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QUESTIONS ABOUT HILLARY'S MIDDLE WAY

How do you get faster growth and make sure its fruits are shared with all who helped create it?

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With Hillary Clinton's stage-setting economic speech, the terms of the 2016 campaign are coming into view. Everyone wants to raise the incomes of working and middle-class households; the question is how.

On the left wing of the Democratic Party, Bernie Sanders rejects "growth for the sake of growth." Instead, he contends, "Our economic goals have to be redistributing a significant amount back from the top 1%."

Speaking for most Republicans, Jeb Bush argues that there is nothing wrong with household incomes that 4% growth wouldn't solve. "I know we can fix this," he declared in his announcement speech, "because I've done it. Here, in this great and diverse state [Florida] that looks so much like America."

Hillary Clinton rejects both views. Instead, she says, we have to build a "growth and fairness" economy, because we can't have one without the other. "We can't create enough jobs and new businesses without more growth, and we can't build strong families and support our consumer economy without more fairness."

The evidence supports her claim.

It is hard to see how a purely redistributive program would create jobs for the large numbers of new entrants into the labor force each year, and it is even harder to see how such a program could be adopted. As Heather Boushey, head of the Washington Center for Equitable Growth and an informal adviser to Mrs. Clinton, said in a recent interview, "If you don't grow, then you really just have to take from someone and give it to somebody else." That is a tough sell, she argued, because it goes "not just against politics, but also human nature."

On the other hand, most of the fruits of economic growth have not gone to average families in recent decades. Despite Jeb Bush's claim, Florida is no exception.

In the eight years of Bush's governorship, according to Census Bureau figures, Florida's real economic output grew by more than one third, to $800 billion from $593 billion, a robust 4% annually. During that same period, however, Florida's median household income grew by a total of 5.35%—only 0.65% a year. In Florida as in the country as a whole, the gears that once connected economic growth to wages and incomes are no longer meshing.

That's why we need both faster growth and a strategy for ensuring that its fruits are shared with everyone who helps create it.

Faster growth comes in part from an expanding labor force. But the growth of the U.S. labor force is projected to slow sharply during the next decade, because the population is aging and because participation among women peaked in 1999 and has since declined to levels below that of most other advanced countries.

That's why Mrs. Clinton is proposing family-friendly policies that help women better balance paid work and household responsibilities. The same logic drives her call for immigration reform, which would bring new workers into the country while moving millions of current workers out of the shadows.

In addition to an expanding labor force, growth requires investment and innovation. In her speech, Mrs. Clinton stressed the importance of small business, and promised to be the "small business president" by providing easier access to capital, tax simplification and regulatory relief to these vital but hard-pressed entrepreneurs. Innovation, she said, requires added investment in infrastructure, broadband, energy, and especially the scientific and medical research that spurs the next generation of firms.

Mrs. Clinton criticized what she called "short-termism" in corporate America—a focus on quarterly earnings reports at the expense of the investments in research and development, plant and equipment, and workforce training that are needed for sustainable long-term growth. Building on recent research, she noted that some of America's biggest companies have devoted half their earnings to stock buybacks and another third to regular and special dividends, leaving little for long-term investment, let alone pay raises for workers.

To lean against these trends, Mrs. Clinton said that she would reform the capital-gains tax to reward long-term investments, and rein in buybacks that only boost short-term stock prices. To more closely align wages and economic performance, Mrs. Clinton endorsed profit-sharing plans and will soon propose specific measures to encourage more employers to adopt them.

No one speech can answer all questions. For example, Mrs. Clinton promised to help families achieve financial security during retirement by "defending and enhancing Social Security." Does that rule out any and all changes that could reduce the costs of the program? Does it promise changes that could actually increase its long-term outlays?

Mrs. Clinton urged an end to the "era of budget brinkmanship." Now she must show how her ambitious proposals comport with a sustainable fiscal policy. The U.S. must, she said, stop careening from "one self-inflicted crisis to another," break out of the "poisonous partisan gridlock," and focus on the "long-term needs of the country." In an era of polarization, she must now say how she plans to achieve these widely shared goals.