Overcoming Austerity: Investing in Our Future

A messaging guide by Groundwork Collaborative

Background

It is fiscally responsible to invest in working families and the communities that power the economy. It grows our economy and it pays dividends for long-term security when communities can plan, save for the future, and participate in the economy without worrying about how to pay their bills or take care of a loved one.

For example, studies show that investment in education offers greater returns to productivity and boosts economic growth over time. Similarly, empirical evidence shows that public investment in infrastructure has consistently boosted the private sector. When we invest in low-income families, we reduce poverty, stabilizing our most important resource: our people.

The evidence is clear. Neoliberal fairytales don't hold up to the proven power of public investment. With Republican control of the House of Representatives, and particularly on the heels of significant public spending in the last several years, we must make the economic case that:

- **Spending in recent years was hugely successful** at steering us out of an historic recession and putting us on the path to a stronger, more stable economy;
- **There is more to do** to shore up underinvested sectors and ensure all workers and families can share in our economic abundance; and
- History has taught us that the right response is to spend **through crisis and beyond.**

More than detailing how austerity hurts us, we must also clearly **articulate why public investment bolsters our economy now and for future generations.** There is abundant evidence that spending shortens recessions, creates economic growth, and pays short- and long-term dividends for our country's economic wellbeing and stability.

The Toplines

- **[Public Investment Is Good]** - Investing in workers, families, and communities – not the wealthy and big corporations – is key to a stable and thriving economy. Public investment is a popular, commonsense approach to building a more secure and sustainable future.

- **[Underinvestment Is Bad]** - Not only does chronic underinvestment drive instability, leaving us open to a precarious economy, but austerity economics are also wrong, racist, and politically unpopular.

- **[Invest Before & Through Crises]** - Investing in the things families need, like affordable child care and health care, quality housing, and better roads and bridges, makes good economic sense in good times as much as in bad. The middle of a storm is too late to board up our windows. We need to fortify our house so it can withstand storms and emerge more resilient than before.

Numbers You Should Know

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28 months - Due to robust investment, the U.S. labor market recovered all the jobs lost during the pandemic recession or 22.2 million jobs in a mere 28 months. By comparison, it took 75 months – more than six years – to climb out of the Great Recession.

56% - The one year decrease in child poverty as a result of the investments from the American Rescue Plan, including provisions like the Child Tax Credit. This historic achievement gave families the tools they needed to build secure futures for their kids, but it was temporary. Families would be more stable if this resource was permanent.

67% - The percentage of Americans who supported the Inflation Reduction Act. In addition, 70% supported the American Rescue Plan, with support holding regardless of the price tag.

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4 million jobs - Government investments through the American Rescue Plan and the expanded Child Tax Credit added 4 million jobs to our economy.

Under 4% - the unemployment rate since December 2021. Strong investments in our economy, such as the American Rescue Plan, Bipartisan Infrastructure Law, and Inflation Reduction Act, have all contributed to the lowest unemployment rate in 50 years.

Frames & Values

The following frames and values should be the basis for any discussion of public investment.

FRAME 1: STABILITY
Investing in people, our infrastructure, and what we need to take care of ourselves and our loved ones makes people, and by extension, our economy more stable. When we invest in the things that make the economy work for all of us, we can weather storms better because we have a sturdier, more resilient foundation.

FRAME 2: AGENCY
Having a stronger and more secure economy is a deliberate policy choice. Our elected officials have the power to invest in us – our children, our health, and our environment – and we can hold them accountable to ensure those investments become a reality.

FRAME 3: SIMPLE COMMONSENSE
Underinvestment is a major problem for our economy; it's that simple. It increases economic precarity, leaves families vulnerable, drags down economic growth, and is rooted in racism. When we invest in the things people need to thrive, our economy is healthier and more secure.

VALUES:
The points below (or points built off of these) should invoke the values of **family security, stability, and thriving.**

The Core Message

[INVESTING IS GOOD] - Every dollar we invest now – in people, communities, small businesses, and local governments – helps working families reach their full potential, which strengthens our economy for the long term.

- **Investing in all communities not only builds a more stable and fair economy, but also a stronger one.** Providing working families with desperately needed support during the pandemic recession was not only the right thing to do, but it also preserved small businesses, created new jobs, lowered unemployment, and helped families save for their futures.
- **Public investment, like in the American Rescue Plan and the Inflation Reduction Act, grows our economy and shores us up for the long term.** Families can plan and save for the future and contribute to the economy without worrying about how to pay their bills or take care of a loved one.

- Time and again, **when we have invested in people**, we have seen a more secure and prosperous economy for everyone.
  - Investing in kids from low income families pays dramatic economic and social dividends, raising their educational and health outcomes and maximizing their potential.
  - Federal investment spurs some of the most cutting-edge technological innovations, such as the development of the internet, vaccines, and advanced robotics.
  - Making sure low-income families have access to the basics they need is the right thing to do and makes good economic sense. Every $1 increase in SNAP benefits results in a $1.54 increase in GDP.
- **Public investment is widely popular across party lines.** Policymakers shouldn't shy away from these investments; they should champion them.
  - **We know from poll after poll that the** public supports investment and wants it to be strengthened and expanded.
  - We saw from the midterm elections that **conservative candidates underperformed after attacking the Inflation Reduction Act and other public investments.**
  - As deficit hawks cyclically create artificial crises as an excuse to cut spending, it's important to remember that to address the deficit voters would rather raise taxes on the wealthy than cut spending by a 53-point margin.
  - Voters overwhelmingly want politicians to protect and expand essential programs like Social Security, not cut them.

[UNDERINVESTMENT IS BAD] - The economics of austerity are wrong, racist, and politically unpopular. Calls to cut spending on people-centered investments should be viewed with extreme suspicion.

- **Austerity is based on faulty research** that has been thoroughly debunked — in theory and in practice — for over a decade.
  - Misinformed austerity policies cost us dearly in unrealized human potential. We saw this most acutely following the 2011 sequestration agreement, a bill negotiated by lawmakers in the aftermath of a debt ceiling stalemate that mandated $2.1 trillion in cuts. This contraction of federal spending had devastating consequences spanning more than a decade, including spiking health care costs, massive job losses, and rising homelessness.

- Gutting public investment during an economic crisis is cruel, irresponsible, and has been shown to lengthen and deepen recessions.
- Chronic underinvestment in the fundamental building blocks of our economy, like education, health care, and housing, has hampered economic stability and growth.

- **Austerity is a racist dog whistle**, rooted in deeply held beliefs about who is "deserving" of our support and who isn't.
  - The politics of austerity are inextricable from anti-Blackness and the racialized myths about Black people and particularly Black women. We have seen decades of cuts to public sector jobs and critical public services, thanks to austerity.
  - We have seen real economic strength come from policies that prioritize people who have historically been left behind during economic recoveries. Leaving behind Black and brown communities puts us all at risk.
  - The racism inherent in disinvestment is a drag on our economy and holds back our potential as a country. It fuels inequality and in the last 20 years has cost the economy almost a trillion dollars per year.
- **Now more than ever, the majority of voters oppose budget and service cuts.**
  - The workers, families, and communities who power our economy demand popular, needed, and economically sound investments. They know that investments that center people and promote long-term, structural change have been needed for decades.
  - Voters across the political spectrum strongly support our government spending more to make low-income families more economically secure.
  - Consistently across time, voters have urged our government to expand key programs in service of people, rather than the wealthy and big corporations. That's why there's overwhelming support for increasing spending on things like education, veterans' benefits, and infrastructure.

[INVEST BEFORE AND THROUGH CRISES] - We must invest – through good times and bad – to build an economy that is more resilient and just.

- **When the economy is stable**, investing in people creates jobs, increases productivity and living standards, and spurs innovation, which in turn boosts economic growth and revenues.
- **During recessions and downturns**, investments in people stimulate the economy by helping people get back on their feet more quickly than they otherwise could have. Like fortifying a home to be ready for storms, we can shore up our economy when we are not in crisis by steadily investing in infrastructure, quality jobs, and necessary

services. When a crisis comes, more of us will be better able to weather challenges.

- We know that public investment and direct aid to individuals and families lifted millions of children out of poverty and kept families and our economy afloat during the COVID recession, but more is needed to ensure our economy is strong and stable through future crises.

[ADDRESSING THE INFLATION FALLACY] The public investments in the American Rescue Plan helped bring about one of the strongest recoveries in history.

    - Changing course on public investments now risks the progress we have made to overcome decades of failed austerity policies that have left our economy vulnerable.
    - Additional investments will not contribute to rising costs and instead will work to address past policy failures that have contributed to inflation.

- **While public investment is a convenient scapegoat**, the real causes of inflation are supply chain shortages and big companies choosing to overcharge families and consumers to increase their profit margins.
    - These price hikes are possible because of decades of disinvestment and corporate consolidation – paving the way for big companies to corner markets, increase prices on consumers with impunity, and chip away at the supply chain system. These policy decisions created a brittle and vulnerable supply chain that was ill-equipped to handle a major crisis like the pandemic.