

Progressive Economic Narrative: Telling our story about how we build broadly-based prosperity

As progressives discuss how to tell their core story about the economy, a key question is how we explain where economic prosperity and jobs come from. Conservatives have a core story: businesses are the job creators; free markets create wealth. Progressives must have our own story. (*Note: This memo does not address the full progressive economic narrative; it focuses on the core issue of how we explain how the economy works to create prosperity.*)

It's not enough for progressives to be for fairness. Research has shown that given a choice between growing the economic pie or sharing the pie fairly, most people (59% in two separate surveys with somewhat different language) choose growing the economic pie.

But this is more than about what's popular. People are correctly concerned whether we understand how to create jobs, which is their shorthand for how we build a prosperous country in which their families can be secure and which promises a good future for their children.

The good news is we have the economic theory and the story. The core idea is *inclusive middle-class economics*: the more we fully include people in society, the better we all do and the nation does; a strong middle class is the way to build a strong economy. Importantly,

- Importantly, inclusive economics is a values and theoretical bridge between “class” and “race.” When everyone does well, we all do better. When we leave people out, it hurts everyone.

What's more, inclusive middle-class economics shows that the policies that work for everyone are the same ones that boost economic growth. From a political point of view, when we do that, we win as we use our advantage with the public on fairness and explain where jobs and wealth come from.

What's our theory on how do we create jobs and broad-based prosperity?

The more people we fully include in the economy, the better we all do and the nation does.

We create jobs and broad-based prosperity by:

- Giving everyone the education and skills to get and keep a good job.
- Educating people to be the innovators who will come up with better ways to do things: to solve societal problems, improve people's lives, invent new products.
- Being sure that people are paid enough to purchase goods and services.
- Being sure that people can care for and support their families: health care, housing, transportation, food. And being able to retire in security.
- Being sure that people have the security needed to participate in civic life.

Government's role in creating jobs and broad-based prosperity:

- Providing and regulating public goods: transportation; education; legal protections; public safety; research; social insurance.
- Writing rules so that every job pays enough to care for and support a family.
- Writing rules to boost businesses that protect working people and our communities.

How do we tell this story?

Inclusive economics: The more people we fully include in the economy, the better we all do and the nation does.

- The more people we fully include in our economy, the better we all do and the better our country does. Inclusion is the fundamental mechanism that creates jobs and broadly-shared prosperity.
- Inclusive policies that lead to more people participating more robustly—as innovators, as working people, as consumers and as citizens—is what drives economic growth and creates jobs in today's economy.
- When we help everyone realize their full potential to contribute to their community, our communities thrive and our nation thrives.
- We have the most diverse and therefore the most creative and innovative workforce on the planet. The more people approaching a problem from as many different perspectives as possible, the faster and more effectively that problem is solved.
- Our success depends on the success of those around us. Our communities thrive when everyone thrives.
- A vibrant economy is driven by differences, not sameness. Diversity supercharges economic growth and prosperity.
- We know that when one member of our family isn't doing well, it puts a strain on the whole family. We know that winning teams make sure that everyone is prepared to take the field. That's the same for the economy – when everyone can contribute to their full potential, we all do better.

Middle-class economics: We should make improving the incomes of working families and the middle-class our first priority—a strong middle class is the way to build a strong economy.

- When we have good jobs so we can care for and support our families, educate our children, afford our health care, shop in our neighborhoods and retire in security, we drive the economy forward and build thriving communities.
- I believe that when middle-class families are doing well – they've got money in their pockets, they're getting decent wages, they've got some health care security – then we all do better. (President Obama)
- When workers have more money, businesses have more customers, and hire more workers.
- We need economy booting jobs, not economy busting jobs.
- *When working families and the middle class do better, we all do better.* When people have the money to buy more groceries, cars, computers, housing and such, businesses that sell goods and services produce more, and hire more workers. We need to

strengthen middle class families, raise their incomes, and reward their hard work. We don't need more tax cuts for the rich and powerful. The middle class needs more money in their pockets, so they can put that money back into the economy. (Highest tested progressive economic message; outperformed conservative with every demographic except for older White men).

- Working families and the middle class are the engines of the economy.
- It is our generation's task, then, to reignite the true engine of America's economic growth: a rising, thriving middle class." (President Obama)

Role of government in inclusive economics:

- It turns out that advancing equal opportunity and economic empowerment is both morally right and good economics. Why? Because poverty, discrimination and ignorance restrict growth. When you stifle human potential, when you don't invest in new ideas, it doesn't just cut off the people who are affected; it hurts us all. We know that investments in education and infrastructure and scientific and technological research increase growth. They increase good jobs, and they create new wealth for all the rest of us.
(President Clinton)
- Our government has a specific role when it comes to the job market: to maintain a "wage and benefits floor." Profitable corporations use their influence to hold down wages and benefits, but if jobs don't compensate enough to maintain "Basic Spending" levels – on things like food, getting things repaired, and so on, the economy stalls. Policies to raise the wage and benefits floor and restore basic spending will boost the economy. For example, to regain our prosperity, people can insist on increasing the minimum wage, or increasing job security by requiring that every job include paid sick days.
(Topos Partners)

Contrast with Trickle-Down: Prosperity comes from the middle-out, not trickle-down.

- The worst thing about trickle-down economics isn't believing that if the rich get richer, that's good for the economy. It's believing that if working people do better that it will be bad for the economy.
- If high levels of profit were good for jobs and the middle class, we'd be drowning in good jobs today.
- If tax cuts for the rich created jobs, then we'd be drowning in good jobs today.
- Tax cuts for the rich don't create jobs, investments in the middle class do.
- Shrinking the deficit will not create growth, but growth will shrink the deficit.
- We've tried trickle-down. We've cut taxes on the rich. We've privatized millions of jobs, deregulated business and busted unions. Are you better off than you were 40 years ago? Do your kids have a better future? Prosperity comes from the middle-out, not trickle-down.