

A fair, rapid economic recovery will take investments

Written by By James Jimenez, MPA New Mexico Voices for Children Executive Director
Friday, 16 April 2021 03:54



The strongest economy is one that works for everyone; one where workers earn livable wages and can provide for their families. We can build an economy that works for everyone and recover from the recession — but only if we learn from the mistakes of the past.

Before the COVID-19 pandemic hit, New Mexico was beginning to move forward on a path to more broadly shared prosperity. We began on this path in 2019, when we finally started making long-needed investments in quality public education, affordable child care for working parents, smart economic development, and mental health services — all programs and services that help families and communities build a brighter future. The state also increased tax credits for working families.

The pandemic and recession seem to have put some of that progress on hold. But they don't have to. We can continue to move in the right direction if we ensure that we have adequate and sustainable revenue that is raised in a way that is fair.

During the Great Recession we skimped on funding for the essentials of a strong economy — the programs and services that help people and businesses recover and prosper in times of economic uncertainty. That stinginess drove our state to 50th in the nation in poverty, education, child well-being, and job growth and severely slowed the state's economic recovery. These short-sighted decisions — along with the ineffective tax cuts for the wealthy and well-connected, enacted over the past two decades — starved our schools and health care system of important funding and made our tax system grossly inequitable, while dangerously increasing our reliance on volatile oil and gas revenues.

Economists know that when revenue falls because of a recession, raising new revenue —

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versus cutting funding for critical public programs or giving tax cuts to those at the top — is the best policy for a more robust and equitable recovery. That's because what actually creates jobs is public investments — not tax cuts. No business can operate here or anywhere without customers with money to spend, infrastructure, public safety, and more. A highly skilled workforce, 21st century infrastructure, and great quality-of-life that companies look for, all require the state to make investments, and that takes revenue.

We also know this is not a typical recession. Those at the high end of the income scale, along with their investments, have been largely unaffected by business closures. But workers at the bottom and small businesses have been more likely to lose income and may have little or no savings to rely upon. Adequately funding our schools and health care, while raising revenue from wealthy individuals and profitable corporations that have come out ahead as a result of this pandemic, is the equitable path forward to grow our economy.

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