

H.R. 1000 Bill Summary
The Humphrey Hawkins Full Employment and Training Act
Rep. John Conyers, Jr. (MI-13)

The Humphrey-Hawkins Full Employment and Balanced Growth Act was adopted in 1978. It declared that it was the “continuing policy and responsibility of the Federal Government” to “promote full employment” (along with several other goals). This historic promise has not been kept. Our economy consistently fails to provide enough jobs to employ everyone who wants to work. Even at the top of the business cycle when unemployment drops into the four to five percent range, there aren’t enough jobs to go around, and of course the shortfall is much worse during recessions. As a result, millions of American workers are denied their “right to a useful and remunerative job”—an opportunity President Franklin D. Roosevelt called a human right on a par with the civil and political rights protected by the U.S. Constitution.

Rep. John Conyers has submitted a bill in Congress that is specifically designed to achieve the goals of the Humphrey-Hawkins Act without triggering a surge in inflation. It’s called the “Humphrey-Hawkins 21st Century Full Employment and Training Act of 2015” and it bears the easily-remembered bill number—HR 1000.

Basic Purpose of the Legislation

- The purpose of H.R. 1000 is to achieve genuine full employment by funding enough job training to insure that qualified workers are available for every job opening in the economy and to back up efforts to stimulate private-sector job creation with a promise to create enough public sector

jobs to insure the availability of decent employment for everyone who wants to work—on the understanding that individuals employed in these jobs would remain available for comparable employment in the private sector when they are needed.

- This may seem like a new idea, but it was actually proposed 80 years ago (in 1935) by the same Presidentially-appointed Cabinet level “Committee on Economic Security” that proposed the establishment of our nation’s Social Security program. The Committee’s Social Security proposal was designed to meet the economic security needs of retirees. Their job creation proposal was designed to meet the economic security needs of American workers by providing them with “employment assurance.” The idea was not fully implemented at the time, but it was tested in programs like the Civilian Conservation Corps (CCC) and the Works Progress Administration (WPA). HR 1000 dusts off this idea and modernizes it for the 21st century.

Where Would the Money Come From?

- HR 1000 would establish a national Full Employment Trust Fund with two accounts.
 - One account would be reserved for the creation of jobs
 - The second account would fund job placement services and job training programs in which the participants would be paid a stipend
- Revenue for the trust fund would come from a small tax on transactions involving the purchase and sale of financial securities. This kind of tax is known as a “Financial Transactions Tax” or FTT.

- To forestall recessions, the Trust Fund would also be empowered to borrow money from the Federal Reserve System whenever additional funds were needed to prevent the unemployment rate from increasing more than 1%.

What Would the Tax Rates Be?

- .20% on transactions involving the purchase and sale of stock (20¢ on every \$100 worth of traded shares of stock)
- .06% on transactions involving the purchase and sale of bonds (6¢ on every \$100 worth of traded bonds)
- Transactions involving derivatives would be taxed by levying a .06% tax on any payments called for by the derivative contract—unless the payment is based on the value of stocks or a stock index, in which case the payments would be taxed at the .20% rate applicable to stock transactions
- The tax would NOT apply to
 - Transactions involving the purchase of new issues of stock or newly issued bonds
 - Transactions involving the purchase or sale of an interest in a mutual fund (but purchases and sales of securities BY the mutual fund would be taxed)

Benefits of a Financial Transaction Tax

- In addition to providing over \$200 billion a year to create jobs for unemployed Americans, the HR 1000 FTT would discourage economically harmful speculation in securities markets. This would benefit the economy rather than imposing a drag on it. In fact, many economists advocate

FTTs without regard to their income generating potential because of their stabilizing effect on the economy.

- An FTT reduces financial speculation without discouraging longer-term productive investment
- The HR 1000 FTT would put Wall Street to work for Main Street by providing small businesses what they really need—customers with good jobs and steady paycheck.
- An FTT is not a new idea. The U.S. had an FTT from 1914-1965, and a very small FTT is still used to finance the Securities and Exchange Commission. Internationally, most countries with major financial markets—including Japan, the U.K., Germany, Italy and France—currently have some version of an FTT in place, and the European Union is planning to introduce its own FTT in 2016.
- The target of an FTT is high volume, high frequency speculation in financial securities. The tax is too small to make much difference to a person who intends to hold stocks or bonds as a long-term investment. The HR 1000 FTT would add only \$2.00 to the cost of a transaction involving the purchase of \$1,000 worth of stock, 60 cents to the cost of a transaction involving the purchase of \$1000 worth of bonds. And that fee would be divided between the buyer and the seller.
- The tax would NOT apply to every day banking transactions.
- Purchases of mutual funds—the kind of financial investment usually recommended for ordinary investors and the kind of investment comprising most retirement portfolios—would be exempt from the tax.

How Many Jobs Would HR 1000 be Able to Create?

- There should be enough money to directly create About 5.8 million new jobs and paid training positions. In addition, while the economy is still recovering from the recession, this spending should stimulate the private sector to create another 1.7 million jobs for a total job creation effect of about 7.5 million jobs.

Would This Be Enough to Achieve Full Employment

- Not immediately, but it would be capable of achieving that goal over time.
- First, it would provide the additional economic stimulus needed for the economy to fully recover from the Great Recession—restoring a level of production that would generate an unemployment rate in the four percent to five percent range if the additional jobs provided by the job creation program were not counted.
- At that point the approximately six million jobs provided by the job creation program would be enough to reduce the unemployment rate to less than two percent—if it were not for the fact that the availability of those jobs would probably attract several million workers into the labor force who otherwise would not be actively looking for work.
- The six million jobs provided by the jobs program would not be enough to employ all of these additional workers, but by increasing the number of active job seekers in the economy, their entry into the labor force would permit a further expansion of the private sector without triggering a surge in inflation.

- A large number of workers who were employed part-time but wanted full-time jobs would also be likely to seek employment in the jobs program. This influx of former part-time workers into the program would also add to the total number of jobs needed to achieve genuine full employment. But as with the new job seekers described above, the private sector would adjust. The exodus of involuntary part-time workers to the job creation program would create additional private sector job opportunities for workers who actually wanted part-time work. Other private sector employers would combine former part-time positions in order to retain valued workers. They also might increase the wages paid to part-time workers in order to make the part-time jobs more attractive.
- Once the two tendencies described above had run their course—i.e., everyone who wanted a job had actually joined the labor force and the proportion of full-time to part-time jobs offered by private employers reflected the proportion of full to part-time job seekers in the economy—six million program jobs would actually be enough to reduce unemployment to the one percent to two percent level necessary to achieve genuine full employment.

Would the Program Itself Be Inflationary?

- The answer is “no” for the following five reasons:
 - The program is designed to close the gap between 4%-5% unemployment and 1%-2% unemployment without adding to aggregate demand in the economy—so there would be no excess demand pulling prices up.
 - The program would not overstimulate sectors of the economy where production was already facing rising short-term costs. Nor would it

add to the demand for labor in places or occupations where it was already in short supply. It's job-creation effect would be limited to workers who otherwise would be unemployed.

- By insuring that program employees would remain available for comparable private sector employment, the program's workforce would still perform the same inflation-fighting "buffer stock" function that unemployed workers perform. They just wouldn't have to suffer unemployment while they performed that function.
- By investing heavily in job training and in improving the efficiency of the economy's job placement system, the program would reduce the number of job openings that remained unfilled in the economy, thereby reducing the inflationary pressures associated with an inability to quickly fill job openings when the economy is operating at close to full capacity.
- HR 1000 includes an "inflation circuit-breaker" that would automatically limit program hiring to those workers who needed jobs the most in the event inflation did become a problem.

What Would the Jobs Created by the Program Pay?

- The same wages as equivalent jobs in the regular public sector, including health insurance and paid leave benefits.

Other Specifics Concerning the Jobs

- All of the jobs would have to last for at least one year
- Program employees would have the right to choose between full-time (40 hours per week) and part-time employment
- There would be no time limit on an individual's eligibility for employment in a program-funded job (or a succession of such jobs), but

- Program employees would have to remain available for employment in an equivalent private or regular public sector job
- Non-program employees would be afforded strong protection against replacement by program employees
- Jobs could be provided in a unionized work unit only with the prior consent of the union and with the terms and conditions of employment for the jobs negotiated with the union

Who Would be Eligible for Funding to Create Jobs?

- State and local governments
- Indian tribes
- Public elementary and secondary schools
- Colleges and universities that participate in the Federal Work-Study Program
- Most Not-for-profit organizations
- The U.S. Department of Labor (for national or regional projects and locally if too few jobs have been created by other grantees to provide work for all eligible job applicants in the locality)

What Kind of Jobs Could HR 1000 Funding Be Used to Create?

- Constructing, repairing, improving and beautifying low and moderate income housing and public facilities of all types
- Providing a wide variety of human services, including the augmentation of staffing levels in existing agencies and programs

- Creating special programs to remedy the disadvantages that certain population groups face in obtaining equal access to education, training, employment, and entrepreneurial opportunities
- Restoring and revitalizing abandoned and vacant properties
- Expanding and improving emergency food programs
- Expanding and augmenting the staffing of Head Start, child care, and other early childhood education programs
- Supplementing the labor force of private contractors undertaking federally or State-funded infrastructure projects
- Expanding access to broadband or wireless Internet service in currently underserved areas
- Implementing environmental initiatives to conserve natural resources, remediate environmental damage, reverse climate change, and achieve environmental sustainability
- Enhancing emergency preparedness for natural and other community disasters and improving post-emergency assistance for the victims of such disasters
- Expanding work-study opportunities for secondary and post-secondary students, and creating “bridge employment” opportunities for recent graduates of educational institutions who have been unable to find work in the occupations for which they have trained
- Any other activity that addresses public needs

Criteria for Selecting Grant Recipients?

- Grants would be available only where there were too few jobs to provide work for all job seekers. Grant applicants would be required to consult with community leaders, including labor organizations, nonprofit community-based organizations, local government officials, and local residents to assess the needs of the community their project would serve and to insure that they prioritized projects that would serve areas with the greatest economic need.