

By Irving Weinstein

W E MAY, IN THE FORESEEABLE FUTURE, BE guaranteeing employment by making government the employer of last resort. A number of currents appear to be converging to bring this about. The most important is the widening movement among the states, and in the Congress, to add a job component to welfare.

These developments throw into high relief the "Guaranteed Job Opportunity Act" submitted to the U.S. Senate by Paul Simon (D-IL). The act makes it U.S. policy for government to be the employer of last resort when all good-faith efforts to find employment have failed; it sets up specific machinery to implement the policy and allocates the necessary funds.

Nevertheless, while the bill is crafted to make it legislatively viable, this will not happen without the liberal/labor/left "coalition" taking the bill to its bosom and making it the centerpiece of a domestic program. For any law that guarantees employment—no matter how minimally aimed (and the Simon bill provides only minimum-wage jobs)—is certain to engender massive resistance. Will the "coalition" give the Guaranteed Job Opportunity Act the kind of support needed for passage? This is not at all certain. For the very same features that make the bill legislatively viable may well create a lack of enthusiasm. It is well to have no illusions on this score—both about the content of the bill and the possible negative reactions of elements of a potential coalition.

Most of the jobs to be created under the Simon bill—health aides, non-professional school workers, park attendants—already exist on various levels of local government and non-profit agencies. These workers are organized into unions, or are potential union members. Where state and local governments have sought to place welfare recipients into such jobs, already-employed workers and their unions have been rightfully concerned that the spread of "workfare" might circumscribe their own employment opportunities and undermine their pay scales and their struggle for improved conditions. That's why unions are reluctant to support "workfare."

This perception of threat (added to the punitive element in "workfare" where it is used to get society's "money's worth") seems to have created a strong tendency for "workfare" to become make-work or busywork. The task may entail useful work, but the level of performance that has become the norm is so minimal as to drain the job of its usefulness.

Sen. Simon has obviously wrestled hard with this dilemma. He has sought to structure in elements that serve to allay the fears of employed workers and their unions, and at the same time to guarantee that the jobs to be created are real jobs. The selection of government jobs is made by a local committee made up of business, labor and government with both labor and business able to exercise a veto; the jobs to be created are expressly prohibited from displacing any currently employed person, including those on layoff, or impairing any existing collective-bargaining agreements; the jobs must be "new" jobs, ones that would not otherwise be conducted with existing funds.

The effort to guarantee real jobs includes



Simon bill would move toward full employment

a definition of them as a "project," one that "will result in a specific product or accomplishment" and "capable of accomplishment within 18 months." The participant will not simply be attached to an agency's payroll where it would be convenient for the person to get lost in the shuffle or assigned some made-up task. Rather, participants will be part of a specific, identifiable activity created to engage them in purposeful work.

The bill also includes supportive services that "are necessary to enable an individual to participate." Such services "may include transportation, health care, special services and materials for the handicapped, child care and other services...." A definite educational component is built into the program. The participant must undergo a test for basic reading and writing competence, with those failing the test receiving counseling and instruction. Persons who do not have a high school diploma or its equivalent must enroll and maintain satisfactory progress in such a program. Moreover, the salary is actually better than the tie-in with the minimum wage would suggest. In addition to supporting services the participant would be covered by Social Security. The rules for food stamp and energy assistance eligibility would continue to be applicable and the participant would be allowed to work up to 16 hours per week on an outside job. While none of these enhancements of the minimum wage inherently guarantees that the jobs might not degenerate into busywork, taken all together they reinforce the intention of the bill to provide genuinely useful jobs.

Will the Simon bill be able to provide real jobs? In my opinion this distinction between real and make-believe jobs is crucial. A government-as-the-employer-of-last-resort jobs program that consisted primarily of busywork is not worthy of support. Indeed, the entire concept would be

hopelessly compromised and public support would inevitably erode. (We are defining a real job in terms of the regular job market, where usefulness need not relate to the quality of the job, the capacity to stimulate, to use a person's resources, or develop greater skills. Under this definition a person bagging groceries in a supermarket, or flipping hamburgers in a fast food restaurant is engaged in a real job.)

A permanent underclass? Let us assume that we have passed these hurdles, defused the issue of the potential threat to those already employed and their unions and have garnered their support and that the aim to provide real jobs is achievable. Still, are we risking the creation *through law*—combining a guarantee of a job with a limitation on its scope—of a two-tiered system of employment?

The bill leaves no doubt about the "last resort" nature of the government commitment. The system of government-guaranteed jobs is designed so as *not* to challenge the status of the regular job market as the "normal" avenue for persons earning a living.

If passed, the bill would constitute "actually existing" full employment, but on the lower rung of the employment ladder. This might not be significant were there assurances that the jobs of last resort were truly temporary, simply way stations on the road to better jobs in the regular marketplace. But there are no such assurances. And the persistence of high unemployment involving millions of people must be reckoned as being within the norm.

And while the above arguments are substantial, the case for support of the Simon bill remains.

A better bill, i.e., Rep. Charles A. Hayes' (D-IL) bill in the House, is hardly likely to pass Congress. Indeed, the extent both of the resistance to government guaranteeing employment and the labor movement's in-

ability to counter that is indicated by the fate of the Humphrey-Hawkins Full Employment Act, currently on the statute books. This law has been ignored by the president and Congress and there obviously exists no force capable of calling the lawbreakers to account.

We are then back in the "real world" of politics. We have a bill embodying the concept of the government as employer of last resort, a concept without which full employment cannot be realized; however, the concept is realized very imperfectly, carrying the risk of creating an inferior grade of employment and an inferior caste of persons filling such jobs. Do we go for the bill as at least a breakthrough in the concept, hoping to widen the breach as time, experience and political opportunity allow—or do we refuse to take the risk? In my opinion, the latter option would be giving up on effecting progressive change.

- We already have a two-tiered system of employment. Only it is divided into those employed and those not employed. It is against *that* two-tiered system that the Simon bill must be compared.

- The passage of the Simon bill need not hinder and in fact ought to encourage and revitalize the struggle for the implementation of Humphrey-Hawkins. The necessity and practicality of Humphrey-Hawkins would only be made more evident with a system of second-rate government-guaranteed jobs in existence, especially so were such jobs to show signs of becoming permanent "first resort" jobs for millions of people. Meanwhile, a government-guaranteed last resort job program would provide a cushion where a battery of full-employment measures could work themselves out in a non-emergency process.

In this scenario, passage of the Simon bill is the first installment of implementation of Humphrey-Hawkins.

- The struggle for passage of the Simon bill meshes with the fight to increase the minimum wage. The chance for success on this is good, and a minimum-wage increase would greatly enhance the attractiveness of the Simon bill.

Superceding welfare: Passage of the Simon bill would permit superceding the welfare system for those able to work. Confining the function of the welfare system to those unable to work will take away a weapon used by conservatives against those accused of undermining the work ethic. This is a must if we are to make headway among conservative workers and middle-class people.

- A "Guaranteed Job Opportunity Law" will act to soak up the "surplus" labor force. This, in turn, would exert upward pressure on the wages of lower-paid workers. Overall, labor's ability to struggle for "fair shares" in the marketplace would be greatly enhanced.

- Perhaps most important would be the real, but unquantifiable, day-to-day impact on the lives of millions of young people, adult men and women and marginally employable.

Passage of the "Guaranteed Job Opportunity Act," given all its limitations, has the potential of marking a significant reform of American capitalism. ■

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High unemployment in U.S. assures high profits

With the official civilian unemployment rate at 6 percent, many establishment economists insist that we now have full employment. This view is supported by neither fact nor logic. Even the 7.2 million people counted as unemployed by the Labor Department underestimates the amount of unemployment. It excludes many who want, but do not have, a full-time job, as well as "discouraged workers," who have given up actively seeking a job due to repeated failure to find work. If discouraged workers and part-time workers who want full-time work were included among the unemployed, the unemployment rate would be 11.4 percent. But even relying on the official rate, a simple comparison with past years and other countries reveals the failure to achieve anything like full employment.

The U.S. has achieved something approximating full employment three times in the past 50 years. In World War II the official rate fell to under 2 percent, and in the Korean and Vietnam wars to under 3.5 percent. A rate as high as 6 percent was experienced in the '50s and '60s only during recessions. Japan and Sweden, on the other hand, have maintained official rates under 3 percent for decades in the postwar period, even during the generally depressed '80s. Some other industrialized capitalist countries have had similar records for long periods of time.

Using official statistics, 2-3 percent is a reasonable definition of full employment, since that seems to represent an irreducible minimum of "frictional" unemployed—people who are in between jobs at any given time. Since the evidence shows such a rate is attainable, why has the U.S. failed to achieve it, except during wars?

Common explanations: One view blames the unemployed: "If a person tries hard enough, he/she will get a job." Upon hearing such a claim, a leftist might retort, "The fact that millions of people are unemployed is *not* the result of individuals failing to try hard enough to find work."

Surprisingly, both assertions are correct. Consider the analogy to the party game musical chairs. The participants circle a bunch of chairs, which number one less than the participants. When the music stops, everyone tries to sit. The one person who does not get a seat is out.

It is true that, had the person left standing tried harder and been more aggressive, he or she would probably have gotten a seat. But such a change in an individual's behavior would not have made any difference in the "seatless rate." A more vigorous job search by the unemployed would not create more jobs in the economy, any more than more aggressive behavior in musical chairs would create an additional chair.

Another view that blames the unemployed cites the growing proportion of women and people of color in the labor force. The reasoning goes that since those groups have higher unemployment rates than white males, their growing numbers have raised the unemployment rate.

But growing participation of women and people of color in wage labor is no obstacle to full employment. The most rapid increase in labor force participation by those

two groups, during World War II, was accompanied by the lowest unemployment rate on record. While racism and sexism do indeed decrease job opportunities for the affected groups, an economy that expands rapidly enough will pull members of all groups into jobs.

Many people worry that rapid technological change, replacing workers with machines, may make full employment impossible. This is a fallacy. Technological change raises output per worker, and thus it reduces the workers needed per unit of output produced. But the amount of output produced is not fixed. If jobs are eliminated faster than economic growth creates new ones, then unemployment rises. But this is not a necessary outcome. If output rises fast enough, more jobs are created than are lost.

The historical evidence does not support the technological unemployment thesis. The high unemployment rates in the U.S. in the '70s and '80s have been accompanied by very slim increases in output per worker. The '20s and the '60s experienced unusually rapid rates of technological progress, and unemployment rates were relatively low in both decades. This experience is not accidental; a rapid rate of increase in output per worker boosts profits, which stimulates capitalists to expand output and hire more workers.

The "benefits" of unemployment: High unemployment persists in the U.S. because it helps to assure a high corporate rate of profit. Capitalists always face the problem of how to keep wages low enough and labor productivity high enough to gain an acceptable profit. Unlike earlier class societies, in which the dominant class had the formal power to coerce laborers, under capitalism workers are "free." They don't have to work for someone if they don't choose to.

Corporate ability to keep wages down, and to control workers on the job effectively enough to keep productivity up, rests on a delicate balance of power between capital and labor. While many social institutions reinforce the power of capital over labor, persistent high unemployment is the most important. High unemployment keeps labor weak, permitting corporations to set wages and control the labor process so as to ensure a high profit (as long as unemployment does not rise so high that selling the goods becomes problematic).

Full employment has the opposite effect. Capitalists must suddenly compete among themselves for workers. Labor finds itself in a powerful bargaining position, able to win big increases in wages and benefits and to keep the pace of work reasonable. This explains why, when war production brings full employment, the government normally slaps some kind of controls on wages.

Without the stimulation of war production, capitalist economies naturally tend to maintain a significant amount of unemployment. When normal economic growth soaks up the unemployed, profits decline, and capitalists respond by cutting back on production, bringing a recession and restoring the unemployment rate to a level more favorable for profit-making. The individual capitalist merely responds to the incentive of profitability, and the result is a self-regulating mechanism for the system.

EVERYBODY'S BUSINESS

By David Kotz

But then how have some capitalist countries been able to operate at full employment for long periods of time? The answer is that, in each such country, the government has undertaken policy measures to assure rapid economic growth, while at the same time some institution, other than unemployment, has operated to maintain a rate of profit acceptable to capitalists.

The Swedish and Japanese cases: In Sweden the Labor Party government has used a combination of stimulative fiscal and monetary policies, together with a labor market policy to match unemployed workers with available jobs, to assure continuous full employment. At the same time,

Historical evidence does not support the idea that technological change causes unemployment. Full employment is possible under U.S. capitalism, if economic policies are changed.

workers and capitalists engage in highly centralized wage bargaining, through the federations of labor and of employers. The unions have negotiated wage increases that, while providing a steady growth in living standards, have also allowed an acceptable rate of profit. The unions have not pushed wages up as fast as their favorable bargaining position might have permitted, in order to pursue long-term goals.

In Japan the workers' political parties are

relatively weak, and the capitalist-dominated Liberal Democratic Party has controlled the government since the U.S. occupation ended. For a variety of reasons Japan was able to maintain an extremely high rate of economic growth in the postwar period. This growth process pulled people off the land and into wage labor in industry at a rapid rate. Significant immigration into Japan was not permitted, so the rapid growth led to prolonged full employment.

This did not lead to wage pressure on profits because the capitalists were able to defeat the militant sections of the labor movement in the decade after the war (with help from the U.S. occupation authorities). Militant unions had been based mainly in transportation and mining, and after their defeat, the new, rapidly growing manufacturing industries were able to create what would be called company unions in the U.S. With corporate managers actually running the unions, Japanese capitalists were able to make acceptable profits despite full employment.

Full employment in the U.S.? Full employment is possible under U.S. capitalism, but it would require significant changes in economic practices. The government would have to use stimulative fiscal and monetary policy, and probably also labor market policy, to assure a job for everyone. A big government jobs program would be the quickest, surest means to full employment.

But that would not be enough. Some kind of new arrangements in labor-management relations would be required to assure that the relation between wages and labor productivity would leave an acceptable profit in addition to providing acceptable improvements in pay, benefits and working conditions. Some institution would also be required to prevent a disruptive inflation from developing. The next "Everybody's Business" column will explore the possibility of full employment further.

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