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MESSAGING MATTERS: COUNTERING DEFICIT NARRATIVES

The economic crisis sparked by the COVID-19 pandemic has exposed deep structural flaws in our economy and society that are making the crisis far worse than it needed to be. We need large-scale government intervention to stabilize the economy and put us on a long-term path to resiliency and broadly shared prosperity.

The crisis has laid bare that decades of rampant inequality, attacks on public institutions, and blind faith in markets to solve public problems has left our workers, families, and economy deeply vulnerable. This crisis is acute in part because millions of individuals lack good jobs and adequate health care and child care—especially the Black and brown women who are filling what are only now recognized as essential roles in our economy—and because government agencies tasked with pulling people from the brink are operating on threadbare budgets.

Decades of misguided focus on the deficit and debt played a major role in making our economy susceptible to this crisis, and a continued focus will only lengthen and deepen the severity of the crisis.

ONLY LARGE SCALE PUBLIC SPENDING WILL ALLOW OUR ECONOMY TO RECOVER FROM THIS DEVASTATING ECONOMIC CRISIS.

- ❑ Individuals, corporations, philanthropy, and “the market” cannot solve this crisis. We need massive public spending, especially at the federal level, to accomplish any of the recovery priorities we are all fighting for: access to testing and treatment; reinforcing essential responders, including workers, small businesses, and state and local governments; universal housing, child care and health care; and all of the priorities we were fighting for before the pandemic struck.
- ❑ State and local governments are pushing their resources to the brink to support their residents and are in desperate need of federal government relief.
- ❑ Expanding public benefits programs and investing in new public initiatives to strengthen public health infrastructure will yield real economic benefits that more than justify these investments. For example, bolstering programs that help people meet basic needs has a multiplier effect that reverberates throughout the economy. The USDA found that [every \\$1 increase in SNAP benefits results in a \\$1.54 increase in GDP.](#)

THE ECONOMICS OF AUSTERITY ARE RACIST AND SEXIST AND SO ARE THE POLICY CHOICES THEY JUSTIFY.

- Years of public disinvestment — especially in Black, brown and rural communities — has left states and communities with weakened institutional infrastructure, leading to many of the underlying vulnerabilities in our economy. Women of color and their families were already facing these vulnerabilities before the pandemic hit, making them less prepared to weather this recession which disproportionately affects them.
- The current conversation around systemic racism in law enforcement highlights the harm the wrong kinds of public spending can have. Police budgets in many cities have ballooned, while we see budget shortfalls in Black and brown communities, especially in housing, education and healthcare.
- The extreme extent to which government spending on police has outweighed any spending on solutions that would directly help Black communities shows how austerity is rooted in anti-Blackness and harms our entire economy and society.

THE ECONOMICS OF AUSTERITY HAVE BEEN PROVEN WRONG TIME AND AGAIN.

- If we listen to austerity proponents again, we will face an even greater scale of economic collapse. Austerity responses to the Great Recession undermined economic recovery, and many struggling families never recovered. This would be a prime example of returning to the status quo on economic policy decision-making, and we can't go back.
- The government is the only actor that can spend at the scale needed to combat this crisis, and a devastating economic crisis is not time to curtail spending.
- Cutting spending now, especially on critical benefits and services that so many families rely on, would cost millions of jobs and cause this crisis to be more painful and drawn out. For example, if the \$600 expanded unemployment benefit is not reinstated, the economy will lose more than 5 million jobs over the next year, sending an already fragile economy into freefall.
- Tax cuts have never and will not “stimulate” us into recovery. In fact, we need to tax the rich and corporations to raise revenue, which we can spend meeting community needs and keeping the economy afloat until the public health crisis is under control.

RESCUE EFFORTS AND PROGRESSIVE PRIORITIES DO NOT NEED TO BE PAIRED WITH DEFICIT REDUCTION.

- We do not need to be concerned about the deficit right now. Demanding deficit reduction and fear-mongering over the debt is a conservative tactic to undermine progressive priorities.
- Conservatives are rarely asked to “pay for” tax cuts for corporations and the wealthy. While conservative politicians claim to be concerned about spending when it is directed at working people and families, they didn't seem too concerned when they passed a \$1.5 trillion tax cut for the wealthy and well connected. Similarly, since the crisis began, Republican donors and associates of the Trump family continue to receive taxpayer funded bailouts, while millions of families are suffering.

- Our weak economy can only benefit from increased public investment. Economists have repeatedly made the case for increased deficit-spending during recessions. Fiscal stimulus in a recession can boost consumer demand and business spending, helping to mitigate the severity of the downturn. If we need to finance that investment with more revenue later, there are plenty of ways to tax the rich.

WE CAN RAISE REVENUE BY TAXING WEALTHY CORPORATIONS AND INDIVIDUALS.

- Spending is the only way to get out of this crisis, but we can also raise revenue by ensuring corporations and the very wealthy pay their fair share of taxes. From March 18th to June 18th, billionaires saw their wealth increase by 20 percent or \$584 billion. During this period, 36 million people filed for unemployment.
- During the last recession, corporations, private equity, and payday lenders were able to profit off of the suffering of millions of families, which made recovery more difficult, particularly in low-income and communities of color. Left unchecked, they will again extract from the public good and exploit marginalized people, which will leave the economy less stable overall.

THE PUBLIC DOES NOT CARE ABOUT DEFICITS OR THE DEBT.

- The public overwhelmingly supports government spending in general, and especially for the duration of the crisis. A recent Groundwork Collaborative and Roosevelt Institute poll found that 71 percent of respondents want “major, sweeping action to address the economic impact of the pandemic.”
- Most voters do not care about deficits. They care about their children, families and communities. They understand that more people will suffer without significant government spending. Seventy percent of respondents “support a future approach doing ‘whatever it takes’ to provide needed assistance, and do not want Congress to focus on debt.”