary to cover all consumption-related spending -- checking its tendencies to add new spending without reevaluating existing commitments, or to cut taxes without finding spending to cut or another source of revenue.

- EVALUATE CURRENT SPENDING:** In order to limit spending to what average taxpayers can afford, and pay for all consumption-related programs, both branches of government need a systematic way of examining existing spending on a continuing basis. Under a comprehensive sunset law, every spending program would have to be reauthorized every ten years, or it would be terminated.

A sunset regime would establish a new progressive standard for continuing spending: Do a program's achievements justify the tax burden on average families entailed in maintaining it -- or could we reach the same or better results by reforming the program or by transferring its responsibilities to the private sector or to state or local governments -- where most policy innovation has actually occurred in the last 15 years?

- FUND PROGRESSIVE INITIATIVES:** Promoting the economic security and prosperity of average families will require new public initiatives, and these new commitments must be financed by reducing existing spending.

The federal government could find \$15 billion in two years for new initiatives by establishing a 3 percent annual productivity goal for every federal office, agency and department, and enforcing it by cutting personnel and administrative expenses by 3 percent this year and again two years out. Such cuts, an established technique in business to prompt each unit to come up with a strategy for raising productivity, would not affect any public supports on which poor and moderate-income people depend. This technique also would encourage federal

managers and workers -- most of them committed public servants -- to approach their missions more creatively, and so help drive the search for new ways of delivering federal services.

Some \$20 to \$30 billion a year can be found to help educate children, by limiting entitlements and tax preferences for wealthy persons. Without raising taxes on middle-class families or reducing their benefits, Congress could, for example, lower the cap on mortgage-interest deductions by two-thirds and still cover mortgages up to \$300,000. Large tax benefits claimed by wealthy people for writing-off contributions to their retirement nest eggs could be scaled back, and affluent retirees could pay more Medicare costs.

For more information:

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**RESOLUTION:
RESTORING AMERICA'S COMPETITIVE EDGE
PART TWO: MEETING THE GLOBAL CHALLENGE**

BACKGROUND

SUPPORT WORKERS' EFFORTS TO BE MORE COMPETITIVE

The economic policies of the past 12 years have tolerated -- and on occasion accelerated -- erosions in the competitive positions of U.S. products and the income gains of U.S. workers. The government must mobilize public resources to support American workers' efforts to be more productive and competitive.

In the 1980s, America entered an era of crisis in competitiveness, as the U.S. surrendered its historic position on the "surplus" side of world trade and began running huge trade deficits year-after-year. From 1982 to 1990, the value of U.S. goods and services sold abroad came to nearly \$1 trillion less than the value of foreign goods and services sold here.

The crisis in U.S. competitiveness is being felt in both the U.S. and foreign markets. Foreign-made cars now account for 26 percent of the U.S. auto market, up from 15 percent in 1970 -- while the share of our market won by foreign cars produced here comes to another 22 percent, up from less than 1 percent a decade ago. U.S. firms' share of the U.S. market for color TV's, in another stark example, plummeted from 60 percent in 1980 to 10 percent seven years later. And elsewhere, around the world, U.S. firms' share of the market for computers, for example, fell from 81 percent to 61 percent in six years, from 1983 to 1989; while for machine tools, our claim on the world market shrank from 50 percent to 10 percent.

As U.S. competitiveness declined in the 1980s and the latter half of the 1970s, U.S. productivity gains also lagged far behind both those of our rivals and our own record in earlier years. In part as a result, median family incomes, adjusted for inflation, grew more slowly in the 1980s than in any other decade since World War II -- by barely 0.4 percent a year. Young Americans suffered most: from 1979 to 1989, the median income of families headed by people under age 35 fell by between 0.5 percent and 2.5 percent.

U.S. workers' real average hourly and weekly compensation -- wages and benefits, adjusted for inflation -- fell by nearly 10 percent from 1980 to 1989. And service jobs -- the sector accounting for all U.S. employment gains in the 1980s -- led the decline in average earnings: the real, average hourly compensation for service workers fell by nearly 19 percent from 1980 to 1989. The only group that registered strong gains in average salaries: college-educated workers in professional and managerial positions.

1. **RESPOND TO THE 1990-1991 RECESSION:** The federal government must meet its obligation to help ease the stress on working Americans who lose their jobs in the current recession. Responsibility for the deepening recession rests squarely with the Bush and Reagan administrations' failures to create the right environment and incentives for more training for workers, more investment by business, and more sound lending practices by financial institutions.

A smaller portion of unemployed Americans are receiving unemployment insurance benefits in this recession than in any other since World War II; and many of those who do must wait weeks or even months before

receiving any assistance, because the federal government has not paid its share of the administrative costs of running the states' unemployment systems.

The Administration should move immediately to provide state unemployment programs with the \$200 million in funds they need to administer claims promptly, and should distribute to the states funds accumulated in the Unemployment Insurance Trust Fund for unemployed workers. The unemployment insurance system should be reformed, so as to ensure that unemployed workers receive adequate assistance in prolonged recessions. Any reform should also recognize that the best insurance against recessions are well-trained workers and productive businesses.

2. **CHAMPION FREE AND FAIR TRADE:** American workers and businesses intent on becoming more productive must innovate; and in both global and domestic markets, competition is the greatest spur to innovation. The government can help foster productivity and innovation by removing barriers to free competition, both abroad and at home.

Congress should extend the "fast track" authority enabling the government to negotiate terms for a free-trade zone with Mexico and for further multi-lateral agreements at the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). All studies of a U.S.-Mexico free-trade agreement forecast economic gains for both countries, while every successful round of GATT talks has produced increases in U.S. and world trade.

Congress should encourage all workers to secure the training and education they need to be productive, and ensure that anyone displaced by low-wage foreign competition as a result of liberalizing trade receives the services he or she needs to compete in the future. And when other advanced economies bar or severely restrict U.S.-made goods or services from their markets, our government should review the offending nation's access to the U.S. market for those goods or services.

3. **PROMOTE DEMOCRATIC CAPITALISM ON-THE-JOB:** Every worker, and every manager, must share responsibility for helping to boost the productivity of their own jobs and the firms they work for, and receive the rewards.

Workers should be rewarded for increasing their productivity: Like most U.S. executives and most Japanese workers, U.S. workers should be allowed to receive part of their compensation in the form of bonuses tied to their actual performance. Recent research, covering both U.S. and foreign firms, also shows that productivity gains accelerate when workers participate in decisions affecting their productivity. Congress should investigate what incentives government could provide that would efficiently promote pay-for-performance and greater worker participation in decision-making.

4. **ENABLE EVERY WORKER TO BE A STAKEHOLDER:** Every worker, like most managers today, should have opportunities to be entrepreneurial and own a piece of the firm that he or she works for.

An average American works for nearly a half-century without accumulating any wealth to speak of, except equity in private homes. More than 95 percent of all capital wealth in America -- excluding personal homes and pension assets -- is owned by the top one-fifth of the U.S. population, corresponding generally to 20 percent of the workforce in professional and managerial jobs. More than three-fourths is held by the top 5 percent -- and the top 1 percent of Americans own half of America's capital wealth.

Congress should determine which tax or credit policies would most efficiently promote expanded stock ownership by average, individual employees.

5. **MAKE THE FEDERAL GOVERNMENT A MODEL WORKPLACE:** The federal workplace should be a model for other employers, including provision for pay-for-performance and genuine employee participation in decision-making.

Federal employees' compensation reflects individual performance only at the most senior, managerial level, and only for truly extraordinary performance. An option for an increment of pay based on performance should be available to all federal workers, especially as an incentive for raising the productivity of every federal office and agency.

Fourteen federal agencies have established limited numbers of "quality circles," in which small groups of employees are allowed to reach independent decisions bearing directly on how best to provide their services. This approach, which has produced considerable productivity gains in the private sector, thus far has involved

only one-tenth of 1 percent of all federal civilian workers. Congress should mandate greater use of this and other participation strategies throughout the federal government.

6. **PROVIDE WORKERS WITH 21ST-CENTURY INFRASTRUCTURE:** America must commit itself to constructing and maintaining state-of-the-art transportation and communications infrastructure, for these are the ties that bind together U.S. markets and connect U.S. producers with world markets.

Recent research has shown that worker-productivity growth slows down when a nation reduces its investment in its basic economic infrastructure -- and that U.S. investment in this basic infrastructure has been lagging for a generation. Federal spending on infrastructure has declined from 11 percent of domestic spending in the mid-1960s to 4.5 percent in the mid-1980s, while spending by all levels of government on infrastructure fell from 19 percent of all public spending in the 1950s to less than 7 percent today. Just since the mid-1970s, the level of public infrastructure capital standing behind each American worker declined from \$15,000 to \$13,000.

Since 1970, U.S. government has invested 0.3 percent of G.N.P. a year in public works, as compared to Japan's record of 5.1 percent. Congress should commit the resources necessary to both repair the existing road, bridge, waterway and airport networks, and provide American workers with the world's most advanced communications and transportation infrastructure by the year 2000. The bulk of the financing should be born by users.

7. **PROTECT FREEDOM OF COMPETITION AT HOME:** The federal government should renew its commitment to real competition at home by strictly enforcing the nation's antitrust laws.

The Bush and Reagan administrations have given a green light to big companies intent on dominating their markets, to the detriment of small competitors and consumers. Since 1980, spending by the Antitrust Division of the Justice Department has been cut by one-third, and the corps of antitrust attorneys has been halved. Antitrust prosecutions urged by staff have been frequently blocked by political appointees, who challenged almost none of hundreds of huge takeovers and mergers. Antitrust enforcement should be based on the long-run interests of U.S. businesses and consumers, not short-term gains for corporate managers and takeover specialists.

8. **MAKE U.S. INDUSTRY BOTH ENVIRONMENTALLY-SOUND AND COMPETITIVE:** Government and business should work together to fashion strategies for strictly reducing pollution without impairing U.S. competitiveness.

Relying on centralized, bureaucratic regulation to reduce pollution has failed to promote either economic competitiveness or environmental quality. Instead, this approach has provided polluters with opportunities to coopt regulators and delay any meaningful response, while shifting the direct costs of their polluting activities to their workers and the surrounding communities. This approach also has dampened U.S. research in anti-pollution technologies, ceding the lion's share of a fast-growing world market for these technologies to Sweden and other countries.

Congress should supplant current regulation with economic incentives for firms to strictly reduce pollution -- or, more precisely, disincentives for polluting. Wherever possible, current regulations permitting certain levels of polluting activity could be replaced by taxes on polluters, equal to the cost of restoring the environment. This strategy not only would enlist the interests of private enterprise in reducing pollution -- as compared to the current incentives to evade regulation -- it also would make the economy more efficient by shifting the costs of cleaning up the environment from workers and communities to those who consume products that foul it.

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**RESOLUTION:
STRENGTHENING THE FAMILY**

BACKGROUND

THE NEED TO SUPPORT THE AMERICAN FAMILY

A revolution in the American family has occurred in a single generation. From the child-centered nuclear families of the new suburbs of the 1950s to today's struggling one-parent families, the changes in the American family affect us all.

Those struggling most are millions of children in families riven by economic pressures and changing attitudes. Since 1970, the share of mothers who work while their children are under age five has soared from 29 percent to 51 percent. Every year, 25 percent of children are born out of wedlock, and 1 million a year lose a full-time parent through divorce. All tolled, nearly 60 percent of children live in one-parent families during their childhoods.

Many single parents provide loving environments, and the two-parent family is not always the best option; but recent evidence suggests strongly that intact two-parent families are generally better suited for providing for a child's economic and psychological needs. The poverty rate for single-parent families is nearly 50 percent, as compared to 15 percent for two-parent families; and 73 percent of children growing up in single-parent households experience poverty by age 10, as compared to 20 percent of those in two-parent families. Moreover, research shows that within each economic group, children living with both parents perform better academically and have fewer serious behavioral problems than children in single-parent families.

The time has come for a progressive child-centered family policy that both acknowledges economic realities and affirms traditional values that benefit children. This policy must begin by understanding what government can and can not do. Public programs cannot substitute for healthy families and should not try. But government can and should ease the economic pressures on families and support their child-rearing capacities. This effort to broaden the choices and opportunities available to families will require substantial resources, but it can be achieved while minimizing bureaucratic cost, complexity, and intrusion.

1. **REFORM FEDERAL TAXES TO SUPPORT FAMILIES WITH CHILDREN:** As a basic principle of tax policy, government should not tax away the resources families need to raise their children.

In 1948, U.S. tax policy actively supported families, mainly with a generous tax exemption for children. In that year, a family of four earning the national median income paid a mere 0.3 percent of their income in federal income taxes; today, a median-income family pays 9 percent of their income in federal income taxes, chiefly because the value of this exemption has eroded. At the same time, the costs of family housing and transportation, family health care and higher education, all soared, especially in the 1980s.

A progressive family tax program should begin by restoring the value of the children's exemption so that it reflects the actual costs of raising a child, in effect raising the current exemption from \$2,000 to between \$6,000 and \$7,000. This reform will be very costly, but we can begin immediately by targeting a larger exemption to young children in low- and moderate-income families and in middle-class families. In addition, single parents should be accorded the tax-filing status of other families, rather than the current, more highly-taxed status of "head of household."

Finally, Congress should reverse the 40-year trend of rising payroll tax rates for working families. For example, as a matter of equity and a means of delivering tax relief to average people, Congress could remove the "cap" exempting from payroll taxes any wage or salary income over \$53,400, and use the extra revenues to cut the payroll tax rate from 7.65 to 6.95 percent. This reform would cut an average-income family's taxes by \$260, without boosting the budget deficit or draining the Social Security Trust Fund.

2. **CREATE A WORKING WAGE FOR THE WORKING POOR:** Nearly 3 million poor families with children are headed by someone who works -- in all, more than 11 million people, including more than half of the nation's 12.6 million poor children -- and these families do not benefit from a larger children's exemption, because they owe no federal income taxes.

The Earned Income Tax Credit wage supplement for working poor families should be expanded and reformed, to create a guaranteed Working Wage. This wage supplement is designed to guarantee that anyone who works full-time, year-round can support a family above the poverty line. This reform would end poverty for nearly 4 million poor Americans in families with a full-time worker, including one of every five poor children.

3. **ENFORCE STRICT CHILD SUPPORT LAWS:** More than one-third of absent fathers ignore their legal obligation to provide economic support for their children, and many others pay only a fraction of what they owe. Under a system that achieved a reasonable level of collections and payments, children in one-parent families would receive \$25 billion more each year from their absent fathers.

We commend Congress for enacting laws directing the states to set up programs that will automatically withhold support payments from the paychecks of absent fathers and transfer them to the custodial parent. We urge the states to establish these arrangements as quickly as possible.

We also recommend basic reforms in the nation's foster care system, focusing on early-prevention strategies that target troubled families before children have to be removed from their parents.

4. **MAKE WORKPLACES "FAMILY FRIENDLY":** The private sector has a critical role in helping parents balance the demands of work and child-rearing.

Congress should require businesses to provide family leave. In addition, the government should encourage companies to offer time-off to attend parent-teacher conferences, extend opportunities for flexible work schedules and telecommuting, and provide child-care supports through on-site day care or subsidies to area day-care providers. In addition, the federal bureaucracy should be a model family-friendly workplace, implementing all of the above.

5. **ENSURE ADEQUATE HEALTH CARE FOR FAMILIES:** Today, 33 million Americans are without effective health care coverage, including 12 million children; and the quality of Americans' health, especially infants, is slipping behind that of many other advanced countries.

Congress should comprehensively reform the nation's health care system, to ensure quality care for everyone, especially all children. These reforms should guarantee universal access to basic, high-quality health care, along with individual rights to choose doctors and providers; market mechanisms to introduce individual responsibility in controlling health care costs; and community action to combat social conditions that harm people's health.

6. **REDUCE THE NUMBER OF HANDGUN MURDERS:** The crime rate in the U.S. has soared since 1985, with one citizen in four falling victim to crime each year and 60 Americans being murdered every day. The Brady bill, which would require a seven-day waiting period for the purchase of handguns, would help reduce the increasing incidence of handgun murders -- while respecting Americans' constitutional right to keep and bear arms. We should also push for stronger mandatory sentences for criminals who use a gun.

7. **PROVIDE SAFE COMMUNITIES FOR FAMILIES:** American communities are not safe: Since 1951 the ratio of police officers to reported violent crimes has flipped from three-to-one, to one-to-three, and 80 percent of Americans today will be victims of crime during their lifetimes. Communities must work together to take back their streets and protect children and adults from criminals.

Congress should help communities recruit more police, with more skills. One promising strategy: A "Police Corps" program in which persons can receive up to \$40,000 in college aid in exchange for four years of service in state or local police departments, on neighborhood "beats." Congress also should reduce criminals' easy access to firearms by passing the Brady bill. The government also should support "boot camp" programs, in which young first-offenders convicted of non-violent crimes spend several months in a military-style environment featuring early wake-up, drills, hard work, education and counseling, and drug-free surroundings.

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**RESOLUTION:
MAKING PUBLIC EDUCATION WORK**

BACKGROUND

NOW IS THE TIME TO REFORM AMERICAN EDUCATION

At every level, American public education is failing American students; and as a result, the majority of our young people are not learning the skills necessary for either economic success or genuine citizenship.

Reading and math scores for elementary students are declining. American high-schoolers now score lower than their counterparts from every other advanced country in knowledge of the sciences. One-third of 11th graders can not write an essay describing a job they would want and their qualifications for it; 84 percent, after reading a passage on frontier conditions, could not explain how food today differs from a frontier diet.

Once students leave or graduate from high school, one-fourth to one-third lack the skills for entry-level jobs. The non-high-skill jobs that exist, moreover, no longer pay well; as a result, the real earnings of high-school graduates at age 20-to- 24 have fallen by 25 percent since 1973. Nearly 60 percent of vocational students cannot land positions based on their training, and little more than 1 percent of all high school graduates complete apprenticeship programs.

Higher education is fast moving out of the reach of students from all but affluent families, and college enrollments by low-income and minority students in particular are declining sharply. A year at a public college costs more than 15 percent of the median family income; a year at a private college comes to more than half of the average family's income. Yet, student aid programs are contracting. An average Pell Grant covers only 30 percent of an average tuition bill, down from over 40 percent in 1980; and overall student indebtedness has soared by 60 percent over 10 years.

1. **EXPAND APPRENTICESHIP PROGRAMS TO TEACH MARKETABLE SKILLS:** The 50 percent of American students who do not go on to college should all have an opportunity to participate in youth apprenticeship programs. In this system, modeled on Germany's apprenticeship system, local firms work with high schools to provide broad, skilled training for well-paying careers after graduation.

From grade 8 to grade 10, students would learn about various occupations. In the tenth grade, students could choose a strictly academic program or a three-year apprenticeship track, to begin in grade 11. In grades 11 and 12, students would earn skill certifications based on both course work and on-the-job training; their academic and job proficiencies would be tested at the end of grade 12. In the last year of apprenticeship, students would spend 75 percent of their time on the job, and the remainder receiving advanced technical training in the high school or a community college.

2. **NATIONAL SERVICE -- TUITION ASSISTANCE WITH RESPONSIBILITY:** The national government should guarantee every able young person the opportunity to earn college tuition by serving his or her community.

Under a comprehensive, civilian "G.I. Bill," any young person could earn a voucher for \$10,000, as well as a modest stipend to cover expenses, for each year of approved civilian or military service he or she provided. Civilian service would target social needs now unmet by government or private agencies: a Teaching Corps to assist teachers in strapped, inner-city schools, or to combat illiteracy; an Earth Corps to perform conservation and environmental tasks; health care assistance in public hospitals, hospices and outpatient facilities, as well as for home-bound elderly persons; and staffing shelters for homeless people and repairing public housing.

3. **REINVENT THE PUBLIC SCHOOLS -- CHOICE AND BEYOND:** We need to reform public education in order to better meet students' needs.

Communities should introduce choice programs that allow families to choose the *public* school their children will attend, as a means of introducing a competitive challenges into public education without creating incentives to abandon the public educational system. Moreover, in order to increase the supply of high- quality public schools to choose from, states could end local districts' monopolies on operating public schools and allow enterprising people, including teachers and other educators, to found innovative public schools under contract with to the public agency.

For some communities, allowing families to choose the schools for their children and allowing persons other than school-district officials to create schools could be first steps towards the more radical response of divestiture. Under this approach, school districts can choose to establish a contractual relationship with schools privately created and operated for a public system.

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RESOLUTION: BEYOND WELFARE: NEW PATHS TO OPPORTUNITY

BACKGROUND

BOLSTER POOR PEOPLE'S EFFORTS TO ENTER THE MAINSTREAM

The Democratic Party, which long has championed struggles by poor Americans to lift themselves into the economic and social mainstream, must now adopt new strategies to break the cycles of discrimination and welfare dependency, and give poor people the means to win their own war on poverty.

The prevailing approach, based mainly on income transfers and bureaucratic controls, has failed to retard the spread of poverty, even during the seven-year economic expansion of the 1980s. Three million more children live in poverty today than in 1980, while the numbers of people in working-poor families rose by two million. Nor has either branch of government offered a credible response to the tragic formation of enclaves of permanent poverty, violent crime, and hopelessness in many American inner cities.

New anti-poverty and anti-discrimination strategies should bolster the economic and social capacities of poor people, increase their own direct role in ending their poverty, and reward them for succeeding.

1. **CIVIL RIGHTS -- FIGHT DISCRIMINATION AND QUOTAS:** Congress and the Administration should pass a 1991 Civil Rights Act that will reverse the Supreme Court's 1989 attenuations of civil protection against job discrimination, without imposing back-door quotas on businesses.

The behind-the-scenes White House campaign to scuttle negotiations between civil-rights and business leaders, just as they were nearing a consensus, should be condemned by the nation. Those who want to pass sound law, rather than inflame a campaign issue, can still reach an agreement recognizing that women deserve the same rights to damages that racial minorities have had for decades and that business should not be forced to manage personnel policy through quotas.

Government must aggressively enforce the nation's civil rights laws. But eliminating discrimination is not always enough; government can and should take affirmative action to ensure that opportunities are in fact equal. As Lyndon Johnson said a quarter century ago, minorities must be given "the same chance as every other American to learn and grow, to work and share in society, to develop their abilities ... and to pursue their individual happiness."

2. **SUPPORT POOR AMERICANS' WORK EFFORTS:**

Nearly 3 million poor families with children are headed by someone who works - in all, more than 11 million

people, including more than half of the nation's 12.6 million poor children. The national government should honor the promise of the American work ethic by increasing support for the work efforts of poor people.

The Earned Income Tax Credit wage supplement for working-poor families should be expanded and reformed, to create a guaranteed Working Wage. This wage supplement would guarantee that anyone who works full-time, year-round can support a family above the poverty line. This reform would end poverty for nearly 4 million poor Americans in families with a full-time, year-round worker, including one of every five poor children.

3. **HELP POOR PEOPLE BUILD ASSETS:** The traditional focus of anti-poverty programs on income transfers -- welfare checks -- should be supplemented by new strategies to enable poor people to save and build assets.

Economic inequality today is even more marked in terms of wealth -- a family's assets -- than in terms of income. The richest 5 percent of Americans earn about the same total income as the bottom 40 percent, while the wealthiest 1 percent own as many assets as the bottom 90 percent. Moreover, while income differences among races has shown small progress, the average net worth of white households remains eight times that of Hispanic households and 12 times that of black households.

We can help poor people break the cycle of poverty dependency by giving them means to build assets that represent permanent economic opportunity. To help low- income Americans save, Congress should create special Individual Development Accounts (IDAs), or a "low-income IRS." The national government would match individual investments in IDAs, which also would receive favorable tax treatment, providing that the savings are used for one of four purposes: post- secondary education, home ownership, self-employment, or a supplemental private retirement fund.

4. **PROMOTE ENTREPRENEURSHIP IN THE INNER CITIES:** The national government should help underwrite public-private partnerships that provide credit and business advice to poor, budding entrepreneurs.

Well-intentioned social welfare programs often penalize poor people's efforts to become upwardly mobile by withdrawing safety-net provisions from anyone trying to build the resources for economic independence. Rather than stand in the way of poor entrepreneurs, government should help them overcome obstacles arising from the lack of credit histories, of borrowable collateral, and of traditional job experience.

Congress should undertake a "microenterprise" initiative for enterprising poor people, in which the federal government would subsidize local programs providing modest business loans and business training to poor people eager to start their own businesses. This program also would relax the regulatory hurdles facing welfare recipients who want to start new enterprises.

5. **EMPOWER POOR PEOPLE TO CHANGE THEIR LIVES:** The national government should support state, local and private efforts to enhance the direct role that poor people can play in the programs providing them resources, such as public housing and social-welfare services.

Congress should support efforts to encourage public housing residents to assume more control over the management of their projects, including strategies for promoting tenant ownership. These initiatives would supplement federal assistance for low-income housing, and Congress should guarantee that every American family has the opportunity for decent shelter.

Congress also should help states promote imaginative strategies in social- welfare services, especially those designed to provide poor people with more responsibility for the choices affecting their dependency. Under one approach worthy of serious evaluation, poor people would receive social-service vouchers entitling them to purchase the services they want and need, fully equivalent to their current levels of support. This approach asserts that poor people can make important decisions about their own interests as prudently as a local bureaucrat, and that a greater variety of services may become available when purchasing power is spread through the population of poor families, rather than being doled out by government.

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