

June 7, 2006

TO: Interested Parties**FROM:** Jim Kessler, VP for Policy and Anne Kim, Director of the Middle Class Project**RE:** Third Way Talking Points on the Estate Tax—Creating a Lasting Narrative

In opposing the repeal of the estate tax, progressives often attack the plan as just another “tax cut for the wealthy”—in this case, the very, very wealthy. While this critique is accurate on substance, this argument has failed to resonate with middle-class voters, who don’t generally harbor much antipathy to the rich.

We believe there is a more potent narrative that progressives can use to re-brand conservative economic philosophy as indifferent to the fortunes of the middle-class. Progressives should use the debate on the estate tax to define conservatives’ core view as one of believing that the very wealthy are the engine of the economy. And we should describe our core view as believing that the middle-class is the engine of the economy. Instead of offering amendments that pit the estate tax against the EITC or the minimum wage, we should pit it against an initiative that unabashedly helps the middle class, like a college tuition tax credit. Remember, that dating back to 1996, conservatives have consistently defeated progressives at the ballot box among those who earn between \$30,000 and \$75,000 in household income.

Our goal on the estate tax should be to set up a narrative about who is best for the economy—a narrative that we can carry through all tax and economy debates for years to come. Here are a few sample talking points.

- *We simply have a different view on how to make America strong and create a vibrant economy. They believe the very wealthy are the engine of the economy; we believe the middle class is the engine of the economy.*
- *So they propose an estate tax cut that benefits only those with more than three million dollars in wealth, and we propose making college tuition tax deductible for all families.*
- *They believe that providing multi-millionaires with even more tax benefits will help America grow because the very wealthy will eventually buy things—like yachts and vacation homes – that employ people. We believe that making college affordable for all families will give middle-class people and America greater opportunities to succeed while reducing the level of debt that college students and their parents face.*

Or to make an argument about fiscal responsibility:

- *They believe that deficits don’t matter. That’s why they are willing to run up trillions of dollars in debt to pay for tax cuts for people who don’t need them. We believe that deficits do matter because high budget deficits raise interest rates and make college and home loans less affordable for middle-class families.*