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TOWARD A FULL EMPLOYMENT POLICY: AN OVERVIEW

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ABSTRACT

Unlike more advanced welfare states, the U.S. has not committed itself to a full employment policy; the full dimensions of unemployment are not revealed and the "manpower" programs reflect a welfare philosophy. While constraints to such a commitment remain formidable, the developments around Humphrey-Hawkins may be a start.

Unemployment--Some Dimensions of the Problem

In order to be counted as unemployed by the present system of collecting data, which utilizes the monthly Current Population Survey, one has to be not working and must have actively searched for work during the previous four weeks. The interviewees are not asked directly whether or not they are unemployed. Discouraged workers, the under-employed, minorities, women, youth and older workers who might want to work, and perhaps would be job-holders or job-seekers in another economic climate, are ordinarily not reflected in the figures. (1)

Data collected in the survey is extrapolated as a percentage of the total labor force and is given as the unemployment rate. Current usage of the term "full employment" is an arbitrary number; it is the amount of unemployment considered reasonable and acceptable by the Council of Economic Advisors and others, and varies over time. In 1945, it was figured at 3%, in 1955 it went to 4%, and now it is thought of as anywhere between 5 and 5½%. (2)

Many economists consider the unemployment figures as unreliable and implausible, and challenge the prevailing method of counting the unemployed. Some claim further that it is not just a question of statistical inaccuracy, but that particular economic and social philosophies are involved in the choice of methodology. (3)

Inclusion of the groups mentioned above would significantly alter the official 5.7% rate given for June, 1978 (down from 8.5% in 1975). The numbers involved would at a minimum triple from roughly 5 million to 15 million or more. The unemployment rate for blacks generally runs about twice that of whites and the rate for minority youth is probably somewhere between 5 to 8 times as high. Including the marginal groups would not only alter the overall rate but would highlight the disparities within the potential labor force.

The sweeping negative impact of prolonged unemployment is generally acknowledged. From an economic perspective there is lost production, a reduction of purchasing power, a drag on the economy, a downward pressure on wages, budget deficits along with a clamor to reduce services and public subsidies at the very time they are most sorely needed. For individuals and families it can mean feelings of failure, worthlessness and discouragement; it also means loss of skills, unstable families and a greater dependence on public assistance. Recently, correlations have been made between unemployment and mental illness, suicide and coronaries. Divisions and tensions grow as competition for scarce resources increase. Clearly we are dealing with something very basic in regard to the human condition. (4)

Full Employment Deferred: Focus on the Disadvantaged

With the memory of the mass unemployment of the great depression in mind, liberal Senators introduced a full employment bill even before World War II had ended. The contrast between the full employment of the war years and the bread lines of the depression was too glaring to ignore. The original bill stated that "all Americans able to work and seeking work have the right to useful,

remunerative, regular and full-time employment, and it is the policy of the United States to assure the existence at all times of sufficient employment opportunities..." Mechanisms for implementation were built into the bill.

After a year of debate opponents of the bill forced important revisions. The Employment Act finally legislated in 1946 was relatively toothless. The words "full employment" were eliminated and a vague statement of intent was substituted. The President is required to submit an annual report to Congress assessing developments in the field. (The "Manpower Report of the President" became "The Employment and Training Report of the President" in 1976.) Any resulting positive action stems more from the political and economic views of the President and the Congress than from any national goal or commitment mandated by the legislation. (5)

The relatively lively economic activity following World War II dispersed the coalition that had been pressing for full employment legislation and led to what Garth Mangum referred to as the "1946-1961 recess in employment and manpower policy in the U.S." While it is beyond the scope of this paper to examine any programs in detail, we will list the major ones for the purpose of identifying basic trends and goals. (6)

Despite recessions and surges of unemployment, it was not until 1961 with the passage of the Area Redevelopment Act providing small sums to depressed areas that any intervention targeted on the unemployed began. This was quickly followed by the Manpower and Training Act of 1962 to retrain mature, experienced family heads. The Vocational Training Act of 1963 focused on youth, while the more familiar Economic Opportunity Act of 1964 (War on Poverty) offered a number of programs; Urban Corps, Job Corps, Work Experience and Training. (Operation Mainstream and New Careers were added later.) The Work Incentive Program, begun in 1967, was designed to equip AFDC mothers with marketable skills and help them move into the labor force. (7)

Thus far it is clear that the goals of the manpower legislation were to make the unemployed more employable through education, re-education, training, rehabilitation, etc. The focus was on the supply side of the equation.

It was only with the economic downturn of 1970-1971 with its rising unemployment that attention began to be directed toward what is euphemistically called the "cyclical problem." A minor effort to increase the supply of jobs was initiated by the Emergency Employment Act of 1971 which allocated funds for the creation of state and local jobs. This counter-cyclical measure was to end in two years. Target groups were specified.

The Comprehensive Employment and Training Act (CETA) signed into law in 1973 was designed to provide "job training and employment opportunities for economically disadvantaged, unemployed and under-employed persons to enable them to secure self-sustaining, unsubsidized employment." It reflected dissatisfaction with the fragmentation, categorization and centralization of the previous programs and began to serve as the umbrella for employment and training legislation. The Job Corps became Title IV of CETA. As unemployment continued to rise, Congress passed The Emergency Jobs and Unemployment Assistance Act of 1974 "which added a temporary one billion annually for public service employment under a new Title VI of CETA." (8)

Still another response to the recession of 1975 when unemployment reached a high of over 9% was the Public Works Employment Act passed in 1976 over President Ford's veto. This act made two billion available for construction grants under the auspices of the Department of Commerce. Further revisions and additions included a large increase in the public employment sector and the Youth Employment and Demonstration Projects Act of 1977.

Critique of U.S. Policy

The late E. Wight Bakke's critical observations of manpower policy made in 1969 directs attention to what is still the pivotal issue. Bakke did not quarrel the concept of providing services to the disadvantaged; he saw this as a positive social welfare step. However, he vigorously challenged the limited mission and focus which he feared would remain the norm. He questioned the premises that dominated policy, namely that manpower programs should be "primarily concerned with the supply of labor and its placement," and secondly, that it be "concerned predominantly with the development of the most disadvantaged and poverty-stricken portion of that supply."

"The overall function of manpower policy and practice in the total effort to provide a stable and increasingly productive economic foundation for national strength and development, as well as for the economic well-being of the American people, has all but lost sight of in the concentration on projects labeled "manpower" designed to relieve poverty and hopefully to reduce the chances of riots in the urban ghettos." But "unless the programs designed to relieve poverty are recognized as only part of the manpower function...the manpower function of government will remain what it is actually becoming, a sophisticated form of public assistance." (9)

Manpower policy, narrowly defined, does not create jobs. It may help train and rehabilitate while what is required are policies and programs that create demand as well as supply and match the two. For significant impact, it must be integrated into a total national effort for economic growth and stability. Without such an effort it is extremely unlikely that the least employable can be helped since the economy will remain one in which a relatively high unemployment rate is acceptable, and which is recession prone. The change in terminology from "manpower" to "employment" by official agencies is to be welcomed; it not only reflects the large percentage of women in the labor force, but is also more correctly describes the goals and boundaries of the field. (10)

The above comments can be illustrated by comparing the missions of policy in Europe to those of the U.S. While the effort in Europe is directed toward stabilizing and expanding employment through economic growth and balance utilizing a range of interventive techniques, the main objective in the U.S. has been to deal remedially with unemployment to provide client services to marginal workers to increase their employability. One attempts to prevent unemployment and the other to deal with the consequences; one is centered on institutions and the other is client-centered. The broader policy views all workers both employed and unemployed as the target population, while the narrower and residual concentrates on the disadvantaged among the unemployed. (Cross-national comparison of unemployment rates present thorny problems because of different methods of collecting data and the great differences in resources, geography, level of technology, etc. However, average unemployment rates have generally been regarded as higher in the U.S. than in Western Europe). (11)

The differences in trends and direction between Europe and the U.S. became visible in the 1950's and continued to develop. The divergence noted above must be modified only slightly as the U.S. began to utilize public employment, as a counter-cyclical device in the 1970's, but only on a temporary basis and with strict conditions of eligibility. (12)

Political and Theoretical Constraints

A commitment to full employment brings in its wake an acceptance of economic planning. Or to put it another way, a full employment policy is one facet of democratic planning for a productive, balanced economy. Planning for a stable, growing economy means unity of action for specified goals. Of necessity this would require the various interventive mechanisms - monetary (budget, expenditures, taxes), fiscal (interest rates, bank reserves, open market operations), loans, stimuli to investment and productivity, public employment, control of inflation, public ownership, etc. - to be harmonized and directed toward specified economic goals.

Obviously there is still formidable opposition to governmental peace-time planning in the U.S. and to any trend that appears to be a further departure from laissez-faire. Planning for full employment in particular is enmeshed in what appears to be an esoteric economic debate wherein there is a supposed trade-off between employment and inflation. Ideological differences and the prevailing political ambivalence is reflected not only in inaction and in fragmentary programs, but also in contradictory policies, tight money to slow growth (and perhaps induce recession) on the one hand, versus attempts to increase employment through public jobs on the other.

Deep political, philosophical and class differences are reflected in the debate on unemployment. Conservative and main-stream economists, Carter appointees, as well as Ford appointees, define inflation as the major enemy and claim there is a trade-off between inflation and unemployment so that any attempt to cure the latter will increase the former.

Leon Keyserling, former Chairman of The Council of Economic Advisors in the Hearings Before The Joint Economic Committee, argued that in addition to the failure to plan, we have done badly because "stagnations and recessions have been repeatedly contrived, responsive to the "trade-off" theory that higher employment and greater resources use bring more inflation and that higher unemployment and more deficient resource use bring less inflation. Even today, an adequate program of economic restoration is being estopped by this false theory." Not only was this viewed as immoral because it allowed many families to suffer distress and humiliation while allowing the comfortable to buy more, but the "empirical evidence for more than twenty years is that a healthy economy generates far less price inflation than a sick economy." (14)

The "trade-off" theory is clearly in the tradition of the "dismal science." When tenaciously held it means that there is nothing society can do to alter the "natural" order. In fact, as Malthus and Ricardo pointed out in their time, failure to accept the inevitable and struggling against nature in fact worsens the condition of the suffering. The assumptions regarding the sanctity of

market are difficult to give up despite shifting contexts. One might point to the quadrupling of oil prices, the unfavorable trade balance, the growth of multi-nationals, price-setting by monopolies, the world shortage of agricultural products, declining industries, etc., as impacting prices, but to little avail. (15)

The Movement and The Humphrey-Hawkins Bill *

The current movement for full employment gathered momentum as a response to the 1974-75 recession with its sharp increase in unemployment. Leadership on a national scale has been provided by the National Committee For Full Employment (an educational organization) and the Full Employment Action Council (an action group seeking passage of the legislation). Co-chairpersons of both organizations are Mrs. Martin Luther King and Murray Finley, President of the Amalgamated Clothing Workers. The first annual conference, held in 1975, brought together over 500 individuals representing 150 national organizations.

The breadth of the movement is reminiscent of the coalition that supported FDR and the New Deal. Mrs. King remarked at the first conference that "perhaps the most encouraging aspect of the conference today is the impressive span of groups and organizations... It is not often that organized labor, black and minority organizations and political figures and representatives from the church, business, liberal and academic communities, as well as political figures from both parties find themselves joined together in a single room confronting a single issue." (16)

While labor continued to play a strong role on this issue as it has in the past, an added dimension to the movement is the important voice of the Congressional Black Caucus. Congressman Hawkins told the 1975 conference that "the experience of my own Subcommittee on Equal Opportunities taught us that in fighting for equal employment opportunities for women and minorities we could not win without full employment." (17)

* The Humphrey-Hawkins Bill was signed into law by President Carter on October 27, 1978.

A full range of activist programs from lobbying at the national level to grass-roots organizing and education has been under way. It is estimated that from September 4 to September 10 in 1977, a week designated as Full Employment Week by the national organizations, over one million people in 300 cities and towns were actively involved. A steady stream of educational and organizational material flows out of national headquarters.

Just as the broad coalition for full employment is a reminder of progressive coalitions of decades ago, so the obstacle course facing proposed legislation appears to be similar to that faced by the 1946 Full Employment Bill.

The Full Employment and Balanced Growth Act (which at this writing has been passed by the House and is awaiting action by the Senate) would amend the 1946 Full Employment Act by mandating more specific commitments and by installing more highly structured planning mechanisms. The bill establishes as national policy the right of all Americans to full opportunities for useful employment. A major goal set forth in the legislation is the achievement of a 3% unemployment rate for those age 20 and older and a 4% rate for those over 16 within five years of the passage of the act.

The President would be required to recommend numerical goals for employment and unemployment, as well as goals for production, productivity and real income, in his annual economic report. He would also be required to specify the programs and policies necessary to reach these goals. The Congress, Budget Committees and the Federal Reserve Board would participate in the planning process to help assure an integrated and coordinated plan.

While the importance of the private sector is conceded, the bill lists a variety of options such as public works, public service employment, counter-cyclical measures and special programs targeted on youth. Last resort public jobs could be made available by the President. While the stress is on "full employment," the bill acknowledges the danger of inflation and includes a number of anti-inflation provisions that are viewed as consistent with the attempt to achieve full employment as defined in the bill. (18)

The bill, so briefly summarized above, represents a compromise reached after weeks of difficult negotiations between the bill's sponsors and the Carter Administration. A White House summary pointed up the bill's commitments to "reasonable price stability." The original contained stronger language in regard to the right to a job, less administrative discretion, short-range target dates and less emphasis on inflation. The principle that full employment policy be accorded an absolute priority had been watered down. Critics of the bill in its present form argue that it need not add a single job.

On the other hand, its supporters see it as an essential first step. They point out that "the legislation would hold Congress and the President accountable for the first time, for the achievement of specific, understandable, numerical economic goals "and that full employment would still be designated as a national priority." The strategy therefore is to prevent further weakening of the bill by legislative amendment. George Meany perhaps summed up the situation by expressing support for the bill but warning that follow-up action is needed to "translate the promise of this bill into reality." (19)

Social Work and Full Employment

An examination of the statements, literature and activities of the social work profession indicates, with some exceptions, a minimal involvement in the campaign for a full employment policy. A notable exception was the publication of Manpower and Employment: A Source Book for Social Workers by the Council on Social Work Education under the editorship of Margaret Purvine in 1972.

Purvine commented then that although manpower and employment had become increasingly the subject of public social policy, they have "received little attention from social work in recent decades. The profession's concern with the subject has been primarily confined to the need for manpower within the profession itself." Yet "both the individual and the social effects of work or the lack of work fall clearly within the purview of social work." (20)

Despite this seemingly definitive statement there is some ambivalence. Noting the criticism directed toward the overwhelming emphasis on the "supply" side, the editor states that this is understandable since "to effect broad changes in the demand for labor requires knowledge and agreement about the effects of macro-economic forces, as well as a structure for comprehensive planning and a commitment to its use, a combination which raises political issues beyond the scope of this volume." (21) This view assumes a body of precise technical knowledge which social workers perhaps cannot master and a political and economic consensus which will probably never exist... not in the foreseeable future anyway. History suggests that priorities, goals and political biases are decisive, that the most expert can in fact only help maximize performance toward the desired social objectives.

The role of social work is viewed from a service delivery perspective. Manpower programs open up vast new arenas for service delivery. The profession can bring to bear its skills in new settings and develop new relationships between service systems. The thorny policy issue is at best a very poor second (although it may be decisive in shaping the services).

The 1977 Delegate Assembly of the NASW, meeting at a time when unemployment had just reached its highest point since the depression and when allies were attempting to build the broadest possible coalition behind the Humphrey-Hawkins Bill, passed resolutions on thirteen public policy issues. The employment issue was not among them. (22)

As the political process continues, there can be no doubt that social work, not only concerned about "picking up the pieces" but also in seeing to it that there are fewer pieces to pick up, will become more heavily involved. Indeed, we have a special contribution to make. (23)

Discussion

Just as the events of the 1930's forced the abandonment of the prevailing mode of thought and ushered in new interventive efforts and new economic concepts, so the current era will of necessity have to do the same; and just as the U.S. was least prepared to combat the recession because of the absence of any social income, so it is least prepared to deal with full employment because of the absence of serious employment policy and planning.

The possibility of the Full Employment and Growth Act of 1978 remaining lifeless and going the route of its predecessor, the Full Employment Act of 1946, is a strong one. The full employment coalition and its allies face a most difficult task in pressing for the implementation of Humphrey-Hawkins. Political opposition at this time is shared up by a conservative ideology that accepts the concept of an employment-inflation trade-off. There is a willingness to accept recession inducing policies in the illusion that therein lies a cure to inflation. The emphasis on tight money through the raising of interest rates and increasing bank reserves is likely to continue for some time despite its ineffectiveness and the persistence of stagflation. This slow growth, or no growth, outlook prevents any intervention for significant job creation on the part of government. New initiatives will more likely than not remain sophisticated modes of public assistance.

Failure to act will increase the disproportionate burden carried by the poor for the malfunctions of the economic order. It will tend to foreclose significant reforms in other areas and make future interventions more and more difficult. An economy based on scarcity rather than growth will inevitably mean cuts in social spending. Larger and larger numbers of people will become disillusioned and become more amenable to the message of the proponents of growth and full employment. Hopefully we can speed up the process.

FOOTNOTES

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2. Employment and Training Report of the President, 1977.
H.A. Raskin, "The Admitted Unreliability of New York Jobless Data," New York Times, 8/7/77. Leonard Silk, "Reactions to Jobless Rate: Implausible and Incredible," New York Times, 1/16/78.
3. Stanley Moses, "Labor Supply Concepts: The Political Economy of Conceptual Change," Annals, op. cit.
4. For example see E. Wight Bakke, Citizens Without Work - A Study of the Effects of Unemployment Upon the Worker's Social Relations and Practices, Yale University Press, 1940. Work in America, Report of a Special Task Force to the Secretary of HRE, 1973, Chapter 3.
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Elliot Leibow, "No Man Can Live With the Terrible Knowledge He Is Not Needed," New York Times Magazine, 4/5/72.
5. Robert Lekachman, Economists At Bay - Why The Experts Will Never Solve Your Problems. McGraw Hill, 1976.
6. Garth Mangum, The Emergence of Manpower Policy, Holt, Rhinehart and Winston, 1969.
7. Garth Mangum, Ibid.
Stanley Ruttenberg and Jocelyn Gretchers, Manpower Challenge of the 1970's: Institutions and Social Change, John Hopkins Press, 1970.
8. President's Report on Employment and Training, 1976, pg. 87. Joseph Pechman, Editor. The 1978 Budget - Setting National Priorities, The Brookings Institution, 1977, pg. 153.

9. E. Wight Bakke., The Mission of Manpower Policy, W.F. Upjohn Institute For Employment Research, 1969, pgs. 3,4. This last observation seems to be confirmed by the tendency of the Nixon and Carter welfare reform plans which seek to bring parts of the unemployment problem under the public assistance umbrella.
10. Toward Full Employment: Proposals For A Comprehensive Employment and Manpower Policy in the U.S., A Report to the Subcommittee on Employment and Manpower of the U.S. Senate, GPO, 1964.
11. Yearbook of Labour Statistics, International Labour Office, Geneva. Robert Solow, "Macro-policy and Full Employment," in Eli Ginzberg, Editor, Jobs for Americans, Prentice Hall, 1976.
12. Students of social policy probably have already detected aspects of the selective-universal debate that has permeated discussions of social service provision. Some caution should be exercised in that the manpower-employment question cuts across traditional fields in a unique way. The boundary issue is an important one.
13. Manpower Aspects of Recent Economic Developments in Europe, International Labour Office, Geneva, 1969.
Economic Planning in Five Western European Countries: An Overview, Paper #1, Joint Economic Committee, GPO, 1976.
14. National Economic Planning, Balanced Growth and Full Employment, Hearings Before the Joint Economic Committee, GPO, 1976, p. 119.
15. Current literature and news reports testify to the vigor of the argument. See Thirtieth Anniversary of the Employment of 1946-A National Conference on Full Employment. Hearings Before the Joint Economic Committee, GPO, 1976. Also Arthur Okun, Editor, The Battle Against Unemployment, W.W. Norton and Co., 1965. Melville J. Ulmer, The Welfare State: U.S.A.-An Exploration In and Beyond the New Economics Houghton-Mifflin Co., 1969. Melville Ulmer and Leon Keyserling, "Jobs for All: The Economics of Full Employment," Social Policy, Vol.4, #3, Nov./Dec. 1973. Charles Killingsworth, "Will Full Employment Cause Inflation," Social Policy

Vol. #4, Jan./Feb. 1977.

16. Full Employment News Reporter, Vol. 1, #2.

17. First Full Employment Conference, a bulletin of the Full Employment Action Council.

18. S.50. Congressional Record, Senate, Jan.10, 1977.

A Summary of the Full Employment and Balanced Growth Act by the Full Employment Action Council, 1978.

William Beveridge defined full employment as "having always more vacant jobs than unemployed men." Full Employment in a Free Society, W.W. Norton and Co., 1945, p.18.

19. New York Times, 11/15/77.

Muriel Humphrey, "Humphrey-Hawkins Bill: An Essential First Step," New York Times, 3/10/78.

James Galbraith, "Why We Have No Full Employment Policy," Working Papers for a New Society, March/April, 1978.

20. Margaret Purvine, editor. Manpower and Employment - A Source Book for Social Workers, pg.1.

21. Margaret Purvine, Ibid, p.27.

22. NASW News, Vol.22, #7, July 1977.

23. One type of contribution social work can make is illustrated by the community organization work carried on by the Center for Social Policy and Social Services of the Adelphi University School of Social Work. The Center chose full employment as an issue to concentrate on in 1975, and initiated the formation of and provided leadership for the Long Island Coalition for Full Employment. The Coalition, with 55 affiliated organizations representing some 250,000 people, has participated vigorously in the national effort.