

A Direct Route to Full Employment

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Abstract This article proposes the formation of a National Investment Employment Corps to provide a job guarantee for all citizens and to perform the work necessary to maintain and expand the nation's physical and human infrastructure. The permanent establishment of the National Investment Employment Corps coupled with the federal job guarantee not only would address the employment needs created by the current economic crisis but would yield enduring benefits to national well being. Moreover, it would provide a direct mechanism for producing continuous full employment in the US economy.

Keywords Job guarantee · Employment · Federal job guarantee

It is stunning how cautious the response has been to the nation's greatest economic crisis since the Great Depression of the 1930s. Apart from the implementation of a \$787 billion stimulus package that meets the conventional norms of counter-recessionary practices, the most dramatic action taken by the federal government has been the rapid transfer of more than \$1 trillion in public monies to the same investment banking community whose actions brought us the crisis in the first place. There has been a failure to undertake or even to consider more daring and imaginative policies to produce a healthy and equitable economy. The powerful transformative policy proposed here is a federal job guarantee that would insure that all persons willing to work would be able to obtain work.

The national government should establish the equivalent of a Civilian Conservation Corps (CCC) similar to the type that employed 3.5 million citizens in 1936, one of the worst years of the Great Depression. But, unlike the CCC, the new public employment service (it could be named the National Investment Employment Corps) would assure every American seeking work that a job is

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available in either good times or bad. The guarantee would be of special significance in bad times—like those we are now encountering—when the national unemployment rate is approaching 10% and the unemployment rate for black Americans is nearly twice as high. North Carolina’s unemployment rate is close to 11%, one of the highest rates among the fifty states. Under a federal job guarantee, the national government would function as an employer of the last resort, providing basic job security for all Americans (see Harvey 1989, 2000; Wray and Forstater 2004, and Wray 2008).

What type of socially useful work could the members of a new CCC perform? Parallel to the Works Progress Administration during the Great Depression, the National Investment Employment Corps could set as a priority repair, maintenance, and construction of the nation’s deteriorating infrastructure. In 2009 the American Society of Civil Engineers gave the country an overall grade of D on infrastructure, reporting that one in four rural bridges are structurally deficient and that the state of Texas alone has only seven engineers and a budget of \$435,000 to oversee more than 7,400 dams.

There is plenty of valuable work to be done in addressing the nation’s physical infrastructure needs alone. Indeed, if we also consider the nation’s human infrastructure in a wider sense, the array of jobs that could be performed under the auspices of a public employment service could include work to improve rapid transit service, parks and recreational areas and also, as suggested by Morrissey (2010) in an open letter to President Barack Obama: “[c]onstruction of high quality pre-schools, [h]igh quality childcare for working mothers...preceded by in depth training in child care and child development for all child care workers, ...[c]omputer repair , upgrades, and maintenance workers, ...[s]anitation [w]orkers and [f]ood [s]ervice workers in hospitals and schools, [and] [f]ederal [b]ank workers who would administer small business loans, students loans, and other bank services....” Each state could be canvassed to develop a comprehensive list of jobs that that could be met by the National Investment Employment Corps.

Apart from the social benefits associated with meeting the vast infrastructural needs, a number of advantages would accompany the introduction of federal job guarantee:

1. It would eliminate the economic insecurity faced by working Americans whose livelihoods now are contingent upon the whims of Wall Street. A federal job guarantee would insulate American workers from dependence upon the performance of the stock market and the financial sector. We would establish a firewall between the casino like behavior of high finance and national economic well being.
2. It would place a floor on the conditions of employment offered by the privatesector. If the minimum salary for employees in the National Investment Employment Corps is \$20,000 coupled with approximately \$10,000 in benefits, the private sector would need to match that minimum to attract employees. Correspondingly, it would be possible to eliminate minimum wage laws.
3. The program would be no more expensive than the \$1.3 trillion handout initially given to the investment banking community. There are approximately 15 million persons currently in the ranks of the officially unemployed. If all were hired at a mean salary of \$40,000 plus \$10,000 in benefits, the compensation bill would be \$750 billion.

4. Continued access to employment would yield far greater benefits to the economy as a whole than the massive handout to the investment bankers. It would produce renewed aggregate consumption demand, reduce the momentum toward homeownership foreclosures, and enable workers to maintain their connection to the labor market and avoid deterioration in their skills and motivation.
5. The benefits package would include the federal health insurance plan that is available to Congressmen and civil servants. Therefore, there no longer would be a need to undertake comprehensive health insurance reform.
6. We could eliminate working poverty. Households that are out of work are three times as likely to be poor as working households. But in the United States, 10% of working people have poverty level incomes (Achiron 2009 p.13). The federal job guarantee with the levels of salary and benefits described above would address both the needs of the working and jobless poor.
7. We could provide an assurance of quality employment for acutely stigmatized populations. For example, the ex-convict population—persons who had completed their sentences—could look forward to a guarantee of a job when they exit from imprisonment.
8. We could overcome the adverse health outcomes, both mental and physical, associated with exposure to prolonged unemployment (Goldsmith et al. 1997).
9. Finally we could fulfill the promise and the intent of the Humphrey Hawkins Act. A federal job guarantee is a direct avenue to the establishment of permanent full employment for the US economy.

The time has come take action that will constitute a structural transformation of the US economy. A federal job guarantee is a courageous measure that can usher in a new era of national prosperity.

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