

# Jobless in America

The National Bureau of Economic Research (NBER) announced the recession started in December 2007.

With over 2.6 million Americans laid off in the past year, the NBER's "call" was a no-brainer.

Working Americans already knew the signs: neighbors laid off, overtime hours slashed, shorter pro-

duction runs and stacks of unsold, unshipped inventory. Yet the worst is still to come.

## **How Bad Could It Get?**

In the 1981-82 Recession, unemployment climbed from 7.8 to 12 million in eighteen months. An equivalent percentage increase today would mean unemployment for over 15.3 mil-

lion Americans – an increase of nearly five million from today's tally.

But the "unemployed" are the narrowest gauge of economic turmoil.

By December 1982 – the high-water mark of the recession – the Department of Labor's own statistics for unemployed, involuntary part-time and discouraged workers totaled 20.6 million Americans. Then, the total non-farm workforce was 90.4 million.

## **Unemployment Crisis**

If the 1981-82 Recession's rates of increase were applied to the DOL's August 2008 statistics, the number of unemployed, involuntary part-time and discouraged workers would top 28.4 million Americans by February 2010. The non-farm workforce will exceed 136.9 million by then. Twenty-eight million Americans is one-fifth of our workforce!

And, if timely, effective and comprehensive strategies are not formulated by



*Plants across America are shedding jobs at historic rates, creating economic chaos for millions of families.*



More than 2.6 million workers were laid off in 2008 and the recession could claim even more jobs in 2009 without swift government action to reverse the economic downturn.

Congress and the new Obama administration, unemployment will spread even further and faster.

Again, the 1981-82 Recession provides a gruesome set of mile markers. Back then, the unemployment rate for Hispanics reached 15.2 percent. Blue collar workers hit 16.1 percent. Blacks topped 20.4 percent. Over half of African-American teenagers were unemployed by December 1982.

But the American economy has changed dramatically since the 1981-82 Recession. Manufacturing

jobs totaled 20.3 million in July 1981. Today, they number 13.4 million.

Construction jobs totaled 4.1 million in July 1981. Today, the construction



industry accounts for 7.1 million jobs.

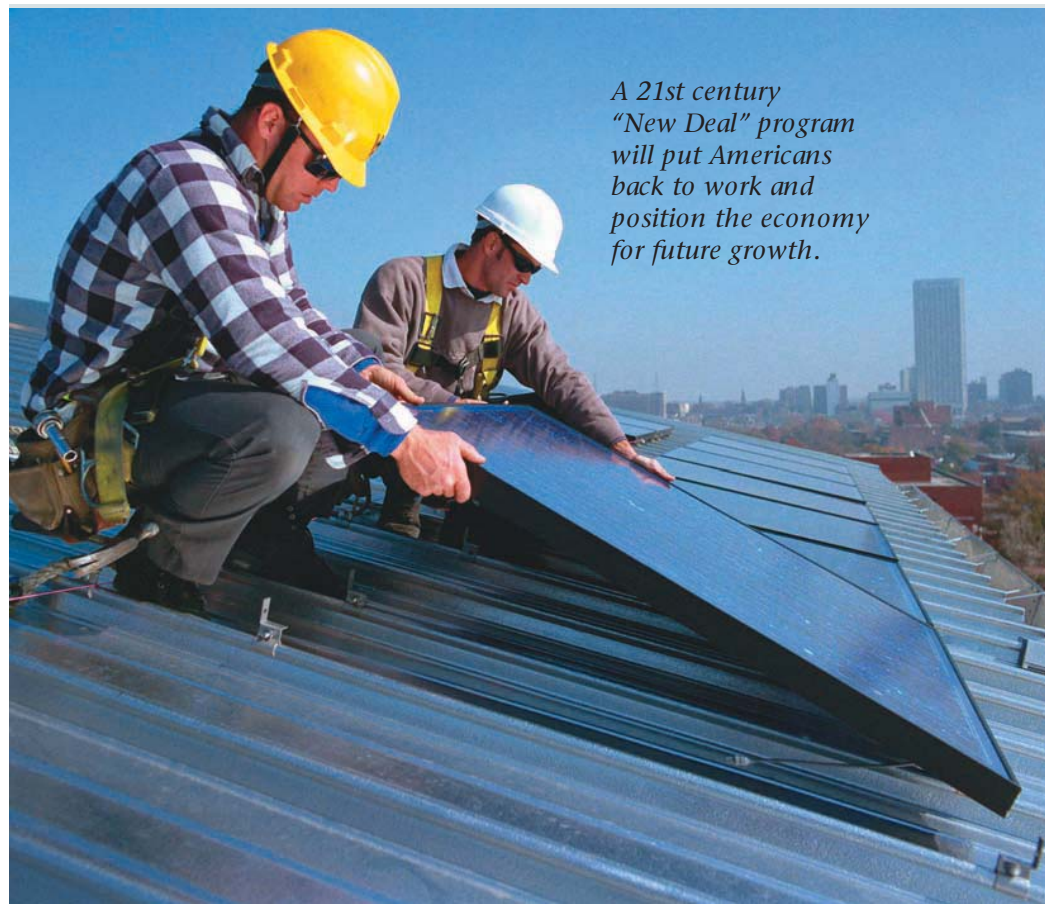
Hundreds of thousands of those jobs will be lost over the next eighteen months.

And with each lost job, another family's financial pain intensifies.

**Safety Net Shredded**

The safety net constructed first by Franklin Delano Roosevelt and strengthened by succeeding Democratic administrations caught most of the unemployed in 1982. That would not be true today.

Three decades of benign neglect have torn gaping holes in the safety net. Intentionally restrictive rules deny the newly unemployed welfare and food stamps, access to job training and placement programs and



*A 21st century  
“New Deal” program  
will put Americans  
back to work and  
position the economy  
for future growth.*

## 21st Century **JOBS** THE NEW **DEAL**

Roosevelt put Americans to work on an emergency basis that produced “permanent improvements in living conditions or that created future new wealth for the nation.”

Roosevelt’s strategy can be modernized and energized to fit America’s projected needs. It can tap into that pool of talented and unemployed Americans from all sectors of the economy. Utilizing their skills, education and expertise is a very different challenge than the one faced in the 1981-82 Recession.

Also, there must be a long-term focus on the manufacturing sector. Now is the time to modernize outdated plants and equipment and to reinvent our decaying skills delivery system.

In the late 1970’s as central business districts lost shoppers to suburban malls, Senator Howard Metzenbaum (D-OH) proposed a 10 percent invest-

often a weekly unemployment check.

Who’s most likely to fall through the safety net? Unemployed workers from the service sector are. And their sheer numbers are staggering.

Back in July 1981, the “service producing” jobs (excluding retail trade employees) numbered 50.5 million. Today, they number 100.8 million!

In the 1981-82 Recession, few of those service producing jobs were lost. Not this time. Today’s credit crunch strikes directly at the DOL’s newest categories of service providers — professional and business, education and health service, leisure and hospitality, and government employees.

The coming wave of unemployed “service providers” will differ in geographic distribution, demographic characteristics and skill sets from those laid off in the early 1980’s. So the same old counter-cyclical solutions – partially effective four decades ago – may not work very well today.

Reversing the momentum of a deep recession is a time consuming, expensive proposition. Making certain that the monies invested will provide a long-term, positive return for America is a start.

### **The New Deal**

But what is really needed is a 21st century version of FDR’s Works Projects Administration.



AP/ World Wide Photo



AP/ World Wide Photo



*A combination of investment in new technologies, infrastructure and skills training will help rebuild America's manufacturing base and provide middle-class jobs.*

ment tax credit for the rehabilitation of existing stores and businesses. The legislation was carefully crafted to encourage businesses to renovate older buildings. Over \$40 billion in tax expenditures generated nearly \$400 billion in private investment.

A similar approach – an investment tax credit for the rehabilitation and renovation of existing manufacturing facilities – could pump billions of dollars

into modernizing America's plants. If the investment tax credit could be banked to offset subsequent profits, it could create tens of thousands of jobs.

Expanding that investment tax credit to cover the purchase of new equipment, as President John F. Kennedy did in 1962, would enable manufacturers to retool their factories and plants. Installation and maintenance of the new equipment could generate additional jobs.

### **Invest in Skills**

Finally, now is the time to invest in America's skills. To meet the global competi-

tion that will heat up after an economic recovery, America's children need new and clearly defined pathways to success. Starting in high school and continuing through two years of classes in community colleges, universities and high-tech institutes, our kids deserve a national commitment to skills development.

Franklin Delano Roosevelt did it with the GI Bill. An entire generation received not just a chance to go to college but the opportunity to hone their skills for the careers of their choice.

A similar, two-year investment in America's current workforce and its newest generation of workers will pay dividends over the next three decades.