

**Program for Jobs in a green, productive, people before profits economy for the 21st century**  
**Presentation on Jobs -- National Convention CPUSA -- May 2010 -- V09-1**

*[title slide -- Program for Jobs in a Green, Productive Economy for the 21st Century]*

*[slide -- 2000-2010]* Millions of families have been devastated by

*[slide -- graph]* The worst crisis since the Great Depression!<sup>1</sup>

*[slide -- 1 recession]* Jobs never fully recovered after the last recession, but

*[slide -- 2 recessions]* this time, unemployment soared to record levels.

*[slide-- <6 months]* 8.6 million workers have been jobless for less than six months

*[slide -- >6]* and long-term unemployment is at a record-breaking 6.7 million.<sup>2</sup>

*[slide -- part time]* Add part-time workers who want a full-time job

*[slide -- marginal]* And marginal workers -- who want a job but have given up looking

*[slide -- not counted]* And those who are not counted anywhere, but would work if jobs were available.<sup>3</sup>

*[slide -- 31M total]* for a total of 31 million -- just under 20% of the real workforce.

*[slide -- title -- Unemployment Insurance]* What benefits do the unemployed receive?

*[slide]* 5.2 million receive regular jobless benefits<sup>4</sup>

*[slide]* And thanks to the stimulus bill, 5.5 million receive extended benefits.<sup>5</sup>

*[slide]* The rest -- 2/3 of the unemployed -- get nothing. These families face foreclosure, repossession, shutoffs, and hunger. Unemployment compensation, food stamps and other benefits must be expanded!

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1 All statistics in this section except where specified are from BLS seasonally adjusted series. Although unemployment (so far) has not quite reached the peak of the 1983 recession, the record long-term unemployment and the slowness of any recovery, combined with the unprecedented expulsion of millions of families from their homes, make this the worst recession. Most stats are for the 1st quarter of 2010.

2 Long-term unemployed refers to those out of work 6 months or more, and still actively looking for work.

3 See Appendix I for calculation of hidden unemployment

4 I.E., benefits under the state compensation system for up to six months

5 The Stimulus Bill (ARRA, passed 2/2009) provided Federal funding for extending benefits for up to 99 weeks total. These provisions expired March 1, 2010, were continued for 3 months, and at this writing (May 24) several bills in Congress would continue the extended benefits, possibly through 2010 -- but will not increase the limit of 99 weeks.

[slide -- who?] Who is unemployed?

[slide -- by race] Black unemployment is double the rate for whites, and Hispanic unemployment has had the largest percentage increase.<sup>6</sup>

[slide -- Youth1] At an age that is critical for integration into the workforce, official unemployment figures show young people are being left on the economic sidelines.

[slide -- Youth2] A conservative estimate of the real labor force for youth shows that 1/3 of white teens, 2/3 of Black, and half of Latino are unemployed.<sup>7</sup>

[slide -- program for jobs] A program for jobs in a green, 21st century economy

[slide -- Needed -- 22M] There is a shortage of 22 million full-time jobs.

[slide -- No Shortage] But there is no shortage of work that needs to be done:]

[slide --] repair and update existing infrastructure

[slide --] new infrastructure for a green economy

[slide --] Rebuild the social infrastructure by expanding public services

[slide -- title -- Rebuilding local infrastructure] The American Society of Civil Engineers gives our nation's infrastructure a grade of D.<sup>8</sup>

[slide -- ASCE] They propose a 5-year, program<sup>9</sup> of urgent projects for

- [slide] roads and bridges,
- [slide] water, sewage, solid waste,
- [slide] rail, mass transit,
- [slide] and other infrastructure

[slide -- total] that will create 4 million jobs!<sup>10</sup>

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6 BLS seasonally adjusted unemployment rates, averaged for the first 4 months of 2007 and 2010.

7 Official figures are average seasonally adjusted Feb thru April 2010, except for Latinos, which are not adjusted, and averaged for March and April. See Appendix I for methodology.

8 2009 Report Card for America's Infrastructure, <http://www.infrastructurereportcard.org/report-cards>

9 *ibid.* The program would cost \$2.2T, of which ASCE estimates \$1.1T is being spent, leaving about \$1.1T additional to be funded. Using their figures for individual categories, I found a net increase of \$235B per year for 5 years.

10 See appendix for calculation that \$235B translates to 4M jobs.

*[slide -- green economy]* Moving toward a productive, green economy<sup>11</sup> must be based on federal financing and a national industrial policy, with involvement of local communities to

- *[ Green Economy -- slide]* Transform the economy away from war, prisons and environmental destruction.
- *[slide]* Restrict the finance, real estate, and insurance industries which drain resources from useful activities.
- *[slide]* Rebuild real production and services to meet human needs.

*[slide - subway]* 88 cities are waiting for funds for light rail or subway projects.<sup>12</sup>

*[slide - traffic jam]* while half the population has no access to public transportation.<sup>13</sup>

*[slide - GM]* Abandoned auto plants could be converted to build

*[slide - busstop]* buses and subway cars for expanding service.

*[slide -- HSR]* We need a long-term commitment for development, manufacture and construction of a nationwide high-speed passenger rail network.

*[slide -- wind ]* Wind and solar energy could meet most US demand for electricity.<sup>14</sup>

*[slide -- solar]* The faster we produce these technologies, the less the damage from greenhouse gasses and other pollution.

*[slide -- fibre install]* Universal high-speed internet and renovation of public

*[slide -- ASU bldg]* buildings and housing for energy conservation, are part of a modern, green economy.

*[slide - Green Economy]* Together, green development will create 5.7 million jobs!

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11 See Appendix III for notes and explanations for this section

12 <http://ourfuture.org/blog-entry/2010051913/missing-green-rail-vision-mdmetro-dc-region>

"There are some 88 cities around the nation with [light rail/subway] projects ready to build within a 12-36 month time frame – if the funding were there."

13 [http://www.publictransportation.org/reports/asp/aging\\_stranded.asp](http://www.publictransportation.org/reports/asp/aging_stranded.asp)

14 <http://www.pnas.org/content/106/27/10933.full.pdf> -- wind power (not counting offshore) could provide 16X current US electricity consumption. <http://www.scientificamerican.com/article.cfm?id=a-solar-grand-plan> 40-year plan 2011-2050 for solar power in southwest to provide 69% of US electricity

*[slide --social infrastructure]* Education, health and other public services are being destroyed by layoffs and hiring freezes.<sup>15</sup>

- *[slide -Education]* Four year High School graduation rates are below 50% in some cities.
- *[slide - kids]* A 25% increase in teachers and support staff would help young people to develop their full potential and contribute to society.
- *[slide - Mass transit]* Anyone who has waited in the hot sun for a bus, or taken the NY subway at rush hour, understands the need to reverse cuts and expand mass transit service.
- *[slide -- youth]* Projects in youth work, public health, senior services,
- *[slide - natl park]* national parks, public recreation and biomedical research can improve the quality of life for all Americans.
- *[slide -- local govt]* Who hasn't wished for added hours or increased staff at their local post office, library or motor vehicles office? All government services can be improved with Federal funding to increase staff by 10%.

*[slide Rebuilding]* Rebuilding the social infrastructure will generate 11 million jobs. At least 3 million could be at work within 6 months -- if funds were available from Congress.

*[slide -- summary]* In any jobs program, purchase of equipment and supplies should go to states and cities with the

*[slide poverty]* highest unemployment and poverty like Hartford, Detroit, Cleveland, Philadelphia. Existing factories

*[slide -- factory]* and laid-off workers can produce new products, with meaningful affirmative action for African Americans, Latinos and other victims of discrimination; special programs for hiring youth and ex-offenders; with prevailing wages and the right to join unions.

*[slide]* Is this possible?

*[slide -- WPA highway]* In the 1930s, the Federal government employed millions of workers.

*[slide -- WPA courthouse]* Almost every community still uses schools, post offices,

*[slide -- bridge]* roads and parks that were built by agencies like the WPA and CCC,

*[slide -- CCC]* which employed over 4 million workers: equivalent to 12 million today!

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<sup>15</sup> See Appendix IV for notes on social infrastructure

*[slide -- Paying]* This program would cost one trillion dollars per year.<sup>16</sup> We can do that!

- *[slide]* Make Wall Street Pay with a financial transaction tax -- ~~\$150B~~<sup>17</sup>
- *[slide]* End the wars in Iraq & Afghanistan -- ~~\$200B~~<sup>18</sup>
- *[slide]* Tax the rich! -- ~~\$200B~~<sup>19</sup>
- *[slide]* Cut military spending -- ~~\$100B~~
- *[slide]* Expanded payrolls will increase tax collections and reduce benefit payments -- ~~\$150B~~<sup>20</sup>
- *[slide]* Companies providing equipment, supplies and services will invest in new facilities -- ~~\$200B~~

*[slide -- PAID]* That was easy!

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*[slide - action]* Take action!

*[slide -- good jobs]* The AFL-CIO, Jobs4AmericaNow coalition, and hundreds of other  
*[slide -- NHPC]* labor, civil rights, environmental and community organizations are  
*[slide -- save homes]* fighting for good jobs and a strong, green economy.

*[slide -- green jobs]* Bills pending in Congress will help to save and create jobs and protect benefits.

*[slide -- TTR]* They won't pass without a struggle. And the 2010 elections

*[slide -- reg ]* will determine whether we move forward or backward in the fight for jobs.

*[slide]* Join in this fight.

*[slide -- pww]* follow developments at [peoplesworld.org](http://peoplesworld.org), and sign up

*[slide -- cpusa]* for the action alerts at [cpusa.org](http://cpusa.org)

*[slide -- trailer]*

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16 Adding the estimated costs of the proposed programs comes to about \$960B -- close enough to \$1T!

17 <http://www.workingamerica.org/blog/tag/financial-transactions-tax/>

18 <http://www.nationalpriorities.org/2009/1/11/Cost-of-war-tallies-through-FY2010> Iraq+Afghanistan \$137B + \$30B for surge. I assume at least \$33B for other overseas military activity.

19 Based on 2007 SOI figures table 2 at <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=133414,00.html>. Incomes over \$1M paid \$314B in taxes, an overall rate of 25%. Increasing top marginal rate to 70% **and** applying it to all income should at least double that, raising an additional \$313B. But 2007 was a top year for high income earnings. So we have only assumed an additional \$200B.

20 Very rough and conservative estimate. Assume 2/3 of \$1T is spent directly or indirectly in wages. Of that 7.5% is employee payroll tax, 2.5% is private employer payroll tax, estimate 5% goes to federal income tax, for \$100B. Add \$10B for taxes on corporate profits, and \$40B for savings on unemployment comp, food stamps, medicaid, etc.

## Appendix I -- Jobs and Unemployment

All of the statistics published by the BLS are based on a monthly household survey. There are some key definitions in this survey:

- **Employed** -- Those who have worked in the last period (2 weeks?) even if only for 1 hour.
- **Labor Force** -- Those who are employed, or have actively looked for work in the last period.

Their most commonly cited definition of **unemployed** is those who are in the labor force and not employed. The BLS also asks additional questions, and publishes a count of **involuntary part-time** workers because full-time work is not available. They also count **marginal workers** -- those not in the labor force (because they are not actively looking for work) but who say they would work if a job was available. These categories are all shown in the slides.

Despite their best efforts, there are a number of technical reasons to think that the BLS undercounts the marginal workers. So I add a category I call **hidden unemployed**. This is calculated by assuming the peak labor force participation rate (LFPR) before the 2001 recession represents the real LFPR that would obtain if jobs were freely available. This LFPR is applied to the civilian population. Hidden unemployed are those not in any other category of employed or unemployed, providing a rough estimate. This method is also applied to teen unemployment, where the peak LFPR for white teens is used as the benchmark.

## Appendix II -- Relationship between spending and jobs

Robert Pollin and Dean Baker, in a paper published by the Political Economy Research Institute at UMASS Amherst --

[http://www.peri.umass.edu/fileadmin/pdf/published\\_study/spending\\_priorities\\_PERI.pdf](http://www.peri.umass.edu/fileadmin/pdf/published_study/spending_priorities_PERI.pdf) -- define three types of employment flowing from increased spending.

1. Direct employment -- Workers directly employed in a project, e.g., construction workers building a subway or installing wind turbines, or production workers building subway cars or wind turbines, or teachers in a classroom.
2. Indirect employment -- Workers in the supply chain, e.g., producing steel, glass or cement for construction projects, or parts and supplies used in production and construction, or transporting materials and supplies to worksites.
3. Induced employment -- Workers employed throughout the economy -- including retail workers, restaurant workers, and production workers -- as a result of the spending generated by the paychecks of workers directly and indirectly employed.

***Within the body of this report, all figures for jobs created reflect the total jobs -- the sum of direct, indirect and induced.***

Pollin and Baker provide estimates of employment in each category for each billion dollars spent, for different types of spending:

	<b>direct</b>	<b>indirect</b>	<b>induced</b>	<b>total</b>
Military	7,100	1,800	2,700	11,600
Clean Energy	7,500	4,700	4,900	17,100
Health Care	10,400	3,600	5,600	19,600
Education	16,900	3,900	8,300	29,100

For this report, I assumed that all physical infrastructure projects follow the *clean energy* pattern and all social infrastructure follow the *education* pattern. For most of the physical infrastructure categories, I used the cost estimates to calculate the number of jobs produced. For most of the social infrastructure projects, I used the number of workers needed to calculate the costs.

## Appendix III -- Jobs for a Green Economy

This short section cannot provide a full program for a green, productive economy. Such a program would have to include, in each major area (eg, high speed rail, mass transit, green energy) a comprehensive, long-term plan and commitment. In order to make worthwhile investment in research, development and production of wind turbines, solar cells, light rail and subway cars, and clean efficient buses, for example, it is necessary to know that there will be a steady demand for an extended period of years. This should be in the context of an overall plan which targets new production and growth in areas where there is high unemployment and poverty, existing underutilized industrial plant and housing. Growth should also be prioritized in regions that are environmentally sustainable -- e.g., where there are adequate supplies of fresh water.

This section applies the model described in Appendix I to convert between jobs created and cost.

The following major categories of jobs for a green economy, suggested in this program, are:

**Mass transit** -- this refers to new capital expenditures, not existing operations. According to <http://ourfuture.org/blog-entry/2010051913/missing-green-rail-vision-mdmetro-dc-region>, "There are some 88 cities around the nation with [light rail/subway] projects ready to build within a 12-36 month time frame -- if the funding were there." I roughly estimate this would cost \$20B/year for 5 years. This is based on the New York MTA's capital plan [http://www.mta.info/news/pdf/cap10/exec\\_summary.pdf](http://www.mta.info/news/pdf/cap10/exec_summary.pdf). It allocates \$6B over 5 years for network expansion, but reading the report makes it clear the MTA could easily use \$20B over 5 years to implement its long-term expansion plans at an accelerated rate. So nationally, the 88 cities could easily make use of \$100B over 5 years. Pollin and Baker, in [http://www.peri.umass.edu/fileadmin/pdf/working\\_papers/working\\_papers\\_201-250/WP211.pdf](http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_201-250/WP211.pdf), propose upgrading and expanding the fleet of busses at a cost of \$8.5B/year for 5 years.

According to [http://www.prospect.org/cs/articles?article=from\\_mass\\_transit\\_to\\_new\\_manufacturing](http://www.prospect.org/cs/articles?article=from_mass_transit_to_new_manufacturing), For subway cars, only final assembly (10%) is done in the US. Similar lack of capacity also exists in light rail and bus manufacture. So \$4.5B/year is arbitrarily assigned to R&D and construction and equipping of production and maintenance facilities. This brings total mass transit cost to \$33B/year, producing 560K jobs total.

**High Speed Rail (HSR)** -- There were \$57B in requests for the \$8B available in ARRA for High Speed Rail (HSR). Those requests were filed at short notice, in the absence of a comprehensive national plan. It can be assumed that at least twice that (total of \$100B) above existing funds would be needed to even begin nationwide a HSR network. Peak 1-year spending would be \$20B. This would include capital expenditures for R&D and construction of needed production facilities. \$20B/year translates into 340K jobs.

**Renewable Energy** -- Pollin & Baker, op. cit., report that to fully develop wind power in the Great Lakes alone would cost \$0.5T-\$1T over 10 years. If we add in other wind development, and all kinds of solar research, development and deployment, \$1.5T over 10 years is reasonable, with an average of \$150B per year, which translates to 2.6 million jobs.

**High Speed Internet** -- The US is far behind countries like Japan, South Korea, Sweden and Finland in both cost and speed of internet service. The government of Australia, a much smaller country, is investing \$30 billion over 8 years to bring high speed internet to 90% of homes. A comparable effort in the US would spend \$15B/year for 5 years, creating 240K jobs.

**Renovation of public buildings and housing** for energy efficiency and conservation and other needed maintenance. The Current Employment Survey (BLS) reveals that over 2M construction jobs have been lost since 2006. Spending \$120B/year would directly employ 900K construction workers, and create a total of 2 million jobs.



## Appendix IV -- Social Infrastructure

**Education** -- [http://www.usatoday.com/news/education/2006-06-20-dropout-rates\\_x.htm#grad](http://www.usatoday.com/news/education/2006-06-20-dropout-rates_x.htm#grad) reports that 2002-2003 overall 4-year graduation rate was 70%, with many cities less than 50%. The situation is unlikely to have improved dramatically. Note that the 4-year rate does not include those who get left back, or get GEDs, or otherwise complete a HS education in more than 4 years -- but it is a good indicator of deficiencies in the regular education system. For this program, we propose a 30% increase in all public education personnel in K-12, in order to provide teachers and support staff, especially in the poorest districts, to reduce class sizes and provide a full range of arts, athletics and other enrichment programs. Part of this "increase" will make up for the layoffs and hiring freezes that have already taken place. Also proposed is a 25% increase in public higher education, to provide training for engineers, technicians, teachers, and other workers needed by the overall jobs program. The BLS employment report (CES) shows about 8M employed in local education and 2.4M in state education. The increase would directly employ 3 million. Using the formula in Pollin and Baker, that translates to 5 million total jobs, at a cost of \$178B

**Mass Transit** -- This refers to adding staff (bus drivers, maintenance, etc.) to fully utilize existing facilities, as opposed to the capital projects outlined in the previous sections. This goes beyond simply restoring recent cuts, as described in the Village Voice: <http://www.villagevoice.com/2010-05-11/columns/mass-transit-cuts-leave-passengers-stranded/> "Already this year, San Francisco has cut its service by 10 percent; Chicago by 18 percent; Atlanta sliced 30 percent of its buses and trains; Detroit slashed almost a third of its entire system. Here in New York, we are losing two entire subway lines and a couple dozen bus routes. Some 1,300 station agents and cleaners are due to be laid off." We propose 500K additional mass transit staff, for a total 860K jobs, at a cost of \$30B.

**Other social services** (youth, senior, public health) -- assume 1.3 million additional direct jobs, which translates into 2.24M total jobs at a cost of \$77B

**Biomedical research, parks&recreation** -- assume 500K direct jobs each, for combined 1.7M total jobs at cost of \$59B.

**Government** -- Excluding education workers (discussed earlier), there are about 12 million federal, state and local government workers. The proposal is for federal funding for an average 10% increase in staff in all departments. Especially with several years of cut-backs and hiring freezes, it is hard to imagine any government agency that could not provide improved services with a 10% staff increase. In fact, this is probably quite conservative. This provides 1.2M direct jobs, 2.1M total jobs, at a cost of \$71B. This does not really duplicate the the jobs in the previous two categories. They mainly provide for expansion or new services -- this 10% increase is for improving the quality of existing services.

Total for social infrastructure is 11.3M jobs at cost of \$388B. Obviously, there are many categories that could be added. This section simply gives a rough idea of what would be possible.

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