

Second, the practice of relieving the debts of bad governments, only to have them pile up fresh debt in new frenzies of corruption, should end. Future debts of low-income countries should not be forgiven in one fell swoop, but suspended and retired incrementally (for example, at 10 percent annually for every year that countries adhere to good-governance standards).

Third, we need to fight for aid accountability globally. We should push Europe, Japan, and the World Bank to also reorganize their own aid programs. And the next administration should press the World Bank for radical reform of its structures and practices, both to root out corruption in its own projects and to insist on better governance as a condition for aid. The whole logic of global aid institutions has to change, so that officials are rewarded for stimulating real development, not for pushing money out the door.

Finally, we need a fundamental reorganization of our own institutions to promote development. In its current understaffed, over-bureaucratized, demoralized state—with heavy reliance on for-profit corporations to implement its programs—the U.S. Agency for International Development cannot be the agent of a global “new deal” for development. It should become a cabinet-level Department of International Development and Reconstruction, with a dramatic expansion of career staff (back to the levels of the 1960s), enhanced democracy and governance assistance programs, and more capacity to move quickly into changing circumstances with diffuse engagement and small grants.

In the world’s poorest countries, poor people and their civil societies know that aid will not bring development without accountability and a rule of law. The next American president can win their hearts and change their minds about America—and improve our own security—by showing that we agree. ▀

New Economy Safety Net

Lael Brainard

Our economy has undergone profound changes over just the last seven years, exposing American workers to the bracing winds of global competition and technological advance as never before. The integration of China and India into the world economy is expanding the global labor force by 70 percent, while the digitization of services is exposing white-collar workers to global com-

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petition. At the same time, today's workers are more likely to change employers, often several times, over the course of their working lifetimes.

Nevertheless, the nation's job-sector safety net remains one of the weakest among advanced economies. The main federally mandated unemployment insurance (UI) program contains so many restrictions that today only about 40 percent of all jobless workers receive benefits. Benefits vary significantly from state to state, and they are often not available under the same roof, despite the "one-stop-shop" vision of the Workforce Investment Act passed in 1998.

Instead of relying on a patchwork of policies that date back more than four decades, the federal government needs to make a fundamental change in the way it provides job-transition assistance. The nation needs a comprehensive Economic Security Program, built around three pillars: making sure workers and communities have the tools to re-skill and reposition themselves; providing health and income insurance for periods of unemployment; and offering insurance against big drops in income and loss of health care as they transition back into employment.

Currently, there is enormous variation nationwide in the quality and availability of training benefits—even for programs under the federally mandated Trade Adjustment Assistance umbrella, which permits the most generous training benefits. Therefore a top priority must be to provide one-stop access to expanded and improved training opportunities nationwide. At the same time, training benefits need to be flexible, permitting some workers to develop new skills in parallel with a return to work following displacement. This way, American workers can upgrade and expand their skills to meet the demands of today's hypercompetitive economy, where no industry is immune from foreign competition. Since training is most successful when it is geared to job opportunities, it is also critical to develop an integrated local, state, and federal capability for helping communities reposition themselves strategically following the downsizing of a large employer.

But training is not enough. Displaced workers also need financial support. Today, a displaced worker receives an average of \$260 in unemployment insurance a week, well below the poverty line for a family of three. In response, unemployment insurance should be more generous and more consistent across the country. The Economic Security Program would increase these benefits so that they replace half of all lost earnings (at a cost of about \$1 billion a year). Moreover, although Trade Adjustment Assistance has introduced a health insurance benefit, because it is considered too expensive and complex, only 7 percent of eligible workers have used it. In fact, on average, it doubles the out-of-pocket health care expenses at a time when families can least afford it. In response, the

federal government should increase the health insurance tax credit to maintain out-of-pocket expenses at a constant level and extend it to more permanently displaced workers.

Permanently displaced workers face earnings declines between 14 and 20 percent. Therefore, the time has come to insure against sharp declines in wages, not just unemployment. The federal government should create a new program that covers 50 percent of lost wages for workers who take lower-paying jobs. Providing wage and health insurance to permanently displaced workers in their new jobs can broaden reemployment into new sectors and facilitate on-the-job training. Because the goal is to provide partial insurance against extreme income fluctuations, wage insurance should be available to all permanently displaced workers who have at least two years of tenure at the previous job. A wage insurance program that replaces 50 percent of earnings losses (up to a maximum of \$10,000 a year) for up to two years would cost roughly \$3.5 billion annually, to be covered by an insurance premium of roughly \$25 per worker a year.

American workers are being asked to embrace globalization at a time when their government has turned a blind eye to the need for new domestic policies to ensure they thrive in the global marketplace; in some areas, it has even weakened the slim protections that exist. That's why it is critical that the next president work with Congress to put in place an Economic Security Program to respond to the real anxiety faced by too many American families. ■

Expand the House of Representatives

Larry Sabato

The Founders intended the House of Representatives, with its small districts and frequent elections, to be the pulse of American democracy. But today's House often has no measurable pulse at all, its arteries clogged with special interest agendas and self-satisfied members. With guaranteed reelection in computer-drawn districts gerrymandered to further partisan interests, representatives often escape electoral accountability. Challengers are limited by the large size of the districts and their inability to raise enough campaign money. As a result, politics has become cartel-ized—not by Democrats or Republicans,

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