What Obama Forgot: Economic Growth Is the Only Way to Social Progress

By: Ben W. Heineman Jr.
January 23, 2013

In his inaugural speech, the president mentioned the obligations of "We the People" as individual citizens. But what's the role of businesses as corporate citizens?

The commentariat has already reached a consensus: In his second inaugural, President Obama gave a stirring, modern statement of equality as a core national value and progressive government as a core instrument to that end.

As a lifelong Democrat, I deeply admired the speech as an eloquent statement of American aspiration with deep roots in U.S. history.

But as a lifelong Democrat, I was also struck by an omission. A progressive agenda must be built on strong, durable economic growth. The importance of such growth today has many dimensions: It is key to a strong middle class; to jobs expansion; to national security, when our economic failures are a source of weakness; and to an equity agenda for the less fortunate or dispossessed, which is much more possible to achieve when national wealth is growing, not contracting.

The promise of both greater fairness and greater economic growth (if not its actual achievement) was the core of the modern progressive movement created by FDR in the
New Deal during the Great Depression. Economic growth in the 1960s enabled the stunning equity agenda Lyndon Johnson enacted (until it was halted by the incompatibility of guns and butter). The economic boom of the 1990s made progressive ideas like national health insurance or immigration reform possible -- though the chaos of the Clinton presidency meant that the nation consequently failed to take advantage of the boom.

To be sure, there were many references in the president's inaugural to economic issues:

- "Our celebration of initiative and enterprise, our insistence on hard work and personal responsibility, these are constants in our character."
- "And economic recovery has begun. ... America's possibilities are limitless, for we possess all the qualities that this world without boundaries demands: youth and drive, diversity and openness, of endless capacity for risk and a gift for reinvention."
- "For we, the people, understand that our country cannot succeed when a shrinking few do very well and a growing many barely make it. We believe that America's prosperity must rest upon the broad shoulders of a rising middle class. We know that America thrives when every person can find independence and pride in their work, when the wages of honest labor will liberate families from the brink of hardship."
- "We cannot cede to other nations the technology that will power new jobs and new industries. We must claim its promise."

The heart of the speech, however, was Obama's repetitive invocation of the Constitution's first three words, "We the People," to call on citizens to rise up -- not just during elections, but afterwards, to make their voices heard during the governing process. This refrain about the duty of citizenship set up his coda, "Our journey is not complete," which listed five areas of his social agenda: women's pay equity, equality under the law for gays, fairness to immigrants, safety for all children (code for gun control), and equal voting rights.

But our journey is also not complete unless and until we can deal with the myriad problems that hold back broad economic growth, and until we can debate the appropriate roles of government and business, the engine of growth -- issues which were not addressed head-on in the inaugural.

Obama's fine speech would have had more resonance had he made growth a more explicit foundation for his progressive agenda. He did not have to solve looming fiscal problems in his broad thematic statement. But he did have to speak about finding where the ever-shifting balance of public order and private enterprise, an enduring theme in our nation's history, belongs in our era.
Government must protect social goods, government must tax fairly, government must regulate smartly. Government must spend prudently. But government cannot create the economic growth upon which so much of government depends. Only private enterprise, in the context of proper governmental action, can do that. Progressives must never let conservatives appropriate this basic idea. Economic growth is, I believe, the foundation of progressivism in America.

So I would also have liked the president to have discussed not just the obligations of "We the People" as individual citizens but the proper role today of businesses as corporate citizens. One element of corporate citizenship is to create high-quality goods and services that serve the needs of the nation, with many associated social and economic benefits. A second element of corporate citizenship is for companies to fuse their meaningful economic performance with adherence to the spirit and letter of the law -- with adoption of ethics beyond what the law requires, and with values of honesty, candor, fairness, trustworthiness, and reliability.

Had the president included these fundamental imperatives of economic growth and corporate citizenship in his second inaugural, he would have given the country a more powerful progressive vision for America.

###