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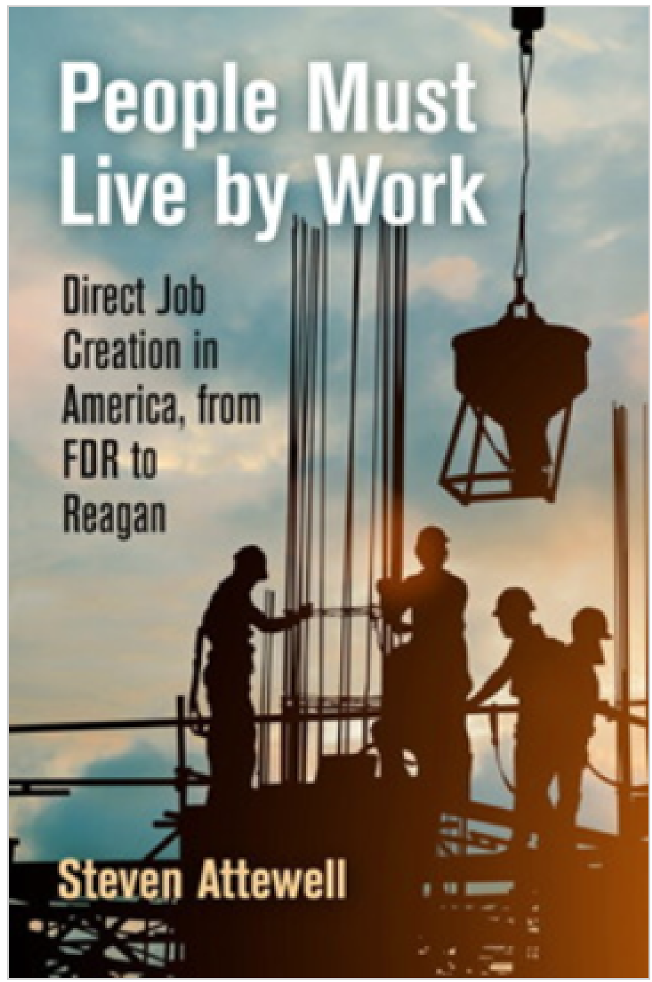
Direct job creation in the United States: learning from the past

People Must Live by Work: Direct Job Creation in America, from FDR to Reagan. By Steven Attewell. University of Pennsylvania Press, 2018, 336 pp., $48.75 hardcover.



Steven Attewell's recent book *People Must Live by Work* is an insightful historical study of direct job creation policies in the United States. Although the problems of unemployment began in the early days of the Industrial Revolution, the author begins his study with the Great Depression of the 1930s. There were many job creation efforts in that period of U.S. history, and many people—from Presidents, to academics, to cabinet officials, to economists—had different ideas and opinions about them.

Direct job creation has many facets. Conservative ideas about it abound, and so do liberal ones, with strong convictions running deep on both sides. Attewell identifies several large categories of direct job creation, including "public works," "relief works," "work relief," "job policy," and "public employment." These concepts, when connected to policy, have evoked strong opinions from those in leadership positions. For example, while campaigning for President, Ronald Reagan referred to the Humphrey-Hawkins Full Employment Act, which aimed to achieve full employment through government spending, as a "blueprint for fascism," whereas Jimmy Carter, also a candidate for President, described the same bill as having "wide popularity."

Tracing the history of direct job creation back to the Depression, Attewell dives into the wealth of information concerning not only policy actions but also the philosophies, thoughts, and motivations of policymakers. The ideas of these leaders emerged in a competitive

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political environment, and their work led to the creation of the Civilian Conservation Corps, the Works Progress Administration, the Public Works Administration, and other agencies of the Depression.

The goal of these agencies was to develop ways to alleviate the economic and psychological costs of unemployment. It became common for the government to provide work for semiskilled and unskilled workers. As time went by, this approach became a permanent federal policy, which was espoused by the executive staff of the Committee on Economic Security, a body founded by President Franklin D. Roosevelt himself. To end the Depression, many agencies were created to follow through on Roosevelt's promise to feed, clothe, nourish, and shelter those in need. Such policies, however, were not always popular. For example, in the early 1930s, President Herbert Hoover, a major doubter of the effectiveness of public works or work relief, vetoed a series of pro-labor bills submitted by Senator Robert Wagner, a Democrat from New York who remained an active player in later legislative battles.

The policy ideas of the Great Depression era were carried further along into the John F. Kennedy administration. After that era came the Great Society programs and the civil rights and labor movements of the 1960s, until there was a choice between Keynesian fiscal policies and Great Society welfare spending. The economics debate then turned to the Laffer curve, a new supply-side theory showing the relationship between tax rates and tax revenue. When President Carter came into office in early 1977, he adopted a more conservative fiscal approach, deviating from the liberal policies of previous Democratic administrations. In the late 1970s, the paths from different eras met, with policymakers having to choose between the political challenges of a balanced budget and their needs for a jobs policy (which had weakened over the years). Proponents of fighting inflation confronted those who wanted to control unemployment through public spending. Policymakers also faced the problems of stagflation, recognizing that such a phenomenon could actually exist. What followed was the election of President Reagan, whose conservative fiscal policies instituted in 1982 enjoyed "bipartisan support in the 1980s." The book continues with a discussion of the employment policies adopted by the administrations of George H. W. Bush, Bill Clinton, George W. Bush, and Barack Obama.

In his analysis, Attewell suggests that Keynesian theory's multiplier effect—which posits that government spending props up employment—can motivate policy on both sides of the political spectrum. Research on the implications of this effect, whose promise to deliver economic rewards has been accepted by many academics and policymakers, has shown that increases in investment greatly contribute to aggregate demand. The author also suggests that any further discussion of direct job creation should take into account the employment conditions in specific jobs and industries, along with the relationships among those jobs and industries. Direct job creation, job training, and acceptable natural rates of unemployment cannot be pursued without a common measure of success.

Even if common ground between competing policy approaches can be found, the questions of who, what, how, why, where, and when will likely remain. Attewell states that, throughout U.S. history, there have been a number of policies that have succeeded in tackling the tough problems of unemployment, but that these successes are now mostly forgotten. In his view, it is worth including these policies in current debates about job creation, before our memory of them fades away completely.