



American
Sustainable
Business
Network

CREATING
AN **ECONOMIC**
SYSTEM
THAT WORKS
FOR ALL

CREATING AN ECONOMIC SYSTEM THAT WORKS FOR ALL

PUBLIC POLICY INITIATIVES

THE AMERICAN SUSTAINABLE BUSINESS NETWORK

The COVID-19 crisis together with the outrage about the ongoing racism in America has revealed what many of us have always known: our current system of capitalism does not work for most Americans. As Pulitzer Prize-winning journalist Steven Pearlstein wrote, “our economic system has run off the moral rails, offending our sense of fairness, eroding our sense of community, poisoning our politics and rewarding values that easily degenerate into greed and indifference.”¹

This dysfunction was recognized in a 2022 JUST Capital/Harris Poll where 68% of Americans believe our current form of capitalism doesn’t ensure the greater good of society, and only 20% believe that companies are moving in the right direction, down from 30% four years ago.² The economic recovery coming out of the pandemic has not been equitably distributed. In 2022, corporate profits have reached record proportions³ while 40-year-high inflation has simultaneously further raised the cost of living for average Americans. It is not surprising that an increasing number of young Americans are becoming disillusioned with capitalism. According to an August 2022 Pew Research Poll only 40% of Americans aged 18-29 have a positive view of the system.⁴

In December 2019 the American Sustainable Business Network (ASBN) launched its work on Creating an Economic System that Works for All at its Washington DC Summit and in March 2020 ASBN launched its multi-stakeholder Working Group (details on the participants of the Working Group can be found in the appendix). The working group has identified the most important business-related public policy initiatives required to Create an Economy that Works for All.

ASBN initiated these conversations because while capitalism remains a dynamic force, challenges such as income inequality, crumbling infrastructure, market consolidation, climate change, underinvestment, and the financialization of America’s economy pose serious threats to our continued global leadership and social stability. These problems and others were only further laid bare by the Covid-19 pandemic and subsequent economic recovery. Many across the country feel left behind, and view our current capitalist system as rigged and not working for them.

¹ Pearlstein, Steven. “It took the worst of Trump to bring out the best in Corporate America.” *The Washington Post*, August 19, 2017, https://www.washingtonpost.com/business/it-took-the-worst-of-trump-to-bring-out-the-best-in-corporate-america/2017/08/18/a9435a9a-843d-11e7-902a-2a9f2d808496_story.html

² “JUST Capital’s 2022 Americans’ Views on Business Survey: Americans Want Less Talk, More Action” Just Capital. 2022, <https://justcapital.com/reports/2022-americans-views-on-business-survey/>

³ Bureau of Economic Analysis. “Gross Domestic Product (Second Estimate), Corporate Profits (Preliminary Estimate), Second Quarter 2022.” August 25, 2022, https://www.bea.gov/sites/default/files/2022-08/gdp2q22_2nd.pdf

⁴ “Report: Modest Declines in Positive Views of ‘Socialism’ and ‘Capitalism’ in U.S.” Pew Research Center, 2022, <https://www.pewresearch.org/politics/2022/09/19/modest-declines-in-positive-views-of-socialism-and-capitalism-in-u-s/>

In recent history, management has focused on maximizing value for themselves and their shareholders. But a growing chorus of finance experts argues that this narrow focus has come at great cost to customers, employees, suppliers, and communities who have an even larger stake in the economy. If our economy is to work for all then business leaders have to implement ways to simultaneously address the priorities of all their stakeholders.

The limited progress that has been made in response to these challenges over the past three to four decades has been insufficient given the scale of the global crises we face. In August 2019, the CEO members of the Business Roundtable, representing 181 of the largest global corporations, announced a modern standard for business by committing to lead their companies for the benefit of ALL stakeholders – customers, employees, suppliers, communities, and shareholders. However, with this initiative barely off the ground, on April 13, 2020, the NYTimes declared, “Big Business Pledged Gentler Capitalism. It’s Not Happening in a Pandemic.” C.E.O.s who signed a celebrated Business Roundtable document, promising to elevate worker interests, resorted to furloughs.

Over three years later, large corporations have come to post record profits as the world recovers from the effects of the pandemic. Despite their success, a Gallup poll in December 2021 showed that approval ratings of big business dropped from 52% in 2019 to 46% and 53% of respondents were found to disapprove of big business.⁵ In this time, modest wage gains for the average worker and low unemployment rates have been undercut by spiking inflation that has reduced overall spending power.⁶ Dissatisfaction with the system is reflected in the high rates of resignations in the workforce. Simply put, the vast majority of gains still have yet to benefit the vast majority of stakeholders as the Business Roundtable set out to solve over three years ago.

Why is this critical business initiative off to such a shaky start?

The stated redirection in ‘business purpose,’ from a focus on shareholders to stakeholders requires broad public policy changes as well as clear measurable goals, both of which are lacking in the Business Roundtable initiative. This critical transition will also require many changes in the culture, compensation, ownership, and the careful measurement of business performance as well as the passage of public policies that are based on serving the needs of all stakeholders. Such is our task and challenge.

Racial equity must be a foundational part of any public policy recommendations that seek to Create an Economy that Works for All. This is both a moral and economic imperative. From the 2018 Growth Productivity Revenues Output Report from The Kellogg Foundation, beyond an increase in economic output, advancing racial equity can translate into meaningful increases in consumer spending, as well as federal and state/local tax revenues, and decreases in social services spending and health-related costs. For example, in consumer spending alone, closing the racial equity gap in the U.S. would generate an additional \$191 billion spent on food, \$500 billion on housing, \$52 billion on apparel, \$259 billion on transportation, and \$77 billion on entertainment each year. Federal tax revenues would increase by \$450 billion and state and local tax revenues would increase by \$100 billion annually.⁷

The time to act is now. We hope this paper will help lead the way.

Jeffrey Hollender

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RESEARCH AND PUBLIC POLICY INTERN

5 Jones, Jeffrey M. “Socialism, Capitalism Ratings in the U.S. Unchanged.” Gallup, 2021. <https://news.gallup.com/poll/357755/socialism-capitalism-ratings-unchanged.aspx>

6 Gramlich, John. “Two Years Into the Pandemic, Americans Inch Closer to a New Normal.” Pew Research Center, 2022, <https://www.pewresearch.org/2022/03/03/two-years-into-the-pandemic-americans-inch-closer-to-a-new-normal/>

7 Noricks, Rebecca. “Updated Study Outlines Potential Gains To U.S. Economy And A Pathway For Economic Growth - W.K. Kellogg Foundation”. W.K. Kellogg Foundation, 2018, <https://www.wkcf.org/news-and-media/article/2018/04/updated-study-outlines-potential-gains-to-us-economy-and-a-pathway-for-economic-growth>.

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INTRODUCTION

This is, by design, a long read. The length of the document results from our commitment to approach the challenges we face and the solutions we propose from a systems perspective. These challenges are interrelated and interconnected. Climate change cannot be solved without dealing with environmental justice, environmental justice cannot be solved without addressing healthcare for all, nor can healthcare challenges be solved without addressing the impact of the hundreds of millions of dollars that have been spent by the pharmaceutical industry to influence public policy.

Systems thinking is a framework based on the belief that the individual parts of a system can only be understood in the context of the relationships they have with other parts of the system, the system as a whole, and the other systems with which they interact.

"The approach of systems thinking is fundamentally different from that of traditional forms of analysis. Traditional analysis focuses on separating the individual pieces of what is being studied; in fact, the word 'analysis' actually comes from the root meaning 'to break into constituent parts.' Systems thinking, in contrast, focuses on how the thing being studied interacts with the other constituents of the system—a set of elements that interact to produce behavior—of which it is a part. This means that instead of isolating smaller and smaller parts of the system being studied, systems thinking works by expanding its view to take into account larger and larger numbers of interactions as an issue is being studied. This results in sometimes strikingly different conclusions than those generated by traditional forms of analysis, especially when what is being studied is dynamically complex or has a great deal of feedback from other sources, internal or external."

Daniel Aronson, THE THINKING PAGE

ASBN both practices and advocates for a systems thinking approach, as it is a critical component in the success of both business and public policy. In crafting our policy priorities, ASBN identifies legislation and ideas that adhere to Donella Meadows' twelve leverage points to intervene in a system:

In order of increasing effectiveness:

- 12 Constants, parameters, numbers (such as subsidies, taxes, standards).
- 11 The sizes of buffers and other stabilizing stocks, relative to their flows.
- 10 The structure of material stocks and flows (such as transport networks, population age structures).
- 9 The lengths of delays, relative to the rate of system change.
- 8 The strength of negative feedback loops, relative to the impacts they are trying to correct against.
- 7 The gain around driving positive feedback loops.
- 6 The structure of information flows (who does and does not have access to information).
- 5 The rules of the system (such as incentives, punishments, constraints).
- 4 The power to add, change, evolve, or self-organize system structure.
- 3 The goals of the system.
- 2 The mindset or paradigm out of which the system — its goals, structure, rules, delays, parameters — arises.
- 1 The power to transcend paradigms.⁸

⁸ Meadows, Donella. "Leverage Points: Places to Intervene in a System." *The Donella Meadows Project Academy for Systems Change*, <https://donellameadows.org/archives/leverage-points-places-to-intervene-in-a-system/>

This document lays out policy goals aimed to achieve systems-level change by targeting these intervention points. Our intention is to both amplify the voices of our member organizations, which recognize that the systems we have today fall short for large portions of our society, and establish a cohesive plan of action directed at the intersection of public policy and business. While this document is divided into sections, it is meant to be read as a narrative describing the public policy changes that ASBN proposes and the business case for making those changes. We ask that you please consider the whole narrative rather than the issue that may feel of greatest importance to you.

SHARE THIS FREELY

This publication has five goals:

Education. To help business leaders, managers of NGO's, educators, legislators and key influencers understand the public policy system changes that are required to create a just and sustainable economy.

Dialogue. To equip these individuals to lead conversations about these critical issues.

Coalition building. Through networks of like-minded organizations, build a coalition of those willing to join with us to seek these changes.

Influence. To use the document to build the support required to influence public policy at the national and local level through direct dialogue with legislators.

Upgrade. This is a living document bound to require upgrades and improvements. Through your critique and ideas, we can collaboratively upgrade and improve this document. This is a draft and will always remain a draft. Please send comments or suggestions on ways to improve this document [here](#).

Cut and paste, email to friends and associates, circulate widely with attribution to the **American Sustainable Business Network** please.

PRINCIPLES

The development of these policy proposals is driven by a set of overarching principles that include:

- **Using a JEDI lens:** We acknowledge the historic and systemic barriers to capital and opportunity for Black, Indigenous, Latinx, Asian communities, women and gender nonconforming as a significant barrier to our collective mission. Our work requires that we place an urgent and immediate focus on justice, equity, diversity and inclusion (JEDI).
- **An Inclusive, accessible and just economy:** We believe in a fully participatory economy, that all people must be able to access the goods, services and resources supplied by the economy by way of just labor, consumer, financial and producer markets. A just and inclusive economy must be supported by strong public policy regulatory guidance and guardrails, and a strong democracy.
- **Regenerative approach:** We recognize that environmental and social stewardship is not enough and that in order to have equitable and just access to the resources we all depend on, that our solutions must prioritize regeneration for all people and the planet
- **Just economic and social prosperity:** We advocate for regenerative, restorative and reparative solutions throughout the business and investor movement that ASBN leads. We believe that a thriving and vibrant business landscape and economic system is only durable and long-term if it prioritizes justice-informed access to resources, capital, opportunity and community for all.
- **Stakeholder Participation in Decision Making:** All of the solutions we advocate for, from investment terms to governance to risk assessment and beyond, are best served when co-created by all stakeholder groups having full and participatory access to decision making.
- **Transparency and accountability:** We prioritize implementing and supporting transparency and accountability, both as an internal standard, and as a democratic public policy and economic imperative for policy makers, businesses and investors.
- **Systemic Change:** We believe that our economy and society are highly complex, dynamic and distributed systems, requiring both bold leadership and long term planning in order to achieve the systemic change we need to see.

SOLUTIONS

Elected leaders working with business and other stakeholders must craft policies that address the challenges we face. The American Sustainable Business Network is committed to influencing policymakers and regulators on economic, environmental, workplace, and social issues that reflect the values of our member organizations and foster broadbased prosperity. Such issues include promoting income equality to strengthen the middle class, addressing climate change, upgrading public infrastructure, promoting an equitable tax system, supporting a diverse and inclusive society, fostering innovation in safer chemicals and sustainable products and packaging, supporting clean water and regenerative agriculture, and encouraging new models of employee ownership.

What is required is a bold and integrated approach to complex, comprehensive systemic change, along with a new mindset and practical working relationships where organizations collaborate in a highly integrative and interdependent way to invent and address this transformation.

Looking through the business lens and using the stakeholder framework, we have organized our proposed policy initiatives into six areas:

1. **Corporate Governance**
2. **Access to Capital**
3. **Equity, Investment, Taxes & Disclosure**
4. **Worker Wellbeing**
5. **Government, Money, & Politics**
6. **Environment**

The American Sustainable Business Network (ASBN) is the leading business organization serving the public policy interests of responsible companies, their customers and other stakeholders. Founded in 2009, its membership represents over 250,000 businesses in a wide range of industries. ASBN advocates for policy change and informs business owners, policymakers and the public about the need and opportunities for building a vibrant, broadly prosperous, sustainable economy.

Representatives from these organizations contributed to the First Edition of this paper. Inclusion here does not imply the support by the organization.

- **1worker1vote**
- **American Economic Liberties Project**
- **American Promise**
- **B-Lab**
- **Better World Club**
- **Carol Sanford Institute**
- **Center for Partnership Studies**
- **Cornerstone Capital**
- **Economic Policy Institute**
- **Ibis Communications**
- **King Arthur Flour**
- **Leadership Momentum**
- **New York University, Stern School of Business's Center for Sustainable Business**
- **One Fair Wage**
- **Patriotic Millionaires**
- **Pirelli Tire North America**
- **RSF Social Finance**
- **Sierra Club**
- **Seventh Generation**
- **Social Venture Circle**
- **Tellus Institute**
- **University of North Carolina**
- **Workers Benefit Fund**

CORPORATE GOVERNANCE

The largest companies in the U.S., from Amazon to Wells Fargo and Walmart, impact the lives of millions of people across the U.S. Amazon employs over 950,000 people⁹ and Wells Fargo reaches over 70 million customers. These corporations sit in the middle of a massive web of stakeholders, from workers to managers to customers to executives to shareholders. Yet, only those last two, executives and shareholders, have any substantive say in how these businesses are actually run.

The goal of stakeholder governance is to ensure that business operates for the benefit of all of its stakeholders in a reasonably balanced manner. While the concept is straightforward, maintaining the balance between the needs and interests of all stakeholders is challenging. As mentioned earlier, that balance requires clear goals and measurable results. The foundation for creating that balance requires corporate Boards of Directors adopt fiduciary duty that requires defined consideration of the impact of their decisions on all stakeholders, including society and the environment, instead of solely their shareholders. This concept has been championed by B-Lab for over 15 years.

This also means that for stakeholder governance to be truly effective, we must amend rules and regulations so that investors are also responsible for the impact of their investment decisions on all their stakeholders, including natural and social systems. This requires a significant change in the rules that govern fiduciary responsibility.

Building on their long experience advocating for stakeholder governance, B Lab, in partnership with The Shareholder Commons, has articulated the necessary actions by Congress, the Securities and Exchange Commission, the Department of Justice and the Federal Trade Commission to transition both company and investor fiduciary duty to stakeholder governance. Their report “From Shareholder Primacy to Stakeholder Capitalism” (that can be downloaded [here](#)) recommends revising the Investment

Company Act of 1940 to require institutional investors consideration of certain economic, environmental and social effects of their decisions on the interests of their beneficiaries with respect to stewardship of companies within their portfolios. The report also recommends establishing a federal requirement that any corporation or other business entity involved in interstate commerce be formed under a state statute that requires companies to account for the impact of corporate actions not only on financial returns, but also on the viability of the social, natural, and political systems that affect all stakeholders.

Looking more closely, public equity markets, along with private equity partnerships, control a significant portion of the economy. Most market-place investments come from institutional investors, including pension funds, mutual funds, endowments, and foundations. In order to ensure these funds are being allocated and stewarded in a manner that protects the holistic interests of individual shareholders, the fiduciary duties of fund trustees should be modified so the trustees account for the effects of their decisions on the economy, social institutions, and the environment as they impact the interests of the beneficiaries. These impacts include effects on investors in their capacities as owners of diverse portfolios of securities, as workers and citizens, and as community members. Furthermore, proxy votes by these fund managers on company resolutions should be representative of the goals of long-term prosperity and benefits held by the shareholders who are investing in them.

Part of the challenge, and needed correction, results from asset owners such as pension funds that pursue aggressive returns in order to meet their targeted rate of return with respect to their funding ratios. These return expectations are often unrealistic, marked to historical financial benchmarks based on decades of extractive practices that are therefore inflated, and put pressure on fund managers and companies to cut corners. ASBN’s position is that fund managers and public corporations should institute their own financial benchmarks to ensure short-term projections and goals do not inadvertently hinder long-term prosperity of stakeholders that is achieved through ESG integration and, in turn, ESG-related strategy. Furthermore, the way investment professionals are evaluated, and incentivized is often short-term oriented. This needs also to change.

In addition, ESG and impact frameworks need to take into account investment structure, fund structure, financial engineering, fund manager compensation, and tax structuring as part of their fiduciary responsibility.

A proposed public policy that begins to accomplish this, Elizabeth Warren’s Accountable Capitalism Act, would mandate a fundamental restructuring of large companies so that their business decisions favor and account for the whole range of stakeholders in a large company’s value network, rather than only executives and shareholders. While the legislation is not perfect, the intended outcomes are a step in the right direction. If companies, as current courts have ruled, are to be treated like

⁹ Reuter, Dominick. “1 out of every 153 American Workers is an Amazon Employee” *Business Insider*, July 30, 2021, <https://www.businessinsider.com/amazon-employees-number-1-of-153-us-workers-head-count-2021-7>

people, Warren wants to ensure that they conduct themselves like ethical members of society. As a related matter, we must also severely limit the corporate takeover of the political process that is in part driven by the unlimited use of lobbying and money in politics. It is this excessive corporate influence over the last 30 – 40 years during which time many of the problems we're now trying to correct were written into law. Short of a reversal of the disastrous Citizen-United ruling, there are other proposals to assuage the damage being done to our democratic process through corporation donations. One way to accomplish this is to prohibit public companies from spending money on politics without the consent of at least 75% of their shareholders as proposed by Leo Strine among others. To ensure that investors' money is not being spent on politics without their consent, the Proposal would bar public companies from making any disbursement for a political purpose without first obtaining the consent, either for that specific disbursement or under a general policy allowing disbursements of that type, of at least 75% of their shareholders. This provision tracks a proposal by the late John Bogle, the respected founder of the index fund giant Vanguard.

To limit corporate influence in the political process we must address *cronyism and foster corporate political responsibility*. An economy that serves all stakeholders relies on civil society to set the "rules of the game" that ensure markets are not extractive and that companies do not profit by creating problems for society or the natural environment.¹⁰ Yet, over the past 40 years, new rules regarding corporate political activity have allowed (and pressured) companies to intervene in civil society's processes for setting those rules of the game.¹¹ Since companies are deemed to be solely economic entities, with narrow purposes and are constrained by strict interpretations of fiduciary duty, this shift has effectively elevated sources

of political influence that bend regulatory frameworks toward private interests and eclipsed the counter-balancing voices of the common good, civil society, and the long-term.¹² The evidence of corporate influence across both parties has become all at once increasingly tracked, decried, and pervasive, while simultaneously the large donations are increasingly correlated to individual lawmaker's voting records, legislation, legislative amendments, and policy positions. Unsurprisingly, allowing for the flood of money has corresponded with massive increases in fundraising, with Democrats topping Republicans by September of the 2022 election cycle at \$3 billion to \$2.9 billion.¹³

In the words of Leo Strine, "Unregulated political spending by corporations is inconsistent with corporate law and the Constitution. Shareholders and our economy lose when the focus of corporate management shifts from legitimate, productive ways to generate sustainable wealth, to rent-seeking."¹⁴ Reports consistently confirm that corporate political activity is having a marked impact in practice, in both the economic and civic spheres – increasing cronyism, complexity, uncertainty and pressure for short-termism in the economic environment, and eroding public trust and the perceived legitimacy of both representative democracy and capitalism.^{15 16 17} Currently rules for corporate political activity and spending disclosures to shareholders are not required by law. This has created a fiduciary "blind spot" whereby management is directing resources into political purposes without shareholder knowledge or consent, and often works against the interest of individuals, especially in worker-owned investments or pension funds.¹⁸

Additionally, the benefits to corporations' political donations might actually not be helping the corporation itself as much as commonly thought. As a 2022 Harvard Business Review article pointed out, "even the classic justification that corporate donations maximize shareholder wealth is on shaky ground: Emerging evidence suggests that they can destroy value by suppressing innovation and distracting managers from more-pressing tasks."¹⁹ The article continues to point out what

10 "Understanding Friedman's Thesis I Business Ethics". *Philosophia.Uncg.Edu*, 2020, <https://philosophia.uncg.edu/phi361-matteson/module-1-why-does-business-need-ethics/understanding-friedmans-thesis/>

11 "Money-In-Politics Timeline". *Opensecrets*, 2020, <https://www.opensecrets.org/resources/learn/timeline>.

12 Macey, Jonathan, and Leo Strine. "Citizens United As Bad Corporations". *SSRN*, 2018, pp. 1-106., https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3233118#:~:text=Rather%2C%20they%20speak%20using%20funds,total%20ban%20on%20corporate%20speech.&text=That%20is%20bad%20corporate%20law%20making%20bad%20constitutional%20law.

13 Giorno, Taylor. "2022 federal midterm election spending on track to top \$9.3 billion" *OpenSecrets*, September 26, 2022. <https://www.opensecrets.org/news/2022/09/2022-midterm-election-spending-on-track-to-top-9-3-billion/>

14 Salter, Malcolm S. "Crony Capitalism, American Style: What Are We Talking About Here?" *Harvard Business School Working Paper*, No. 15-025, October 2014.

15 Porter, Michael et al. "A RECOVERY SQUANDERED: The State Of U.S. Competitiveness 2019". *Hbs.Edu*, 2019, <https://www.hbs.edu/competitiveness/Documents/a-recovery-squandered.pdf>.

16 Hacker, Jacob et al. "Conflicted Consequences". *Politicalaccountability.Net*, 2020, <https://politicalaccountability.net/hifi/files/Conflicted-Consequences.pdf>.

17 "Crony Capitalism: Unhealthy Relations Between Business And Government". *Committee For Economic Development Of The Conference Board*, 2015, <https://www.ced.org/reports/crony-capitalism-unhealthy-relations-between-business-and-government>.

18 Strine, Leo. "Fiduciary Blind Spot: The Failure Of Institutional Investors To Prevent The Illegitimate Use Of Working Americans' Savings For Corporate Political Spending". *The Harvard Law School Forum On Corporate Governance*, 2018, <https://corpgov.law.harvard.edu/2019/01/04/fiduciary-blind-spot-the-failure-of-institutional-investors-to-prevent-the-illegitimate-use-of-working-americans-savings-for-corporate-political-spending/>.

19 Lund, Dorothy S., and Strine, Leo E. "Corporate Political Spending is Bad Business." *Harvard Business Review*, 2022, <https://hbr.org/2022/01/corporate-political-spending-is-bad-business>

as been addressed here. These decisions are made by a small group of management and executives, and don't reflect the needs of the company as a whole nor its stakeholders. Finally, they point to an aspect of increasingly elevated risk in political donations. This was made clearly evident in the fallout from the January 6th Insurrection and corporate responses to temporary cut funding to anti-democratic politicians (many have since resumed donations and re-upped the associated risk to their social capital).

Thus, it is essential to the success of every other strategy required to foster an economy that works for all, that we include a legal framework to ensure "corporate political responsibility."²⁰

Such a framework would *ensure transparency of corporate political activity*.

- Implement rules requiring disclosure of corporate political activities, including lobbying and political expenditures, as material factors in shareholder evaluations of their investments.²¹
- Close the "fiduciary blind spot" that has allowed shareholder resources to be used for political speech without consent.
- Require consent by 75% of voting shareholders for political expenditures or implement Jamie Raskin's Shareholders United Act.
- Support alignment of firm political activities with stated public commitments.
- Ensure board oversight includes political activities. Reduce incentives and pressure for firms to use political influence to stay competitive.
- Support the super-majority of citizens calling for a constitutional amendment to allow reasonable limits on political spending by companies, unions, special interests and individuals, and to distinguish between legal entities and natural persons, as a strategy for reducing cronyism and allowing businesses to focus on creating real value²²

The 2021 Shareholder Protection Act would prevent corporate expenditures for campaign purposes unless the corporation has established a process for determining the political will of its majority shareholders, as well as mandate disclosure of Board voting records for approval of political donations over \$50,000.²³ If a corporation has no such process or is unable to assess the "majority will" of shareholders because the majority of shares are owned by entities that are prohibited from registering a political preference - such as states and cities, pension and mutual funds, universities, charities, or foundations – then the corporation will be prohibited from using its resources on political campaigns.

The workforce must be adequately represented on corporate boards through appropriate **Board Diversity**. Corporate boards must be representative of the demographics of its employees and the markets they serve, i.e. inclusion of persons representative of a multicultural America of racial identity, ethnicity, religion, gender or sexual identity, and neural and physical ability. Currently, California is the only state to enforce a form of such a requirement and that requirement is exclusively with regard to women. Not only should regulations be expanded to all states, but be expanded to include under-represented groups such as African Americans, Latinx, Disabled, et al.

In addition to being demographically representative, corporate boards should also have at least one member with expertise and experience with ESG principles and associated risk. More and more, investors are realizing the materiality of ESG criteria as evidenced by the current SEC proposals to require ESG-related disclosures and Climate-Related disclosures. As SEC Chairman Gary Gensler pointed out, the market for "sustainable" or "ESG" investments is \$17.1 trillion by one estimate, yet there are no standard definitions or strategies behind these investments leaving each organization to their own devices.²⁴

²⁰ Lyon, Thomas, Magali A. Delmas, John W. Maxwell, Pratima Bansal, Mireille Chireleu-Assouline, Patricia Crifo, Rodolphe Durand, Jean-Pascal Gond, Andrew King, Michael Lenox, Michael W. Toffel, David Vogel, and Frank Wijen. "CSR Needs CPR: Corporate Sustainability and Politics." *California Management Review* 60, no.4 (Summer 2018): 5–24.

²¹ "GRI 415: Public Policy 2016". *Globalreporting.Org*, 2018, <https://www.globalreporting.org/standards/gri-standards-download-center/gri-415-public-policy-2016/#:~:text=GRI%20415%3A%20Public%20Policy%202016%20sets%20out%20reporting%20requirements%20on,impacts%20related%20to%20this%20topic.>

²² "Business Statement Of Principle - American Promise". *American Promise*, 2020, <https://americanpromise.net/take-action/join-a-program/national-business-network/statement-of-principle/>.

²³ "S.530 - 117th Congress (2021-2022): Shareholder Protection Act of 2021." *Congress.gov, Library of Congress*, 2 March 2021, <https://www.congress.gov/bills/117/congress/senate/bills/530>.

²⁴ Gensler, Gary. "Statement on ESG Disclosures Proposal" *U.S. Securities and Exchange Commission*, May 25, 2022, <https://www.sec.gov/news/statement/gensler-statement-esg-disclosures-proposal-052522>

Legislatively, proposed laws mandating ESG-disclosure, such as the 2021 Corporate Governance Improvement and Investor Protection Act (HR1187) that passed in the House, mirror the SEC's view of ESG's importance in corporate governance, our economy and investing. We wholeheartedly support the increased governmental emphasis on ESG through introduced laws and rule proposals, while simultaneously believe it is imperative to businesses to introduce their own board-level ESG oversight to adapt to this coming reality, ensure the health of their businesses and contribute to the public good.

We also strongly support worker representation on corporate boards. "Effectively implementing such a reform requires consideration of key issues, including: how many corporate directors should represent employees; how they should be chosen and who counts as a worker when the choice is made; how they should meaningfully represent workers, and what information the board owes the workforce; how these choices are different in a unionized or non-union context; and the relationship between a worker's role as director and employee, in terms of pay, time, and protection from repercussions at work." These issues are explored in detail in Lenore Palladino's paper, Worker Representation on U.S. Corporate Boards.

A separate but critically foundational corporate governance change is the adoption of **"Full Cost Accounting."** This is necessary to ensure that companies measure and account for the negative impacts which presently are absorbed by society and the environment without acknowledgement or compensation. For most companies, their interactions and impact on nature and natural systems are not captured on a company's profit and loss statement or on their balance sheet. They remain 'externalities', or issues without internal consequence. However, there are several drivers that will increasingly create pressure for this to change including: increasing regulatory or legal action by stakeholders impacted by these externalities, market forces and changing operating environments evident today in the market for "sustainable" and "ESG" products (such as the raising the regulatory floor through SEC proposals mentioned above), an increasing drive for transparency or voluntary action by businesses because they recognize the significance of transparency to their future success, and recalibrating to a new form of capitalism that accounts not only for value created, but also how value is quantified beyond "goods and services" sold and how this value is distributed amongst stakeholders.

To better capture the true (and full) cost and impact of our economic activity we should also therefore consider new metrics that, unlike GDP, do not count activities that harm people and the planet. Within GDP, activities such as selling cigarettes as well as the resulting medical and funeral costs, are considered "productive," while the economic value of caring for people, starting in childhood, and of caring for our natural life support systems is ignored. For example, the Social Wealth Economic Indicators developed by the Center for

Partnership Studies, now being updated and condensed into a Social Wealth Economic Index, show the significant value and return on investment in caring for people, starting at birth, and caring for our natural life-support systems.²⁵

As Fran Seegull wrote for ImpactAlpha earlier this year, it is necessary to **reclaim ESG as pro-business and pro-worker.** The culture wars have come for sustainable investing, despite it being inherently apolitical as a movement. The anti-ESG movement is well-coordinated and unlikely to fade from the spotlight, especially as the political field heats up over the next couple of years ahead of the 2024 Presidential elections in the U.S. So how is the sustainable investing community – which has generally remained above the political fray – expected to respond? A growing number of investors, asset managers, state treasurers and other advocates for a more transparent, equitable and accountable economic system are paving the way, says Fran Seegull of the U.S. Impact Investing Alliance. ASBN supports the following measures highlighted by Seegull to combat anti-ESG messaging:

- Call out political posturing. ESG, for environmental, social and governance, refers to an assessment framework for risk and opportunity that is widely accepted and growing in popularity among investors and companies. The anti-ESG campaigners are in fact "anti-risk-assessment," says Andrew Behar of As You Sow. "Being a fiduciary means that you have taken a vow to look at risk from all sides on behalf of a hard-working individual who has entrusted you with their nest egg."
- Understand real-life implications. The anti-ESG movement "threatens to undo much of the progress made by the impact and sustainable investing communities, and could have tangible negative consequences both on public policy and on people's lives," says Chris Jurgens of Omidyar Network (for background, see, "Riskwashing: How the crusade against ESG is hurting businesses, taxpayers and retirees"). For the Long Term's Dave Wallack calls the coordinated campaign among state legislators "a dangerous attempt to change the rules that govern the responsibilities that fiduciaries have to their beneficiaries."
- Reclaim the narrative. The politicization of policies addressing climate-related risks and corporate disclosures – and recent judicial rulings striking down the authority of regulatory agencies – suggest future challenges. Most Americans, across political divides, see the value of ESG in "enabling businesses and investors to make better decisions, and empowering people to shop, work and invest in ways that align with their values," according to the opinion research firm GQR. That's especially true when it comes to public expectations of how corporations should treat and empower their workers. "Uniting the voices of investors, business leaders, the climate and economic justice communities, and other allies to make this case" will be critical, Jurgens says.²⁶

²⁵ Indradeep Ghosh, "Social Wealth Economic Indicators for a Caring Economy," *Interdisciplinary Journal of Partnership Studies*, Vol. 1, Issue 1, available at <https://pubs.lib.umn.edu/index.php/ijps/article/view/90/84>; Social Wealth Economic Indicators, available at <https://centerforpartnership.org/programs/caring-economy/indicators/>; Social Wealth Index, available at <https://centerforpartnership.org/programs/caring-economy/social-wealth-index/>; Riane Eisler, *The Real Wealth of Nations: Creating a Caring Economics* (San Francisco: Berrett-Koehler, 2007).

²⁶ Seegull, Fran. "Reclaiming ESG as pro-business and pro-worker." *ImpactAlpha*, September 14, 2022. <https://impactalpha.com/reclaiming-esg-as-pro-business-and-pro-worker/>

Keep reading, "Reclaiming ESG as pro-business and pro-worker," by Fran Seegull. The U.S. Impact Investing Alliance sponsors ImpactAlpha's Policy Corner to help Agents of Impact "engage with government to create an enabling environment for truly impactful business and investment decisions.

While full cost accounting covers a company's externalized impacts, policy should also **Require Reporting on Supply Chains** to promote supply chain traceability and require businesses to report on the due diligence they conduct to identify the social and environmental impacts in their supply chains. The latter, usually defined as Scope 3 impact, is discussed in further detail in the Environment Section under carbon labeling. The existence of human rights abuses in the supply chains of U.S. brands hit the public consciousness in the 1990s, with exposés about poor working conditions in Nike's supplier factories in Indonesia and Walmart's in Honduras. The United States government took a leadership position then by convening leaders from industry, nongovernmental organizations and universities for discussions that resulted in the creation of the Fair Labor Association (FLA), which was incorporated in 1999. (Apple was the FLA's highest-profile new member in 2012, after a front-page New York Times investigation about labor abuses in Foxconn supplier factories in China, where iPads were manufactured.)

Since then, numerous initiatives in the U.S. and internationally have encouraged - and in some cases mandated - reporting by companies on their efforts to discover and address labor abuses in their supply chains. One of the most prominent of these efforts was the United Nations Guiding Principles on Business and Human Rights, unanimously endorsed by the Human Rights Council in 2011 with support from stakeholders as diverse as the U.S. Council for International Business and numerous civil society groups. The U.N. Guiding Principles spell out states' duties to protect human rights; companies' responsibilities to respect human rights by conducting due diligence; and the need to provide access to remedy where abuses have occurred.

Numerous governments have applied the U.N. Guiding Principles in legislative, regulatory, and judicial settings. The U.K. and Australia passed Modern Slavery Acts in [2015](#) and [2018](#) respectively, requiring entities to report on the risks of modern slavery in their operations and supply chains. France and Germany's requirements for corporations to conduct and report on supply chain due diligence on human rights (with, in some cases, fines and civil liability for non-compliance and resultant harm), has led the European Union to develop a proposal for mandatory requirements.

In the U.S., the draft [Corporate Human Rights Risk Assessment, Prevention, and Mitigation Act of 2019](#) echoes those initiatives. The Act creates an annual requirement for public companies to assess their human rights risks, including in their supply chains (which the bill refers to as "value chains"). The Act also mandates that companies identify approaches they have taken to prevent and mitigate violations and to justify instances where, despite being aware of an operational or supply chain vulnerability, the company has taken no action at all. This "comply or explain" approach was taken by both the California's Transparency in Supply Chains Act, which went into effect in 2012 and the conflict minerals provision in the Dodd-Frank Act of 2010. Despite all these global efforts, crises still exist at the nexus of labor exploitation and human rights abuses.

The most prominent and horrifying example is forced-labor camps and cultural genocide of the Uyghur people in Xinjiang, western China.²⁷ While details on this catastrophe have leaked out over the past several years, the Chinese government has made a concerted effort to delay, bury and obscure reports from international governing bodies and organizations. Finally, a UN report released in August of 2022 confirmed that "restrictions and deprivation more generally of fundamental rights, enjoyed individually and collectively, may constitute international crimes, in particular crimes against humanity"²⁸ in the case of the Uyghurs. In response to the information coming out of Xinjiang, the US passed the [Uyghur Forced Labor Protection Act](#) in late 2021. This law put the burden of proof on importers that goods from Xinjiang are not products of forced labor and only came into effect at the end of June 2022.

Despite the obvious risks to brand reputation and moral obligation in companies receiving goods from this region, it is clear that legislation like the Uyghur Forced Labor Protection Act is critical in combating humanitarian crimes in supply chains. Ongoing abuse of the Uyghur people highlights the need for further internal diligence of supply chain management, oversight, and transparency. China remains a critical exporter for many businesses, and the wide range of goods and materials - from cotton²⁹ to solar panels³⁰ - coming out of the region demonstrates the imperative for companies to audit where materials come from and ensure that their operations aren't being supported by forced labor. Current statistics highlight the need for both internal and external regulation. Even though the Uyghur Forced Labor Protection Act has been passed, exports from Xinjiang hit a two-year high in 2022.³¹ Simultaneously the value of the law has been clearly demonstrated as over 50% of the 3,000 shipments stopped by the U.S. Customs and Border Patrol for the fiscal year ending in September 2022 came from Xinjiang.³²

²⁷ Boissoneault, Lorraine. "Is China Committing Genocide Against the Uyghurs?" *Smithsonian Magazine*, February 2, 2022, <https://www.smithsonianmag.com/history/is-china-committing-genocide-against-the-uyghurs-180979490/>

²⁸ "OHCHR Assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China" *United Nations Human Rights Office of the High Commissioner*, p. 46, August 31, 2022, <https://www.ohchr.org/sites/default/files/documents/countries/2022-08-31/22-08-31-final-assesment.pdf>

²⁹ Gale, Fred, and Davis, Eric. "Chinese Cotton: Textiles, Imports and Xinjiang" *U.S. Department of Agriculture Economic Research Service*, August, 2022, <https://www.ers.usda.gov/publications/pub-details/?pubid=104393>

³⁰ "Solar Panels Piling Up at US Border on Xinjiang Forced Labor Law" *Bloomberg*, August 15, 2022, <https://www.bloomberg.com/news/articles/2022-08-15/solar-panels-piling-up-at-us-border-on-xinjiang-forced-labor-law?leadSource=uverify%20wall>

³¹ Fromer, Jacob, and Siqi, Ji. "Xinjiang exports to US hit two-year high despite Uyghur Forced Labour Prevention Act taking effect." *South China Morning Post*, September 1, 2022. <https://www.scmp.com/news/china/article/3190901/xinjiang-exports-us-hit-two-year-high-despite-uyghur-forced-labour>

³² Martin, Eric. "US Ban on Xinjiang Imports Is Off to 'Remarkably Good Start'" *Bloomberg*, October 20, 2022. <https://www.bloomberg.com/news/articles/2022-10-20/us-ban-on-xinjiang-imports-is-off-to-remarkably-good-start#xj4y7vzkq>

While the Uyghur Forced Labor Protection Act is a one-off, targeted solution, it highlights the role of policy in guiding supply chain management and the need for stronger regulation in this area. In addition to legislation, the federal government should convene ongoing dialogue with industry and civil society to learn from each other and maintain the ability to exert collective pressure on governments and companies that fail to take these issues seriously.

Improved governance also requires the active enforcement of **Antitrust Legislation** to reduce the overbearing influence of the 3 – 4 largest companies in any industry. America used to have antitrust laws that permanently stopped corporations from monopolizing markets, and often broke up the biggest culprits. No longer. Now, giant corporations are taking over the economy – and they're busily weakening antitrust enforcement.³³ That concentration of power and influence reduces competition, increases costs for consumers, and stifles the growth of small competitors. Monopoly power is all around us: as consumers, business owners, employees, entrepreneurs, and citizens. When we purchase everything from washing machines to groceries, website domains to medical supplies, and even when we select a coffin for a recently deceased loved one, we are constrained by the small set of actors who increasingly control America's commerce.

Even prior to COVID, conventional methods for strengthening local businesses in our country were inadequate and this remains true today. Traditional economic development practices seek to attract large businesses with the motivation of achieving high job numbers, often setting up the infrastructure for monopolies that have thrived under slackening antitrust regulation and enforcement.³⁴ However, studies repeatedly show that local independent businesses create more jobs,³⁵ and give back more to the community than do large national or multinational employers. Local businesses also circulate vastly more dollars locally, with an average across studies finding that 48% of each purchase at a local, independent business flows back into the local economy vs. 14% of a purchase at a chain store.³⁶ Unsurprisingly, the public overwhelmingly has a favorable perception of local, small businesses with a 2021 Gallup poll finding 97% of respondents

responding positively.³⁷ Americans want to see this type of investment and we do as well.

Yet, Wall Street's five largest banks now account for nearly 50 percent of America's banking assets³⁸ – up from about 25 percent before the crash of 2008 and 10 percent in 1990. That means higher fees and interest rates on loans, as well as a greater risk of another "too-big-to-fail" bailout.³⁹ Due to the extreme concentrations of wealth and political power that result from these monopolies, our country is experiencing severe economic inequality, stagnant household income, the collapse of business formation and innovation, and historic levels of political polarization. All of this is even further evident today. This concentration of power is not unique to one or two economic sectors. It is persistent across a diverse range of industries. And it is often even more extreme in a regional, rather than national, context.

Locating data on how few companies control individual markets, though, has long been difficult, and not by accident. Although Americans used anti-monopoly policies throughout much of the 20th century to preserve competition, a shift in ideology in the late 1970s allowed increased monopolization across the economy. To shield this pro-corporate turn from the public, the Federal Trade Commission halted the collection and publication of industry concentration data in 1981. More detail on this critical issue can be found in Tepper and Hearn's excellent book, "The Myth of Capitalism, Monopolies and the Death of Competition."

At the same time, we see qualitative indicators of this increasing concentration such as the 2020 T-mobile and Sprint merger,⁴⁰ and current Kroger and Albertsons merger attempt to form an entity with 13% US market share and over 5,000 stores in 48 states under various brand names. As the two largest grocery chains in the country (excluding Walmart), the latter merger has rightfully fallen under heavy scrutiny with state attorney generals and the federal government looking at legal action as opponents and watchdogs argue it will erode worker's rights, increase food prices⁴¹ and exacerbate food scarce areas.⁴² These mergers highlight the need for the government to create and enforce antitrust policies. ASBN supports the increased scrutiny that the FTC has emphasized in the current administration, but executive action falls

³³ Vidani, Peter. "Whatever Happened To Antitrust?". Robert Reich, 2020, <https://robertreich.org/post/119767465905>.

³⁴ The Big Deal of Antitrust Laws for Small Businesses." American Independent Business Alliance. <https://amiba.net/wp-content/uploads/2021/02/The-Big-Deal-of-Antitrust-Laws-for-Small-Business.pdf>

³⁵ Wilmoth, Daniel. "Small Business Facts: Small Business Job Creation." U.S. Small Business Administration. April, 2022. <https://cdn.advocacy.sba.gov/wp-content/uploads/2022/04/22141927/Small-Business-Job-Creation-Fact-Sheet-Apr2022.pdf>

³⁶ "The Local Multiplier Effect: How Independent Local Businesses help your community thrive." American Independent Business Alliance. <https://amiba.net/wp-content/uploads/2021/02/The-Local-Multiplier-Effect.pdf>

³⁷ Jones, Jeffrey M. "Socialism, Capitalism Ratings in the U.S. Unchanged." Gallup, 2021. <https://news.gallup.com/poll/357755/socialism-capitalism-ratings-unchanged.aspx>

³⁸ "Global Financial Development, 5-bank asset concentration". The World Bank DataBank, <https://databank.worldbank.org/source/global-financial-development/Series/GFDD.OI.06>

³⁹ Vidani, Peter. "Whatever Happened To Antitrust?". Robert Reich, 2020, <https://robertreich.org/post/119767465905>.

⁴⁰ Arbel, Tali. "Sprint and T-Mobile merge, creating new wireless giant" AP News, April 1, 2020, <https://apnews.com/article/1150e4f20d30bc327665da6aca0b1cbd>

⁴¹ Durbin, Dee-Ann. "Kroger seeks to create grocery giant in \$20B Albertsons bid." AP News, October 28, 2022, <https://apnews.com/article/business-albertsons-companies-inc-0cfbd68f81ba8aab7c1d3012c69804d9>

⁴² Krupnick, Matt. "Kroger-Albertsons mega-merger could cause more US food deserts, experts say" The Guardian. October 27, 2022. <https://www.theguardian.com/environment/2022/oct/27/kroger-albertsons-merger-groceries-prices-food-deserts>

short. Legislation is needed to codify industry concentration disclosure and discourage non-competitive market landscapes, such as the [S.225 - Competition and Antitrust Law Enforcement Reform Act of 2021](#).

And as is now clear in the wake of the Covid-19 pandemic, we must also require **Corporate Resilience** for all essential businesses and industries. Our society needs large-scale institutional reform to ensure businesses' losses during times of crisis are not socialized to the detriment of the general public. Standard operating procedures should have resiliency strategies and structures baked in to withstand periods of economic downturn as we saw in 2008 and 2020. These long-term structures should be prioritized over measures for short-term gains, like using cash for stock buybacks.

Prior to the 1980s, **Stock Buyback Restrictions** were generally viewed as impermissible market manipulation and thus rarely occurred. Today, when a company executes a stock buyback, they typically raise the price of that company's shares for a period of time, but the funds spent on buybacks are then unavailable to be spent on the types of corporate activities that could make the company more productive over the long term such as investments in future productivity and in the workforce as well as research and development. Stock buybacks are one of the drivers of our imbalanced economy, in which corporate profits and shareholder payments continue to grow while wages for typical workers stay flat. Highlighting this tension was the airline industry during the pandemic-caused recession. Little to no passenger demand, airlines found themselves with little cash on hand to weather the crisis. This resulted in another bailout backed by the American taxpayer for industries' poor decisions in the name of driving executive compensation and shareholder value at any costs. Stock buybacks are virtually unregulated, even though Congress has recognized its potential for market manipulation, as most recently addressed in the Inflation Reduction Act of 2022 - which imposes a 1% excise tax for all repurchased stock by the corporation.⁴³ Importantly, there are currently no meaningful limits to stop executives from using corporate money on stock buybacks to raise share prices for their own short-term gain by increasing the value of the stock they hold as well as their stock options. In the case of the airline, a temporary ban on stock buybacks as part of their federal relief package recently expired at the end of September, 2022. While this ban helps to target the problem, the temporary nature of the ban allows for the practice to resume, despite executive claims to the contrary and opposition from airline workers.⁴⁴ Executives are not required to disclose that they have conducted a buyback until the next quarter's filing;

meanwhile, there are no substantive limits to stop them from selling their own personal shares in the same quarter as they are conducting buybacks.

- Stock buybacks have reached record volume: Corporations spent roughly \$900 billion on them in 2018, and projections for 2019 predict an even higher scale. The U.S. publicly traded companies across all industries spent almost 60 percent (58.6 percent) of their profits on buybacks between 2015 and 2017, leaving fewer funds (relative to growth of profits) for other productive purposes, such as corporate investment, job creation, and raising wages.
- To put this into perspective, that is nearly a third of our national spending on health care. Their magnitude explains why even many on Wall Street are ringing warning bells, saying that executives are prioritizing stock price highs over the kinds of true investment that will lead to long-term prosperity. We must either eliminate or severely restrict corporate stock repurchase programs.
- The inclusion of Senator Ron Wyden's proposal to tax stock buybacks by corporations in the Inflation Reduction Act was a step in the right direction we fully support. Although it was originally aimed at 2%, the final 1% tax in the IRA is a good starting point.⁴⁵ Yet, when polled on the original 2% policy only 55% of executives said the tax would alter their stock buyback policies, while 40% saying it wouldn't have an impact. Yet the need for restrictions or disincentives is hugely important. In the 12 months from June 2021 to June 2022, stock buybacks hit record numbers totaling just under \$1 trillion.⁴⁶ We support this important legislation to curb the practice and support further regulatory and legislative action on it in the future.

⁴³ "Inflation Reduction Act includes excise tax on stock buybacks." EY, August 19, 2022
https://www.ey.com/en_us/tax/inflation-reduction-act-includes-excise-tax-on-stock-buybacks

⁴⁴ Priyamvada C and Ganapavaram, Abhijith. "Major U.S. airlines in no rush to resume stock buybacks as ban ends" Reuters. October 3, 2022.
<https://www.reuters.com/business/aerospace-defense/major-us-airlines-no-rush-resume-stock-buybacks-ban-ends-2022-10-03/>

⁴⁵ "Wyden Stock Buyback Legislation Passes Senate" United States Senate Committee on Finance. August 7, 2022.
<https://www.finance.senate.gov/chairmans-news/wyden-stock-buyback-legislation-passes-senate>

⁴⁶ Rosenbaum, Eric. "The bigger political battle behind the stock buyback isn't about to end." CNBC. August 21, 2022.
<https://www.cnbc.com/2022/08/21/the-market-shrugged-at-bidens-tax-on-buybacks-will-it-regret-that.html>

ACCESS TO CAPITAL

Increased Access to Capital and Affordability for Cooperative, Sustainable, Diverse, Local and High-Road Small Business is also essential to create high quality jobs and reduce social inequity.

Despite the importance of entre-preneurship to our economy, small business owners—particularly women, people of color and other underserved populations face significant hurdles accessing capital from banks and other traditional sources. According to the Federal Reserve Bank's [2022 report on minority firms](#), firms owned by people of color were more significantly affected by the pandemic and are still disproportionately feeling the effects today with revenues not back to 2019 levels, only 40% of firms owned by people of color received the full amount of capital sought, compared to 68% of nonminority-owned firms. This trend continued throughout 2020 and 2021 as businesses across the country sought out PPP loans and pandemic funding initiatives. In 2021, businesses owned by people of color only received the full amount of PPP loans they requested at significantly lower rates than their white counterparts. These came in at 55% for Asian-owned, 44% for Hispanic-owned and only 31% of Black-owned, versus 70% of white-owned businesses.⁴⁷ Similarly, the U.S. Small Business Administration (SBA) loans to women-owned businesses accounted for only 18% of the total number of SBA 7(a) and 504 loans approved in 2019. Throughout the PPP program, women-owned small businesses received loans at a lower rate than their national composition.

For instance, in 2021 women-owned small businesses made up 43.1% of the country's small businesses,⁴⁸ but only received 8.3% of the net dollars (though it should be noted that reporting on gender-ownership was optional in applications).⁴⁹ On the investment side, according to [TechCrunch](#), women-led start-ups received only 2.8% of venture capital in 2019, and less than 1% went to Black and Latinx entrepreneurs. These trends need to change to create a more equity and competitive landscape in our economy.

We must also **strengthen CDFIs, community banks and credit unions**, and require institutional investors to invest in alternative deal structures with strategies rather than an exclusively traditional approach through venture capital and private equity. These strategies include, but are not limited to, local investing, permanent capital vehicles, revenue-based financing, equity redemption financing, mezzanine debt to facilitate conversion/exit to community or workers. Initiatives like the Treasury Department's Emergency Capital Investment Program (ECIP) are a good starting point in bridging this gap coming out of the pandemic. On September 21, 2022 the department announced \$8.28 billion to be invested in 162 CDFIs and Minority Deposit Institutions across the country.⁵⁰ In the coming years, we will promote the continued and expanded government investment in these types of institutions outside of emergency funding programs. We are committed to elevating opportunities for individual investors to deploy capital for impact that aligns with the JEDI (Justice,

Equity, Diversity and Inclusion) focus of ASBN and other impact investors. We are now excited to share and highlight opportunities for individuals to invest capital in these mission-focused community lenders.

Credit unions often offer numerous benefits over traditional commercial banks. First and most importantly, credit unions are owned by their customers and have no other shareholders to generate profits for. Credit unions often offer some of the best rates on credit products such as car loans, mortgages and credit cards. They often provide fee-free checking accounts and savings accounts, too, without requiring a substantial minimum balance.

Credit applicants without a credit history or with a history of damaged credit, often experience barriers to applying for lines of credit. Credit unions are more forgiving of people in this position. Credit unions are generally committed to investing in and being a positive force in the local community. Credit unions also tend to offer higher interest rates on savings and deposit accounts than banks do. And these accounts are as secure as those provided by commercial banks, since they are also insured.

⁴⁷ "2022 Report on Firms Owned by People of Color." United States Federal Reserve System. 2022. <https://www.fedsmallbusiness.org/survey/2022/2022-report-on-firms-owned-by-people-of-color>

⁴⁸ "2021 Small Business Profile" U.S. Small Business Administration Office for Advocacy. 2021. <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30144808/2021-Small-Business-Profiles-For-The-States.pdf>

⁴⁹ "Paycheck Protection Program (PPP) Report Approvals through 05/31/2021" The U.S. Small Business Administration. 2021. https://www.sba.gov/sites/default/files/2021-06/PPP_Report_Public_210531-508.pdf

⁵⁰ U.S. Department of the Treasury. "Biden-Harris Administration Announces Over \$8.28 Billion in Investments in Community Development Financial Institutions and Minority Depository Institutions through the Emergency Capital Investment Program." September 21, 2022, <https://home.treasury.gov/system/files/136/ECIP-Press-Release.pdf>



The CDFI industry has grown dramatically since the first community development banks were established in the 1970s, and the industry's impact is indisputable. However, many communities throughout the country, both urban and rural, continue to struggle due to lack of investment for broader, faster, physical and economic development and growth. CDFIs are proven investment intermediaries that can direct resources to these communities and drive continued positive impact that will not only bolster the communities themselves, but also fuel the larger national economy. This was further reinforced during the COVID-19 pandemic, as CDFIs were integral vehicles in

stabilizing communities through rapid distribution projects like the Treasury Department's 2021 \$1.25 billion relief package.⁵¹ However, the industry needs new sources of capital to play its role more effectively. CDFI assets remain at less than 1% of the \$18.3 trillion combined assets of FDIC-insured banks and NCUA-insured credit unions today. Furthermore, as the Urban Institute study demonstrated, coverage of low-income communities across the country is neither equal nor equitable.

⁵¹ "U.S. Treasury Awards \$1.25 Billion to Support Economic Relief in Communities Affected by COVID-19" U.S. Department of the Treasury. June 15, 2021. <https://www.cdfifund.gov/news/420>

EQUITY, INVESTMENT, TAXES & DISCLOSURE

In 2019, prior to the pandemic, income disparities in the United States were so pronounced that America's top 10 percent averaged more than nine times as much income as the bottom 90 percent. Americans in the top 1 percent towered stunningly higher, averaging over 39 times more income than the bottom 90 percent. But that gap paled in comparison to the divide between the nation's top 0.1 percent and everyone else. Americans at this lofty level are taking in over 196 times the income of the bottom 90 percent.

If this seems outrageously abnormal, it is because it is. The Congressional Budget Office's Trends in the Distribution of Family Wealth, 1989 to 2019 reveals how these changes have taken root over a 30 year period, as tax codes, accounting loopholes and policy have increasingly favored the wealthy to reap the vast majority of gains. Unsurprisingly, these trends persisted throughout the pandemic and into 2022, as research indicates a small proportion of households with \$30 million in wealth control \$39 trillion in assets, or ~30% of the overall wealth in the country.⁵² We must recognize the role that tax, and accounting rules, play in creating this dangerous and growing economic inequality.

Domestic businesses have expressed support for a more equitable method of taxing business activity in U.S. markets regardless of where the business is based. Current state laws disadvantage domestic firms with their multinational competitors, who can unfairly reduce their tax liability by shifting profits based on US sales to low-income foreign jurisdictions.

By adopting Worldwide Combined Reporting, considered the gold standard for closing tax loopholes, businesses would be required to fully report businesses activities by jurisdiction. As a result, if a company showed 10 percent of its global sales took place in a state, then that state would impose business taxes based on the 10 percent of sales activities taking place within its borders. Domestic companies would no longer be expected to bear the multinational share of a State's business tax burden.

To stop and reverse the continuing increase of economic inequality and decreasing government tax revenues⁵³ now is the time to:

- Increase taxes on wealthy individuals through a **Wealth Tax** on everyone with assets over \$50 million with two tax brackets: 2% for people with \$50 million or more in assets and 6% for assets above \$1 billion. One proposed law that works towards this goal, though varies slightly, is Senator Ron Wyden's Billionaires Income Tax aiming to close the gap in tax code policy between the ultra-wealthy and everyone else. It would apply when taxpayers with more than \$1 billion in assets or earning over \$100 million in three consecutive years based on their gains on tradable assets during the year (or conversely deductions for losses), or adding one point to the applicable federal short term rate, in addition to capital gains, for a non-tradeable asset sold.
- **Reduce Federal and State Estate Tax exemptions** for families with incomes over \$500,000. Over the last decades the rich have been increasingly able to proliferate wealth, while the middle and lower classes have seen their wealth decrease in aggregate. A progressive estate tax targeted at millionaires and billionaires is the primary method to help reallocate wealth back to Americans with the least amount of wealth. Senator Bernie Sanders' For the 99.8 Percent Act establishes a progressive estate tax on the fortunes of the top 0.2 percent. Under this legislation, the families of all 588 billionaires in America who have a combined net worth of over \$3 trillion would owe up to \$2.2 trillion in estate taxes. This is the fairest way to reduce wealth inequality, invest in the disappearing middle class, and preserve our democracy is to enact a progressive estate tax on the inherited wealth of multi-millionaires and billionaires.

⁵² Davis, Carl; Sifre, Emma and Marasini, Spandan. "The Geographic Distribution of Extreme Wealth in the U.S." Institute on Taxation and Economic Policy. October 13, 2022. <https://itep.org/the-geographic-distribution-of-extreme-wealth-in-the-u-s/>

⁵³ The previous administration's tax cuts dramatically altered the U.S. tax landscape for the first time in decades by permanently slashing the corporate tax rate from 35% to 21%, temporarily cutting individual tax rates and limiting state and local tax deductions, among other changes. From 2017 to 2018, the U.S. tax-to-GDP ratio fell from 26.8% to 24.3%, while corporate tax revenues fell by .7% and personal income tax revenues dropped by .5%.

- **Remove the Social Security Cap.** Social Security taxes are levied on covered earnings up to a maximum level set each year. In 2019, this maximum—formally called the contribution and benefit base, and commonly referred to as the taxable earnings base or the taxable maximum—is \$132,900. The taxable earnings base serves as both a cap on contributions and on benefits. As a contribution base, it establishes the maximum amount of a worker's earnings that is subject to the payroll tax. As a benefit base, it establishes the maximum amount of earnings used to calculate benefits.

Since 1982, the Social Security taxable earnings base has risen at the same rate as average wages in the economy. Because the cap is indexed to the average growth in wages, the share of the population below the cap has remained relatively stable at roughly 94%. However, due to increasing earnings inequality, the percentage of aggregate covered earnings that is taxable has decreased from 90% in 1982 to 83% in 2017.

Raising or eliminating the cap on wages that are subject to taxes could reduce the long-range deficit in the Social Security trust funds. For example, phasing in an increase in the taxable maximum to cover 90% of covered earnings over the next decade would eliminate roughly 30% of the long-range shortfall in Social Security. If all earnings were subject to the payroll tax, but the current-law base was retained for benefit calculations, the Social Security trust funds would remain solvent for over 60 years. However, having different bases for contributions and benefits would weaken the traditional link between the taxes workers pay into the system and the benefits they receive.⁵⁴

- **Eliminate the Carried Interest Deduction.** Under current law, some of the nation's wealthiest individuals—hedge fund and private equity managers—pay a lower tax rate than average Americans because the bulk of their income is taxed at the preferential 20% long-term capital gains tax rate as so-called "carried interest," rather than at the ordinary income tax rate of 37%, even though they are effectively being paid for their labor. In the four years prior to 2022, private equity and hedge funds had seen a 63% increase in assets under management to \$20.3 trillion. Despite projecting \$14 billion in tax revenue over 10 years,⁵⁵ this closing loophole was ultimately taken out of the final version of the Inflation Reduction Act. Still, legislation like the Carried Interest Fairness Act, introduced by Senator Tammy Baldwin, would close this loophole. Ensuring that our system works for all also requires eliminating this unfair tax advantage hedge funds get over other workers.

- It is also essential that we **Eliminate Incentives for Short-Term Investment Decisions** and incentivize long term perspectives. To accomplish this, we must: Extend the holding period requirements for short & long-term capital gains and increase the Federal tax rate to 50% for investments held less than 30 days, 40% for investments held less than twelve months, 20% for investments held for 5 years or less and 5% for investments held for 10 years or more. An additional approach that ASBN supports is the Tax on Wall Street Speculation Act, introduced by Senator Sanders and Congresswoman Lee. The act would add a transaction rate of 0.50% for stocks, 0.10% for bonds, and 0.005% for derivatives,⁵⁶ helping to curb the inundation of high-volume trading from institutions that often doesn't add value into the market and open up more opportunity for main street investors.

Another avenue to encouraging long-term investment outlook is to reduce the frequency of company reports from a quarterly basis to a bi-annual or annual basis with heightened transparency, or to simply introduce guidance for inclusion of a long-term outlook into quarterly reports. The latter idea on quarterly earning guidance was addressed and outlined in detail by Leo Strine, as he stated correctly "No rational person believes that corporations can deliver consistent, quarter-to-quarter earnings growth nor that corporations should be managed with that objective in mind, especially in light of the fact that most of their capital comes from human investors who are saving for the long run and therefore need sustainable growth, not bubble returns. Forward-looking quarterly earnings estimates provide little value to investors but continue to contribute to managing the market in an unproductive way. And isolated issuer restraint is of little utility as competitive realities lead to a collective lack of discipline and wisdom because CEOs fear the loss of analyst coverage if they refuse to feed the market beast and their competitors continue to do so."

Strine's proposal, "the SEC must require any company that issues quarterly guidance to make public and keep current a long-term plan of at least four years for earnings growth and situate any quarterly guidance within the context of that long-term plan. By requiring companies to disclose long-term plans along with their forward-looking quarterly estimates, managers would focus more on long-term corporate growth and less on meeting short-term expectations, and institutional investors would have a roadmap to hold corporations accountable for sustainable performance."⁵⁷

⁵⁴ "Social Security: Raising or Eliminating the Taxable Earnings Base" Congressional Research Service, December 22, 2021, <https://fas.org/sgp/crs/misc/RL32896.pdf>

⁵⁵ Taxation of Carried Interest" Congressional Research Service. August 4, 2022. <https://crsreports.congress.gov/product/pdf/R/R46447>

⁵⁶ "Text - S.1283 - 117th Congress (2021-2022): Tax on Wall Street Speculation Act." Congress.gov, Library of Congress, 21 April 2021, <https://www.congress.gov/bills/117/congress/senate-bill/1283/text>.

⁵⁷ Strine, Leo, "Toward Fair and Sustainable Capitalism" p.12, U of Penn, Inst for Law & Econ, August 2020, <https://ssrn.com/abstract=3461924>

- **Stop Wealth Hiding.** Due to its designed murky nature, it is difficult to nail down how much wealth is hidden offshore. By some estimates this number is in the range of \$21-\$32 trillion in wealth now sitting hidden in offshore tax havens, shell companies, and trusts.⁵⁸ In 2021, an IRS official testified that U.S. households alone could account for \$2 trillion in hidden offshore wealth.⁵⁹ Congress must shut down the international wealth hiding apparatus by using legislation, trade negotiations, and international sanctions to require greater corporate transparency, eliminate tax dodges, and provide greater resources for tax enforcement. A good start would be to reintroduce and pass the Corporate Transparency Act of 2019 (HR 2513) and require the disclosure of beneficial ownership of corporations and limited liability companies, key tools in the wealth hiding toolbox.⁶⁰ Additionally, large transnational corporations should be required to register and reincorporate federally instead of at the state-level, as this has precipitated a race to Delaware, the state with the most forgiving and flexible corporate law.

Additionally, we support expanded investigation into discovering the extent of hidden wealth that could be averting billions of dollars from taxes annually. In August 2022, investigative efforts by the Senate Finance Committee discovered the “shell bank” loophole in the Foreign Account Tax Compliance Act (FATCA) that was enabling this evasive and damaging behavior.⁶¹ Given the scope of the problem, we need continued commitment into investigations from both Congress, as well as the IRS in the wake of its increased funding in 2022.

⁵⁸ “How much money is in tax havens?” Tax Justice Network, <https://taxjustice.net/faq/how-much-money-is-in-tax-havens/>

⁵⁹ “Tax Gap & Offshoring Hearing Sheds New Light on Trillions in U.S. Income Stowed Abroad.” Office of Sheldon Whitehouse, U.S. Senator for Rhode Island. May 11, 2021. <https://www.whitehouse.senate.gov/news/release/tax-gap-and-offshoring-hearing-sheds-new-light-on-trillions-in-us-income-stowed-abroad>

⁶⁰ Collins, Chuck et al. “Billionaire Bonanza 2020”. Ips-Dc.Org, 2020, <https://ips-dc.org/wp-content/uploads/2020/04/Billionaire-Bonanza-2020.pdf>.

⁶¹ “Wyden Investigation Uncovers Major Loophole In Offshore Account Reporting” United States Senate Commitment on Finance. August 24, 2022. <https://www.finance.senate.gov/chairmans-news/wyden-investigation-uncovers-major-loophole-in-offshore-account-reporting>

WORKER WELLBEING

“Liberty,” Franklin Delano Roosevelt said in 1936, “requires opportunity to make a living — a living decent according to the standard of the time, a living which gives man not only enough to live by, but something to live for.” To ensure the wellbeing of our work force and that they are educated to take on the challenges of the 21st century, earn a livable wage, and are supported by a dependable social safety net, we must:

- **Provide Reparations for Descendants of Enslaved Black Americans.** Currently, white household median wealth is 7-10x greater than African American household wealth. The statistics are similarly disparate for Latinx and Native Americans. Despite making up 15.6% of the country, Black Americans hold only 2.9% of wealth.⁶² Illustrated in dollars, white families recovered dramatically better after World War II and up to the present day. As of 2019 the median household wealth for a white household is about \$184,000, compared to about \$23,000 for Black American households.⁶³ Why? Most of the white wealth is based on home ownership. But Black Americans were discriminated against by the Federal Government’s Federal Housing Authority in the 1930s—and by continued redlining long after.
- We support reparations for past and continuing harms. The government, responsible corporations and other institutions that have profited off of the harm they have inflicted on Black people — from colonialism to slavery through food and housing redlining, mass incarceration, and surveillance — must repair the harm done. As articulated by Black Lives Matter, this includes:
 1. Reparations for the systemic denial of access to high quality educational opportunities in the form of full and free access for all Black people (including undocumented and currently and formerly incarcerated people) to lifetime education including: free access and open admissions to public community colleges and universities, technical education (technology, trade and agricultural), educational support programs, retroactive forgiveness of student loans, and support for lifetime learning programs.
 2. Specific reparations for the continued divestment from, discrimination toward and exploitation of our communities in the form of a guaranteed minimum livable income for all Black people, with clearly articulated corporate regulations.
 3. Reparations for the wealth extracted from communities through environmental racism, slavery, food apartheid, housing discrimination and racialized capitalism in the form of corporate and government reparations focused on healing ongoing physical and mental trauma, and ensuring our access and control of food sources, housing and land. Reparations for the cultural and educational exploitation, erasure, and extraction of our communities in the form of mandated public-school curriculums that critically examine the political, economic, and social impacts of colonialism and slavery, and funding to support, build, preserve, and restore cultural assets and sacred sites to ensure the recognition and honoring of our collective struggles and triumphs.
 4. Legislation at the federal and state level that requires the United States to acknowledge the lasting impacts of slavery, establish and execute a plan to address those impacts. This includes the immediate passage of H.R.40, the “Commission to Study Reparation Proposals for African-Americans Act” or subsequent versions which call for reparations’ remedies.⁶⁴
- **Provide Reparations for Native Communities.** While there is no current equivalent legislation in Congress today, ASBN still supports the goals of the 2019 Honoring Promises to Native Nations Act that aimed to address chronic underfunding and barriers to sovereignty in Indian Country. It also held the federal government accountable to honor America’s legal promises and trust responsibilities to provide resources for housing, education, health care, self-determination, and public safety to Native peoples. Finally, it revamped the federal programs supporting the social and economic wellbeing of tribal nations and Native peoples, invited feedback on how best to achieve budgetary certainty and transparency for Native programs, increased tribal representation in the Executive Branch, required meaningful and timely consultation by the federal government with tribes, and improved tribal self-governance and self-determination.

⁶² “Wealth Inequality and the Racial Wealth Gap” Board of Governors of the Federal Reserve System. October 22, 2021. <https://www.federalreserve.gov/econres/notes/feds-notes/wealth-inequality-and-the-racial-wealth-gap-20211022.html#:~:text=In%20the%20United%20States%2C%20the,percent%20as%20much%20net%20wealth.>

⁶³ Kent, Ana Hernández & Ricketts, Lowell R. “Wealth Gaps between White, Black and Hispanic Families in 2019.” Federal Reserve Bank of St. Louis, January 05, 2021. <https://www.stlouisfed.org/on-the-economy/2021/january/wealth-gaps-white-black-hispanic-families-2019>

⁶⁴ “REPARATIONS – M4BL”. M4bl.Org, 2020, <https://m4bl.org/policy-platforms/reparations/>.

ASBN continues to support native leadership through the Businesses for Conservation and Climate Action (BCCA) that has brought together a group Indigenous and non-Indigenous community-based, resource-dependent small-scale business leaders. The BCCA draws on the experience and wisdom from a wide source of grassroots and frontline leaders to not only help us rediscover our place in the planetary biosphere, but also make the business case for conservation. As the BCCA states in their own words, “The work highlights the benefits that derive from pursuing policies in the US driving equitable, inclusive, community-based, and resilient conservation & responsible resource access. The intent is to speak to the value created from policies such as the Biden-Harris administration goal of conserving at least 30% of lands and waters in the US by 2030. This policy was initially established in Executive Order 14008 on Tackling Climate Change at Home and Abroad, commonly referred to as 30x30 and known across the US federal government as America the Beautiful.”⁶⁵ We encourage all readers to dive deeper into the valuable analysis and compelling advocacy work by the BCCA in crafting their business case here.

- In Leo Strine’s “A Comprehensive Proposal to Help American Workers, Restore Fair Gainsharing Between Employees and Shareholders,” he proposes several accounting rule changes as well as many other structural corrections that are very well aligned with, “Creating an Economy that Works for All.” One such proposal is changing accounting rules to **Treat Investments in Workers like other Long-Term Investments** and require companies to disclose more information in narrative form about their human capital investments is one such proposal.
- **Provide Paid Leave and Critical Workplace Benefits.** Working families lose an estimated \$20.6 billion in wages each year due to a lack of access to paid family and medical leave. ASBN supports the passage of a comprehensive national program that meets the needs of new parents, as well as people with serious personal or family health issues, through a shared fund that makes paid leave affordable for employers of all sizes and for workers and families.⁶⁶
- **Disclosure on Pay Methodology** to ensure everyone is evaluated the same way on reasonable consistent metrics. In America today, women who work full time are paid just 82 cents, on average, for every dollar paid to men. Additionally, meager gains during the pandemic may have had more to do with higher unemployment numbers than actual gains.⁶⁷ For Latinas it’s 54 cents, for Native American

women it’s 51 cents, and for Black women it’s 64 cents.⁶⁸ All that money adds up to more than \$400,000 over the course of a woman’s career, and more than \$1 million for Latinas, Native American women, and Black women. It is time we hold corporations accountable for pay inequality in America. We must require corporations to prove they do not engage in pay discrimination, and fine companies that refuse to close wage gaps.

- To eliminate poverty, we must **Increase the Minimum Wage to a Livable Wage** with no exceptions for tipped workers who today earn a sub-minimum wage. As the income gap further increases and executive pay skyrockets, it is imperative for pay to reflect the importance of the work minimum wage workers do. Today’s bar of \$7.25/hour remains woefully inadequate as the cost of living continues to rise rapidly. We support using the cost of living as a benchmark for determining what minimum hourly wages should be, as put forth in the Original Living Wage Act.⁶⁹ Another approach would be to tie minimum and entry-level wages to executive pay via a wage ratio structure. This would serve the dual purpose of lowering bloated executive salaries, while ensuring workers get paid fairly for their work.
- Research shows that worker-owned enterprises with aligned high road principles and practices are more stable, inclusive, equitable, democratic, resilient and competitive with fewer job losses, especially during downturns.⁷⁰ That’s why we must **Require all Businesses to Operate High-Road” Workplaces** monitored with standardized disclosure which includes:

1. Provide family-friendly benefits
2. Offer flexible scheduling
3. Invest in employee growth and development
4. Cultivate inclusion
5. Govern fairly and transparently
6. Engage with local communities
7. Manages its supply chain responsibly
8. Promotes health and safety

⁶⁵ Bill, Eric. “The Business Case for Conservation.” *Businesses for Conservation and Climate Action*, 2022. https://www.asbnetwork.org/sites/main/files/file-attachments/the_business_case_for_conservation_0.pdf?1645211768

⁶⁶ “The Family And Medical Insurance Leave (FAMILY) Act”. *Nationalpartnership.Org*, 2019, <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/family-act-fact-sheet.pdf>.

⁶⁷ “2022 State of the Gender Pay Gap Report” *Payscale*. 2022. <https://www.payscale.com/research-and-insights/gender-pay-gap/>

⁶⁸ “America’s Women and the Wage Gap” *National Partnership for Women & Families*. October, 2022. <https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/americas-women-and-the-wage-gap.pdf>

⁶⁹ “H.R.122 - 117th Congress (2021-2022): Original Living Wage Act.” *Congress.gov, Library of Congress*, 4 January 2021, <https://www.congress.gov/bills/117/congress/house-bills/122>.

⁷⁰ Walsh, Peter, Michael Peck, and Ibon Zugasti. 2018. *Why The U.S. Needs More Worker-Owned Companies*. Ebook. *Harvard Business Review*.

Expand the Good Jobs Initiative from the Department of Labor that was announced in January 2022. The project provides an excellent resource center for employers and workers alike who are seeking “high-road” practices in their workplaces. Today, the initiative primarily points to granting opportunities across government agencies that could further fund introducing these programs. Additional room for expansion could come by way of further funding opportunities from directly within the program, or other incentivization for employers who take steps to integrate these practices into their businesses.

To date, there is no comprehensive bill that covers all of ASBN’s “high-road” initiatives aimed at creating a more inclusive and fair economy. The bill that came closest to these targets was the Small Business Regulatory Relief Act introduced in 2019. The Small Business Regulatory Relief Act empowered the SBA’s Office of the National Ombudsman (ONO) to enhance outreach to small businesses, develop the best practice guidelines for agencies to address small business regulatory concerns, increase the ONO’s visibility and enhance collaboration at federal agencies, and expand the ability of the ONO to help small businesses selling to the federal government. While no similar proposals have been put forth in the current congress, ASBN believes that legislation targeting “high-road” business policies are critical not only in small businesses, but across the economy.

Other ways to rebuild our middle class include:

- **Support the Growth, Expansion and Evolution of Labor Unions** with Senator Bobby Scott (D-VA)’s “Protecting the Right to Organize (PRO) Act.” The freedom to form a union is a democratic right that is under attack. Too many workers are prevented from freely choosing to band together in a union to bargain collectively with their employer on workplace issues.

According to a CNBC Survey, 59% of all workers in the United States say they would support unionization in their workplace⁷¹, but union membership in the private sector only 7 percent today⁷²—down from one-third of private sector workers in the middle of the 20th century—because existing laws make forming a union a Herculean task that few want to undertake. Despite this, union support is as high as it has been since 1965, coming in at 71% approval rate in 2022.⁷³

The PRO Act (H.R.842) is a sensible reform that would protect workers’ right to join together in unions and make it harder for management to threaten workers seeking to organize a union.

- In addition, we must **Reform the Union Election Process** by permitting card check elections to make it easier for workers to organize and collectively bargain with their employers. The PRO Act will restore balance to the union election process by allowing workers the choice to organize a union through a simple majority sign-up process—a system that works well at the small number of workplaces that choose to permit it, raising penalties when the law is violated and promoting productive first contract negotiations with a mediation and arbitration option. It also prevents employers from interference by removing them as a “party” to union representation elections. By increasing penalties on employers for breaking the laws, H.R.842 makes it more difficult for employers to delay union recognition through legal challenges. Through the PRO Act, it will be easier for workers to engage in collective action and solidarity by prohibiting employers from permanently replacing workers during an economic strike and removing all limitations on secondary boycotts.
- **Incentivize Entrepreneurial Activity.** Government policies and principles are important for entrepreneurship to succeed. These are the regulations that make it possible for young businesses to exist within parameters that are not restrictive to their growth. Governments that support entrepreneurs typically develop and implement growth-oriented structures that allow enterprise development. The bipartisan CHIPS Act of 2022 will help to bridge the gap in government investment in entrepreneurship. Specifically, the bill allocates \$10 billion in investment to create regional innovation hubs targeted at developing cutting-edge technology including advanced manufacturing and clean energy. Additionally, the law included \$1 billion allocation to a new RECOMPETE pilot-program, encompassing the 2021 RECOMPETE Act, which will aim to provide long-term economic stability and job growth in the most distressed communities.⁷⁴ While ASBN strongly supports these measures in the CHIPS ACT, the distribution of funding reveals a common divide in government investment.

Government incentives for job creation are generally divided into two target groups: innovation and technology-oriented SME’s. There is little planning on the part of state or local governments for new or young companies. Incentives designed exclusively for technology-oriented businesses with high growth potential neglect many other types of entrepreneurs who contribute to the recirculation of the dollar and the economic well-being of their communities.

Existing programs are primarily engaging a narrow segment of the entrepreneurship ecosystem. In addition to BIPOC and women entrepreneurs, rural entrepreneurs and entrepreneurs from distressed urban areas remain underserved. While the RECOMPETE pilot-program is a

71 Rosenbaum, Eric. “The Amazon, Starbucks, Apple union push is capturing what a majority of all American workers now say they want.” CNBC, June 2, 2022. <https://www.cnbc.com/2022/06/02/majority-of-american-workers-want-more-unionization-at-their-own-jobs.html>

72 McCarthy, Justin. “What Percentage of U.S. Workers Are Union Members?” Gallup, September 1, 2022. <https://news.gallup.com/poll/265958/percentage-workers-union-members.aspx>

73 McCarthy, Justin. “U.S. Approval of Labor Unions at Highest Point Since 1965” Gallup, August 30, 2022. <https://news.gallup.com/poll/398303/approval-labor-unions-highest-point-1965.aspx>

74 “FACT SHEET: CHIPS and Science Act Will Lower Costs, Create Jobs, Strengthen Supply Chains, and Counter China” The White House, August 09, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/>

start to close the investment gap at a federal level, we support a comprehensive approach spanning federal, state and local government that serves all entrepreneurs.

Below are further examples of the types of government policies that allow for growth:

1. Strengthen Intellectual Property Rights
 2. Inclusion of entrepreneurship within school curricula
 3. Reduced burden on business formation
 4. Improved Access to funding for SME's and Start-ups ⁷⁵
- **Protect Gig Economy Workers.** Over the past decade, gig economy companies like Uber and TaskRabbit have eroded hard-won employment protections by classifying workers as independent contractors. Workers in the gig economy face the uncertainty of scheduling an income along with the hazard of operating without basic benefits like health insurance, workers' compensation, breaks, or paid time off. They are often subjected to unsafe, compromising situations without recourse. In the wake of California's landmark AB 5 legislation, labor and worker cooperative advocates drafted the Promote Ownership By Workers For Economic Recovery Act (**POWER Act**) to restructure the relationship between companies, including platform companies, and their workers. On September 29th, 2022 the act was signed into California law by the Governor. Critical legislation like this will help to set the tone for gig worker protections across the country.
 - **Expand Employee Stock Ownership Plans.** As of the end of 2021, only 13.9 million Americans belong to 6,482 employee stock ownership plans in the U.S.⁷⁶ This isn't enough. We need to examine current ESOP incentives as every major corporation should have an ESOP—and we need to examine how part-time workers can earn stock as they are often excluded from this form of compensation. The "Promotion and Expansion of Private Employee Ownership Act" (H.R.4141) introduced by Congressman Ron Kind (D-WI) bolsters the creation of S Corporation employee stock ownership plans (ESOPs) and provides protection for small businesses by ensuring that they can qualify for Small Business Administration (SBA) loans, contracting assistance, or business development programs after they transition to an ESOP. It also allows business qualifying for minority-owner, female-owned, or veteran-owned programs to maintain their status after the ESOP acquires the shares. As such, H.R.4141 would eliminate barriers that businesses and their owners currently face in establishing a new S corporation ESOPs or expanding the employee-ownership stake in an S corporation.

We also advocate that all ESOPs achieve "Enlightened" or "Democratic" metrics defined by a clear differentiation between retirement plan and ownership plan incentives and how to reach higher common ground such as ensuring:

1. independently verified fair and transparent market valuations,
2. investors who cash out only based on company performance over time,
3. high impact democratic workplace participation,
4. a workforce that ends up owning the majority of company stock

In addition, we also advocate for Tax Policy parity with ESOPs for hybrid and diverse ownership models including worker and union cooperatives, as well as other emerging, hybrid shared ownership structures (HSOS) in federal laws. Tax laws treat cooperatives differently than ESOPs, and S Corp ESOPs are treated differently than C Corp ESOPs. The laws must be changed to make tax treatment more uniform for all worker ownership models so hosting communities and their emerging worker-owners can choose the model and approach best for them. As Michael Peck, CEO and Co-founder of 1worker1vote, expands upon this concept of Tax Parity in his upcoming book, *Humanity@WorkLife: Global Diffusion of the Mondragon Cooperative Ecosystem Experience*:

"[Tax Parity] will ensure that aspirational worker-owners and their hosting communities can freely choose the enterprise structure culturally and locally best suited for them. Current proposed ownership legislation discusses equal funding deployment outcomes for cooperatives and ESOPs once passed, but it glosses over the fact that the inherent, exclusive and built-in, ESOP U.S. Treasury line-item tax benefit advantage ensures that the majority of owners wishing to convert will continue to choose ESOPs over cooperatives."

"Tax parity can seed a level playing field for deserving, competing enterprise structures, as well as inclusivity, transparency and equality for all aspiring worker and employee owners. It can help level the playing field for those workers and employees wishing to unionize (i.e. the union-coop hybrid model that 1worker1vote advances). Its repercussions will lead the way towards a fairer and more integrated workplace and civic culture as well as a more locally empowered and democratically enabled workforce. Adding anti-demutualization and outsourcing/offshoring provisions can ensure that local jobs and enterprises remain local (more important in a pandemic-recovering economy than ever before since the 1929 Great Depression)."⁷⁷

⁷⁵ "Policies With A Purpose: Government Policies That Support Entrepreneurship | Anzisha Prize". Anzishaprize.Org, 2017, <https://anzishaprize.org/policies-with-a-purpose-government-policies-that-support-entrepreneurship/>.

⁷⁶ "Employee Ownership by the Numbers" National Center for Employee Ownership, December, 2021, <https://www.nceo.org/articles/employee-ownership-by-the-numbers#2>

⁷⁷ Excerpted from Chapter One, "Capitalism at the Coalface", (Michael A. Peck author) in *Humanity@WorkLife: Global Diffusion of the Mondragon Cooperative Ecosystem Experience* – co-edited by Dr. Christina Clamp & Michael A. Peck, published Q4 2022 by Oak Tree Press (Ireland)

ASBN supports the following positions regarding implementation of Tax Parity:

1. A first step would be to advocate for a leveled tax policy playing field offering an S-Corp ESOP-like corporate income tax exemption, and the ability to deduct both interest and principal on a worker cooperative loan.
2. This way, ESOP/employee ownership successes in wealth creation can be extended to worker coops, union-coops, and other hybrid worker ownership structures.
3. Research proves that combining an equity stake with a participatory ownership culture (essentially the definition of a worker cooperative) creates better performing businesses.⁷⁸
4. The message of this reform is one of fairness - extending the tax breaks to worker-owned LLCs expands the potential beneficiaries of the law.
5. Follow-on legislation should learn the lessons of various state-based, overly-detailed (perhaps restrictive) cooperative statutes and not place too many requirements/limitations on qualifying for tax breaks.
6. Worker cooperative's democratic governance already ensures/guarantees a broad-based ownership structure, negating the need for high levels of regulation.
7. America's potential and current worker-owners and their hosting community stakeholders are best served through the freedom of choosing the ownership structure that's best for them. This choice requires tax parity among competing ownership structures that currently favor investors, boardrooms and passive-income, and usually ex-territorial shareholders.

A shared-services cooperative approach would help lower compliance costs for small businesses.

- **Create Alternative Ownership Structures.** To support the transition to stakeholder governance and provide new opportunities for worker ownership, we support the development of new "stewardship" owner models.

These include:

1. Golden Share: A public-benefit company where voting rights ("steward-shares") are separated from economic rights ("non-voting preferred shares"). Steward shares can only be held by people closely related to the company's operations or mission and non-voting preferred shares typically have capped returns. An independent foundation holds veto-power ("golden share") to prevent any changes that could unwind the structural separation of voting and economic rights.
2. Perpetual Purpose Trust (PPT): A non-charitable trust owns a C-Corp for the benefit of a purpose rather than shareholders. The trust can include employees,

investors, and other stakeholder groups in both voting and economic rights through a "Trust Protector Committee." A separate "Trust Enforcer" is ultimately responsible for ensuring the purpose of the trust is fulfilled. The PPT structure grants a great deal of flexibility around the purpose of the trust and how different operating bodies relate to each other according to a "Trust Agreement." In 2022, this ownership model came to the forefront of the business world when Patagonia voting shares were irrevocably transferred into the Patagonia Purpose Trust by founder Yvon Chouinard. The remaining shares were given to the non-profit Holdfast Collective, which together with the Patagonia Purpose Trust, will use the company as a funding channel to combat climate change.⁷⁹ This can serve as a template for other businesses to build upon.

3. Employee Ownership Trust (EOT): A type of PPT in which employees or members are defined as the "purpose" of the business. The trust structure ensures that the ownership of a company remains in the hands of its employees or members. Employee-owners elect members of the Trust Protector Committee and all privileges and rights are terminated when an individual departs from the company.
 4. Cooperatives: A cooperative legal form is designed for the benefit of member-owners, rather than outside investors. However, it's possible for coops to "demutualize" through a process where members sell the company or transform into a non-cooperative structure. Thus, a Golden Share model or "poison pill" (a charter clause that prevents members from personally profiting from a sale of the cooperative) should be introduced to ensure long-term steward ownership.
- **Make Alternative Ownership Structures more competitive** by leveling the playing field. There are benefits to increased competition not only in markets, but within how companies are structured. Michael Peck explains these benefits, as well as the benefit of competition in his new book:

"Better worker ownership structure practicing workplace democratic governance will prove a logical outgrowth towards stakeholder progress as the global social economy community and their respective governments are starting to manifest (e.g., Spain's choice of worker cooperatives for transition to worker owned and governed enterprises, previously cited). On the other hand, countries with confusing or conflicting ownership structures continue to predestine winners and losers by robbing the latter of opportunities offered through solidarity dividends earned by sharing risks and rewards to broaden and deepen rising stakeholder prosperity."

"Recent pushback against private equity entering the worker and employee ownership marketplace is misplaced

⁷⁸ "2019 ESOP Economic Performance Report" The Employee Ownership Foundation, 2019, <https://esopassociation.org/sites/tea-master/files/2020-06/2019%20EPS%20Report%20Digital.pdf>

⁷⁹ Gelles, David. "Billionaire No More: Patagonia Founder Gives Away the Company" The New York Times, September 21, 2022, <https://www.nytimes.com/2022/09/14/climate/patagonia-climate-philanthropy-chouinard.html>

and can be viewed as a classic case of “physician, heal thyself” for those status quo communities unsettled by additional players with greater means at their disposal. Market-driven private equity upping the domestic and global ownership economy ante, however imperfect in its incipient stages, brings more resources and power to the negotiating, dealmaking table.”

“Let us not be afraid of competition. As a direct result of private equity’s newfound interest in employee ownership, U.S. tax structure now commands a unique opportunity to throw open its doors, level its playing field for once, and let all ownership structures compete to show who succeeds best, why and how on equal footing. The return on taxpayer dollars will be marked by innovative ownership structure “mergers, acquisitions, and conversions”, with more advocates for the uplifting changes that ESG Human and Social Capital Asset markets demand to center, stabilize, and sustain both workplace and civic democracy.”⁸⁰

He continues on to explain how specific measures that could help to foster this competition:

“In the U.S., “Collective Guarantee” is one of the more interesting federal legislative innovations that didn’t get passed this year in the US Small Business Administration’s budget, but perhaps will in 2023 after the dust clears from this year’s midterm elections. Once enacted, the Collective Guarantee “SBA Cooperative Lending Pilot Program” could level the playing field for cooperatives and other mutualist and social economy organizations, uniting ownership for the many instead of ownership by the few in sectors such as “home-based care, childcare, retail grocery and manufacturing to create good-paying jobs and locally owned businesses.”

“Collective Guarantee (for the first time ever in federal lending) can integrate with progressive Collective Bargaining models to form a new mission antidote to ownership inequality, trickle-down prosperity and freedom, and the other workplace injustices seeding the Great Resignation. Collective Guarantee & Bargaining can rebuild America’s solidarity economy and civic society starting at the hybrid, high-road workplace level.”⁸¹

- **Increase Opportunities and Incentives for Local Investment.** A growing number of communities are exploring creative models that will allow them to exert control over extractive investments and to earn a return on their own. A neighborhood should be able to be discovered, evaluated, and invested in by all citizens,

not just the wealthy. Rather than relying on expensive conventional sources of funding, businesses have to be able to access local funding. Communities need to encourage local investment in order to better manage their growth and development. In Michigan, legislators reached a compromise on a bill (HB 4116) allowing taxpayers to claim an income tax credit for investing in a small business based in the State. Investments could come under the Michigan Invests Locally Exemption (MILE) Act. Enacted in 2013, the MILE Act allows residents who do not meet the federal definition of accredited investors to invest up to \$10,000 in a Michigan-based business through an online platform.

- **Universal Healthcare Access.** The COVID-19 pandemic and resulting economic depression has shown the folly of connecting employment to health insurance. The current work-dependent health insurance system is not prepared or resilient enough to support individuals through health crises. Early shocks to our economy at the outset of the pandemic saw 46 million U.S. workers⁸² by June of 2020, resulting in wide ranging, but nonetheless devastating, estimates of between 7.3 million and 27 million workers and dependents⁸³ also losing their employer-sponsored health insurance in the Spring of 2020. Prior to this crisis, another 37 million Americans lacked health insurance and 40 million more had inadequate insurance - a figure that perhaps helps to explain the lower-end of the above estimates since many of these workers may not have been covered by employers to begin with.

The health care system has also failed our business community. The average cost of a family plan in 2019 topped \$20,000 a year, with the business paying \$14,000 of this premium.⁸⁴ Today in 2022, these figures have risen to an average of \$22,463 and \$16,357 respectively.⁸⁵ This cost is unsustainable for businesses of all sizes, from family-owned Main Street cafes to national brands with distribution across the country. Businesses routinely rank health care costs as the top threat to the success of their companies.

A Universal Healthcare Access system, like the one that has been proposed by Senator Sanders, would have better prepared our healthcare system and economy for this crisis. As he has pointed out, “more than 1 in 3 COVID-19 deaths in the U.S. [has been] linked to lack of health insurance” and 70 million people still remain uninsured or underinsured.⁸⁶ The United States should join the rest of the industrialized world and guarantee health care as a right to all residents and use the purchasing power of the federal government to control costs.

⁸⁰ Excerpted from Chapter One, “Capitalism at the Coalface”, (Michael A. Peck author) in *Humanity@WorkLife: Global Diffusion of the Mondragon Cooperative Ecosystem Experience* – co-edited by Dr. Christina Clamp & Michael A. Peck, published Q4 2022 by Oak Tree Press (Ireland)

⁸¹ Excerpted from Chapter One, “Capitalism at the Coalface”, (Michael A. Peck author) in *Humanity@WorkLife: Global Diffusion of the Mondragon Cooperative Ecosystem Experience* – co-edited by Dr. Christina Clamp & Michael A. Peck, published Q4 2022 by Oak Tree Press (Ireland)

⁸² Davidson, Paul. “Layoffs: 1.5M Workers File For Unemployment Amid COVID-19 Even As States Let Businesses Reopen”. *Usatoday.Com*, 2020, <https://www.usatoday.com/story/money/2020/06/18/unemployment-claims-another-1-5-m-file-jobless-claims-amid-covid-19/3210774001/>.

⁸³ Paul Fronstin and Stephen A. Woodbury, “Update: How Many Americans Have Lost Jobs with Employer Health Coverage During the Pandemic?” *To the Point* (blog), Commonwealth Fund, Jan. 11, 2021. <https://doi.org/10.26099/pg4k-k397>

⁸⁴ “Benchmark Employer Survey Finds Average Family Premiums Now Top \$20,000”. KFF, 2019, <https://www.kff.org/health-costs/press-release/benchmark-employer-survey-finds-average-family-premiums-now-top-20000/>.

⁸⁵ “2022 Employer Health Benefits Survey.” KFF, October 27, 2022. <https://www.kff.org/health-costs/report/2022-employer-health-benefits-survey/>

⁸⁶ “NEWS: Sanders Introduces Medicare for All with 14 Colleagues in the Senate” *Bernie Sanders U.S. Senator for Vermont*, May 12, 2022. <https://www.sanders.senate.gov/press-releases/news-sanders-introduces-medicare-for-all-with-14-colleagues-in-the-senate/>

GOVERNMENT, MONEY & POLITICS

To protect our Democracy, we must **Stop the Unlimited Flow of Money into Political Races.** Comprehensive campaign finance reform is essential and the legislation to shore up our elections has already been introduced. The [2021 Freedom to Vote Act](#) incorporates measures from other proposed election legislation and would provide comprehensive election reform to ensure integrity by increasing the ease of voting and voting registration, strengthening election security, expanding disclosure requirements on donations and spending, mandate disclaimers on some political advertising and create alternative funding systems for some federal elections.⁸⁷ ASBN supports the goals of the Freedom to Vote Act to both restore power to individual citizens in the voting process, and limit the influence of large, and often hidden, donor influence. However, there are more targeted approaches that would help to ensure fair elections through campaign funding changes and increased transparency. One method, that has been advocated for by the Brennan Center, Fair Elections, and Public Citizen, is creating small donor matching funds that could counter dark money in state and local elections. Recently 14 states and 19 municipalities had implemented this type of policy, with others looking to follow suit and strengthen the political power of the communities they serve.⁸⁸ By matching small-dollar donations with public funding—for instance, \$6-to-every \$1 raised is New York State's policy for statewide races⁸⁹—we can amplify the voices of women; of people of color; of the working and middle classes; and of

any and all under-represented Americans in the political process. Other legislation to help solve this problem of dark money can also be fought through federal legislation honed in on specific types of large-money donations, such as the DISCLOSE Act, For the People Act, and Shareholder Protection Act. Regardless of the approach, it is clear that something needs to be done.

Concern about big money in politics is cross-partisan, as reflected by a 2018 [report from the Pew Research Center](#) that showed a majority of Americans—77 percent—support limits on the amount of money individuals and organizations can spend on political campaigns and issues. The same poll found that 74 percent of Americans say it is “very important” that major political donors not have more influence than others, and another 16 percent say this is “somewhat important.” The 2022 election only serves to highlight the need to rid our politics of big money, topping the recent records of the 2018 and 2020 elections. As of November 3rd, 2022, an estimated \$16.7 billion total had been spent in 2021 and 2022 across elections, and \$7.5 billion in federal elections (with this number expected to climb to just under \$9 billion when fully tallied). Within this staggering federal figure, 15.4% has come from billionaires alone and the top 1% of earners account for 38% of the overall donations.⁹⁰

Overturn Citizens United. In the 2010 U.S. Supreme Court ruling in the Citizens United v. Federal Election Commission case, the court ruled that campaign contribution limits would restrict the right to free speech—their interpretation of the Constitution is that wealthy corporations, unions and other organizations should be able to spend unlimited amounts of money on political advertising.

Most citizens don't agree and believe in equal representation regardless of wealth. By amending the Constitution, we create a constitutional requirement for that equal representation. As Senator Whitehouse stated in announcing the [DISCLOSE Act](#), an overwhelming majority of Americans agree that unlimited, dark money campaign donations.⁹¹ ASBN agrees and believes that these types of hidden donations, which are directed at and received by both parties, undermine equal representation and our democratic process. As a starting point to shore up our election integrity, we support the DISCLOSE Act, the For the People Act (expanded on below), and previously mentioned Shareholder Protection Act. However, to establish long-term stability in our elections we have to go further.

⁸⁷ “S.2747 - 117th Congress (2021-2022): Freedom to Vote Act.” Congress.gov, Library of Congress, 20 October 2021, <https://www.congress.gov/bills/117/congress/senate-bill/2747>.

⁸⁸ Millard, Hazel & Paez, Mariana. “How Public Campaign Financing Empowers Small Donors Nationwide” Brennan Center for Justice, April 12, 2022. <https://www.brennancenter.org/our-work/analysis-opinion/how-public-campaign-financing-empowers-small-donors-nationwide>

⁸⁹ “Guide: New York State’s Small Donor Public Financing System” Brennan Center for Justice, December 18, 2020. <https://www.brennancenter.org/our-work/research-reports/guide-new-york-states-small-donor-public-financing-system>

⁹⁰ Weisman, Jonathan, & Shorey, Rachel. “Fueled by Billionaires, Political Spending Shatters Records Again.” The New York Times, November 3, 2022, <https://www.nytimes.com/2022/11/03/us/politics/midterm-money-billionaires.html>

⁹¹ “BEFORE RULES COMMITTEE, WHITEHOUSE CALLS FOR PASSAGE OF DISCLOSE ACT TO FIGHT TSUNAMI OF UNLIMITED, ANONYMOUS MONEY IN POLITICS” Sheldon Whitehouse’s Office, July 07, 2022, <https://www.whitehouse.senate.gov/news/release/before-rules-committee-whitehouse-calls-for-passage-of-disclose-act-to-fight-tsunami-of-unlimited-anonymous-money-in-politics->



In July 2020, the national, non-partisan Commission on the Practice of Democratic Citizenship found an “urgent threat to our democratic way of life,” and recommended key steps, including passage and ratification of an amendment to the US Constitution to correct the damage of unlimited, unregulated money in our political system and ensure equal voice in our political process. Today an amendment has yet to be introduced, but in 2021 the House passed the For the People Act, which aims to enshrine the integrity of our elections in part through finance reform. While we fully support this legislation as a starting point, a constitutional amendment would protect the equal rights of all Americans to a voice, a vote and real representation in our political system and it will combat corruption and unlock the solutions to the many urgent, systemic crises we now face. Still, any regulation in the form of a law or amendment would have strong cross-partisan support amongst citizens, and more and more business leaders are making the strong case for passage and ratification now — a necessary constituency to drive this systemic, permanent reform by July 2026, as urged by the Commission.⁹²

In the immediate term, approval of the For the People Act will affirm that “We the People” rather than big money, corporations, unions and special interests—govern the United States of America. It sets common-sense financing rules on campaign contributions and advertising. However, we need a 28th amendment for long-term integrity and stability in our election processes. Americans have united before in support of a constitutional amendment in response to a judicial ruling. Approval and ratification of a 28th Amendment to overturn the Citizens United ruling would be the eighth time an amendment has overruled a Supreme Court decision, and critical for our country’s long-term democratic functioning.

⁹² “Business Statement Of Principle - American Promise”. American Promise, 2020, <https://americanpromise.net/take-action/join-a-program/national-business-network/statement-of-principle/>.

ENVIRONMENT

For too long, vulnerable and marginalized communities like communities of color, the elderly, children, and low-income communities have been hit hardest by the climate crisis and toxic pollution and are often the first to experience the brutal impacts. The disparate climate impacts these communities face is caused by and exacerbates long-standing inequalities in American life.⁹³

To create a successful economic system that works for all, we must have initiatives in place to protect the natural resources that are necessary to support all life on the planet and underpin our economy, and put communities that are most impacted by the effects of the climate crisis at the center of our solutions. We are focusing on four areas in order to promote sustainable development practices that put the environment and hard-hit communities first: green and resilient infrastructure, low-carbon transition, regenerative and just agriculture, and circular economy. As discussed throughout this section, many of these initiatives will provide much-needed jobs. What we have outlined here has been partially achieved through the landmark Inflation Reduction Act, Infrastructure Investment and Jobs Act, and CHIPS Act, which will have long-reaching and rippling effects to jumpstart a sustainable transition, specifically in infrastructure. However, in order to continue to close the gap in achieving the country's climate goals and avoiding the worst of climate change, we support the concept of the Green New Deal in Congress to continue to build upon the success of these bills.

GREEN AND RESILIENT INFRASTRUCTURE

Our nation's infrastructure is decaying, non-resilient, problematic from an environmental perspective, and not meeting our needs. In the past few years, our government recognized that these issues also present a unique opportunity to put people to work, as was done in the 1930s, with public infrastructure projects that improve our water supplies, reduce our greenhouse gas emissions, eliminate toxic chemicals and make us more resilient to climate change, amongst numerous other benefits. The passages of the IRA, CHIPS Act, and the IIJA, have demonstrated federal commitment to this type of infrastructure investment. However, as the individual projects funded by these acts are implemented, special consideration must be given to mitigate and avoid the pollution affecting communities living on the fence line of industry and waste sites that are too often negatively impacted in the name of "progress."

- **Continue Supporting Landmark Climate Policy**

It is critical to continue to invest in Clean Technology Manufacturing and Low Carbon Materials Production, supported in the IRA and CHIPS Act, while deeply cutting emissions. These investments have the vast potential to build a new generation of good jobs in America, enhance equity and pathways into manufacturing careers, and support safer, healthier, and more prosperous communities. However, to achieve the type of progress we need and avoid the worst outcomes from climate change, ASBN supports further legislation that both curbs our climate impact and bolsters our communities - goals that the evidence suggests naturally support each other.

For example, cutting fossil fuel emissions actually puts more people to work, at comparable wages, than business as usual. Fossil fuel employment has been shrinking for years, mainly because of mechanization, not regulation. For example, in 1980, producing 100 tons of coal per hour required 52 miners; by 2015 that number dropped to 16. Even though more coal was being mined, coal mining lost 58 percent of its jobs between 1980 and 2015. The Inflation reduction act will serve as the backbone for this transition over the coming decade. The Inflation Reduction Act (IRA) will reduce carbon emissions by roughly 40 percent by 2030. This is equivalent to a net gigaton of emission reductions. As a budget reconciliation package, the bill will deliver \$369 billion in to repowering the nation. These investments will come through multiple different avenues and can be realized through tax breaks, direct grants and investments into industry development.

ASBN will continue to support the goals of the IRA, CHIPS and IIJA by working with our partner groups, state affiliates and members to mobilize resources around, and where possible, apply for funding to support where there is overlap between our fundings goals and strategic priorities:

⁹³ "Why Climate Progress & Racial Justice Are So Deeply Connected". Seventh Generation, 2020, https://www.seventhgeneration.com/blog/climate-progress-and-racial-justice?utm_source=facebook&utm_medium=social&utm_campaign=climate-justice&utm_content=1592395011&fbclid=IwAR05pUNUn0sk9YKSREJAX-mxb4g-NbyOC5TJsiD1a2IIsoHrKxYrn9hP2730.

Mobilize Resources to support IRA

1. Create a centralized resource that breaks down funding opportunities and the application process.
2. Host state affiliates and partner organizations for open forums on IRA available resources
3. Support or create where necessary partnerships to attract IRA Funding

Meet with Members of ASBN and Congressional Members

1. Generate opportunities to directly thank our members of congress for their historic votes
2. Strengthen relationships with member businesses and build relationships with offices.
3. Create alignment for funding priorities and opportunities for district

Work within Our Network to Apply for IRA Funding

1. Work with our partner organizations to understand where organizational priorities can be leveraged to target specific funding vehicles within IRA
2. Build proposals depending on availability and interest of our membership

• *Enacting Strong Protections for Communities and our Environment*

The president and his administration have the authority to set strong standards and take other actions that together would help cut climate pollution in half by 2030, advance environmental justice, and protect public health. We believe that along with demonstrating the scientific need and technical feasibility of action, the best way to get President Biden and his administration to keep to their promises is to demonstrate the broad and deep support from across the nation for implementing the strongest possible solutions for pollution from the business community. This year, they have taken the first step towards demonstrating this commitment through their Justice40 Initiative. Encompassing programs that span across many federal agencies and coalescing around the IRA, IIJA, and CHIPS Act, Justice40 is aiming to create a cohesive action plan aimed at the intersection of Environmental and Economic Justice. By horizontally integrating an initial 21 pilot programs (with the goal of adding in further new funding projects), and expanding on landmark legislation passed in the last two years, the initiative serves as a foundation to build on.⁹⁴ ASBN will continue to work at the federal and state level to support ambitious protections against these super pollutants, building resilience against climate change and combating environmental degradation.

Because of the policy actions taken to date, Methane is one of the areas of regulatory focus that our efforts and many coalitions overlap. Methane is a potent greenhouse gas with more than 80 times the warming power of carbon dioxide over 20 years. In the IRA there is a Methane Emissions Reduction Plan. This program, targeted at the oil and gas industry, will expand and update methane emissions tracking and create a fee for facilities emitting above set levels. Today, fossil fuel companies leak or deliberately vent 13 million metric tons of methane into the atmosphere during oil and gas operations, which, according to a study, is 60% more than the Environmental Protection Agency (EPA) has estimated. Working with our partners we will continue to work to curb unaddressed methane emissions and their sources.

• *Advancing Reporting and Carbon Transparency*

Carbon is the leading cause of anthropogenic-induced climate change as it contributes to air pollution, ocean acidification, and global temperature fluctuations just to name a few. Carbon measurements will help the carbon reduction process by shifting the power to consumers; aiding, measuring and tracking their personal behavior choices and purchasing decisions as well as keeping business accountable. The drive to measure and label carbon will ignite companies to begin labeling their products and services, providing greater transparency to all stakeholders.

The ASBN Carbon Labeling Campaign's Objective is to support policies that include carbon labeling and transparency such as voluntary action and policy requirements. A carbon emission label or carbon label describes the carbon dioxide emissions created as a by-product of manufacturing, transporting, or disposing of a consumer product. Currently, mandatory disclosure requirements are lacking whilst voluntary disclosures (soft laws) are prominent in this space. To this end, ASBN supports the SEC's proposed climate-related disclosure rules. The rules would create a vital step in the path to carbon labeling by raising the floor on publicly-traded companies to ensure a degree of tracking, measuring and disclosing more carbon emissions, in addition to providing investors with more risk-related information.

Additionally, we support the current administration leveraging their influence to require transparent climate-related risk reporting in their supply chain through the Federal Supplier Climate Risks and Resilience Rule. The rule would require all major Federal contractors to disclose their greenhouse gas emissions, climate-related financial risks and set scientific-based GHG emission reduction goals. In all this is expected to cover 85% of the government's supply chain, and we hope this rule will be expanded in the future to cover the remaining 15%. With the massive purchasing power of the U.S. Government, this will create further transparency across many industries and major corporations. In our efforts, we hope to further promote rules and laws similar to this that will push transparency and disclosure requirements in the private sector.

⁹⁴ "Justice40." The White House, 2022. <https://www.whitehouse.gov/environmentaljustice/justice40/>

- **Green Built Environment.** Buildings are responsible for much of our greenhouse gas emissions—in NYC, for example, they are responsible for about 70% of NYC’s carbon emissions. We propose replicating efforts such as the Climate Mobilization Act in NYC, which requires buildings of a certain size to put in place energy conservation technology and measures that will radically reduce GHG and other toxic emissions, or face severe fines. Governments can start with government office buildings and with government-owned public housing.
- **Increase Federal Funding of Water Resources.** Aging drinking water, wastewater, and storm-water systems do not meet existing environmental and public health standards. Pollution of rivers, streams and beaches remains a problem 50 years after the passing of the Clean Water Act. Meanwhile, water prices are rising across the country and low-income families increasingly cannot afford the cost of services. Furthermore, our water infrastructure was never designed for the impacts of climate change, including the increasing frequency of droughts and sea level rise, so many existing systems will need to be redesigned or relocated. The Infrastructure Investment and Jobs Act made a historic investment of \$48 billion water infrastructure and resources over 5 years, however, some experts say this is only around 1/10th of what is needed. More funding is needed, and that funding should be focused on reaching underserved low-income communities and investing in climate-resilient solutions like “green stormwater infrastructure.”
- **Green Transportation.** The IIJA authorized \$351 billion federal expenditures on highways between 2022-2026,⁹⁵ but provided only \$39.2 billion in new public transit investments in the same time period.⁹⁶ In addition, The Brookings Institute noted that the IRA’s incentivization for new EV car production - while a good thing in curbing emissions from gas cars - may undercut efforts in sustainable public transport investment since it does nothing to curb driving behavior. At the same time, there are opportunities and incentives for innovation funding possibilities built into the IRA and IIJA that could enhance public transport systems through improved design.⁹⁷ Federal lawmakers must reform how the federal government builds transportation infrastructure by significantly increasing federal investments in clean, sustainable and climate-smart transportation infrastructure, and provide local, state and tribal governments with much-needed resources to invest in expanding public transit and connecting people in communities through safe, multi-modal transportation options.⁹⁸ While we’ve established federal investment in zero-emission vehicle infrastructure and manufacturing in the IRA, we still need to ensure funding for clean, affordable, and accessible public transit and high-speed rail.
- **Prioritize Resources for Frontline Land and Food Injustice Communities, Urban and Rural** by creating two funds; one to support local economic and workforce development, and the other to create good jobs through site cleanup, environmental remediation and ecological restoration. Data show that economic development patterns that isolate low-income communities and concentrate environmental harm alongside poverty are the result of decades of systematic policy choices. And these communities are frequently communities of color.⁹⁹ Rural communities can pay a real price as sacrifice zones for extractive industries. This is especially true during times of transition. As mines and power plants close, entire communities are too often left to foot the bill, with abandoned infrastructure, neglected health and environmental hazards, a torn social safety net, and decimated local economies.¹⁰⁰
- **Prioritizing Historically Under-Resourced Communities.** The effects of COVID-19, layered on top of a legacy of environmental justice neglect are being felt across the country, but they are particularly acute in communities with underlying health conditions. We are concerned that historically under-resourced communities across the U.S. and in the U.S. territories are especially vulnerable and lack the necessary resources to fully recover from the pandemic. Members of historically under-resourced communities are more likely to be exposed to pollution that can cause other health problems and premature death,¹⁰¹ and too often, they also lack access to healthcare. That is why we must work together to continue to provide funding and pass legislation that addresses the needs of under-resourced communities, while also reducing the pollution that will make it harder for them to recover from the pandemic. As the IRA and IIJA help to move our country toward a sustainable future, we must expand upon funding measures, such as the \$21 billion dedicated to cleaning up legacy pollution and \$55 billion in replacing decaying and contaminated water infrastructure, included in the IIJA.¹⁰² This type of

⁹⁵ “Infrastructure Investment and Jobs Act (IIJA) Would Provide a 50% Increase in Highway Funding and Boost Major Freight Projects” Congressional Research Service, September 22, 2021 <https://crsreports.congress.gov/product/pdf/IN/IN11758/2#:~:text=Taken%20together%2C%20roughly%2087%25%20of,would%20be%20apportioned%20by%20formula.>

⁹⁶ “Bipartisan Infrastructure Investment and Jobs Act Summary” Senator Cardin’s Office, September 2022, <https://www.cardin.senate.gov/wp-content/uploads/2022/09/Infrastructure-Investment-and-Jobs-Act-Section-by-Section-Summary.pdf>

⁹⁷ Tomer, Adie. “Will the infrastructure law and Inflation Reduction Act transform American transportation? It’s complicated.” Brookings, November 1, 2022. <https://www.brookings.edu/research/will-the-infrastructure-law-and-inflation-reduction-act-transform-american-transportation-its-complicated/>

⁹⁸ Ricketts, Sam. “Evergreen Action Plan”. Medium, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

⁹⁹ Ricketts, Sam. “Evergreen Action Plan”. Medium, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

¹⁰⁰ Ricketts, Sam. “Evergreen Action Plan”. Medium, 2020, <https://medium.com/@sam.t.ricketts/evergreen-action-plan-3f705ecb500a>.

¹⁰¹ Rura, Nicole. “Racial, ethnic minorities and low-income groups in U.S. exposed to higher levels of air pollution.” Harvard T.H. Chan School of Public Health, January 12, 2022, <https://www.hsph.harvard.edu/news/press-releases/racial-ethnic-minorities-low-income-groups-u-s-air-pollution/#:~:text=Previous%20research%20has%20shown%20that,air%20pollution%20among%20these%20groups.>

¹⁰² “Bipartisan Infrastructure Investment and Jobs Act Summary” Senator Cardin’s Office, September 2022, <https://www.cardin.senate.gov/wp-content/uploads/2022/09/Infrastructure-Investment-and-Jobs-Act-Section-by-Section-Summary.pdf>

funding serves as a starting point to both address and rectify current climate injustices in sacrifice zones and marginalized communities. Additionally, special care must be taken to ensure that we bring these programs into reality without imposing additional further unforeseen burdens on marginalized and under-resourced communities that would negate the positive impacts from this legislation, which this Administration has made the core concept of the Justice40 Initiative.

SUPPORT THE LOW-CARBON TRANSITION

This is the decisive decade for keeping global warming to below 1.5 degrees Celsius and the blueprint for this exists already. ASBN calls for additional actions focused on supporting renewable energy and eliminating fossil fuels, as well as regenerative agriculture expanded on in the next section. As discussed above, fossil fuels are especially damaging for communities that are the front-line of environmental injustice. Black communities, other communities of color, and low-income populations are more likely to experience negative health impacts from pollution. This is because the factories and industries responsible for creating pollution that's harmful to human health are built close to the communities where these populations live.¹⁰³ In addition to the continued promotion of renewable energy with policies and laws similar to the IRA, we need to start disincentivizing fossil fuel use and pollution.

- **Make Polluters Pay** by supporting policies that decarbonize the economy through a market based approach or direct fee on carbon. If a business is doing this through voluntary action through the purchase of verified emission reductions they must:
 1. Provide a thorough, robust and transparent accounting of how these projects are being used
 2. Investments from regulatory or voluntary actions must prioritize frontline communities and give direct benefit back to those who are most heavily impacted
 3. Ensure that businesses always prioritize internal abatement measures first and all actions are supportive of a just transition framework.
- **Government, State, and Private Sector Fossil Fuel Divestment** to reduce the financial liability that fossil fuel assets pose to those investing in them while also reducing investment in an industry directly fueling our current global climate crisis. Additionally, in the face of such staggering injustices to the health of our most marginalized communities, there is no better time to divest from these toxic systems. Finally, we need to stop subsidizing fossil fuel companies to help promote renewable alternatives that are quickly becoming vastly cheaper.

REGENERATIVE AND JUST AGRICULTURE

Conventional agriculture contributes to climate change, water scarcity and pollution, biodiversity loss and unfair and dangerous working conditions among other negative impacts. In order to ensure the resilience of our planet and our food supply, we must encourage regenerative agriculture, an approach to farming that prioritizes building soil health, minimizing inputs, and enhancing biodiversity through a combination of context and place-based practices. Regenerative agriculture and other similar approaches are vital for rebuilding the health of our natural systems, restoring clean water, strengthening supply chains, and eliminating the use of harmful chemicals. Regenerating soil health will be pivotal in the fight against the climate crisis; soil under regenerative management can sequester a significant amount of CO₂, while simultaneously creating more ethical and humane animal management practices than we see today.

Current agricultural policy and market structures favor large-scale producers and there is a long history of discrimination and exclusion at the USDA. Public policy must reflect that small-scale and discriminated-against people of color farmers have been practicing and refining regenerative agriculture and Traditional Ecological Knowledge at the margins of society for centuries, and that farmers who are more economically secure have a longer-term horizon for planning and land management.

Policy makers can advance more just and regenerative agriculture in the Farm Bill and through other avenues by:

- **Supporting Discriminated Against and Underserved Farmers in three ways:**
 1. Land access and support for beginning farmers and ranchers, especially for small-scale farmers, discriminated against groups, and regenerative producers.
 2. Debt relief for underserved and discriminated against farmers.
 3. Farmworker support, including housing and nutritional support program eligibility for undocumented workers.
- **Market development and Investment** in processing, and infrastructure for regenerative, organic, and local and regional farmers. Access to markets is constrained for independent farmers and ranchers due to the lack of processing infrastructure, which is particularly acute in the meat and dairy markets. The centralization of processing capacity requires the transportation of crops and animals across long distances, increasing their carbon footprint. It also hinders the ability of local/regional regenerative producers to access markets. Strengthening USDA's power over anticompetitive behavior and while investing in emerging small-scale, worker-owned food production, processing, and service cooperatives can shift power away from large agribusiness that can now effectively set prices and control entire swaths of the agricultural sector.

¹⁰³ "Why Climate Progress & Racial Justice Are So Deeply Connected". Seventh Generation, 2020, https://www.seventhgeneration.com/blog/climate-progress-and-racial-justice?utm_source=facebook&utm_medium=social&utm_campaign=climate-justice&utm_content=1592395011&fbclid=IwAR05pUNUn0sk9YKSRE-JAxb4g-NbyOC5TJsiD1a2IIsoHrKxYrn9hP2730.

- **Incentivizing regenerative practices** and ensuring farmers benefit financially and ecologically from the positive impact their regenerative farming practices provide. Transitioning from conventional agriculture to a more regenerative system takes time, effort, and resources. Farmers can improve yields and save money on inputs in the long run by adopting regenerative agriculture, but there can be a period of reduced yields during the transition. The 2023 Farm Bill can improve and expand conservation programs and increase training, outreach, credit/finance, and new programmatic funding for regenerative practices, including organic and indigenous/traditional ecological practices. The Farm Bill should also update federal crop insurance to reward regenerative practices rather than penalizing them and redirect incentives away from polluting concentrated animal feeding operations and towards regenerative systems using managed grazing and reincorporation of livestock in cropping systems. Additionally, it should reduce emission of nitrous oxide — a greenhouse gas 250 times more potent than carbon (which accounts for more than 50% of U.S. cropland greenhouse gas emissions) with support for improved nutrient management strategies.
- **Invest in Emerging Small-Scale, Worker-Owned Food Production, Processing, and Service Cooperatives** and shift power away from large agribusinesses. Just 5% of U.S. agricultural operations generated 75% of sales according to the most recent Agriculture census in 2017.¹⁰⁴ These large businesses, which have grown in size as they have merged vertically and horizontally, can now effectively set prices and control entire swaths of America's agriculture sector.¹⁰⁵ These companies have continued to concentrate within their respective industries, resulting in the top 4 firms to have well above the standard 40% market concentration seen in other industries. Current government subsidies and incentives disproportionately reward the larger players and should be redesigned to support small family farms and cooperatives.

STIMULATE THE CIRCULAR ECONOMY

A circular economy designs out waste and pollution, keeps products and materials safely in use, and regenerates natural systems. The federal government can provide incentives and regulations to discourage waste and the use of toxic chemicals, to encourage circular design and standards, and to create the infrastructure to support a just transition towards business models and practices that focus on reuse, repair, recycling, composting, or remanufacturing over conventional models of production and consumption.

- **Circular Models and Practices** The current system of packaging production and waste management was not designed to sustain the volume of global commerce we see today. As packaging production continues to ramp up, existing market mechanisms and policies for material recovery and reuse do not support the necessary capacity at the end-of-life for a truly circular economy from product and business model design to collection, distribution, processing, and remanufacturing. A well-

designed packaging system should not generate waste or pollution (all packaging materials should be recovered) and all recovered materials should be kept in use (reused or recycled). As a result, a systems-level overhaul of how we design, use, reuse, and dispose of products and packaging is necessary, with circularity and sustainability prioritized at its center to zero-waste economy. To make this transition to a circular economy possible, we support the passing of strong extended producer responsibility (EPR) policies like the Break Free from Plastic Pollution Act or California's Plastic Pollution Prevention and Packaging Producer Responsibility Act (SB 54) which require producers of packaging, containers, and food-service products to cooperatively design, manage, and finance their own waste and recycling programs with oversight and guidance from the designated government agency. Strong EPR legislation also bans or phases out certain single-use plastic products that are not recyclable, places a fee on remaining carryout bags, spurs massive investments in U.S. domestic recycling and composting infrastructure, and prohibits plastic waste from being shipped to developing countries. Break Free also calls for a temporary permitting pause on new plastic facilities until EPA updates and creates important regulations on those facilities to protect frontline communities. We also support the creation and expansion of state and federal beverage container refund programs. These policies have been shown to significantly increase recycling rates over time.

- **Advance Safer Chemicals and Products** Moving away from toxic substances toward safer and cleaner chemicals and products will drive innovation and job creation while also making workplaces and communities safer. Toxic chemicals present systemic barriers to a circular economy because they contaminate the entire product supply chain particularly at the end-of-life when products cannot be safely reused, recycled or remanufactured. By changing the laws that govern the rules of how chemicals in commerce are used, tested and reported on, we can establish a fertile landscape for sustainable chemistry to create safer alternatives to toxic chemicals that also shift from fossil fuel derived chemicals to biobased alternatives. Downstream users can have the confidence of knowing what is in the products they make and sell when meaningful rules for transparency and disclosure are in place.

The Alan Reinstein and Trevor Schaefer Toxic Chemical Protection Act revises the Toxic Substances Control Act by expanding the EPA's authority to require development of new information about a chemical. It enables governments at all levels to identify and prioritize chemicals of concern and establishes their authority to address the most problematic chemicals, requires the chemical industry to provide regulatory agencies with the information they need to determine whether a chemical is safe, and requires manufacturers to report health and exposure information about the chemicals they use to regulators, businesses, and the public.

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CREATING AN ECONOMIC SYSTEM THAT WORKS FOR ALL

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