

# The Full Employment Solution

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(AP Photo/Elise Amendola)

A sign advertising employment hangs outside a restaurant in Middleton, Massachusetts, on July 24, 2017.

Two years into U.S. involvement in World War II, President Franklin Roosevelt delivered his 1944 State of the Union address, calling for a Second Bill of Rights—by which he meant not just political rights, but economic rights. The wartime economy was firing on all cylinders, bringing the unemployment rate to historic lows, averaging just 1.7 percent from 1943 to 1945. But Roosevelt and his advisers were concerned about maintaining these employment levels and the economic expansion when the war came to a close.

“Necessitous men,” Roosevelt observed, “are not free men.” Those “who are hungry and out of a job are the stuff of which dictatorships are made.” Real freedom, he said, freedom to “pursue happiness,” required a “second Bill of Rights under which a new basis of security and prosperity can be established for all.” For Roosevelt, full citizenship demanded more than the political rights designated in the first ten amendments to the Constitution: It required economic rights as well. Roosevelt outlined them in his speech:

1. The right to a useful and remunerative job in the industries or shops or farms or mines of the nation.
2. The right to earn enough to provide adequate food and clothing and recreation.

3. The right of every family to a decent home.
4. The right to adequate medical care and the opportunity to achieve and enjoy good health.
5. The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment.
6. The right to a good education.

The bill proclaimed that all Americans had the “right to work,” which entailed the right to access “useful, remunerative, regular, and full-time” employment.

Roosevelt and his administration turned their attention first to delivering legislation that would achieve full employment, a condition where anyone who wanted a job could find employment. While Roosevelt’s Second Bill of Rights, also known as the Economic Bill of Rights, was ambiguous about the mechanisms for reaching and sustaining full employment, the administration forged ahead with the Full Employment Bill of 1945, hammering out the details in the process. The bill proclaimed that all Americans had the “right to work,” which entailed the right to access “useful, remunerative, regular, and full-time” employment.

Although the bill passed the Senate, it was defeated in the House by Republicans and Southern Democrats who feared the legislation would derail the continued domination of black workers.

A year after President Roosevelt’s death, a markedly weaker version of the bill, the Employment Act of 1946, passed Congress and was signed into law by President Truman. The bill lacked many of the key provisions in the original Full Employment Bill of 1945, stripping the provisions that guaranteed a full employment economy or a right to a job.

Roosevelt died before he could establish the economic rights he put forth as a constitutional commitment. In later years, however, prominent politicians and civil rights leaders would build on Roosevelt’s vision for economic justice.

The pursuit of economic rights captivated the nation’s attention nearly two decades later during the civil rights movement. In 1965, the convener and organizer, respectively, of the great 1963 March on Washington—A. Philip Randolph and Bayard Rustin—and the former New Deal economist Leon Keyserling drafted “Freedom Budgets” that recognized that poverty and unemployment remained a great barrier to opportunity and expressed the need for strong federal action to bring economic equity to all Americans. Martin Luther King Jr. joined this campaign, and before he was assassinated, he planned a new march on Washington, the Poor People’s Campaign of 1968, to demand economic rights for all, linking the civil rights movement to a movement for economic rights.

Following King’s death, Coretta Scott King and other civil rights leaders continued to campaign for economic rights. Coretta Scott King’s actions were pivotal in developing what would become the 1978 Full Employment and Balanced Growth Act, better known as the Humphrey-Hawkins Act, after its Senate sponsor (Minnesota’s Hubert Humphrey) and its

sponsor in the House (California's Augustus Hawkins). The act, an amendment to the 1946 Employment Act, initially—and boldly—was conceived as a mandate to guarantee full employment through direct government hiring.

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At the time, Humphrey remarked that the Employment Act of 1946 had “been conveniently ignored.” To correct this, early versions of the legislation proposed the creation of a federal Job Guarantee Office, which would be tasked with maintaining full employment through direct government hiring. The final version of the bill, however, included language calling for a goal, rather than a mandate, of a 3 percent unemployment rate within five years, and for full employment to be achieved as soon as possible thereafter. Forty years later, the government has failed to achieve the employment targets in any year since the legislation's passage.

Today, despite the recovery from the Great Recession, the problem of inadequate employment continues to plague our society. Not only are there millions more Americans seeking jobs than there are available openings, but many Americans who are working remain in poverty because of woefully inadequate wages.

These conditions warrant the resurrection of a bold idea, an Economic Bill of Rights for all Americans, tailored to the conditions of the 21st century. Below, we turn our attention to the first article of a new Economic Bill of Rights—a federal job guarantee.

Why the need for such a guarantee? First, we invariably have major economic crises that drive people out of work; the most recent episode is the Great Recession. Second, even in “good” economic times, the United States has more people seeking employment than the private sector is willing to employ. And third, not only do we generally have an inadequate number of jobs, but we have a tier of jobs that feature low pay, uncertain hours, and few or no benefits.

What the nation needs is federal legislation that would guarantee employment to every American at non-poverty wages. Similar legislation to what we envision has already been introduced to Congress (H.R. 1000, the Jobs for All Act, which has 29 co-sponsors). In our proposal, we would first establish the National Investment Employment Corps (NIEC), a permanent agency to oversee direct employment of all Americans seeking a job. If individuals were unable to find adequate employment in the private sector, they could turn to the government for employment. In return, the government would provide employment at non-poverty wages. The minimum yearly salary would be at least \$24,600, with guaranteed benefits as well.

Provision of a reasonable floor for compensation in the labor market must be a critical feature of the program. If employers are unwilling to provide employment, or are offering terms inferior to those offered under the NIEC, individuals can simply take the public-sector job. However, to provide genuine economic security, workers will need more than a non-poverty wage—they need benefits. The program will include health insurance for full-time workers (35 to 40 hours per week) of the same quality that is received by civil servants and elected officials in the federal government.



(Wikimedia Commons)

Fearing unemployment would rise after World War II, FDR drew up an Economic Bill of Rights.

Such a program, which will transform the labor market as we know it, will come with a price tag. We estimate that the federal job guarantee, inclusive of total compensation, training, and materials, will have an annual cost of about \$575 billion, which is nearly 3 percent of GDP. But that will not be the net expense of the program. Since the program functions both as a full employment and as an anti--poverty program, a portion of the expenditures the United States currently devotes to a variety of entitlement programs could be reduced significantly. This would include lower expenditures for unemployment insurance, food stamps, or other types of means-tested social programs.

It is not extraordinarily difficult for governments to fund large-scale programs. The fact that at the outset of the Great Recession, huge amounts of public funds were quickly turned over to the banking community suggests that there is a huge capacity to meet large, new expenses.

Under the job guarantee, those offices would become, literally, employment offices, where any applicant could get a job on demand.

How would the program function? The NIEC would be housed under the Department of Labor and administered by the secretary of labor. If individuals want a job, they simply could go to reconfigured unemployment offices. Under the job guarantee, those offices

would become, literally, employment offices, where any applicant could get a job on demand.

The specific types of work undertaken in the program would be developed in conjunction with local and state governments. The needs of a rural community in West Virginia may be different from the community needs in the city of Milwaukee. Local and state governments would work with the federal government to develop jobs that would serve the needs of specific communities while taking into consideration what would be appropriate for workers in need in the region. Ultimate administrative authority and funding would be provided at the federal level, and priority would be given to the most distressed communities and to infrastructure projects in areas with the most need.

We envision an array of jobs that would address both our nation's physical and human infrastructure needs. Such a program could rebuild our crumbling roads and bridges, and could provide such services as elder care and child care. Imagine if the government mobilized resources to provide universal, high-quality elder care. Its positive impact would not be limited to the direct recipients of the service, but it could also reduce dramatically the stress, time, and monetary expenses now borne by relatives who have to provide or pay for all of the care work themselves.

Beyond building roads, bridges, schools, and other public infrastructure, the program could also play a fundamental role in transforming areas of our economy, hastening, for instance, a transition to a "green," decarbonized economy.

One of the major benefits of such a program is its transformative effect on the U.S. economy, away from low-wage work toward decent jobs for all. The program would reshape the power dynamics between labor and capital, enabling workers to have more bargaining power by removing the threat of unemployment. This would likely lead to a shift in income away from capital towards labor. Corporations and their shareholders do stand to incur a loss on that score.

On the other hand, the federal job guarantee will reduce business costs by extending and maintaining the nation's human and physical infrastructure and creating greater demand for the products of America's businesses. Both of these effects will benefit the private sector's bottom line, providing at least a partial offset to the impact of the job guarantee on labor's bargaining position.

The federal job guarantee not only will chart a direct route to full employment, but also to decent and dignified employment for all Americans. At long last, it will make the right to a job a reality.