

Sixteen for '16 - Number 2: JOBS, Again

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

The 21st century United States doesn't need more things, but it does need many services the instant-gratification private sector doesn't provide so well, such as preschool and post-secondary education and health and dental care. Government has to be part of the solution.

Economic statistics tell us that the recession ended in June, 2009. Nonetheless, four years of consistent economic growth have failed to bring back all the jobs lost in the collapse. The US economy shed more than 8 million jobs in the recession but has so far recovered only 7 million.¹ In fact, the 2000s were the worst decade for job creation ever recorded in US history. Between 2000 and 2010, the US economy added just 2 million jobs. That compares with more than 20 million new jobs created during the infamous 1970s.² So much for the economic policies of the Bush and Obama administrations.

Where did we go wrong? The economics profession doesn't seem to have the answers. It is hard to believe that the problem is too much regulation, too much government spending or too much taxation, when we've done nothing but cut, cut, cut for 40 years.

If government waste and inefficiency are destroying the economy now, why were there so many more jobs - relatively speaking - back when taxes were higher and the government was bigger?

The economics profession is very good at understanding how economies change from year to year but not very good at understanding how societies change from century to century. In the 20th century, America needed more food, fuel, housing, appliances, machinery and gadgets of all kinds. People wanted cars, and industry wanted trucks. The private sector built them, and market economics made sense.

In the 21st century, America doesn't really need more things. Most of us - all except the homeless and the very poor - have too many things. You might need a new car, but you don't need a third, fourth or fifth car. We have lots of problems with the distributions of things, but we don't need more things.

When we do need things, they're usually made overseas. Fewer than 14 percent of American workers are employed in goods-producing industries.³ The economy of things is behind us. Ahead is the economy of services and experiences.

Some of these services and experiences can be delivered by the private sector. The private sector does a great job when it comes to entertainment, sports, restaurant meals and shopping malls. Whenever a service provides instant gratification, the private sector is ready to serve us. No one does instant gratification better than corporate America.

When services don't involve instant gratification, the private sector does less well. For-profit universities encourage poor families to take on thousands of dollars of debt to buy their children useless online degrees - when they graduate at all. Unregulated health providers sell bogus medical tests that have no basis in science. Corporate prisons with no interest in rehabilitation turn punishment into profit.

It is an axiom of private-sector management that what gets measured gets done. And what gets measured is profit. That works fine for cars: A company that makes good cars will make a good profit. It works for restaurants and shopping malls, too. But profitability is not a very good guide to school quality. The children of America's elite do not attend for-profit schools.

The reason why profitability is a good guide for cars and restaurants is that the profit motive and instant gratification work very well together. As consumers, we are very good at selecting the products and services that give us instant gratification. Companies that are good at providing those products and services prosper. Those that are not fade away.

As consumers, we are not very good at planning for the long-term future. That should be obvious from our waistlines: Most of us eat for today and regret it tomorrow. At every opportunity, we trash our bodies and numb our minds. It's not much fun to save for a rainy day

Just as we do not invest enough in our bank accounts, we do not invest enough in ourselves. Left to make our own decisions, we overspend and underinvest. That's why we allow governments to make some kinds of decisions for us. Deep down, we know we need the nanny state.

Every parent knows that a child is the most precious thing in the world. Parents will give their lives to save their children. Teachers at Sandy Hook even gave their lives to save other people's children.

But when it comes to planning statistically for the future success of a child 10 or 20 years down the road, even parents tend to underinvest. For example, it is well-known that young children benefit immensely from pre-K education. Yet only 52.5 percent of American children are enrolled in pre-K programs.⁴

Our propensity to underinvest in our children is the reason we developed compulsory free public education more than 100 years ago. It's also why we should extend free public education right down to age 3 (or earlier) - and up through junior college, college and postgraduate study.

Fifty years ago, we were moving in both of those directions. The federal Head Start program was funded in 1965 with initial enrollments of more than half a million children.⁵ Federal Pell Grants for higher education were also authorized in 1965 and, at the time, paid most of the costs of attendance at state universities. Local community colleges were so well-funded that most charged only nominal tuition fees.

The country was also moving toward more or less universal health insurance. President Richard Nixon - he of Vietnam and Watergate - proposed a standardized national health insurance plan to Congress in 1971 and again in 1974. Nixon's plan did not include the "individual mandate" of the

2010 Affordable Care Act. But unlike the ACA, it proposed to make health insurance essentially free for poor and unemployed Americans.

But then we took a wrong turn, jumped the tracks, and fell off the wagon.

In the 1970s, America faced a choice: Consume now or invest for the future. Obviously, we chose to consume. We had the opportunity to create the world's first post-industrial economy based on education, health care and self-improvement, but we chose instead to create the world's first post-industrial economy based on entertainment, retail and food.

Imagine if we had chosen to continue investing. Between 1964 and 1974, state and local governments created more than 2.4 million new jobs in education.⁶ If state and local education jobs had continued to expand at that rate in the next four decades, there would now be 9.6 million more jobs in education.

Is that a realistic number? Slightly more than 10 million educators are currently employed by state and local governments.⁷ Could schools really employ another 9.6 million people?

The nationwide student-teacher ratio for all schools is 15.9 students per teacher. The average student-teacher ratio in Manhattan private schools is 7.8 students per teacher.⁸ If we wanted every child in the country to enjoy the kinds of class sizes that America's elite buy for their own children, we would have to hire more than 10 million new educators.

In other words, if we had continued down the educational path we set for ourselves 50 years ago, we'd be there by now. Those 10 million missing educators are the 10 million missing jobs in today's jobs equation. With them, there would be no crisis today. Instead, state and local governments are actually cutting jobs for the first time since 1947.

It's the same story with health. American medical schools are turning out roughly the same number of doctors now as they were in 1980.⁹ But the US population is 37 percent larger than it

was in 1980, and the elderly population is 61 percent larger.¹⁰ There just aren't enough doctors to go around.

It likely would require a 50 percent increase in the number of practicing doctors to restore the patient access to medical advice that was available in the 1970s. A healthier society with more personalized health care would employ yet more doctors. A good guess is that we should have about twice as many doctors as we have today.

The story is the same for dentists. Dental school enrollments are actually lower today than they were 30 years ago.¹¹ As a result, high-quality dental care has come to be seen as a luxury for the middle class instead of a basic human right for all. In the 21st century, there is no reason for anyone to lose a tooth because of lack of care.

When 20th century America chose not to invest in education, health care and self-improvement, it doomed 21st century America to decades of unemployment, underemployment and unfulfilled potential.

This should come as no surprise. Just like physical infrastructure, human infrastructure moves in long-term historical arcs. Think about the age of the infrastructure we use every day.

For example, all of Manhattan's major bridges were built between 1883 and 1936. Most municipal water and sewer systems are 50 to 100 years old. Our railroads were almost all built before 1950, and the interstate highway network dates to the 1960s. Even America's major airports are now decades old. We are living off the investments of an earlier era.

When industrial society changed to post-industrial society and it came time to shift investment toward human infrastructure, we balked. The Great Society stalled in the 1970s. Then in 1981, Ronald Reagan rode in on his high horse and declared on his first day in office that "government is not the solution to our problem; government is the problem."

We're now 40 years late in building the human infrastructure of the 21st century. The good news is that we can catch up rapidly if we try. The even better news is that catching up would itself put a lot of people to work.

Individual consumers can't build public education and healthcare systems any more than individual commuters can build roads or subways. If you're on your own, you have to walk. We have to accept that government is not the problem. We are the problem. Government is the solution.

NOTES

- 1 Calculations based on BLS Employment Situation Summary Table A-1.
- 2 Calculations based on BLS Employment Situation Summary Table A-1.
- 3 Calculations based on BLS Employment Situation Summary Table B-1
- 4 Child Trends Data Bank 2012 calculations based on Census Bureau data.
- 5 Department of Health and Human Services Head Start Program Facts Fiscal Year 2012.
- 6 Calculations based on BLS Employment Situation Summary Table B-1.
- 7 Calculations based on BLS Employment Situation Summary Table B-1.
- 8 Calculations based on NCES Elementary/Secondary Information System Express Tables for the 2010-2011 school year.
- 9 NCHS Health, United States, Table 105.
- 10 Calculations based on data from the Census Bureau International Data Base.
- 11 NCHS Health, United States, Table 105.