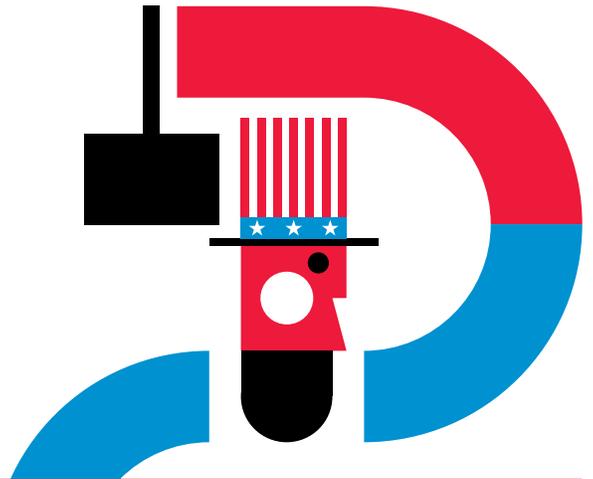




THE NEXT



NEW



DEAL



The time-tested program of economic reform that will unite the American electorate and rebuild the real economy.

PREPARED BY THE UNITED FRONT AGAINST AUSTERITY • AGAINSTAUSTERITY.ORG

The next New Deal will be fueled by economic demands

How long will America indulge in the myth of a “recession?” We have lost our major industries to free trade. Real unemployment* stands at 14.3%. Student loan debt is up 500% since 1999. 23% of homes are underwater. Despite the continued profits of Wall Street, real Americans are hurting badly.

As Occupy Wall Street and related protest movements showed, this is still “New Deal America.” The great majority of us don’t want more free trade, union-busting and austerity – we want labor rights, real jobs, protection from Wall Street predators, and basic economic fairness.

In January 1944, Franklin D. Roosevelt proposed an “Economic Bill of Rights,” with the aim of cementing the gains of the New Deal by providing the American people with protections and resources for their own economic development. Among these were protections for the manufacturer against foreign labor, a fair price for the family farmer, and the rights to a good education, home and retirement for all.

One year later, FDR would be dead, and since that time his work has been undone by those he called a “government by organized money.”

What we propose here – what was known in times past as *The American System of Political Economy* – is the fulfillment of FDR’s vision. It is both proven in its practicality and bold in its abrogation of today’s narrow political choices.

This is the program that will write the next great chapter in American history. What it needs now is a mass political movement to demand it.

*Total unemployed, plus marginally attached workers and part-time workers who want full-time work. BLS, Jan 2013

THE NEXT NEW DEAL

A ONE-TWO PUNCH FOR ECONOMIC RECOVERY

1% Wall Street Sales Tax 3

Wall Street speculators – not the American people – are responsible for the ongoing economic depression. Make them pay! We demand a 1% sales tax on stocks, bonds and derivatives to stop all state and federal budget cuts.

Nationalize the Federal Reserve . 4

Make the private Fed accountable to the needs of the American people. Force it to finance an American economic revolution with trillions in cheap, long-term credit for infrastructure, industry and public needs.

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Stop foreclosures and fight usury with public credit to ensure access to affordable, quality public education and housing for all Americans

1% Wall Street Sales Tax

MAKE THEM PAY!



The fiscal problems of the United States are largely due to the fact that *Wall Street pays no taxes*. While working families pay 7% or more for the necessities of life, Wall Street speculators pay nothing on their share of a yearly turnover of \$5

quadrillion (5,000 trillion dollars) in stocks, bonds and derivatives. A 1% tax on this turnover, equally divided between the federal and state governments, largely solves the budget deficit at all levels of government. It also discourages the most dangerous forms of speculation, especially derivatives speculation, and helps to level the playing field between financial services – which are now in effect subsidized because they are not taxed – and the tangible, physical production of manufactured goods on which our economic survival depends.

A small federal tax on securities transfer was in effect until the Johnson administration. In New York State, a small transfer tax remains on the books, but the \$20 to \$30 billion yearly proceeds are being remitted to the zombie banks as a result of successful Wall Street extortion. A Wall Street Sales Tax has been endorsed by a growing number of public figures, economists, journalists and legislators, with several bills already having been introduced into the US Congress.

In December, 2012, 11 member states of the European Union, including Germany and France, endorsed the European Union financial transaction tax (EU FTT), which will charge 0.1% on the sale of stocks and bonds, and 0.01% on derivatives. Opposition to this tax has been centered in Wall Street and the city of London.

We Demand:

We demand a 1% tax paid by all US sellers of stocks, corporate bonds and derivatives, all of which must be traded and reported on open exchanges.

The proceeds of this tax should be split between the federal and state governments to fully fund social obligations, public payrolls and pensions.

Household-level investment must be protected with a \$1 million yearly exemption. The 1% Wall Street Sales Tax is not a “wealth tax” but a sales tax directed at professional financial speculators.

See more at: <http://againstausterity.org/program/1-wall-street-sales-tax>

How will this tax affect the little guy or my 401k?

Households with less than \$1 million in financial transactions per year will be entirely exempt from the tax, therefore the vast majority of savers with modest brokerage accounts, 401(k) plans, IRAs, Keogh plans, etc. — about 98-99% of the American people — will never be affected by the tax.

Is this a new idea?

No. The United States collected a similar tax on stocks between 1914 and 1966. Today, at least 29 countries, including Australia, Brazil, China, France, Hong Kong, Hungary, India, Ireland, Italy, Russia, South Korea, Switzerland, Taiwan and the United Kingdom, currently use some sort of financial transaction tax (FTT) and the idea is being considered in about a dozen others. The European Union, representing 28 member states, is also seriously debating the implementation of such a tax. Far more modest than what we’re advocating here in the United States, the EU proposal would tax stocks and bonds at 0.1 percent and derivatives — Credit Default Swaps, Collateral Debt Obligations, futures, options, etc., — at a very minimal 0.01 percent.

How much tax revenue will this raise?

The short answer is “nobody knows”. On one hand, many derivatives are sold outside of regulated exchanges – which is why we must force them to cross exchanges and pay the tax in order to be legally enforceable. On the other, a tax will reduce the volume of trading, especially computerized, “high-frequency” trading. Based on a study by Dean Baker and others at CEPR, we would project a 1% Wall Street Sales Tax to yield hundreds of billions per year in tax revenue, possibly as high as \$1 trillion. Some of this will be offset by lower tax revenue from capital gains, but we would still estimate the net gain to be in the hundreds of billions, more than enough to derail any plans for budget austerity.

Nationalize the Federal Reserve

TO FUND AN ECONOMIC RECOVERY



Alexander Hamilton, the architect of America's First National Bank, proved that a national debt, if not excessive, is a great advantage to a modern nation. A sustained economic recovery requires a source of credit which can be neither zombie banks nor the federal budget.

We propose to seize the functions of the Federal Reserve System and use it as a national bank to finance the long-term needs of the American people. The policy of federal lending, as distinct from federal spending, can be used to break the current political impasse. Federal lending allows us to make massive long-term commitments at modest short-term costs. For states and businesses, the cost of capital can be radically lowered – down to 0% for public infrastructure, and a competitive advantage of the United States in world markets can be secured. The overriding goal is the creation of 30+ million new jobs in production, with high capital investment, high energy intensity, high value added, and high technology.

Century Bonds for Infrastructure and Science Drivers

The Federal Reserve must be forced to put out a tender offer to states and regional authorities stating its willingness to buy an initial \$3.6 trillion of state bonds within the next 10 years, with the proceeds devoted exclusively to rebuilding the public infrastructure of the United States, using American labor and materials. These must be century bonds, with 100 year maturities and the coupon rate must be set at 0%. Once the first tranche of \$3.6 trillion is expended, subsequent tranches of \$1 trillion each should be offered, until the point at which full employment is reached. The states issuing the bonds can offer solid collateral of the infrastructure improvements that are being created.

Federal Credit for Student Loans and Home Mortgages

Senator Elizabeth Warren's "Bank On Students Loan Fairness Act," (S.897), would refinance Federal Stafford loans through the Department of Education at 0.75%. Quality, affordable education and housing are essential to the health of the nation, and can both be secured on this model with low-interest financing from a national bank. By removing the burden of usury from the necessities of the American people, we free them in their pursuit of happiness.

See more at: <http://againstausterity.org/program/nationalize-federal-reserve>

Isn't the Federal Reserve a branch of government?

You may be surprised to learn that America's "central bank" is actually a private consortium representing the interests of Wall Street speculators. As such, it is not officially answerable to Congress, and only its chairman is appointed by an elected representative (the President of the United States).

How can a national bank loan money it doesn't have?

The US Constitution provides to Congress the rights to provide for the general welfare of the United States, to borrow Money on the credit of the United States, and to regulate the value of money.

America's founders rightly understood that money was not a substitute for gold, acting merely as a barter instrument, but a certificate of credit. A dollar accounts for a dollar's worth of value in the economy. When the national bank makes long-term commitments, it introduces this new credit as money into circulation, and that credit is recirculated over the long term as taxes paid back to the Federal Treasury.

When a national bank creates such new credit to improve the underlying infrastructure in the nation, or to increase production in agriculture and industry, the values created exceed the debts assumed. The new money in circulation can be exchanged for more than its former use-value in new goods and services.

Keynes was wrong to say, "The government should pay people to dig holes in the ground and then fill them up." Credit must be reserved for credit-worthy uses, characterized by infrastructure, production and limited categories (ie housing and education) pertaining to what the founders called "the general welfare."

A Protective Tariff

TO REBUILD OUR INDUSTRIES



American free trade – represented by NAFTA, CAFTA and the proposed Trans-Pacific Partnership (TPP) – is an unmitigated failure, with all agreements pulling down wages and regulations to the lowest common denominator. The “giant sucking sound” foretold by

Ross Perot has laid waste to industry and living standards. To take one example, America was nearly self-sufficient in textiles and apparel – major industries of North Carolina and other eastern states – as recently as 1999. In just over a decade, these jobs, and the local economies they supported, have been lost almost entirely to Southeast Asia and Central America, with only niche manufacturers left. The only winners of free trade are financiers, corporate raiders and cartels.

The first and most critical step to re-industrialization is to demand a general, protective tariff on all imports to account for the difference between American standards and those of our lowest-wage competition.

We Demand:

An immediate, emergency, and indefinite suspension of ALL free trade agreements. All foreign nations will be held to the same wage and regulatory standards.

The application of a 15% general tariff, paid to the US Treasury by any importers of foreign goods or services. This revenue will contribute to the social safety net, lower the burden on income and payroll taxes, and will be used to finance the public infrastructure, R&D and various credits and subsidies needed to rebuild American industry.

The release of low-interest public credit, managed through commercial banks, for industry, agriculture, mining and related fields of production. Cheap credit will allow for rapid re-industrialization, and will be a competitive advantage for exporters of manufactured goods.

Movement toward an international fixed-rate exchange agreement and the establishment of regional development banks. We seek to establish fair trade between like nations, to undermine the predatory IMF and World Bank, and to provide mutually-beneficial assistance to the developing world on the model of the proposed BRICS bank.

See more at: <http://againstausterity.org/program/protective-tariff>

“[W]hether a thing is cheap or dear depends upon what we can earn by our daily labor. Free trade cheapens the product by cheapening the producer. Protection cheapens the product by elevating the producer. Under free trade the trader is the master and the producer the slave. Protection is but the law of nature, the law of self-preservation, of self-development, of securing the highest and best destiny of the race of man.”

- William McKinley

Parity Agriculture

A FAIR PRICE FOR FAMILY FARMS



New Deal agriculture policies were based on the standard of *Parity*. Under this system, the US Federal Government stood

between the farmer and the grain merchant, offering a guarantee to buy storable grain at or near Parity – essentially the average cost of production. With this floor under farm prices, the merchant was compelled to pay the farmer what his product was worth to the nation, not today’s market rate, which is set by Wall Street. The ability to issue such loan guarantees is still a feature of permanent US law (US Code Title 7, Sections 601 & 602).

Today the price of wheat, for example, is around \$8.40/bushel, but the real cost to produce wheat is \$18.30. To the extent that farmers do stay in business, the shortfall in income is made up by commodity speculation, farm bill payments, off-farm income and debt. In real terms, most farmers are producing at a loss of about 60% of the value they’ve produced. That loss is not America’s gain. If the farmer is not profiting by his labors, there is a deficit of credit entering channels of trade at the most fundamental sector of the economy.

We can not let economic depression stand as an argument for “cheap food”. The only cheap thing is the price paid to farmers. Commodity speculators and the grain cartel take the rest. It is estimated by the National Organization for Raw Materials that food prices at full parity would rise only about 15%. Compare this to the effect of doubling wages, which the record of the 1940s shows to be a conservative expectation. As farmers recirculate their rightly earned income to rural economies, manufactured goods and labor, the whole national economy benefits. With federal support for fair pricing, the commodity futures market will close its doors and the burden of food speculation be lifted, as it was during the Second World War.

Parity provides the economic leverage America needs to contend with the real human and environmental costs of our cheap food economy – from the proliferation of the GMO (Genetically Modified Organism) monopoly to the loss of topsoil, biological diversity, rural populations and the increase of chronic disease.

We Demand:

FULL FUNDING FOR FOOD ASSISTANCE. The needs of the hungry at home and abroad must not be held hostage by the needs of Wall Street. Food assistance (SNAP, WIC, etc.), Food for Peace, emergency aid, school lunch and similar programs must be funded at improved levels.

LOAN GUARANTEES AT PARITY. The Secretary of Agriculture must issue non-recourse loan guarantees at or near parity for major storable commodities. These are to include corn, soy, wheat, oats and rice.

REBUILD EMERGENCY GRAIN RESERVES. Today the US effectively has no strategic reserves of grain. This puts our nation and much of the world at risk of famine. If Parity increases total production, surplus can be directly purchased and stored by the Federal government; to be used as emergency supply, to regulate supply in years to come, and as continuing foreign aid to countries transitioning to their own self-determination in agriculture.

ASSISTANCE TO NEW FARMERS. A parity system will tend to bring the size of farms in line with the realities of nature. What this year required 1,000 acres might require 100 in the future. While much of this transition will be determined in “the market,” we must deal with the dearth of skills and human capital in the farm economy, and the distorted ownership of American farmland. We need federal and state funding to educate and equip new family farmers for success, and we need land reform to make cropland available to farmers and prevent a monopoly of speculators.

See more at: <http://againstausterity.org/program/parity-agriculture>

Financial Re-Regulation

PUT WALL STREET BACK IN ITS PLACE



The American and global economies have been devastated over decades by predatory financial speculation in Wall Street, London and elsewhere. We must lift this burden from the real economy, undo whatever damage we can, and confine speculators to

a limited and tightly regulated sphere.

We Demand:

A 1% Wall Street Sales Tax

End all bailouts of banks and financial institutions.

Claw back the TARP and other public money given or lent to financiers.

Abolish the notion of too big to fail; JP Morgan, Goldman Sachs, Citibank, Wells Fargo and other Wall Street zombie banks are insolvent and must be seized by the FDIC for chapter 7 liquidation, with derivatives eliminated by triage.

Re-institute the Glass-Steagall firewall to separate banks, brokerages, and insurance.

Ban credit default swaps, collateralized debt obligations, structured investment vehicles, commodity index swaps and exchange traded funds based on synthetic commodity futures.

Set up a 15% reserve requirement for all OTC derivatives.

Set a 10% maximum rate of interest on credit cards and payday loans: restore state and federal anti-usury laws. Ban adjustable-rate mortgages.

Re-regulate commodities markets with 100% margin requirements, position limits, and anti-speculation protections for hedgers and end users to prevent oil, gasoline and food price spikes.

Restore individual chapter 11.

See more at: <http://againstausterity.org/program/financial-re-regulation>

“Look around. Oil companies guzzle down the billions in profits. Billionaires pay a lower tax rate than their secretaries, and Wall Street CEOs, the same ones the direct our economy and destroyed millions of jobs still strut around Congress, no shame, demanding favors, and acting like we should thank them. Does anyone here have a problem with that?”

- Elizabeth Warren

Medicare for All

NATIONAL, SINGLE-PAYER INSURANCE



Whether healthcare is a “right” is a meaningless abstraction. It is an urgent necessity, for lack of which many Americans suffer and die needlessly. Public health insurance must be expanded and made available to all Americans, regardless of age, income or health.

Obamacare, despite certain positive qualities, represents a continued bailout of the private insurance industry. Rather than expanding public programs, it offers public subsidy for private insurance, forces uninsured individuals to buy private insurance, and fails to control costs or defend Medicare, America’s only truly public insurance program.

What we demand is not mere “universal coverage,” but a system that is affordable and available to all, without regard for the profit motive of the private insurance industry. The only system that fits the bill is to expand and improve Medicare for all Americans.

We Demand:

Medicare for All. Pass [H.R. 676](#), the Expanded and Improved Medicare for All Act.

Universal, comprehensive coverage

A single national insurance plan with regional administration

Free choice of providers

No out-of-pocket payments

Funding will come from a modest, progressive payroll tax, supplemented by revenue from a 1% Wall Street Sales Tax

See more at: <http://againstausterity.org/program/medicare-all>

Administrative costs – including underwriting, advertising and executive/shareholder compensation – consume 31% of US health spending.

Simply eliminating these costs (over \$350 billion annually) would create enough revenue to cover all uninsured Americans.

“Single-payer” systems like that in Canada operate at far lower costs per capita, and provide better access to health care and better health outcomes than in the US.

Taxes already pay for over 60% of US health spending, with business paying less than 20%.

*From Physicians for a National Health Program

Strengthen Social Security

PROTECT AMERICA'S SENIORS



Social Security, a hard-won achievement of the New Deal, is the only thing standing between many American seniors and poverty. We must reject attempts to delay retirement, reduce benefits, and privatize this public treasure.

Social Security has been often and wrongly called a “Ponzi scheme” by Wall Street operatives because current beneficiaries rely on contributions from current workers. Indeed, Social Security relies on the health of the US economy. Yet it has continued to function with a surplus despite decades of economic decline. In the robust economy made possible by the program outlined here, Social Security will continue to deliver at improved levels for America’s seniors, widows and disabled for many decades into the future.

UFAA supports the seven principles of [Strengthen Social Security](#):

Social Security has a surplus of \$2.6 trillion, which it has loaned to the federal government. Social Security did not cause the federal deficit. Its benefits should not be cut to reduce the deficit.

Social Security, which has stood the test of time, should not be privatized in whole or in part.

Social Security is insurance and should not be means-tested. Because workers pay for it, they should receive it regardless of their income or savings.

Social Security is fully funded for more than 25 years; thereafter it has sufficient funds to meet 75 percent of promised benefits. To reassure Americans that Social Security will be there for them, Congress should act in the coming few years outside the context of deficit reduction to close this funding gap by requiring those who are most able to afford it to pay somewhat more.

Social Security’s retirement age, already scheduled to increase from 65 to 67, should not be raised further. That would be a benefit cut that places the greatest hardship on older Americans who are in physically demanding jobs, or are otherwise unable to find or keep employment.

Social Security, whose average benefit was \$13,000 in 2010, provides vital protection against the loss of wages as the result of disability, death, or old age. Those benefits should not be reduced, including by changes to the cost of living adjustment or the benefit formula.

Social Security’s benefits should be increased for those who are most disadvantaged. The benefits, which are very important to virtually all workers and their families, are particularly crucial to those who are disadvantaged.

See more at: <http://againstausterity.org/program/strengthen-social-security>

Education and Housing

SECURING OUR ECONOMIC RIGHTS



In recent decades the cost of higher education and housing, and the resulting burden of household debt, has far surpassed the ability of the population to pay. This situation is not only putting working families on the street, it is putting the American Dream out of reach for

young Americans.

Student loan debt is up over 500% since 1999. Average tuition rose over 8% in 2010 alone. Nearly 23% of US homes are underwater, and home sales remain stagnant despite the ever-rosy outlook of Washington forecasters. In this situation, the government must stand between the people and the money-changers; offering protections, write-downs and refinancing on the model of the New Deal Frazier-Lemke Act.

If you pay a monthly mortgage payment, half or more of your hard-earned money goes directly into the pockets of Wall Street bankers in the form of interest payments. This is a burden not just on your family, but on the national economy. A national bank, or the Fed acting as one, can largely eliminate this burden at no cost to taxpayers—allowing young people to afford education, graduates to afford homes, and homeowners to afford the products of the real economy.

We propose to use a nationalized Federal Reserve System to offer low interest loans to students and homeowners, on the model of Sen. Elizabeth Warren's Bank on Students Loan Fairness Act (S.897).

We Demand:

An immediate freeze (moratorium) on foreclosures of primary residences and farms, and of student loan payments, effective for 5 years or the duration of the economic crisis.

During this period, balances of loan principal may be reduced, and a payment plan approved, by an elected judge at any level.

Low or zero-interest federal loans for home mortgages and secondary education must be made widely available. This will immediately reduce the burden of usury from American families without crashing the housing market or University system.

See more at: <http://againstausterity.org/program/education-and-housing>

\$1+ trillion
in US student loan debt

500%
Increase in student loan debt
since 1999

23%
of US homes are underwater

\$100+ billion
per year in tax-deductible
mortgage interest paid by US
households