Woman protests racial discrimination during visit of President Reagan to Pittsburgh, Pennsylvania, April 6, 1983.
DECENT WORK AND PUBLIC INVESTMENT

A Proposal

With the 2008 election likely to lead to Democratic control of the legislative and executive branches, it is time for a bold new vision of the economy—one that will reduce the increased inequality that has grown in tandem with our national wealth. It is time to take a big step toward shared prosperity. Some promising progressive proposals have been crafted. However, battered by three decades of conservative assaults, including well-planned attacks on government for the people, Democrats often exhibit timidity rather than temerity. The presidential aspirants do raise economic issues such as health care, taxes, wage stagnation, middle-class insecurity, income inequality, and the negative effects of trade on jobs and communities—and, in the case of John Edwards, concern about poverty and the “two Americas.” Dennis Kucinich does mention chronic unemployment and the need for substantial job creation, and Joseph Biden favors the creation of three million “green collar jobs.” But full employment—long central in Democratic Party platforms—has all but vanished from the discourse. Also missing, except from Kucinich’s platform, is a strong emphasis on building up and maintaining our depleted physical infrastructure and undeveloped and often nonexistent human services.

The National Jobs for All Coalition (NJFAC) is proposing a major program called the Drive for Decent Work. It simultaneously attacks economic inequality and our often un-
DESPITE ECONOMIC GROWTH, SHARE OF GOOD JOBS FALLS


The report, “The Good, The Bad, and the Ugly: Job Quality in the United States over the Three Most Recent Business Cycles,” found that the economy has created fewer good jobs in the 2000s than was the case over comparable periods in the 1980s and 1990s.

The research defined a good job as one that pays $17 an hour, or $34,000 annually, has employer-provided health care and offers a pension. The $17 per hour figure is equal to the inflation-adjusted earnings of the typical male worker in 1979, the first year of data analyzed in the report.

Using this definition, the share of good jobs fell 2.6 percentage points, or about 3.5 million jobs, between 2000 and 2006. This decline was much sharper than what the economy experienced over comparable periods in the two preceding business cycles. Between 1979 and 1985, for example, the share of good jobs fell 0.5 percentage points. Between 1989 and 1995, the drop was just 0.1 percentage points.

“Economists have a lot of explaining to do,” said John Schmitt, an economist and the author of the report. “We generally expect that as the economy grows, job quality will increase. Over the last thirty years, however, the economy has grown by about 70 percent, yet the share of good jobs has been stagnant. The current business cycle has been particularly disappointing.”

While the current business cycle has seen an increase in the share of jobs that pay at least $17 an hour, this gain has been more than offset by a decrease in the share of jobs that offer employer-provided health insurance (down 3.1 percent points) and pension coverage (down 4.9 percentage points).

Over the 2000s, the share of women in good jobs declined 0.2 percentage points, undermining small gains made in the 1980s and 1990s. For men, the picture was worse, with a 4.4 percentage-point decline in the share of good jobs, compared to a 1.9 percentage-point decline in the 1990s and a 3.4 percentage-point drop in the 1980s.


Contact: Alan Barber, (202) 293-5380 x115.
acknowledged but crippling double deficits—the chronic shortfall of decent jobs and the gaping hole in public investment. The Drive for

On average, 16 million people were unemployed or underemployed at any given time in 2006.

Decent Work is a win-win solution that could put the nation back on the path it started to take after World War II.

THE DEFICIT IN DECENT JOBS

An unemployment rate of 4 to 5 percent (and sometimes more) now passes for full employment. However, that leaves out tens of millions of people who are unemployed, underemployed, or classified as working poor. For many years, the unemployment rate of blacks has been double that among whites, and unemployment for minority teens has been at depression levels (currently around 30 percent).

In 2006, with official unemployment at 4.6 percent, on average, 7 million people were officially unemployed. This does not include the 4.2 million people who wanted full-time work but were forced to work part time, and an additional 4.8 million people who wanted jobs but weren’t looking for them due to such reasons as discouragement, lack of child care or transportation. That means a total of 16 million people were either unemployed or underemployed in 2006, and 17 million more with full-time jobs were earning less than the poverty level for a four-person family in 2005 (the latest available year). Proof that there aren’t enough jobs to go around comes from Labor Department job vacancy surveys, which show that with unemployment in the 4 to 5 percent range, officially unemployed workers outnumbered job openings by nearly two to one in 2006. Moreover, today’s unemployment rate represents worse conditions than the same rate in the past because many people have dropped out of the labor market. If the proportion of the population either working or actively seeking work were the same as in 2001, the official unemployment rate would be 7 percent instead of 4.5 percent.

Decades of loose labor markets have contributed to wage stagnation and declining union density and political power, yet labor and progressives tend to focus on low and stagnating wages rather than chronic unemployment.

THE PUBLIC INVESTMENT DEFICIT

Public investment in our human and physical resources has been a major casualty of the attack on government for the people. Relative to the size of the economy, public investment has declined sharply and is now at only half of its 1960s and 1970s level. In 2001, the American Society of Civil Engineers reported that just to bring the nation’s physical infrastructure up to an acceptable standard in the following five years, it would take $1.3 trillion—exactly equal to the $1.3 trillion cumulative loss to the Treasury due to the 2001 Bush tax cuts.

Examples of deficient and deteriorating public investment in both services and infrastructure abound:

- 154,000 U.S. bridges are structurally deficient or obsolete.
• 2,600 dams are unsafe, and twenty-one collapsed in a recent two-year period.
• Weak levees await new Katrinas.
• 47 million Americans lack health insurance and millions more are poorly covered.
• One in three American families is unable to rent or buy affordable housing.
• Only about one in eight families financially eligible for subsidized day care actually get it, and many are financially strained by high child-care costs.
• Three out of four public schools need repairs, renovations, and modernization, and there is also serious overcrowding.
• About 14 million children take care of themselves after the school day ends.

THE WIN-WIN SOLUTION:
FOUR STEPS

The core of our proposal is a simultaneous attack on the double deficits in decent jobs and public investment. Reducing one of these problems also reduces the other.

Step 1. Attack the public investment deficit by supporting a package of bills already introduced in Congress and other proposals to meet unmet public needs. If enacted, these would directly create millions of living-wage jobs, substantially reduce unemployment and underemployment, and indirectly create even more jobs through the economic stimulus of direct job creation. The job-creating potential of public investment bills in the 109th and 110th Congresses is impressive, as are some promising proposals that have not yet taken the form of legislation, including the NJFAC’s plan for a Twenty-First-Century Public Investment Act (see Step 2). The creation of high quality public services and infrastructure could rebuild confidence in government and stem the tide toward privatization that is a strike against labor standards and the public.

Step 2. Attack the chronic jobs deficit by supporting the NJFAC’s proposal for a Twenty-First-Century Public Investment Act that includes a Public Works Authority (PWA), a Public Investment Fund (PIF)/Public Service Employment Program, and a National Employment Accounting Office (NEAO).

The PWA would provide long-term funding for high priority public works and infrastructure projects not currently funded because of the long time horizon of the investment or because communities can’t afford them. The PWA should adopt criteria to ensure that such projects provide employment for the unemployed and underemployed—particularly disadvantaged minorities, the structurally unemployed, and people living in regions of high unemployment. In addition, the PWA would work with local and state authorities to create permanent jobs, and PWA employment should meet the principles of decent work that the NJFAC proposes for all jobs.9

Whereas the PWA is designed to reduce the public investment gap, the Public Invest-

Labor and progressives tend to focus on low and stagnating wages rather than chronic unemployment.
whatever job gap remained in the economy without adding to inflationary pressures or competing with private employers who offer decent work. PIF jobs, too, would adhere to the NJFAC’s principles for public job creation. The PIF would develop criteria for selecting proposals submitted by federal, state, and local government agencies as well as nonprofit organizations.

The National Employment Accounting Office (NEAO) would evaluate progress, assess continuing needs for job creation and public investment, deal with bottlenecks, and assure both community involvement and achievement of Drive for Decent Work principles.

**Step 3. Move the minimum wage closer to a living wage.** When shared prosperity was on the horizon in the late 1960s, a fully-employed minimum-wage worker earned 120 percent of the three-person poverty level. It was also widely accepted that if productivity rose—as it certainly has—workers would share the gains. Therefore, the minimum wage should be at least as high in real terms as it was in 1968—or about $9.25 in 2007 dollars and eventually linked to 60 percent of the average wage (about $10.30 an hour in 2007). Instead, Congress raised the minimum wage slightly this year from $5.15 to $7.25 in 2009 when it will be fully phased in—still a poverty wage.

What about subsidizing the wages of the working poor, a strategy that has taken priority over direct job creation and making the minimum wage a living wage? Raising the income of the working poor through the Earned Income Tax Credit (EITC) is certainly laudable. However, our focus is on direct job creation and increasing the minimum wage. One reason is that the EITC subsidizes any low-wage job, whereas our strategy calls for using public funds to create jobs that simultaneously invest in human and physical resources. Employers like the EITC because they think it restrains pressure on wages. Regardless of whether it does, its rise has certainly been accompanied by a decline in the value of the minimum wage.\(^1\) The 2006 value of the minimum wage plus the Earned Income Tax Credit for a family of three with two children was only 94 percent of the three-person poverty standard. Even with the rise in the minimum wage in 2007, its value plus the EITC will be well below what the minimum wage alone was in 1968.

The *sine qua non* of decent work is a living wage, but the concept includes much more. Our proposal is to create jobs that correspond to the International Labour Organization’s definition of decent work:

> **Decent work** . . . involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize, and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

The creation of high-quality public services and infrastructure could stem the tide toward privatization.
Step 4. Reduce military spending to a level equal to genuine defense needs and rescind the Bush tax cuts that increase inequality and drain the Treasury. Paying for public investment and job creation, like any worthwhile program, will at first require reallocating government spending. In the long run, however, a fully employed, higher earning, and healthier workforce will not cost more than the lost production of a partly idle workforce and the heavy social costs of inequality, unemployment, and underemployment, including crime. As the newly employed become taxpayers, Treasury revenues will expand, and expenditures on programs such as unemployment insurance, food stamps, and the penal system will decline.

Start-up costs for the Drive for Decent Work can be met by eliminating tax cuts for the wealthy and ending the war in Iraq and other unnecessary military spending. All of these things have contributed to a deficit that is not designed to stimulate consumption and investment, to pay for socially useful programs, or to benefit those who are most in need of a tax break. Just restoring the pre-Reagan era marginal income and corporate tax rates would net the Treasury at least 20 percent more in annual revenues.

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ADDRESSING THE DOUBLE DEFICIT: SOME EXAMPLES

The Drive for Decent Work supports bills and proposals in a number of sectors that improve our depleted human and physical infrastructure. It aims to restore confidence in the public sector. Here are examples from the NJFAC’s Drive for Decent Work proposal:

Education and Child Care

In 2001, legislation to reduce class size by hiring 100,000 new teachers was introduced in both the House (First Things First Act) and Senate (Class Size Amendment to the Elementary and Secondary Education Act). The Senate amendment was narrowly defeated by a vote of fifty to forty-eight. An amendment to the Elementary and Secondary Education Act (HR 2668), introduced in 2007, contains a similar proposal for hiring 100,000 new teachers. Bill HR 209 would finance the recruitment, hiring, and training of 100,000 new classroom paraprofessionals in order to provide more special attention for children and improve their educational achievement.

After-school programs. The Afterschool Alliance, a national nonprofit organization, has called for every child in the United States to have access to an after-school program by the year 2010. Providing additional federal and state funding for after-school programs to cover all eligible children would create hundreds of thousands of new jobs. Studies have shown that after-school programs help pay for themselves by reducing child care costs, improving school performance, increasing earnings, and reducing crime and welfare costs.

The president’s budget for the 2008 fiscal
year proposes a freeze in discretionary spending for the Child Care and Development Block Grant (CCDBG) for the sixth consecutive year. Inasmuch as child care subsidies fell far short of need before these cuts, merely restoring them would be insufficient. Substantially increased funding is necessary to meet current and projected needs. Consideration should also be given to a proposal of the Center on Law and Social Policy: to make the Child and Dependent Care Tax Credit refundable and expand it to cover 50 percent of child care costs for low-income families and to replace the CCDBG with a guarantee for child care assistance to families earning below 200 percent of the poverty level.

According to a 2002 study, spending $41 billion on child care directly supports 2.8 million child care jobs and indirectly supports jobs in other sectors. In addition, formal child care expenditures generate additional earnings by parents. By supporting working families and enabling women, in particular, to participate in the workforce, expanded public investment in child care makes good economic sense and helps pay for itself over the long run.

Construction of Housing, Schools, and Libraries

In October 2007, the House of Representatives passed the National Affordable Housing Trust Act to provide for the development, rehabilitation, and preservation of decent, safe, and affordable housing for low-income families. The Act would create close to 200,000 jobs per year in construction and would leverage many additional jobs. A similar bill is expected to be introduced in the Senate.

America's Better Classroom Act (Introduced as HR 1742/S 1538 in the 109th Congress) would provide $25.2 billion in interest-free funds over the next two years for public school construction and modernization.

The Andrew Carnegie Public Libraries Act would grant $1 billion over five years for library construction and modernization.

Renewable Energy, Technology, and the Environment

The Apollo Project, which proposes a coalition of unions, environmental organizations, and other groups, helps to dispel the myth of a conflict between job creation and environmental protection. It is a $300 billion crash program for conservation and development of renewable energy that can be implemented through federal, state, and local governments. Renewable energy is more labor intensive than traditional energy generation. The project would create more than 3 million jobs over ten years and eventually pay for itself through increased economic activity, additional tax revenues, and energy savings. The project is explicitly focused on creating good, high-skilled jobs. The Apollo Start-up costs for the Drive for Decent Work can be met by eliminating tax cuts for the wealthy and ending the war in Iraq and other unnecessary military spending.
Project would require targeted investments of $30 billion per year in energy diversity—including solar, biomass, and wind—high-performance “green” buildings, and future-oriented industries such as the long-term research and development of hydrogen fuel and hybrid cars.

**Renewable energy is more labor intensive than traditional energy generation.**

Investments would also be targeted to public infrastructure to overcome energy consuming sprawl and encourage energy efficient transportation. Transportation options would be improved by investment in bicycle, local bus and rail transit, and regional high-speed rail.

**The Rebuilding America’s Infrastructure Act** (HR 5054) would create a Federal Bank for Infrastructure Modernization to award $50 billion in loans to state and local governments to finance infrastructure repairs and upgrades of roads, bridges, rail systems, schools, drinking, wastewater, and many other types of facilities.

**The Fair Wage, Competition and Investment Act of 2005 (S. 14)** would provide federal grants for transportation, water, rail, mass transit, and aviation infrastructure. Every $1 billion invested in federal highway infrastructure directly creates an estimated 47,500 jobs. By investing $14 billion in highway projects over two years, S. 14 would create at least 665,000 jobs.

Additionally, the **Congressional Hurricane Katrina Task Force** has recommended strengthening New Orleans levees to withstand a Category five hurricane and reinvesting in public facilities, housing, health care, transportation, and other infrastructure needs in the Gulf Coast. Implementation of these recommendations would greatly improve the physical security of New Orleans and create many jobs.

**The Right Time to Invest in America’s Competitiveness and Knowledge Act**, also known as the “Right Track Act,” would provide federal tax credits and financial incentives for investments in future-oriented industries such as high tech, manufacturing, nanotechnology, vaccines, passenger rail systems, energy efficiency, and broadband Internet. Widespread use of basic broadband would add $500 billion to our economy and create 1.2 million jobs.

**Youth Employment**

Congress should expand funding for two small youth programs: **YouthBuild** and the **Youth Conservation Corps**. The YouthBuild program, a public-private partnership supported by U.S. Department of Housing and Urban Development grants, employs jobless and at-risk youth between the ages of sixteen and twenty-five in building affordable housing for homeless and low-income people. The Youth Conservation Corps, a program of the National Park Service, employs eighteen- to twenty-five-year-olds in projects such as building trails and campsites, restoring watersheds, and urban beautification.

**OTHER MAJOR POLICIES TO PROMOTE DECENT WORK AND SHARED PROSPERITY**

**Although it is a big step toward shared prosperity, the Drive for Decent Work**
alone is not a comprehensive program to deal with the new economy. We also need a range of other policies to promote full employment, reduce inequality, protect worker rights, and improve living standards at home and abroad. Particularly important are measures to reverse the free-market orthodoxy of neoliberals, including Clinton’s treasury secretary, Robert Rubin, who is still a dominant voice in the Democratic Party. (Recall that Clinton defied his labor allies by advocating the North American Free Trade Agreement drafted by his Republican predecessor.) Modifying trade agreements could stop the job hemorrhage, but probably won’t create or make up for the jobs already lost. Nor will it address the crying need for public investment in child care, elder care, and public transportation, or repair our infrastructure and clean up the environment. Our proposal is to create millions of decent jobs that, among other things, will mostly stay in the United States.

POLITICAL SUPPORT AND PROSPECTS

REGARDLESS OF WHICH DEMOCRAT GOES TO THE White House, the Drive for Decent Work must have strong political support backed by a broad coalition, with substantial grassroots organization. We believe this program can inspire a movement that will help make the Democratic Party more progressive.

Potential supporters include advocates and congressional sponsors of the bills and proposals that both create jobs and rebuild our depleted human and physical infrastructure. Some legislative sponsors of these bills include Senators Edward Kennedy, Patty Murray, Jay Rockefeller and Debbie Stabenow, and Representatives Barney Frank, Maurice Hinchey, Charles Rangel, José Serrano, Jan Schakowsky and Lynn Woolsey. We are reaching out, not only to those who back the legislation we support, but many others who advocate public investment in our human and physical infrastructure.

Inside government, there are potential allies in the sponsors of the job creation/public investment bills as well as the members of the congressional progressive and minority caucuses. As noted, some Democratic candidates for the presidency support some of the measures included in this program; we hope to persuade them to expand their proposals and package them along the lines of a Drive for Decent Work that can reduce the nation’s double deficit. Americans for Democratic Action is helping us to reach legislators likely to be receptive to our proposal and, along with the National Council of Churches, joined the NJFAC in a letter introducing the Drive for Decent Work to all Democratic senators, the House leadership, and members of the progressive and minority caucuses. Because the revival of public investment on the part of the federal government would be a boon to state and local governments, the National Governors Association and the U.S. Conference of Mayors may well have an interest in a program to rebuild the infrastructure.

In addition to the constituencies that favor public investment, the movement should include those who are directly or indirectly disadvantaged by the chronic deficit of decent jobs. Thus, potential supporters include the tens of millions of working- and middle-class people who suffer heightened insecurity, wage or benefit erosion, or who have otherwise been robbed of their share of the nation’s prosperity. The various organizations that take action against hun-
ger, low wages, and joblessness, and work for minority and immigrant rights are potential participants in a Drive for Decent Work. Because the program promises improved economic conditions and a better quality of life for workers and their families, we hope for the support of the labor movement and will solicit it vigorously.

In making this proposal, we have reason to believe that the American people, despite the ideological campaigns to which they have been constantly exposed, may not be quite as conservative or as antigovernment as the mainstream media or the politicians who take their cues from Corporate America. The Pew Research Center, which has been monitoring trends in political attitudes and core values since 1987, found increased public support in 2007 for the social safety net and growing public concern over income inequality. In reviewing a number of other public opinion surveys as well, Rick Perlstein concludes that "Democratic leaders have repeatedly squandered the opportunities presented by the increasingly liberal sympathies of voters." That potentially receptive public needs to be educated and mobilized. Doing so depends partly on waging a countertooffensive against the well-funded, pro-free-market attacks on the ideologies of fairness, sharing, and solidarity.

The Drive for Decent Work can raise public consciousness of new and better possibilities and of a nation that shares its prosperity. Its broad vision and moral imperative can inspire a more generous spirit and help overcome the ideology of selfishness. As Michael Moore said in Sicko, nothing will happen unless we start thinking of “we” not “me.”


2. Full employment is mentioned in passing on Dennis Kucinich’s website but not on the sites of other candidates.

3. The National Jobs for All Coalition, founded in 1994, is the only national organization with the goal of living wage jobs for everyone who wants to work (see http://njfac.org).

4. We’ve reached 4 percent unemployment only once since 1978, when the Humphrey-Hawkins Full Employment and Balanced Growth Act called for it as a five-year interim goal. For more background on Humphrey-Hawkins, see Helen Ginsburg, Full Employment and Public Policy: The United States and Sweden (Lexington, MA: Lexington Books, 1983), chapter 3.


6. Robert Pollin, op. cit., points out that when unemployment fell slightly below 4 percent briefly in the 1990s, for the first time since the 1960s, wages and benefits rose, including those at the low end of the labor market. This temporary reversal occurred despite real counterpressures from globalization. A similar point is also made by Jared Bernstein and Dean Baker in The Benefits of Full Employment: When Markets Work for People (Washington, DC: Economic Policy Institute, 2003).

7. Miller, op. cit.

8. We are indebted to John Miller for bringing this example to our attention. See “Statement of the American Society of Civil Engineers on the Federal Role in Meeting Infrastructure Needs,” testimony before the Subcommittee on Transportation and Infrastructure Committee on Environment and Public Works, U.S. Senate, July 23, 2001, available at http://epw.senate.gov/107th/asce0723.htm.

9. In Shared Prosperity and the Drive for Decent Work, the NJFAC has established “Principles for Sustainable and Popular Job Creation” (p. 14) that pertain both to public investment and job quality. Examples of criteria are: Does it pro-duce useful goods and services that enhance the quality of life? Does it offer educational opportunities and skill development for workers who need it? and Does it bring us closer to the long-range goal of decent work for everyone who wants it?

11. According to Pollin (op. cit.), ending the war in Iraq and reducing military spending to genuine defense needs, repealing the Bush tax cuts for those earning over $200,000, and redirecting those funds to the social needs that he has targeted, would add about one million jobs to the U.S. economy.

12. Democratic Socialists of America, op. cit.
