

Why the Cause of Full Employment Is Back from the Dead

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Senators Bernie Sanders and Kirsten Gillibrand speak to reporters during a news conference in Washington

Vermont Senator Bernie Sanders is introducing a government-guaranteed full employment bill this week. New York Senator Kirsten Gillibrand issued a tweet in support of the concept earlier this month. New Jersey Senator Cory Booker has proposed setting up pilot full employment programs in 15 urban and rural areas with persistently high levels of unemployment.

In other words, full employment—once a staple of Democrats’ rhetoric and on occasion an element of Democrats’ substance—has returned to their lexicon and their policy proposals.

Government-sponsored employment programs are nothing new; indeed, they were a centerpiece of the New Deal’s efforts to reduce the catastrophic unemployment of the 1930s. These weren’t full employment programs, to be sure; they were improvised emergency programs to fend off the dislocations and, indeed, the threat of starvation that confronted millions of Americans in the depths of the Depression. In the autumn of 1933, the Roosevelt Administration’s emergency aid administrator, Harry Hopkins, convinced Roosevelt that only a federally funded mass employment program could keep many thousands of Americans from starving during the upcoming winter. With Roosevelt’s go-

ahead, Hopkins established the Civil Works Administration, which managed to put more than four million Americans (in a nation of roughly 130 million) to work on infrastructure programs in less than three months. The program ended with the coming of spring, but was re-established as the Works Progress Administration in 1935, which employed more than five million Americans building post offices, schools, libraries and airports, paving roads, and (for what Communists of the day referred to as “culture workers”) painting murals, writing guidebooks and putting on plays. (Hopkins’s manifest brilliance as an administrator was such that the army glommed onto him during World War II to organize munitions allotments and the like.)

Still, these New Deal improvisations, massive though they were, didn’t constitute a full employment program. Nor were they targeted at groups that, through the legacies of discrimination, racism or kindred causes, were compelled to dwell on the fringes of the job market, or outside it altogether. The Depression had the effect of narrowing the historically disparate rates of unemployment among the discriminated against, the poor, the working class and some of the middle class. With funds from the CWA and WPA, states structured their own programs, and predictably, many of them were segregated or favored whites over blacks and Latinos.

Full employment didn’t emerge as a federal government cause celebre until 1944, when the topmost fed himself—Franklin Roosevelt—made it the centerpiece of his Economic Bill of Rights, which he unveiled in his State of the Union address that year. “Necessitous men are not free men,” Roosevelt declared, and proceeded to itemize the particulars of his new bill of rights. First on his list was “the right to a useful and remunerative job in the industries or shops or farms or mines of the nation.”

The impetus for the bill was the fear, shared by Roosevelt and a number of his economists, as well as other Democratic politicians, that with the war’s end—which meant the return of roughly 10 million men from the armed services to the civilian labor force, and the cessation of wartime production—unemployment would revert to the levels of the ‘30s. To avert the feared catastrophe, the administration introduced the Full Employment Bill of 1945, which passed the Senate but was defeated in the House by a coalition of Republicans and Southern Democrats who feared improving the living standards of African Americans. The following year, the Congress did enact a brutally scaled-down version of the bill, whose only real consequence was to establish the president’s Council of Economic Advisers.

The massive postwar depression never came, of course. The high levels of unionization and the wage hikes produced by the 1946 strike wave increased Americans’ purchasing power to record levels, boosting the economy. The G.I. Bill, the federally-backed housing construction boom, the effect of Social Security on levels of seniors’ poverty—all the legacies of the New Deal—kept the nation from sliding back to the economy of the ‘30s.

But the New Deal’s magic had not been extended to African Americans, as the civil rights leaders of the 1960s were acutely aware. That’s why A. Philip Randolph and Bayard Rustin, who led and organized, respectively, the great 1963 March on Washington, termed it “a March for Jobs and Justice.” That’s why Randolph and Rustin, working with economist Leon Keyserling, produced the Freedom Budget several years later, which outlined the economic programs needed to bring blacks and others whom the New Deal had left behind

into the broadly shared prosperity of the time. The sine qua non of the program was a governmental full employment program. (As Kate Aronoff has outlined in a brilliant piece in *The Intercept*, the call for employment programs to bring blacks into full economic citizenship went all the way back to W.E.B. DuBois.)

Like the Poor People's Campaign, the Freedom Budget was effectively interred with the death of their leading proponent, Martin Luther King Jr. By the mid-'70s, however, the cause of full employment was again taken up by a cadre of democratic socialists, led by Michael Harrington (a comrade of Randolph, Rustin, and King—democratic socialists all—dating back to the '50s). Harrington's particular mission was reuniting the remnants of the Old Left (which chiefly meant, the progressive unions) and what remained of the New, whose activists could be found in various social justice and environmental campaigns. He also was seeking a way that progressives could retain the support of the white working class while at the same time continuing to promote the causes of racial equity and environmental reforms that many in the white working class were cool to, at best. Harrington argued that it required full employment—that is, broadly shared economic prosperity—to make such reforms more palatable to this onetime base of New Deal support, and that the Right's fledgling efforts to chip away at unions and New Deal legislation could exacerbate the right turn of white workers. (Pretty good prophet, that Harrington.)

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The old left and some of the new took up the full employment banner yet again. In the mid-'70s, Murray Finley, the president of the Amalgamated Clothing Workers—chiefly, a union of women and racial minorities being pushed, despite their union's efforts, to the margins of the economy—initiated a coalition for full employment. A number of strategically savvy environmental activists formed Environmentalists for Full Employment.

And in Congress, California Democrat Augustus Hawkins in the House and former Vice-President Hubert Humphrey, then back in the Senate, introduced full employment legislation. Hawkins—who in 1934, running on Upton Sinclair's End Poverty in California slate, became the first African American elected to California's legislature, and in 1962 became the state's first black congressional representative—was a social democrat on the left wing, economically, of the Congressional Black Caucus.

Like its 1945 predecessor, the Humphrey-Hawkins Full Employment Bill, as it came to be called, was rooted in some specific apprehensions about where the economy might be headed. By the mid-Seventies, it was clear—as it had been clear to Randolph, Rustin, King, and Harrington in the '60s—that the great civil rights legislation of the '60s was not sufficient to end the poverty that minorities continued to experience. As well, by the mid-'70s, it was also clear that the great postwar boom could be coming to an end, that the burgeoning war on unions and government was beginning to take a toll on American workers' pocketbooks.

But the Humphrey-Hawkins Bill met a fate also similar to its 1945 predecessor. A new generation of elected Democrats—the Watergate congressional classes of 1974 and '76, disproportionately Democrats from previously Republican suburbs; and President Jimmy Carter—were hesitant to embrace what they saw as old-style New Deal programs.

Separate legislation establishing small-scale employment programs in inner cities was enacted (only to be abolished by Carter's successor, Ronald Reagan), but by the time Humphrey-Hawkins emerged from Congress, it had been scaled back to a single mandate to the Federal Reserve, ordering it to try to promote high levels of employment as well as low levels of inflation—a mandate the Fed has rarely taken seriously.

Moreover, the high inflation of the late 1970s—kicked off and sustained by the rising oil prices resulting from cutbacks in oil exports from the Middle East—encouraged the Right, and much of the center, to blame government and unions for the rising cost of living. The Phillips Curve, an economic theory which said there was an inherent and inflexible inverse relationship between unemployment and inflation, was invoked to disparage any governmental efforts to diminish joblessness, much less mandate full employment.

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Over time, the Democrats didn't so much repudiate the cause of full employment as just forget about it. After Gus Hawkins's retirement in 1992, Detroit's John Conyers continued the Congressional Black Caucus's push for governmentally mandated full employment, though throughout the Clinton, Bush and Obama presidencies, this cause had little traction.

Yet today—with official unemployment at just 4.1 percent—it has suddenly been remembered and resurrected. How has that happened?

Yet again, a specific set of dysfunctions of the broader economy has raised full employment from the museum of dead causes. The rise of precarious and poorly paid work, chiefly in but not confined to the service sector; the wage stagnation affecting most of the workforce (which Jared Bernstein documented in a piece for the *Prospect* earlier this week; the declining level of labor force participation in those parts of the country where work, particularly remunerative work, has largely disappeared; the chronic economic insecurity of millennials, and the political left turn they've executed in response; the opening to more radical economic reforms unleashed by Bernie Sanders' 2016 presidential campaign—all these have led to a new economic radicalism bleeding its way into the Democratic mainstream. The party now embraces the \$15 minimum wage; the cause of single-payer is taken up by a surprising number of elected officials; and Wisconsin Senator Tammy Baldwin—up for re-election in a state where working class whites forsook their Democratic allegiances to vote for Donald Trump in 2016—has authored a bill that requires corporations to have their workers elect one-third of their corporation's board of directors—a feature, somewhat modified, of German social democracy, and one reason why Germany's workers are, on the whole, doing better than ours.

In this kind of economic climate, it should come as no surprise that full employment is coming back. In the Winter 2018 issue of the *Prospect*, Mark Paul, William Darity Jr., and Darrick Hamilton made the case for the policy and laid out some specifics of what such a program could look like. A number of economists affiliated with the Levy Economics Institute of Bard College turned out a detailed proposal this month, which I gather helped inform Senator Sanders' legislation.

As should be clear from this mini-history, the political path to full employment is a daunting

obstacle course. But the growing public awareness that actual existing American capitalism isn't working all that well is propelling us down that path again. And rightly so.