

The Right Debate: What speeds or slows money in the Economy

The GOP believes that their tax cuts are going to expand (speed up) the economy creating more tax revenue to pay for the cuts. The CBO says that it will add another trillion plus dollars to our national debt over the next ten years. Since the new tax plan eliminates incentives for various industries which results in the loss of jobs in the impacted industries, and the new tax plan does not create many people or businesses with more money that spend and invest quickly, the cuts most likely slow and shrink the economy instead of creating a stimulus effect.

With lower tax rates and therefore less tax revenue, the second gut punch to the economy will be the GOP pushing for further cuts to our BPIs instead of raising taxes. Cuts to our BPIs will also slow the economy creating fewer customers with money and fewer tax revenues. The GOP plan will transfer more wealth to the wealthy, increase our national debt, and create a downward cycle sending the economy into another recession or worse. The GOP plan does not have the immediate stimulus effect or the long-term benefits and multipliers of our BPIs.

We should debate how our methods work or it just sounds like he-said-she-said to voters.

Terms, Concepts, and Phrases

There are some terms, concepts, and phrases that we can make commonly understood. This language forms the fundamental argument behind our specific policies. We can highlight the common thread showing voters how Dems are fighting for them no matter where they live or what they do. Arming voters with these concepts allows them to distinguish between good or bad policies or candidates. Arming our base energizes them and makes them better advocates. The more we use these concepts and phrases, the faster we change the national debate to include how we work to help all Americans.

- **Prosperous and Shared Economy (that we should expect in the 21st century)**
- **Necessary conditions for people to thrive**
- **Necessary conditions for businesses to exist and prosper**
- **Basic Public Investments (BPIs)**
- **Valuing the Efforts of All our Workers (VEW): Livable Minimum Wage, Equal Pay for Equal Work, and Workers' Rights**
- **Customers with money**
- **Speed of money in the economy**
- **What triggers business investment? → Customers with money!**
- **The wealthy are risk averse and have few immediate needs. They invest & spend slowly.**
- **Our BPIs:**
 - **are in infrastructure, education, health, research, safe communities, community development, and safety nets.**
 - **create opportunities for our citizens and businesses. Not government telling us what to do!**
 - **put significant money at the bottom of the economy where it is spent quickly.**
 - **create necessary conditions for people to thrive and businesses to exist.**
 - **trigger business investment.**
 - **create a feedback loop that creates customers with money, tax revenue, and pulls in business investment.**
 - **have stimulus in the short term and payback over months, years, and decades from healthy and educated citizens, infrastructure, research, safe communities, community development, and safety nets.**
 - **are morally right and economically smart!**

Prosperous AND Shared Economy Basic Message

Explaining what Dems do to help All Americans

Dems know that when we help others, we help everyone including ourselves. We have local, state, and federal government invest in education, health, research, safe communities, and community development. We know that **these investments** are not handouts to the takers, but instead **create the critical opportunities for our citizens and businesses to thrive**. Dems understand that **valuing all our workers** is not only **morally right** but also **creates customers with money vital to the viability of our businesses and a vibrant economy**. Dems have been fighting for policies that create prosperity for all our citizens which we refer to a Bottom-Up Economics.

The GOP has been fighting against these policies believing in Trickle-Down where just cutting the taxes on the wealthy and big business will create prosperity for those that work hard. The GOP pushes to cut our public investments claiming that we just need to get government out of the way and the free market will create prosperity. Getting government out of the way and giving more money to the "job creators" seems like a sensible approach and some voters have bought into this belief.

However, past evidence shows us that Bottom Up Economics works and Trickle-Down Economics does not work. The evidence wins over some voters. To win over more voters, we must not only point to the evidence, but we also must **explain how our investments create prosperity for everyone and how GOP policies have caused the struggles of too many Americans**.

A Prosperous and Shared Economy!

In the 21st Century, we should expect a Prosperous AND Shared (P&S) Economy. With our widening financial inequality over the last 30 years, how do we reverse the trend so that all our citizens benefit from increasing national prosperity? There are **two key elements** to creating a P&S Economy: a strong commitment to our **Basic Public Investments (BPIs)**, and **Valuing the Efforts of all our Workers (VEW)**.

Our BPIs are critical for the existence of our businesses and create opportunities for our citizens and our businesses to flourish. Our BPIs create and save more tax revenue than cost... they **pay for themselves!** After World War II, when we were broke, we built our interstate highway system and other infrastructure, we created our education and healthcare systems, and we invested in safe communities, community development, and research. These Basic Public Investments paid off huge for our country and taxpayers.

The second key element in creating a **P&S Economy** is **VEW** (Valuing the Efforts of our Workers). Unskilled labor and service jobs provide critical contributions to our businesses and morally deserve a livable wage. Economically, it is also important to pay livable wages as it makes people **customers with money**. Raising the minimum wage puts more money in the pockets of people that have many immediate needs. They spend quickly speeding up and expanding the economy and contributing more to the tax base. They become customers with money which **causes businesses to hire and expand creating more customers with money and more tax revenue**. This cycle is a positive feedback loop and a **catalyst to initiate business investment**.

For more information see: www.VoterEducationProject.com

Until about 30 years ago, the prosperity of our workers was raising with the prosperity of our nation. In the last 30 years, the **GOP fought hard to erode the minimum wage** letting gradual inflation to **decrease the minimum wage in real terms**. The **GOP has also fought against collective bargaining** which has had a significant role in increasing wages that created the middle class. The minimum wage impacts wages at the lower end decreasingly so for higher wages. Decreasing the minimum wage in real terms and impeding collective bargaining has **caused our working families to increasingly struggle to provide for necessities and a quality of life for their families**.

Our Basic Public Investments (BPIs)

Our BPIs create necessary conditions for prosperity. **Our businesses cannot exist without educated and healthy workers, without infrastructure, without research, without community development, without safe communities, and safety nets**. Individual businesses or people do not **independently create these necessary conditions**, but we do so collectively through our local, state and federal governments. Collectively paying for our Basic Public Investments is not socialism or government telling you what to do, it is **creating the necessary conditions for a free market economy to thrive**. The GOP tells us that government cannot do anything right! The reality is that our past substantial public investments created the opportunities for our citizens and businesses to thrive. The reality is that **our businesses do not even exist without ALL our BPIs**. The reality is that our local, state and federal governments do a lot right!

Our BPIs are we-the-people investing our tax money in America and Americans, and we are great investments! Our BPIs in the short-term **speed up and expand the economy** creating jobs, customers with money, and more tax revenues. Then over months, years, and decades, our BPIs **create long-term paybacks** in not only economic prosperity, but tax revenue as well. Our BPIs are key to creating the tax revenue surplus to pay down our national debt. **Our BPIs are fiscally responsible, economically smart, and morally right**. Our BPIs **create opportunities for all our citizens** from our poorest to richest, for **all our businesses** from smallest to largest, and **put money in every community** across the United States from rural to urban.

Think of where we would be today without these past BPIs... just another 3rd world country and economy. A strong commitment to our BPIs today will ensure a prosperous country for us and the next generations. **Democrats understand that it is only by creating the necessary conditions for us to thrive, that our people and businesses thrive**. Our BPIs put American ingenuity and free enterprise on steroids!

Valuing the Efforts of All our Workers

We raised worker wages decades ago for our skilled workers and all workers through establishing a minimum wage. Some business leaders like Henry Ford have understood paying his workers well created customers with money who could buy his products.

However, **free enterprise tends to minimize wages which at the same time minimizes the buying power of customers**. The argument against raising wages has always been that if we increase worker wages, we will kill jobs. The reality has been that when we increased wages, we built the customer base that created our middle class. **It is more important for businesses to have customers with money than for businesses to pay less for workers, especially at the lower wages**. Wages are usually a small percentage of the total product or service price and where that is not the case, then the product or service price should reflect a livable wage. **With continued automation and other advancements impacting manufacturing, we must now do what we did for skilled workers decades ago and raise wages for unskilled and service workers or our consumer base sustaining the middle class will collapse**.

Having customers with money is another critical condition for businesses to exist. Valuing our least trained with a livable wage creates many more customers that quickly spend which speeds up and expands the economy. Wages above the minimum wage would also increase but less so in higher brackets. Raising the minimum wage would positively impact to some degree most of the lower wage brackets creating a lot more customers with money. Since wages are usually a small part of product and service price, most workers would have an increase in buying power.

Raising the minimum wage to a livable wage would provide much more after-tax money for the people that need it the most than the GOP tax cut. That expansion in buying power at the bottom of the economy will create a stimulus effect and expansion of our consumer base benefiting everyone including the wealthy and our businesses from small to corporate America.

Equal Pay for Equal Work (EPfEW) is not only morally right but also creates more customers with buying power that would tend to spend quickly. EPfEW would impact many people that have been economically discriminated against because of gender, race, and so on and allow more people to rise to or up within the middle class. EPfEW will help our people, businesses, and economy.

Why Trickle Down (tax cuts for the rich) does not work

Expanding the economy is about speeding up money in the economy. The faster money is spent and spent again and so on, the more times money cycles through the economy per year and the larger the economy. Conversely, slowing money in the economy shrinks the economy.

Already the rich and corporate America have several trillion dollars that they could invest and speed up the economy at any time. But they have not and will not because **if you have a lot of money, you do not want to lose it! You become risk-averse**. You can wait until you know your investment has the highest chance of working. You may look at dozens to hundreds of investment possibilities before deciding on one. You have the luxury of time to be cautious. **You invest slowly**.

If you have a lot of money, you also **tend not to have immediate needs**. You have the luxury of time to shop around, delay purchasing, or even decide not to purchase something. **You spend slowly**.

If you have a lot of money and you get a tax cut, you would tend to invest and spend it slowly which slows and shrinks the economy. The wealthy and big business are not bad because they spend and invest slowly, **this behavior is just human nature**.

Their investments and spending are important to the economy, but **their investments are pulled into the economy when their business plans are expected to succeed**. Usually, **they execute their investments when it is expected that there will be customers with money**. Tax cuts for the wealthy create few customers with money and therefore do not trigger investment to speed up and expand the economy. Instead, **tax cuts for the wealthy slow money and shrink the economy**. **These cuts ultimately hurt everyone including the wealthy!**

Another problem for tax cuts triggering business investment is that **hiring and purchases are expenses that offset current or future profit**. **The tax rate is 0**. A lower business income tax rate is frequently a **motive to extract money from the business and not invest the money back into the business**. Corporations are likely to pay out more in dividends or buy back stock instead of reinvesting.

If we want the wealthy and big business to invest the trillions they already could, we simply need to create more customers with money. Our BPIs and Valuing the Efforts of All our Workers do just that!