

Resolution 9

GOOD JOBS, ECONOMIC SECURITY AND TAX FAIRNESS

THE ENDLESS BUDGET BATTLES in Washington are essentially disagreements over what kind of society we want to be and what kind of economy we want to have—now and in the future.

Wall Street and the wealthiest Americans are refusing to pay their fair share in taxes, even if it means condemning the rest of America to high unemployment, bad jobs, low wages and economic insecurity. And they are demanding cuts to Medicare, Medicaid and Social Security benefits to pay for lower tax rates.

Working people have a very different vision for America's future. We are demanding: (1) good jobs, full employment, and investments in infrastructure and public services to build pathways to the middle class; (2) economic security; and (3) tax fairness to make these things possible.

Good Jobs

If we want good jobs and full employment, we must first make the right budget choices. For several years, U.S. budget policies have failed to focus on the greatest economic challenge facing America—the jobs crisis—and have instead made the crisis worse. Economic growth would be higher and millions more people would be employed if Washington had not turned to budget cutting in 2011, when the economy still had not recovered from the Great Recession.

By keeping unemployment high, budget austerity has also kept wages low. In addition, high unemployment and growing economic inequality undermine the programs that provide economic security for working people.

We cannot allow short-sighted budget austerity to prevent us from fixing the economy. The AFL-CIO therefore resolves to do the following:

- **Demand repeal—rather than replacement—of “sequestration.”** Across-the-board budget cuts will hold back economic growth for the next decade, while repealing these cuts would boost employment and growth. There is no economic need to replace these cuts with other harmful cuts.
- **Demand jobs legislation.** Congress must pass jobs legislation that invests in infrastructure, education, manufacturing and energy, and helps state and local governments avoid layoffs of educators, first responders and other public service employees.
- **Demand higher levels of public investment.** These productive investments will not only put people to work, but also lay the foundations for long-term economic growth.
- **Demand that rebuilding U.S. manufacturing and the industrial base be made a national priority,** and that Buy American laws be strengthened and fully enforced.

Economic Security

Even before the Great Recession, working people were faced with growing economic insecurity: less job security; fewer defined-benefit pensions; the inadequacy of 401(k) plans; lower wages that leave less money to put away toward retirement; higher health care premiums; more cost-sharing for health care; fewer unemployment benefits; and the loss of vital public services. The Great Recession made all these problems worse.

The appropriate response to the increase in economic insecurity is to bolster programs that provide economic security, such as Social Security, Medicaid, Medicare, Unemployment Insurance and quality public services. Working people need more economic security, not less.

Bolstering economic security does not require us to choose between the young and the old, or between public investment and social insurance. We need higher levels of public investment to achieve good jobs, full employment and quality public services; we need stronger social insurance programs to provide more economic security; and we need all of these things for the benefit of young and old.

Wall Street and the wealthiest Americans would have us believe that these things are unaffordable, yet they constantly demand tax cuts that diminish our ability to afford them.

They would also have us believe that outsourcing public services to banks and for-profit corporations will somehow improve the quality of services or reduce costs. On the contrary, outsourcing has led to higher costs and lower quality, as well as less transparency, accountability, shared prosperity and competition.

The AFL-CIO therefore resolves to do the following:

- **Continue our absolute opposition to any cuts in Medicare, Social Security or Medicaid benefits—no matter what form they take or who proposes them.**

We will oppose proposals to lower Social Security cost-of-living increases; raise the Social Security retirement age; raise the Medicare eligibility age; increase income-related Medicare premiums; shift costs to Medicare beneficiaries through higher deductibles, co-pays and coinsurance; or reduce federal Medicaid payments to the states.

- **Demand an across-the-board increase in Social Security benefits**, which would be especially meaningful for low-income seniors.
- **Demand higher Social Security cost-of-living increases**, to reflect the higher share of seniors' incomes that goes to health care and housing.
- **Demand an increase in the taxable earnings cap for Social Security**, so income greater than \$113,700 is taxed.

- **Demand improved Medicare benefits**, so Medicare can serve as a model for a single high standard of care for everyone, sometimes called "Medicare for All."
- **Oppose attacks on workers' pensions under the guise of deficit reduction.**
- **Oppose proposals to reduce unemployment coverage, benefit weeks or amounts.**
- **Oppose outsourcing proposals that wrongly put public services in the hands of for-profit companies, weakening accountability and transparency.**
- **Demand that all workers have access to the training and career counseling they need to achieve employment security.**

Tax Fairness

Making the wealthiest Americans and Wall Street pay their fair share in taxes would generate large amounts of new revenues that could be used to make necessary investments in infrastructure, education, manufacturing and the transition to a clean energy economy.

The AFL-CIO therefore resolves to do the following:

- **Demand that the wealthiest Americans pay their fair share.** We will support (1) higher tax rates on income greater than \$1 million; (2) reducing or eliminating the tax preference for capital gains and dividends; (3) restoring a robust estate tax; (4) establishing a minimum 30% tax rate for millionaires; and (5) ending the "carried interest" tax loophole for Wall Street investment managers.
- **Oppose any reduction in tax rates for the wealthiest Americans.** We will oppose "revenue neutral tax reform" that uses up all new tax revenues on wasteful rate reductions.
- **Demand that Wall Street pay its fair share in taxes.** We will support a "Financial Transactions Tax" to discourage destabilizing high-volume trading and encourage long-term productive investment.

- **Demand the elimination of the tax benefit of sending jobs overseas.** Making corporations pay current U.S. taxes on their overseas income the same way they pay taxes on their domestic income would raise \$583 billion over 10 years.
- **Insist that “tax reform” encourages manufacturing in the United States.** Eliminating or limiting tax expenditures that encourage production in the United States would harm workers in America, even if the corporate income tax rate were lowered.
- **Oppose a “territorial tax system” that reduces U.S. taxation of overseas corporate profits,** which would increase the tax incentive to send jobs overseas.
- **Oppose “tax reform” that taxes middle-class health benefits.** Taxing health benefits would lead employers to drop coverage and shift more health care costs to workers.
- **Demand that “tax reform” preserve other tax expenditures important to the middle class,** such as the tax deduction for state and local taxes and the tax exclusion for interest on municipal bonds.
- **Demand a level playing field for e-commerce,** so online retailers cannot avoid collecting the same sales taxes that brick-and-mortar retailers are required to collect.

We are not a poor country. We are, however, a country in which economic inequality has risen to alarming levels; economic elites have grown increasingly indifferent to the well-being of their fellow citizens; multinational corporations have grown increasingly disconnected from the economic interests of the people who actually live and work in America; Wall Street and the wealthiest Americans have gained outsized political influence in our democracy; and economic policy makers have convinced themselves that good jobs and the economic security of working people no longer are necessary to our economic success. These are the things that cry out to be changed.