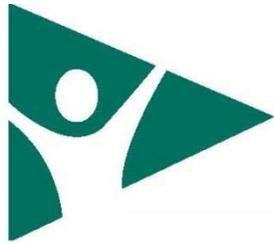

Movement Toward a Moral Economy

Framework and Policy
Recommendations
for Vermont
2015-2016

Clergy Caucus of
Vermont Interfaith Action



Vermont Interfaith Action

Framework for Action related to a Moral Economy

The Clergy Caucus of Vermont Interfaith Action has resolved to speak out on the issues that come before the legislature, the judiciary system, and the executive branch of government by viewing these issues through the lens of a Moral Economy. We arrived at a consensus of what constitutes a Moral Economy by holding up the teachings and traditions of our multiple faiths which provide tenets on which we can all agree. We are in agreement that our current economy does not mirror these tenets, and is in fact rapidly moving away from the vision of a just economy which respects the dignity of every human being.

A moral economy honors the dignity of all people.

- By providing full opportunity for all to express their gifts and abilities through work and play.
- By ensuring that all work is justly valued.
- By ensuring that all who are unable to work because of societal or personal limitations are respected.
- By ensuring that the most vulnerable among us are respected.
- By acting as good stewards of the earth and its resources, and preserving life for future generations.

But in the days to come, the mountain of the LORD's house will be the highest of the mountains; it will be lifted above the hills; peoples will stream to it.

Many nations will go and say: "Come, let's go up to the mountain of the LORD, to the house of Jacob's God, so that he may teach us his ways and we may walk in God's paths!"

Instruction will come from Zion and the LORD's word from Jerusalem. God will judge between the nations and settle disputes of mighty nations, which are far away.

They will beat their swords into iron plows and their spears into pruning tools. Nation will not take up sword against nation; they will no longer learn how to make war.

All will sit underneath their own grapevines, under their own fig trees. There will be no one to terrify them; for the mouth of the LORD of heavenly forces has spoken.

- *Micah 4:1-4*

Overview of this document

Reasonable people of faith can and do have different opinions on government policies, and it can be easy to become entangled in those differences. This document describes a vision of a moral economy around which the Clergy Caucus of Vermont Interfaith Action has reached consensus, and which we have covenanted to share with our congregants.

This document describes the elements of this vision, expanding their meaning and describing how they express elements of our faith traditions.

Even more directly, while there are any number of issues that could be addressed under this framework, we will describe several specific concerns about government policy in Vermont about which we hear our faith calling us to speak. This document is intended to describe how those specific policy concerns relate to the world we hear in our faith tradition as a world of peace, prosperity, and dignity for all of God's children, regardless of their faith, their background, and their circumstance.

As Martin Luther King, Jr described, a true and just peace is founded upon the belief in the "sacredness of human personality"¹ and can only come about when all people "respect the dignity and human worth of personality,"² supported by laws that are just, laws that uphold the worth of human personality.

We believe that a moral economy honors the dignity of all people. We have agreed on five areas in which we believe respect for human personality is lived out economically.

¹ M.L. King, "A Christmas Sermon on Peace," 1967

² M.L. King, "Letter From Birmingham City Jail," 1963

A moral economy provides full opportunity for all to express their gifts and abilities through work and play.

“For the LORD your God is God of gods and Lord of lords, the great God, mighty and awesome, who shows no partiality and accepts no bribes. He defends the cause of the fatherless and the widow, and loves the foreigner residing among you, giving them food and clothing. And you are to love those who are foreigners, for you yourselves were foreigners in Egypt.”³

“There are different kinds of spiritual gifts, but they all come from the same Spirit. There are different ways to serve the same Lord, and we can each do different things. Yet the same God works in all of us and helps us in everything we do. The Spirit has given each of us a special way of serving others.”⁴

“And they give food in spite of love for it to the needy, the orphan, and the captive, [Saying], ‘We feed you only for the countenance of Allah. We wish not from you reward or gratitude.’”⁵



Across religions, we hear a call for respect for the dignity of all, from the Hebrew call to respect the rights of the strangers among us to the Christian reminder that all have been given gifts by God to the Quran’s directive to show hospitality to all without regard for circumstance, including the needy, the widowed, and the captive.

We believe that a moral society values the contributions of all of its members, and invites all members to participate in that society’s economy not merely as consumers, but also as people who have gifts useful to that society.

This belief has a number of possible effects on policy, especially around issues of employment and civic organizations.

³ Deuteronomy 10:17-19

⁴ 1 Corinthians 12:4-7

⁵ Surah 76:8-9

A moral economy makes sure that all work is justly valued.

“Woe to him who builds his house by unrighteousness, and his upper rooms by injustice; who makes his neighbors work for nothing, and does not give them their wages⁶”

“Look, the pay you have held back from the workers who mowed your fields cries out against you, and the cries of the reapers have reached the ears of the Lord of hosts.⁷”

“Give full measure and be not among those who cause loss; and weigh with a true balance, and do not deprive people of what is rightfully theirs.⁸”



One of the most basic tenets of economic justice is fair wage for fair work. While reasonable people can differ on specifics about what constitutes a fair wage, we believe that at a minimum, a fair wage includes provision for an adequate standard of living for a worker and her dependents, including:

- Food
- Clothing
- Shelter
- Physical Safety
- Basic health care and preventative care, including care for mental illness
- Security from fear of food scarcity

Fair wages includes respect for family and personal life, including time off to spend with family and sufficient resources for child and dependent care. Since the concept of employment includes an asymmetrical power balance, a discussion of fair wage also includes protection from exploitation from employers, and policies regarding unions and workers’ rights to organize.

Any discussion of fair wages must include the effect of an unfair tax burden on the wage earner. Our public decisions around tax structures and tax policies have consistently placed proportionally more burden on the shoulders of those earning low wages while reducing societal protections. Attaining a moral economy will require a reconfiguration of tax structure, budget priorities, and minimum wage.

These concepts are echoed in secular visions, of course- Franklin D. Roosevelt listed Freedom from Fear and Freedom from Want, as two of his four freedoms that every citizen should enjoy. These are also echoed in the United Nations Declaration of Human Rights. We believe that our faith traditions compel us to view issues of work not merely as logistical or philosophical issues, but moral issues. A society that demands that members work for wages that do not provide for basic sustenance in that society is immoral.

⁶ Jeremiah 22:13

⁷ James 6:4

⁸ Surah 26:181-183

A moral economy respects and provides for all who are unable to work because of societal or personal limitations.

“If there is a poor person among you, one of your brothers within any of your gates in the land the LORD your God is giving you, you must not be hardhearted or tightfisted toward your poor brother. Instead, you are to open your hand to him and freely loan him enough for whatever need he has. Be careful that there isn’t this wicked thought in your heart, ‘The seventh year, the year of canceling debts, is near,’ and you are stingy toward your poor brother and give him nothing. He will cry out to the LORD against you, and you will be guilty. Give to him, and don’t have a stingy heart when you give, and because of this the LORD your God will bless you in all your work and in everything you do. For there will never cease to be poor people in the land; that is why I am commanding you, ‘You must willingly open your hand to your afflicted and poor brother in your land.’⁹”



Our faith reminds us in humility that we are only as well off as our sisters and brothers; that there, but for the grace of God, go I. This is even more compelling in a culture in which unemployment is a prerequisite of the economy (as is the case in unregulated capitalism, in which full employment would be disastrous economically).

We believe that our faith traditions call us to honor and respect the dignity of all who cannot work, either because of physical or mental disability or because our societal structures do not allow full employment. Those who are unable to work must still have their basic needs met. In addition, a moral society will provide paths to full opportunity and inclusion, including things such as:

- Education
- Job Creation
- Recreation

Our faith lines remind us that greed is among the most destructive of human sins, and our traditions provide many different ways of caring for the poor. Moreover, we do not believe that societal neglect of those unable to work is amoral – we believe this to be immoral. A moral economy recognizes the limits of itself as a human system and provides for inclusion for those who are unable to participate in expected ways.

⁹ Deuteronomy 15:7-11

A moral economy respects and protects the dignity of the most vulnerable.

“Then the king will say to those on his right, ‘Come, you who will receive good things from my Father. Inherit the kingdom that was prepared for you before the world began. I was hungry and you gave me food to eat. I was thirsty and you gave me a drink. I was a stranger and you welcomed me. I was naked and you gave me clothes to wear. I was sick and you took care of me. I was in prison and you visited me.’

“Then those who are righteous will reply to him, ‘Lord, when did we see you hungry and feed you, or thirsty and give you a drink? When did we see you as a stranger and welcome you, or naked and give you clothes to wear? When did we see you sick or in prison and visit you?’

“Then the king will reply to them, ‘I assure you that when you have done it for one of the least of these brothers and sisters of mine, you have done it for me.’¹⁰”



As Gandhi is claimed to have said, “The measure of a civilization is how it treats its weakest members.” In our faith traditions, we see that even as societies devalue human dignity, God calls us to lift up the dignity of all of our brothers and sisters. Because it is so easy for economic structures to devalue human life into production and consumption, we as people of faith hear a special call to care for those who are the most vulnerable.

In our context of Vermont, this includes a number of people. It means that children get special consideration, especially those at economic disadvantage. We believe that all children should be given a good education, healthcare (including preventative care), time with their family, and safety (including safety from want). We believe that single mothers warrant special consideration, as do our aged brothers and sisters. We believe that those who are physically or mentally disabled deserve special protections, and we believe that we are called to care for our veterans, especially those who have suffered injury.

Our faith reminds us that human beings are of inestimable worth, even when this or that particular economic system may say otherwise.

¹⁰ Matthew 25:34-40

A moral economy respects the earth and its resources, preserving life for future generations.

“Allah's Messenger said, ‘There is none amongst the Muslims who plants a tree or sows seeds, and then a bird, or a person or an animal eats from it, but is regarded as a charitable gift for him.’¹¹”



In this vision of a moral economy, we have noted that many of the ways in which we lose sight of moral choices are predicated on greed and self-centeredness. Collectively, it is easy for us to place our wants ahead of the needs of those who will come after us. While all of these issues we have addressed bear ramifications for those who will follow us, there is perhaps no larger scale form of generational greed than exploitation of our environment.

We believe that we are called to be caretakers of our environment, not only because it honors those who will come after us, but also because the world around us is worthy of that respect. A moral economy provides for the care of the earth as well as the care of its citizens.

¹¹ Sahih al-Bukhari 41:1

Policy Recommendations

Part One: Collection and Allocation of Resources

Introduction

The most obvious way that states express their priorities for their communities and their consideration of the dignity of their residents is through their means of collecting and allocating financial resources. This section of our report seeks to address this crucial mechanism in Vermont and offer thoughts on what a moral orientation to this process would look like in terms of practical application.

Lack of equity in tax structure

While taken at face value Vermont's income tax structure seems to be one of the most progressive in the nation, the marginal income tax rates coupled with the complex mix of additional taxes results in an overall structure that is both fundamentally unfair and detrimental to meeting our immediate and long-term needs. The widening gap between rich and poor is exacerbated by regressive property and sales taxes, and by the corporate reduction of pension and health benefits to workers.

Vermont income levels, like those of the rest of the country, indicate that there is a large difference between a small percentage of households at the top and the vast majority of the rest of the population. Ninety-five percent of Vermonters earn less than \$150,000 a year, while the top 1% of Vermonters earns an average of \$777,532 annually. Furthermore, in 2012, there were 502 tax returns – slightly more than one-tenth of one percent of the total filed -- with incomes over \$1 million.

In the Vermont tax structure, however, the middle quintile – the middle 20% according to income – pays 10.4% of their family income in Vermont taxes, while the top 5% pays approximately 8% of their family income in state taxes (Institute on Taxation and Economic Policy, 2013 report). The prevailing attitude over the last four years has been not to raise “broad-based” taxes – but a tax increase aimed at the top 5% of Vermonters would not only not be “broad-based,” it would result in greater fairness. We are reminded that Governor Richard Snelling and the legislature took similar temporary action in 1991 during another serious budget crisis and difficult economic time.

Need for more equity in who bears the budget burden

The share of the Vermont budget borne by corporations has declined in the recent past. From fiscal 1980 to 2010, Vermont's corporate income taxes decreased from 11.5% of revenue into the General Fund to 6.5%, while meals, rooms, sales and use taxes rose from 28% to 35% of the General Fund. Further, regressive property taxes rose without letup to account for 43% of Vermont's total state and local taxes in fiscal year 2010 as compared with the national average of 28%. This unfettered comparative increase is due primarily to the fact that Vermont is the only state with a statewide education property tax, which despite its income sensitivity still places an undue burden on lower and middle income Vermonters.

Fear of capital flight and of businesses not locating in Vermont

Testimony of corporate Chief Executive and Chief Financial Officers indicates that the decision to locate businesses is influenced more by the qualifications of an area's labor force and the availability and quality of housing and infrastructure, as well as quality of life considerations like access to recreational opportunities and beauty of the landscape, than other factors like taxes.

All state and local taxes combined make up a small share of the cost of doing business in Vermont and reduce profits only to a limited extent. Vermont would do well to stop fretting over the inhibiting effect of taxes and focus on ways to improve the qualifications of our workforce, the affordability of housing, and the quality of our transportation, telecommunication, and energy infrastructure.

Rationality of investing in long-term solutions rather than short-sighted budget cuts

Spending state budget money on improving the health, well-being and education of all who live in our state is a wise investment in the people of Vermont and their prospects of being a highly sought-after workforce. We can do this by fully resourcing:

- Our education system, especially higher education and job training programs
- Comprehensive and proactive health care including dental, mental health and substance abuse services for all
- Social services for those in generational poverty, including coaching to successfully break the cycle of poverty
- Early childhood initiatives that promote healthy brain development from the start, including family coaches, high quality child care and universal pre-K
- Accessible and alternative justice systems, including support for those re-entering society after incarceration

Funds spent in these ways will result in less money spent on law enforcement, retributive justice, incarceration, homeless shelters, welfare, and other remedial programs. Investing in Vermont's future over the long-term is also far preferable to quick fixes for budget deficits by cutting programs that are demonstrating their success in changing lives and improving opportunities – programs that once cut, are often more costly to reinstate or replace with other programs to achieve similar results years later.

Conclusion: It is reasonable to raise income and capital gains taxes on the top Vermont income bracket to balance the state budget rather than to cut valuable, effective programs that enhance the quality of life for Vermonters in order to achieve short-term cost reductions.

Bonding to save and improve infrastructure

Another area of significant concern is the great need to repair and upgrade Vermont's deteriorating transportation, water, and waste infrastructure, estimated to cost more than \$5.8 billion over the next 20 years (American Society of Civil Engineers Vermont Report Card, 2014). Productive use of leveraged debt financing is called for. Vermont can issue general obligation bonds to partially meet this challenge of strategic capital investment, especially at current historically low interest rates.

Vermont Housing and Conservation Board (VHCB) funding

Nothing is more distressing to a person of good conscience than to see individuals and families out on the streets with no place to live, or struggling to get by on the little financial resources left after paying for shelter. In addition, nothing is so prohibitive to the relocation and growth of businesses than the severe lack of affordable housing that currently plagues Vermont.

The first place to start to improve this situation is do more than provide nickel and dime increases for the VHCB. To begin with, we urge not just level funding but a 20% increase in the state's support of this fund. This would immediately impact the state's ability to finance more affordable homes.

Concurrently, we should: 1) invest in State Capital Bond funds each year for the next four years to preserve existing affordable housing that is at-risk of losing its affordability and 2) invest in programs that prevent and reduce homelessness like the Vermont Rental Subsidy Program, Emergency Solutions Grants, and Family Supportive Housing.

Conclusion: We call upon leaders to implement these measures that would provide the comprehensive approach needed to improve housing by building new units, preserving older units, and helping families to retain their existing housing.

Summary

In short, raising taxes on the wealthy and prudent bond management will result in the investments we need in:

The people of Vermont

The transportation and telecommunications infrastructure of Vermont

The housing opportunities in Vermont

Part Two: Wages and Benefits

Introduction

Obviously no branch of the government can dictate the income of its citizens. However, legislation passed to regulate the business sector and to incent certain practices can have a significant impact on the employment of residents and the general well-being of them and their families. From this perspective, the VIA clergy caucus have come to consensus on the direction which we recommend for Vermonters in the workforce, to the extent that our government can influence their treatment.

Need for a Livable Wage

It is commonly accepted today that a minimum wage, set and enforced by government on businesses, is not a livable wage – that is, the income derived from such a wage is insufficient to meet a worker’s actual living expenses. Especially hard hit are women and younger workers, who are more likely to make only the minimum wage and therefore fail to be able to pay rent, child care, taxes, transportation, food, utilities, and communication costs – the bare essentials for survival – and still have any money left over for medical expenses, saving for the future, or quality of life expenditures like recreation, family or charitable giving, and entertainment.

What is not commonly agreed upon, however, is how much the minimum wage can be increased without negatively impacting the viability of individual businesses or the state’s economic climate as a whole. We would like to offer some overarching concepts for a thoughtful consideration of determining an appropriate minimum wage.

Dependent upon situation and location

A study conducted by the Massachusetts Institute of Technology recommends using a “Living Wage Calculator” to determine what a true living wage would be for persons in different situations and different locations in Vermont. This calculator takes into consideration a worker’s family size -- the number of earners and dependents – and to some extent the cost of living in specific locations, which generally increases in urban areas.

For example, in Chittenden County, this calculator determines a range of livable wages, plural, from \$10.24 per hour for one adult to \$23.65 per hour for a family of two adults and three children. Using these numbers as a guideline results in a livable wage for the average worker of approximately \$15 per hour.

Income needed to afford housing

Another possible means of thinking about the livable wage is to consider the earnings required to afford housing, as housing is almost always each household’s single largest expense. For instance, Champlain Housing Trust asserts that the statewide housing wage – which is the amount a renter needs to earn in order to afford a two-bedroom, fair market rent -- is \$19.36 per hour (Burlington Free Press, 10/20/14).

A minimum wage of about half that amount creates a situation in which housing makes up more than 50% of a worker's earnings, which in turn means that there are insufficient household funds to pay for other family necessities, one of the primary reasons families remain in generational poverty.

Rate of inflation

Yet another factor to take into consideration in determining a livable wage is the rate of inflation. Now Vermont's minimum wage is tied to an annual increase in the Consumer Price Index (CPI), which is a laudable step. But decades of not taking inflation into consideration has created a large gap in the buying power of wages that should be addressed.

On an inflation-adjusted basis, Vermont's highest minimum wage was in 1968, when the effective minimum wage was \$11.00 an hour (adjusted for today's dollar). The current minimum wage of \$8.74 is equal to the inflation-adjusted minimum from 1956. In effective dollars, based on the buying power of wages for Vermont workers, our minimum wage has actually been going backwards.

Conclusion: We call upon leaders to consider future minimum wage regulations with the goal of adequately providing for workers' actual living expenses, given their personal circumstances and the economic context.

Benefits and wages together

Wages alone are not the only compensation that workers earn. To preserve investment in and fair treatment of the Vermont workforce, lawmakers must also continue benefits to workers which manifest as compensation in other ways.

One important benefit is paid time off, enabling workers, especially women and lower-income individuals, to provide adequately for their children and/or parents and to maintain their own personal health and well-being. A requirement of paid sick leave for hourly workers not only treats hourly wage-earners in the same way that exempt workers at higher income levels are treated, which is only just, but also provides time for individuals to keep a sick child home from school or take them to the doctor, or assist an elderly parent with a chore or appointment, without losing income.

Continued reform of the health care system will also provide a benefit to workers that will enable their wages to go further for their households. If all Vermonters have access to preventative care and the high costs of insurance are more fairly distributed through a universal access system with a government-mandated single channel of payment, health care costs can be better managed for everyone. And lower wage workers can stop finding themselves in situations in which they must choose between buying a tank of gas or paying for their monthly prescriptions, as is so often the case now.

When taking benefits into consideration, lawmakers must also be aware that raises in wages should be coordinated with adjustments in state and federal assistance so that wage increases do not result in a net decrease for a family due to loss of benefits. Clergy are particularly aware of families coming to us for assistance because they have been given a raise of a dollar an hour, which has unfortunately put them in a situation where they no longer qualify for a government subsidy or payment that is worth more than the raise.

Alternatively, sometimes workers turn down increased numbers of hours worked or raises in wages precisely because they know they will lose certain government assistance. This creates a situation in which our system provides disincentives for work, which is surely not a goal.

Conclusion: It is imperative to take an integrated, holistic approach to legislation of benefits such as health care and government subsidies for services, taking into consideration the full picture of how all elements affect individual workers and their families.

Impact on businesses

The fear that paying workers more has a detrimental effect on businesses is short-sighted. While a business' short-term bottom line expenses may increase with required raises to their employees, over the long-term there is ample evidence that their business will benefit from more equitable treatment of their staff.

Often businesses become more profitable when they treat their workers well and pay a livable wage because:

- There is less worker turn-over, and therefore less money involved in training new staff.
- Workers feel valued and work harder with more loyalty to their employer, increasing employee retention and productivity.
- Workers who feel valued interact better with customers and help to improve sales and thus profitability. (As an example, COSTCO, which pays a livable wage, is experiencing record profits and customer loyalty, while McDonald's, which pays the minimum wage, is experiencing markedly decreasing profits as well as bad publicity.)

The moral compunction to treat workers justly does not carry with it a sacrifice to businesses. To the contrary, a hallmark of American business is that for decades we have taken pride in the strong belief, supported by our faith traditions, that all work has dignity and deserves to be treated with the utmost respect. As Franklin D. Roosevelt said when the federal minimum wage was first implemented in 1938:

No business which depends for its existence on paying less than living wages to its workers has any right to continue in this country. By living wages, I mean more than a bare subsistence level – I mean the wages of a decent living.

Impact for Vermont

Also unfounded is the fear that Vermont as a whole will suffer if lawmakers require higher wages and better treatment of our workers. On the contrary, Vermonters who make a decent wage will have the means to buy goods and services from other Vermonters, thus improving the economic outlook of the entire state and all its businesses. Workers who are barely getting by cannot afford to buy the products manufactured here, or avail themselves of the recreational opportunities in our state, or take advantage of the multitude of opportunities in the hospitality sector here.

A second benefit to Vermont is that adequate compensation means that more Vermonters can shoulder state expenses without suffering themselves. Higher wages raise the tax base and make the economic

context better for everyone. Growing the middle class is the key to a healthy economy, including a fully functioning state government with adequate resources to pay for needed infrastructure and services.

Conclusion: We call upon leaders to act with courage in the face of opposition and with confidence that the long-term benefits of better treatment of workers will outweigh any short-term challenges.

Summary

In short, requiring that workers' wages be increased, along with requiring improvements in the way that they are treated such as paid sick leave and health care reforms, will result in:

Better living conditions for Vermonters

More productive and more profitable Vermont businesses

A stronger Vermont economy and government
