

The Social Justice Column

The Logistics of Full Employment

By Fadhel Kaboub, Denison University



In the October 1, 2010 edition of Street Speech's Social Justice Column ("The Audacity to Create Jobs"), I made the argument that the Federal Government could easily finance the creation of 30 million new jobs to achieve full employment by offering to hire anyone who is ready, willing, and able to work at a socially established living wage. I estimated that the total net cost of such program would be \$727 billion, or less than 5% of Gross Domestic Product. This estimate struck some Street Speech readers as unrealistically low, and the jobs program was deemed utopian, unaffordable, and even unproductive. Today, I will refute some of these concerns, and demonstrate

that if anything, it is unemployment, poverty, and homelessness that are unaffordable to our society.

The 30 million unemployed people whom I wrote about are not only the official government estimate of unemployment, which is a very conservative number, but also include discouraged workers, involuntary part-time workers, the marginally attached to the labor force, people without adequate transportation, people without adequate access to childcare or elderly care, etc. All these categories are surveyed monthly by the Bureau of Labor Statistics but are not considered officially unemployed.

The vast majority of these people are what I call "last to be hired when the economy is strong, and first to be fired when the economy is weak." They are women and ethnic minorities, those with low levels of education, training, and skills, and little to no work history. These are the people that the private sector employers call "unemployable." The full employment program that I am proposing would focus primarily on this demographic group. The aim of the program is to get to the root causes of unemployment: lack of skills/training and lack of jobs. The classic mantra that we've been accustomed to claims that we should focus on training, then let everyone compete for scarce jobs.

What I am proposing is on-the-job training. Take the unemployed as they are, find socially useful and productive tasks for them to perform, and build skills on the job. Those who claim that there are no useful and productive jobs to be performed have simply not looked hard enough to see what some of the disadvantaged communities suffer from in our society. The private sector does not provide services to communities that cannot afford them. Think of childcare, elder care, afterschool programs, infrastructure

repairs, community gardens, etc. Community groups can easily identify their needs and utilize the locally available skills to perform the needed tasks, and if additional training is needed, then it should be provided on the job. There is no need to apply the notion of private sector productivity in this type of program, because the ultimate goal is a community revival through participation rather than charity and government handouts. It is about community empowerment and capacity building.

The arithmetic of the cost of the program is as follows: 30 million people working 40 hours/week and earning \$10/hour plus a benefit package of \$10,000 per worker. The total wage and benefits bill adds up to \$876 dollars. If we add a very generous material cost of \$50 billion per year, then the total cost would be \$926 billion. Finally, if we assume a multiplier effect of 1.5, an average income tax rate of 15%, and an average sales tax of 6.5%, then the net total cost of the program would be \$727 billion per year, or 4.8% of GDP. This would be the highest cost that the government would have to invest in the beginning of the program. The cost will continue to diminish over time because full employment will stimulate the private sector, which would then hire workers away from the government program, and reduce the need for government spending. This will also reduce government spending on unemployment related social costs and welfare programs that will become redundant.

Logistically speaking, local community groups will have to keep a reserve shelf of community projects that need to be done. When unemployment is high, those projects will be taken off the shelves and implemented, and when the private sector is booming, workers are hired away from community projects, and the projects are back on the shelves until the next cycle. The program brings an automatic stabilizer effect to rid the system of the terrible consequences of unemployment. This is not socialism, nor is it capitalism the way we know it. This is an economic system that preserves the capitalist principles of private property, freedom of choice, self-interest, and competition while at the same time guaranteeing the right to a decent job opportunity to everyone in society. This is the economics of life with dignity. It is social justice through full employment.

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The New Jim Crow... (continued from page 6).

Michelle Alexander is the author of The New Jim Crow: Mass Incarceration in the Age of Colorblindness (The New Press, 2010). The former director of the Racial Justice Project of the ACLU in Northern California, she also served as a law clerk to Justice Harry Blackmun on the U.S. Supreme Court. Currently, she holds a joint appointment with the Kirwan Institute for the Study of Race and Ethnicity and the Moritz College of Law at Ohio State University.

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