American Prosperity Project FAQ

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Background

Beginning in the fall 2015, in anticipation of a new administration, the Aspen Institute began to convene a non-partisan effort to identify and advocate for changes needed in tax and regulation in support of long-term investment and to stem short-termism.

The product of this engagement is the document entitled "The American Prosperity Project: A Nonpartisan Framework for Long-Term Investment" which is endorsed by 30 leaders from business, corporate governance, labor and policy. This is a working list – we hope it will continue to grow as the word gets out.

Who is involved with the American Prosperity Project and why?

The working group, facilitated by the Aspen Business and Society Program (Judith Samuelson) included Leo Strine, Chief Justice of the Delaware Court, some Washington insiders like Maya MacGuineas, Jeff Peck and Norm Eisen, Marty Lipton and Damon Silvers from the AFL.

Several of the individuals involved worked on a similar effort in 2009. Marty Lipton, Pete Peterson, John Whitehead, John Bogle and 30 others endorsed a document as Obama entered the White House, "Overcoming Short-Termism: A Call for a More Responsible Approach to Investment and Business Management."

Unfortunately, its recommendations were not followed in Washington and short-termism has grown in scope and intensity.

This is a refresh on the policy ideas for curbing short-termism but is greatly updated, is more comprehensive in scope, and deals with further deterioration in infrastructure spending, and the contemporary pressures for stock buy-backs and leave capital off-shore.

For the last several months we have been socializing these ideas, meeting with business executives, think tanks – scholars at both AEI and Brookings, centrists, and people from both parties to cull the best ideas and build support for the principles that will guide next steps.

Importantly, we are working to build a coalition of business executives who believe these kinds of changes are needed.

What is the Project about?

It's a non-partisan policy framework for investing in America's long-term prosperity. It has three key pillars, which taken together, can shift America's system for long-term investment:

1. **Reinvest and fix the investment gap in the drivers of long-term prosperity**, specifically government investment in infrastructure and basic science research, and private sector investment in R&D, capital investments and worker training.

The US ranks 25th globally in quality of our infrastructure; 10th in R&D spending and is rapidly giving up its global standing in basic science research that spurs innovation. In spite of record profitability, corporations have greater incentive to buy-back shares than invest in our own workers. Fixed capital investment and employer-paid skills training are at new lows.

The American Prosperity Project calls out this gap and the need to invest in our future prosperity.

2. Modernize our tax systems to encourage more patient capital, and to ensure that we take a smart and responsible approach to paying for future investments.

Signatories call for some bold moves – to make the tax system fair across industries, globally competitive and to reward LONG TERM decisions. Financial Transaction Tax; Carbon Tax, making the Capital Gains tax truly long-term oriented – and to broaden the base of corporate taxpayers and lower the rate to make it more competitive – and reward corporations for investing at home.

And of course when it comes to big infrastructure spending – from airports to bridges and the national grid – we need multiple sources. Neither the public, nor private sector shoulders the cost alone (federal, state, user fees, bonds and public-private partnership).

3. Make it easier for companies and capital markets to act long-term.

Quarterly capitalism is on everyone's mind today; there are some common sense ways to make it easier for companies to think and act long-term; the American Prosperity Project introduces some of these ideas.

A key idea in this section ties the fiduciary duties of asset managers and all of the intermediaries that intervene in investment decisions to the long-term horizons of regular investors.

Next steps – How to make these ideas get more traction

We are keenly aware that there is room for debate and that this conversation is just beginning. Nonpartisan, cross sector engagement is key; the signatories have a bias towards action.

We hope that the attention this receives influences decisions and the course of conversation in leading business trade associations, board rooms, and of course in the halls of Congress and the White House. The window is open for new ideas. Now is the time to fix the horribly-broken system of long-term investment on which our citizens, our businesses, and our communities depend.

To broaden the tent and bring both business and labor and people with different perspectives together has enriched the proposals embedded in the American Prosperity Project. And we have a "safe harbor" clause that reads as follows, that keeps the door open to new signatories:

"There are parts of this proposal that each of us might not find ideal. As signatories, we do not endorse every idea in the framework, but we do endorse that **1)** long-term investment is a national priority that transcends party divisions and **2)** this framework merits consideration and is proposed to serve the best interests of our society as a whole over self-interest of a few. It is in that spirit that we advance and support this comprehensive plan to stimulate long term investment in our economy."

Why is the project important and who will it have the biggest effect on?

The election was a resounding reminder of the importance or address those who have been shut out by globalization and technological changes. That means making sure that our corporate leaders can lead with our common purpose and long-term goals in mind.

To quote the document:
Short-term thinking undermines economic growth and prosperity. Short-termism is prevalent in human nature—but also inflamed by the decision rules, incentives, and norms that structure our economic system. To secure a long-term view and plan we need to address the incentives for long-term investment. Properly structured, these incentives will generate revenues needed to rebuild America's capacity for critical investment in research, transportation, and education for the 21st century workforce.

The changes offered here, as a catalyst to a national conversation, are an investment in securing the future for our children and grandchildren. The time is ripe for change.

For more information, please contact:

Miguel Padró
Senior Program Manager
Aspen Institute Business and Society Program
Miguel.Padro@AspenInstitute.org
www.aspeninstitute.org/american-prosperity-project