

Sixteen for '16 - Number 1: JOBS

By [Salvatore Babones](#), [Truthout](#) | Op-Ed

The first article in a new series - previewing 16 topics that should be on every progressive's agenda for 2016 - details an aggressive government jobs creation program to put 10 million people back to work.

In this series, sociologist Salvatore Babones previews 16 topics that should be on every progressive's agenda for 2016.

In January 2008, the US economy provided full-time employment for 122 million people and part-time employment for an additional 24 million. Then the recession hit, followed by the recovery. The end result was that by January 2014, the US economy had lost more than 3 million full-time jobs and replaced them with slightly more than 2 million part-time jobs.¹ In total, there are now 1 million fewer Americans who have any kind of employment, and many more who are stuck with only part-time work.

During that same period, the US adult population grew by more than 14 million people.² In ordinary times, about 65 percent of the US adult population actively participates in the labor force.³ The fact that there are now 14 million more adults means that in ordinary times, the US economy would need about 9 million more jobs to accommodate them. No matter how you add them up, these are depressing figures.

Officially, the recession ended in June 2009.⁴ The second half of 2009 and all of 2010, 2011, 2012 and 2013 were growth years.⁵ All official sources forecast continued growth in the US economy for 2014 and 2015. So where are all the jobs? If the economy is growing, why aren't companies hiring?

In 2013, the US economy produced 6 percent more goods and services in real-dollar terms than it did in 2007, despite employing fewer people.⁶ Private industry is more productive than it has ever been. The economy has changed, and the private sector simply doesn't need 10 million more employees. If it did, it would hire them.

Going forward, we have three basic options to choose from:

We can let people stay home and starve - if they have a home. Those who have homes and a partner to support them won't starve, but they will suffer from anxiety, depression and skills erosion. Spread over the whole population, there will be more child abuse, more partner abuse and more divorce. People will die younger than they otherwise would.⁷ Letting the problem fester is the easiest choice for government and for those of us who still have good jobs, but it is wantonly destructive for society as a whole.

We can pay people not to work - in other words, give them welfare. This is better than letting them stay home, because it reduces some of the extreme stress placed on people who can't provide for themselves and their families. Programs like in-school free breakfast and lunch, food stamps, housing assistance and mortgage relief also help. But welfare can lead to many of the same damaging stresses as not helping people at all, and welfare doesn't do anything to prevent the deterioration of people's knowledge and skills.

We can put people back to work - by creating jobs. There is no shortage of work to be done that the private sector won't do on its own. We can fix up government buildings, repair our collapsing bridges, lay new water pipes, improve airports, install sidewalks, upgrade roads for safer driving, expand mass transit, build a national broadband network. We can restore wetlands and wildernesses to improve the environment and reduce the risk of catastrophic flooding. Public improvements may not generate immediate profits for the private sector, but they sure do improve things for the public.

Forget about private-sector job creation through tax rebates, investment incentives and all the other freebies that CEOs and industry lobbyists tell us they want. Of course they want them. Who wouldn't want rebates and incentives? But they don't create jobs. They create profits, which is why companies want them. Corporate profits are now higher, both absolutely and as a proportion of national income, than at any other time in US history.⁸ The private sector has had six years to show it can create jobs. It has shown, very clearly, that it doesn't want or need to. The private sector can grow without them.

The public sector can and should put people back to work. Academic economists estimate that it takes between \$125,000 and \$150,000 of government stimulus spending to create one job by cutting taxes or increasing benefits. In other words, handouts to the private sector and the public may be popular, but they are not very effective at creating jobs. Direct government hiring would be much more efficient - and it would ensure that the workers hired got decent, full-time jobs with good benefits.

According to a January 2012 CBO report, the average federal worker with a high school diploma and some additional education costs the government \$45.70 an hour in total compensation (including benefits), or around \$90,000 a year.⁹ Of this amount, more than \$10,000 will come right back to the federal government in taxes, yielding a net cost of at most \$80,000 per worker. State governments generally pay lower salaries and thus could expand employment even more efficiently.

At \$80,000 per worker, it would cost \$800 billion per year to create 10 million new federal jobs. That would require a 20 percent increase in the federal budget. That might sound like a lot, but it's been done before: during World War II and the Korean War, but also in 2008-09. That's right: instead of bailing out the banks to prevent an economic depression, we could have directly financed the creation of 10 million jobs to prevent an economic depression. It's far from obvious that we made the right choice.

But it wouldn't really take \$800 billion of new spending to create 10 million new jobs. When new spending is injected into the economy, it generates additional jobs through a multiplier effect: when newly employed people buy groceries, they generate jobs in grocery stores. Those new employees in grocery stores pay taxes, further reducing the overall cost of creating jobs. And of course the more people have jobs, the fewer people collect welfare benefits or (even more costly) end up in jail.

Back-of-the-envelope calculations suggest that it would take something like \$400 billion of new federal, state, and local government spending to generate the 10 million new jobs the economy needs. That means taxes, but taxes for a good cause. At a time when the richest 1 percent of Americans are taking home record incomes and the largest corporations are earning record profits, we can realistically expect them to pay additional taxes to make sure that everyone who needs one has access to a good job.

Can we really put millions of people to work on needed public improvements without wasting billions of dollars? First, money spent putting someone in a job instead of on welfare (or in jail) is never wasted money. Second, it's been done before. Franklin Roosevelt's New Deal of the 1930s put nearly 10 million people to work, out of a labor force of just 55 million. Creating 10 million jobs for today's labor force of 155 million would be easy by comparison.

There's a good chance your local courthouse, library and post office were built by the PWA; your local through roads, water mains and sewer lines were laid down by the WPA; and your favorite park trails were cut and marked by the CCC - all New Deal job-creation programs.

Because they show just how much government can accomplish when it takes an active role in the economy, the success of these programs is fiercely disputed by conservatives. What's not disputed are the numbers of people who had paid jobs in 1932 (39.5 million) and the number of people who had paid jobs in 1937 (49.1 million).¹⁰ Whether or not the New Deal ended the Great Depression, it sure put people back to work.

Seven years into the Great Recession, government action on jobs is long overdue. At the current rate of job creation, the number of available jobs will literally never catch up with the growing number of people who need employment. And let's not forget: right now, the economy is actually growing. It won't keep growing forever. Across the 11 recorded business cycles since 1945, the average period of expansion has been 58.4 months, or just under 5 years.¹¹ The current expansion started in July, 2009. The arithmetic isn't promising.

There is a good chance that by 2016, the US will experience another recession, perhaps sparked by the government's own deficit-reduction measures. If the next recession doesn't come before the 2016 election, it will certainly come soon after. If the next president of the United States does not immediately prioritize job creation, that next recession will wreak havoc on an already-weak job market. Yes, things can (and will) get even worse.

Job creation should be at the top of every candidate's agenda for 2016. There will never be a consensus on far-reaching goals like saving the environment when more than 10 million Americans need jobs. In the next few months, I will offer 16 agenda items for the 2016 elections - "Sixteen for '16" - but first and foremost is unabashed no-holds-barred US government job creation.

Any politician who doesn't understand that the ongoing jobs crisis requires direct government intervention should not be taken seriously as a candidate for president of the United States in 2016. The US economy has experienced 11 recessions since 1945. It eventually will experience a 12th. If the jobs crisis hasn't been solved before it hits, God help us. It may be too late to help ourselves.

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1 Calculations based on BLS Employment Situation Summary Table A-8.

2 Calculations based on BLS Employment Situation Summary Table A-1.

3 Calculations based on BLS Employment Situation Summary Table A-1.

4 NBER, US Business Cycle Expansions and Contractions.

5 BEA, National Income and Product Accounts, Table 1.1.1.

6 BEA, National Income and Product Accounts, Table 1.1.1.

7 David J. Roelfs, Eran Shor, Karina W. Davidson, and Joseph E. Schwartz. 2011. "Losing Life and Livelihood: A Systematic Review and Meta-Analysis of Unemployment and All-Cause Mortality." *Social Science & Medicine* 72:840-854.

8 BEA, National Income and Product Accounts, Table 1.12.

9 CBO, Comparing the Compensation of Federal and Private-Sector Employees, January 2012.

10 Michael R. Darby. 1976. "Three-and-a-Half Million U.S. Employees Have Been Misled: Or, an Explanation of Unemployment, 1934-1941." *Journal of Political Economy* 84:1-16.

11 NBER, US Business Cycle Expansions and Contractions.