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A New Economic Bargain: 20 Ideas to Change the Lives of Working America

Third Way

The US economy should fulfill one basic promise: **hard work means you get ahead**. But it doesn't. Why?

It's not as if our economy hasn't been growing. It has. It's not as if our economy won't continue to grow (unless we screw it up). It will. Economic growth is good, and we should embrace it. But the question is: who will benefit from that growth? Right now, it is not working people.

That's why this promise feels hollow. Washington doesn't seem to care. Donald Trump is out for himself, and his policies have made things worse. Meanwhile, you bust your butt, but your paycheck doesn't stretch far enough. You do everything right, but buying a home is out of reach. You try to save, build a nest egg, and give your kids a better life, but you're running in place or falling behind.

Just look at the five essential tickets to a good middle-class life: a home, child care, a college education, health coverage, and retirement savings. Since 2000, the price of each has gone up much faster than your pay. Compared to income, housing costs are up 67%, tuition 48%, child care 25%, health care 109%, and elder care 30%. Corporate profits have soared to new heights as workers' share of the economy has fallen to historic lows. No wonder America's mood is sour.

These aren't easy problems to fix, but Washington is supposed to try. By every measure—economic data, election outcomes, public opinion surveys, and consumer sentiment—it has utterly failed. Voters have bounced from Trump to Biden and then back to Trump. Each got historically bleak marks. At least one party has forfeited its majority in Congress in each of the last five elections, and that streak will extend to six come November.

Washington has failed because it is lost, distracted, and out of touch. It has been captured by special interests that prioritize their narrow agendas over what is best for average people. It fights over titillating nonsense that is ancillary to people's lives. The cheap highs of online adulation and performative policy beat the painstaking work of delivering results. Even when something is accomplished, civil servants clutch bureaucracy and process like a priceless heirloom, so everything government does costs too much and takes too long. Crony capitalism has metastasized, enriching Trump friends and insiders while playing working Americans for suckers. And too many are committed to ideological perfection rather than making anything close to serious progress.

The sum total is a government that spends too much time protecting itself and the people who can afford to work the system—and too little time making life better for the people who actually do the work.

This does not have to be our destiny. We can champion ideas that rise above Washington's dysfunction and cronyism. And we can give hope to Americans who want a better life and optimism that this country can provide it. We don't need to tear down free enterprise to build a more secure and prosperous future. Our economy can deliver again for working people so their paycheck buys them a good life.

This isn't about promising everyone everything or handing out free stuff. Americans have heard enough empty words from politicians. It's about making big changes in ways that people can actually believe in. And it's about delivering results they can actually feel in their lives.

That's at the heart of our new economic bargain. Washington does its job by enacting ideas like the ones below. Then you do yours by working hard. The result? **You bust your butt, and you get ahead**.

Some core principles are at the heart of this new bargain. Our north star: drive costs down and wealth up for working Americans. We prioritize individual empowerment and opportunity for all, not guaranteed outcomes. We know the ever-growing national debt and chronic deficits hurt working Americans, so fiscal responsibility is not just a throwaway line. We believe in a politics of abundance because the supply of housing, energy, workers, training, and small businesses drives opportunity. But we also need some demand-side subsidies to keep costs under control. We reform markets to guarantee labor gets a bigger share of the pie, and we take a big swipe at the tax code so it is fairer and works better for working people.

Finally, the ideas in this package are big and ambitious and ruthlessly pragmatic. These could get done under the right president and with a Congress that finally gets the message. For example, our health care policies build on the Affordable Care Act to cap what Americans pay while also embracing universal coverage. We dramatically cheapen car loans under a program that already exists for housing. The minimum wage would rise, but we also add a personal wealth component to every job that is modeled on existing retirement accounts. We instill fairness in the tax code so that investment wealth isn't treated better than work. We remove much of the financial risk of a college education and put working-class paths, like apprenticeships, on a more equal footing.

But the relative practicality of these ideas must not mask the scope of their ambition. ***If these policies were enacted, they would fulfill the new economic bargain and fundamentally change the lives of working Americans***. They would be more secure, more prosperous, and more hopeful that the next generation has an even better shot than the one before it.

Drive Down Costs

1. A Health Care Bill of Rights: Health care is too expensive, too hard to access, and too damn complex. Every American should have 10 sweeping but simple guarantees that put patients before profits, including a limit on all out-of-pocket costs, easy access to basic care, an end to surprise medical bills, the ability to see any doctor you want without worrying about high out-of-network costs, and no more crushing medical debt, which affects one in five African American and Hispanic adults and nearly one in six white adults. We don't need to tear down the health care system and start over. With the most comprehensive health care protections in history, we can make health care affordable, easy to use, and reliable for everyone.

2. FHA for Car Loans: More than 10 million Americans take out a used car loan every year. The typical loan is $27,010, and the average interest rate on a used car loan is an outrageous 11.4%. That's 5 points higher than a typical new car loan. For those with average or below-average credit ratings, used car loans run between 15% and 21%. Washington already helps lower borrowing costs for things like buying a home. We should do the same so families get affordable rates on used car loans. Modeled on Federal Housing Administration loan guarantees, our plan would lower used car loan rates by at least four percentage points—bringing them close to new car rates. A small fee on each loan would make the plan budget neutral. Every year, this would save more than 10 million families an estimated $664 in car payments and nearly $4,000 over the life of a typical loan.

3. Make AI Pay Up: The AI data center buildout must not leave communities with higher utility bills, strained infrastructure, massive new developments, broken promises, and little to show for it. Any AI buildout should be required to provide legally binding, tangible benefits: significant investment in the local electricity system, no increase in household utility bills, enough new tax revenue to cut local property taxes, good jobs for local workers, transparent negotiations including a ban on NDAs, and straightforward community engagement. Technological progress is the heart of America's economy, but it cannot come at the expense of American communities' well-being. We should make sure the companies profiting from the AI boom share the benefits with the people and places making it possible.

4. No Tariffs on Family Essentials: Donald Trump got angry at the world, and working Americans paid the price. His tariffs are a tax on American families, making everything from groceries and clothes to cars and appliances more expensive. End Trump's war on the American consumer and permanently eliminate tariffs on family essentials. We can still use tariffs to stand up to adversaries. But Washington shouldn't get to pick fights with the world and stick you with the bill.

5. First Home Buildout: If you work hard and save, owning a home shouldn't feel out of reach. We need to build 12 million new homes that working families can actually afford by making it cheaper to build, opening up more land for housing, eliminating the Trump tariffs on all building materials, and cutting red tape and bureaucracy. And we should increase financial support for first-time homebuyers so families can afford the down payment and get in the door.

6. Universal Child Care Coverage: If you work, you should be able to find safe, affordable child care without driving across town or spending half your paycheck. Let's guarantee every family at least three affordable child care options within 15 minutes of their home or work. We'll get there by significantly expanding private sector options—helping more child care providers open and grow, expanding flexible options for families covering nights and weekends, cutting unnecessary red tape, and building a larger child care workforce. Parents don't need Washington telling them how to raise their kids. They need more choices, closer to home, at a price they can afford.

7. Energy Bill Cap: One in six American households is behind on utility bills, and families are paying too much to keep the lights on. To lower the utility bill burden right away, we need to transform LIHEAP (Low Income Home Energy Assistance Program), a bipartisan program that has helped the lowest-earning families afford their energy bills for decades, into WIHEAP. This program will help *working-income* Americans who are also struggling to pay. We'll cap energy bills at 4% of income—down from more than 10% for many working families—and increase total aid from $4 billion to $24 billion to help American families cover utility bills.

8. National Electricity Highways: Our out-of-date power grid costs Americans money, jobs, clean air, and health. Electricity is simply not getting from where it's produced to where we use it because we don't have enough wires. That's why we should build 50,000 miles of new high-capacity transmission lines over the next 10 years—more than seven times the miles we've built over the last decade—creating thousands of good-paying union jobs along the way. And we should pay for it with low-cost financing to get projects moving, require the industries driving huge increases in electricity demand to pay for the buildout, and give states, counties, and towns financial benefits if they approve and host transmission lines going through their communities. This will deliver clean, reliable power at a lower cost where it's needed without passing the costs on to working families.

9. Red Tape Relief for Energy: It shouldn't take a decade of lawsuits or mountains of paperwork to build the energy America needs. Developers reported that more than two-thirds of projects are delayed by at least 12 months due to federal permitting issues. We should designate one lead agency, require faster reviews, and set aggressive deadlines for final decisions based on the type of project to build the all-of-the-above energy the nation needs. In return, companies that benefit from faster approvals should deliver real benefits to the communities where they build—including property tax relief, local infrastructure investment, cleaner energy, good-paying jobs, and a share of project revenue. Dramatically speed up approvals for major energy and transmission infrastructure. Build what America needs faster. Fewer delays that raise costs and more clean energy to help local communities come out ahead.

10. End the Ticket Trap: We need a simple set of rules to protect Americans when they spend money on experiences. For travel, that means honest prices, keeping families together on flights, automatic refunds, and requiring airlines to pay when delays and cancellations are their fault. For entertainment, it means upfront pricing, easy cancellations, no surprise renewals or price hikes, and guaranteed refunds when events are canceled. Companies should compete by offering better prices and better experiences—not by hiding fees or trapping customers.

11. Middle Class EV Tax Credit: Electric vehicles cost less to drive—about half as much to repair, operate, and fuel—than similar gasoline-powered cars or trucks. The problem is most American families can't afford a new EV in the first place. In 2022, Congress enacted a tax credit to help Americans afford an EV, but it allowed wealthier households to use the credit to buy luxury vehicles. Instead of fixing this flaw to focus the credit on families that need it, Congress killed the credit outright, just months before gas prices skyrocketed. We should create a $7,500 point-of-sale rebate for working and middle-class families to purchase electric vehicles. Both the rebate and cost of eligible vehicles will be indexed to inflation in the vehicle markets. Buyers should see the price reduction from this credit when they drive their cars off the lot, without having to hire accountants or wait for the IRS to process their tax forms.

Boost Income, Wealth, and Jobs

Income and Wealth

12. Work = Wealth Tax Reform: Tax filers with incomes over $10 million claimed over $400 billion in preferential tax treatment of dividends and capital gains. The tax code shouldn't value money made from wealth more than money earned from work. But Washington has spent decades giving investors tax advantages that ordinary workers don't get. Let's start by equalizing the preferential treatment of investment income over wages, raising the corporate tax rate, and closing loopholes like stepped-up basis that allow the wealthy to avoid taxes altogether. If you work for your money, the tax code should reward you just as much as someone whose money works for them.

13. Universal Private Retirement Accounts: If you work hard your whole life, you should have some wealth to show for it. Every worker should have a private retirement account, funded through their job, that they own and that grows with the economy. Think of it as a

401(k) for everyone who doesn't already have one, completely separate from Social Security. And we should help small businesses cover the cost so they can invest in their workers without putting jobs or their businesses at risk. Right now, the typical 55-year-old without a college degree has zero in private retirement savings. That shouldn't be. Work for 30 or 40 years, and you should retire in comfort with real wealth—and something to pass on to your kids.

14. $15 + $1: Washington hasn't upped the minimum wage for two decades, and low-wage workers pay the price for it. If you put in an honest day's work, you should earn a decent wage and start building some wealth. Raise the minimum wage to $15 an hour, tie it to inflation so workers never have to wait on Washington for another raise, and require employers to put at least $1 an hour into a Universal Private Retirement Account for workers who don't already receive retirement benefits. The new minimum would lift wages for an estimated 15 million workers, of whom nearly 9 million are women and more than 6 million are African American or Latino. It's a simple idea: every hour you work should help you pay the bills today and build a better life tomorrow.

15. The Fighting Fraud Dividend: We can save billions every year by cracking down on waste, fraud, and abuse across the federal government—without cutting help for people who truly need it. Then we should return a share of those savings directly to working Americans through a Fighting Fraud Dividend. Make government work better, save taxpayers money, and put some of those savings back in your pocket.

Jobs and Opportunity

16. Apprenticeship U: College isn't the only path to a great job and a good life. For decades, Washington has spent billions building a college pipeline while treating apprenticeships and the trades like a second-class option. Just as America once built land-grant colleges and used the GI Bill to open new paths to opportunity, we need an equally ambitious effort to make apprenticeships a mainstream path to a great career. We should create Flagship Apprenticeship Universities in each of America's 50 states to act as a nucleus—bringing together employers, educators, and workers to dramatically grow the number of new high-quality apprenticeship programs and guide participants towards success. That would lead to millions more apprenticeships through employers, unions, and community colleges in fields where America needs workers. Whether you want to be an electrician, a welder, a health technician, a cybersecurity analyst, or something else, you should have a path to learn valuable skills, earn while you train, and build a successful career without taking on a mountain of debt.

17. Public College Compact: A public college education is one of the surest paths to economic mobility. But we ask working families to bear all the financial risk from day one

—when dropout odds are steepest and the payoff is least proven. That's backwards and unfair. A new Public College Compact will drive down costs, dramatically simplify the financial aid process, and redirect the risk. Public colleges should make a four-year tuition guarantee. Then, the federal government, states, colleges, and students should each take turns as the lead investor. Freshman year, America invests in your potential. Sophomore year, your state invests in your persistence. Junior year, your college invests in your success. Senior year, you invest in your future.

18. Equal Credit: Many working-class Americans face significant educational barriers—obstacles that don't affect the wealthy. Starting your education at a community college only saves you money if your credits transfer (and they often don't). Legacy policies give extra credit in selective college admissions to those who need it least. And unnecessary degree requirements give more credit to diplomas than to what you can do. To level the playing field, we must smash those barriers—requiring universities to accept transfer credits, banning legacy admissions, and gutting inflated degree requirements in favor of skills-based hiring.

19. Startup America: You shouldn't have to move from Toledo or Jonesboro to Silicon Valley or New York to turn a great idea into a successful business. Let's create 100 Startup Cities across America where we cut red tape, expand access to capital, and give entrepreneurs the tools they need to start and grow a business. The goal is simple: more new businesses, more good-paying jobs, and more wealth being built in communities across the country. America has no shortage of people from every background willing to take a risk and build something. We need more places where people with a good idea and the drive to pursue it can succeed.

20. The AI Displacement Plan: No one knows how disruptive AI innovations will be to the job market, but workers shouldn't be left on their own if their jobs are disrupted. We need a plan that guarantees workers displaced by AI access to job training and new skills, provides families with financial support while they get back on their feet, and makes AI literacy part of every kid's education. When new technology changes the economy, working people need to have a real shot at landing on their feet and getting ahead.