WORK, EMPLOYMENT AND THE PUBLIC GOOD: AN ESSAY ON THE POTENTIALS OF PUBLIC SERVICE EMPLOYMENT

by

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Work, Employment and the Public Good: An Essay on the Potentials of Public Service Employment

Thesis directed by Professor Suzanne Wiggins Helburn

This thesis proposes a solution to two problems: people, able and willing to work, who are unable to find meaningful jobs, and the lack of certain public services. The proposed solution is for the federal government, in conjunction with state and local governments, to provide needed public services by utilizing the manpower available in the pools of the unemployed, the underemployed, and the secondary labor force, including welfare recipients who are able and willing to work. This public service employment would consist of meaningful jobs with chances for advancement and a pay scale which would provide a decent standard of living for all those employed. Such a program of coordination of the problems of unemployment (especially unemployment which results in poverty) and the need for public services will result in positive short term social benefits and long term social and economic benefits.

The thesis is divided into chapters, each dealing with a particular aspect of the problem or the proposed solution. Chapter I is a rationale for the choice of employment (work) as the vehicle for achieving some of this nation's goals, notably the goal of eliminating poverty. Chapter II is a précis on poverty,

analyzing some of the causes of poverty, the kinds of poor who could be helped by a program of employment, and some of the problems which would be encountered by employing the poor. Chapter III delves into the types of unemployment, pointing out the characteristics of those workers who would be most interested and most helped by a program of public service employment. Chapter IV discusses the forces which go into determining the labor force participation rates for different demographic groups. These trends make it possible to estimate roughly the numbers of people who would be interested in public service employment.

Chapters II, III, and IV, in a broad sense, form a unit concerned with the possible supply of public service employment workers. Chapter V deals with the demand side of public service employment. It suggests types of services which are needed in the United States and, in some cases, guidelines for the number of people needed in order to supply these services.

Chapter VI is a brief historical summary of some of the public employment programs which form a basis and precedent for this proposal of public service employment. The emphasis is on programs of the 1930's and the 1960's. The final chapter, Chapter VII, is a proposal for public service employment and an evaluation of it. Some parts of the proposal are specific, in order to answer specific criticisms of previous public employment programs. Other parts of the proposal are more general and offer great

latitude for other ideas. There is no pretense that this is a final solution for the problems of poverty, unemployment, and the need for more services; it serves as a contribution toward the continuing debate over solutions to these problems.

This abstract is approved as to form and content.

Signed Suzanne W. Helburn
Professor Suzanne Wiggins Helburn

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INTRODUCTION

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CHAPTER I

WORK

In the United States and other developed countries there has been a great deal of debate on the question of "Is work necessary?" If the only criterion is physical productivity, the answer is no. By 1960, slightly more than half of the employed population in the United States were engaged in agriculture, extractive industries, and manufacturing combined. With only one-half of the labor force engaged in the production of all goods, the United States can certainly afford to have some people not working at all. To propose a program whereby employment can be extended to the unemployed, an assumption has to be made that work serves some end other than physical productivity.

People Believe in Work

One justification for this assumption is that people believe in work. Sigmund Freud said that, "The communal life of human beings had a two-fold foundation: the compulsion to work, which was created by external necessity, and the power of love. . . . Eros and Ananke have become the parents of human civilization. . . ."[1] Freud, in saying that the compulsion to work was created by external necessity, was suggesting that the reason for working was extrinsic to work itself. However, many other literary references have extolled the intrinsic worth of work.

"Work is the sustenance of noble minds."[2] "Employment is nature's physician, and is essential to human happiness."[3] "All work, even cotton-spinning, is noble; work is alone noble. . . . A life of ease is not for any man, nor for any god."[4] "Work is love made visible."[5] The thrust of these statements is that work has validity independent of getting a living.

Numerous studies have indicated that the reasons people work fall into two categories: monetary reasons and motivational reasons. Monetary reasons are obvious, although less so in a society that has a commitment that at least the necessities of life will not be denied to anyone. The existence of this aura of social security places increased importance on motivational reasons for work. A study by Nancy C. Morse and R. S. Weiss gives credence to the importance of motivational reasons for many workers.[6] They surveyed workers in different occupations to discover how many would continue to work after receiving a large inheritance. The percentages who said they would continue to work ranged from 91 per cent of sales personnel to 58 percent of unskilled workers. Although this survey has not been validated by corollary studies, it does suggest that many people value work as something more than merely getting a living.

The nonmonetary reasons for work fall into four broad categories: a need for self-esteem, a need for identification within the society, a need for activity, and a need for creativity.[7] Leonard Goodwin, in his study Do the Poor Want to Work?[8], demonstrated the validity of motivational reasons for work even among welfare recipients, the group popularly thought to be

devoid of a desire to work. In his study, statements such as "I feel good when I have a job," "Getting recognition for my own work is important to me," "To me, it's important to have the kind of work that gives me a chance to develop my own special abilities," and "To me, gaining the increased respect of family and friends is one of the important rewards of getting ahead in an occupation," generated very positive responses.[9]

People Do Work

People not only say that they believe in work--they prove it by working. Out of 126,963,000 people between the ages of 16 and 64 in 1972, 88,991,000 people, 70 percent, were in the labor force.[10] When institutional population and housewives are subtracted from the working-age population, the percentages in the labor force are much higher.

In studies of labor force participation, there has been a debate over the relative importance of the discouraged worker effect versus the additional worker effect of unemployment. The discouraged worker effect says that when the unemployment rate rises, many job seekers become discouraged with the lack of available jobs and leave the labor force. The additional worker effect says that when the unemployment rate rises and heads of families lose their jobs, other members of the family will enter the labor force in an attempt to tide the family over the difficult period. Both effects indicate an availability of more workers than there are presently in the labor force. Discouraged workers are people who want to work but have been unable to find

jobs and, consequently, have left the labor market. On the other hand, the fact that people will work if conditions warrant it, the additional worker effect, also indicates a commitment to the concept of work, at least relative to other forms of getting money, such as stealing and welfare. Recent research has tried to determine the relative importance of the discouraged worker effect vis-à-vis the additional worker effect, especially among married women, the largest component of both discouraged workers and additional workers. Although both effects are operative, this research has concluded that the discouraged worker effect is larger than the additional worker effect.[11] For every one percent increase in unemployment, there is a .94 percent decrease in married women between the ages of 25 and 54 in the labor force and a .93 percent decrease in married women between the ages of 55 and 64.[12] Other groups are also sensitive to changes in unemployment: for a one percent increase in unemployment, there is a 1.27 percent decrease in the labor force participation rate by males between 55 and 64, a 1.34 percent decrease by males over 65,[13] a 3.27 percent decrease by males ages 16-17 not in school, a 1.85 percent decrease in males ages 18-19 not in school, and a .44 percent decrease by males ages 20-24 not in school.[14] The implication inherent in these statistics is that, as the unemployment rate rises, fewer jobs are needed to maintain each level of unemployment since the labor force is contracting. Conversely, as the unemployment rate falls, a larger percentage of jobs will be needed as discouraged workers enter or re-enter the labor force. (A more complete survey of the literature is in Chapter III.)

An indication of the popularity of working is the number of married women who work, even those who theoretically do not need to for income reasons, for example, wives of men in the upper-income levels. Although the labor force participation rate of married women varies directly with the amount of other family income up to $15,000,[15] in 1960, 35.1 percent of married women in families with income of over $15,000 worked at least part of the year.[16] Furthermore, the participation rate of these women is rising;

> ". . . the participation rate of married women appears to have risen somewhat faster among those married to men in higher-income brackets. While economic necessity probably continues to be the major reason married women work, many in middle- and upper-income families today work to raise the family's standard of living or for personal satisfaction."[17]

Beyond labor force participation, the rate of participation in volunteer work also indicates a commitment to work. Of the total civilian noninstitutional female population in families with income of $15,000 and over, 42.5 percent did volunteer work sometime during 1965.[18]

Another group that theoretically does not need to work for monetary reasons is welfare recipients, who often lose money by working. Leonard Goodwin, in his study, ascertained that welfare recipients do have a commitment to work. In his study, the term "work ethic" was strictly defined as attitude toward work, a belief that work led to self-development, and a belief that one's efforts in the work world led to success.[19] A person had a strong commitment to the work ethic if he scored close to four on a one-to-four scale on questions concerning these attitudes and beliefs. Scores

by all groups ranged from 3.16 by white outer-city sons to 3.53 by black outer-city fathers; all welfare groups fell in between these two extremes.[20] An indirect bit of evidence of a commitment to the concept of work by welfare recipients is the finding by William G. Bowen and T. Aldrich Finegan that there is no significant association between public welfare expenditures per capita and labor force participation rates of prime-age males who are on welfare.[21] For example, Chicago pays higher welfare payments than does Atlanta but the labor force participation rates are similar in the two cities. Differences in the costs of living in the two cities are not large enough to form the explanation for the similar labor force participation rates. This suggests that welfare recipients who are working work for reasons other than income, since monetary reasons (level of welfare payments) differ between areas. Other studies, based on participation/observation in contrast to Goodwin's survey study, are more pessimistic about the poor's commitment to work, but they qualify their pessimism. Elliot Liebow, admitting that the actions of the men he studied indicate a lack of commitment to work, adds that "For his part, the streetcorner man puts no lower value on the job [available to him] than does the larger society around him."[22] Lee Rainwater, another observer of the work behavior of the poor, makes the observation that the poor fail at work under normal labor market conditions because they are often unable to make the transition from street behavior to behavior acceptable on the job rapidly enough to avoid losing the job.[23] Each successive job failure makes it less likely that they will try

again, even though their commitment to the concept of work may remain the same.

Society Believes in Work

Another motive for work is that, in the United States, society as a whole expects people to work. In the 1800's, when most relief work was carried on by private charities, work was an important part of the program. Many agencies had wood piles and sewing rooms so that applicants for aid could prove their worthiness.[24] During the recession of the 1890's, large-scale work projects were devised as a way of giving "deserving" indigent men a sense of independence and self-respect.[25] There were a few government-sponsored work relief programs prior to the 1930's; none of these were on a national scale. The first known public works program in the United States undertaken specifically to provide employment was during the economic slump of 1857-58 in New York City after the unemployed marched on the city hall demanding "work or bread."[26] The project did not get underway until the crisis was almost over. New York tried another, more extensive work program during the business decline of 1914-15 and again found the effects of the program discouraging.[27] Other cities which tried work relief programs prior to 1930 were Bridgeport, Connecticut in 1923, and Cincinnati in 1929, with varying degrees of success.[28]

There were two main reasons why work relief programs were not very popular. The first is that the results were disappointing. It was difficult to find projects which did not compete directly

with private industry and this period is characterized by a political philosophy that severely restricted government's role in maintaining the economic welfare of its citizens. Governor Flower of New York, during the recession of 1893-94, turned down a request for a state-wide public works program on the grounds that such a program would inevitably lead to further paternalism on the part of government.[29] Work relief projects that did exist often entailed heavy outdoor work which was not suitable for many who were unemployed. The projects were generally not well planned and many did not get started until the economic slump had waned. Another argument against public work relief has been more philosophical. Relief in any form was thought to be debilitating to the moral character of the recipient. For example, Josephine Shaw Lowell, a social reformer, gave four reasons for denying relief, in which she used phrases such as ". . .all that is bestowed will often be wasted in riotous living, . . .no man can receive as a gift what he should earn by his own labor without moral deterioration, . . .once obtained [relief] is so easy a way of getting a living, that far larger numbers [will] demand and receive it. . . ."[30] Mrs. Lowell was not against work; she merely felt that those who were unemployed could not possibly share her commitment to work. Mrs. Lowell was not alone. The gospel of work was proclaimed by "self-help" evangelists throughout America, whether or not there were jobs.

In the 1930's, when the unemployment rate rose to 24.9 percent of the labor force, it was more difficult to believe as Mrs. Lowell did. During the depression of the 1930's, many Congressional acts embodied the idea that our society was committed

to work. Hoover urged employers to keep employees off the dole by spreading available work among them. New Dealers such as Harry Hopkins, Frances Perkins, Raymond Moley, Rexford Tugwell, and Eleanor Roosevelt all sought viable alternatives to the dole. The National Industrial Relations Act, through its codes which set the forty-hour work week, was acting on the principle that if the number of hours per employee were cut down employment would rise. The Fair Labor Standards Act, by setting standards of hours, continued the idea of sharing the work. The Social Security Act, with its unemployment compensation component, also indicated a belief in work; its purpose was not to sustain those who do not work, rather it was for those who were between jobs. Of course, the most concrete evidence of society's belief in work were the programs which directly provided work: the Works Progress Administration, the Civil Works Administration, the Civilian Conservation Corps, and the National Youth Administration.

The Employment Act of 1946 formalized the federal government's commitment to the goal of maintaining a healthy economy via maximum employment. Section Two of the Act, "The Declaration of Policy," states that:

> The Congress hereby declares that it is the continuing *policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations* and other essential considerations of national policy with the assistance and cooperation of industry, agriculture, labor, and State and local government, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power."[31]

The authors of this act felt that not only was maximum employment desirable in and of itself but also that high levels of production could not be maintained without maximum employment.[32]

This act, together with the recognition of structural unemployment as opposed to frictional unemployment, has served as the rationale for more recent "employment" acts. The Area Redevelopment Act of 1961, the Manpower Development and Training Act of 1962, and the Economic Opportunity Act of 1964 represent this commitment. The ARA's target was unemployment in chronically depressed areas, MDTA broadened coverage to unemployed heads of families with previous labor force attachment, and one of the goals of the EOA's variety of programs was to eradicate all structural unemployment. Underlying all these programs is the idea that people will work if jobs are available and, more importantly, that people ought to work.

Summary

Work, in a subsistence society, is necessary for survival. Man must work to provide himself with food, clothing, and shelter. As societies become more advanced, a smaller percentage of the people are engaged in the production of these survival requirements. In the United States today, less than half the labor force produces all the goods. In order to justify expanding the labor force in such a society, motivations other than survival must come into play. In the United States, there are at least three nonproduction-oriented justifications: people voice a belief in the concept of work, most people over the age of sixteen do work for a wage or salary, and the society itself has manifested a belief in the worth of work.

FOOTNOTES TO CHAPTER I

[1]Sigmund Freud, "Civilization and Its Discontents," Standard Edition of the Complete Psychological Works, Vol. 21, pp. 64-165, quoted in Walter S. Neff, Work and Human Behavior (New York: Atherton Press, 1968), p. 88.

[2]Seneca, Epistulae ad Lucilium, Ep. xxxi.

[3]Claudius Galenus.

[4]Thomas Carlyle, Past and Present, Bk. iii, Ch. 4.

[5]Kahlil Gibran, The Prophet.

[6]Nancy C. Morse and R. S. Weiss, "The Function and Meaning of Work and the Job," American Sociological Review (1955), p. 197.

[7]Victor H. Vroom, Work and Motivation (New York: John Wiley and Sons, Inc., 1964), pp. 36-42; and Neff, Work and Human Behavior, p. 84.

[8]Leonard Goodwin, Do the Poor Want to Work?: A Social-Psychological Study of Work Orientations (Washington, D. C.: The Brookings Institution, 1972).

[9]Goodwin, Do the Poor Want to Work?, p. 28.

[10]Derived from Economic Report of the President, Transmitted to the Congress, January, 1973.

[11]William G. Bowen and T. Aldrich Finegan, The Economics of Labor Force Participation (Princeton, New Jersey: Princeton University Press, 1969), p. 184; and Seymour L. Wolfbein, Employment and Unemployment in the United States: A Study of the American Labor Force (Chicago: Science Research Associates, Inc., 1964), p. 238.

[12]Bowen and Finegan, Labor Force Participation, p. 343.

[13]Ibid.

[14]Ibid., p. 423. The t-Values of all the net regression coefficients in this paragraph are significant at the one percent level.

[15]Ibid., p. 133.

[16]Wolfbein, Employment and Unemployment, p. 240.

[17]U. S., Department of Labor, Bureau of Labor Statistics, Marital and Family Characteristics of Workers, March, 1960, by J. Shiffman, Special Labor Force Report No. 13 (Washington, D. C.: Government Printing Office, 1961), p. 7.

[18]U. S., Department of Labor, Manpower Administration, Americans Volunteer, by Phyllis Groom, under the direction of Mary Bedell, Manpower/Automation Research Monograph No. 10 (Washington, D. C.: Government Printing Office, 1969), p. 30. Another factor in explaining volunteerism is a feeling of sociability or social commitment. However, the fact that many people are willing to donate work shows a belief in the worth of work.

[19]Goodwin, Do the Poor Want to Work?, p. 15.

[20]In this study, a significant difference was considered to be .33. The difference between welfare and nonwelfare mothers was .24, the difference between welfare and nonwelfare fathers was .25, and the difference between welfare and nonwelfare sons was .17. Outer-city refers to those living outside the center core of the city.

[21]Bowen and Finegan, Labor Force Participation, p. 71.

[22]Tally's Corner: A Study of Negro Streetcorner Men (Little, Brown, 1967), p. 57.

[23]"Work and Identity in the Lower Class," in Planning for a Nation of Cities, ed. by Sam Bass Warner, Jr. (Cambridge, Massachusetts: The M. I. T. Press, 1966), p. 123.

[24]Frank R. Breul, "Early History of Aid to the Unemployed in the United States," in In Aid of the Unemployed, ed. by Joseph M. Becker, S. J. (Baltimore, Maryland: The John Hopkins Press, 1965), p. 14.

[25]Ibid.

[26]Ibid., p. 10.

[27]Joanna C. Colcord, assisted by William C. Koplovitz and Russell H. Kurtz, Emergency Work Relief: As Carried Out in Twenty-Six American Communities, 1930-1931, with Suggestions for Setting Up a Program (New York: Russell Sage Foundation, 1932), p. 12.

[28]Ibid., p. 13.

[29]Samuel Rezneck, "Unemployment, Unrest, and Relief in the United States during the Depression of 1893-97," Journal of Political Economy, XLI (August, 1953), pp. 324-45.

[30]Public Relief and Private Charity, quoted in Breul, "Early History of Aid," p. 12.

[31]Employment Act of 1946, Statutes at Large, LX, Part 1, 23 (1946).

[32]Stephen Kemp Bailey, Congress Makes a Law: The Story Behind the Employment Act of 1946 (New York and London: Columbia University Press, 1950), p. 17, p. 45, p. 47.

CHAPTER II

POVERTY

Few today would agree with Bernard De Mandeville[1] that the poor are the most contented among us; most would disagree that poverty is a fitting, although insufficient, punishment visited upon those who are morally inferior. Poverty has been looked upon by some authors of fiction as an instrument for developing high moral character in the persons lucky enough to be poor. For example, most of Horatio Alger's heroes are poor but noble. Others, such as Hamlin Garland, recognize poverty as an institution promoting personal degradation. Disciplines other than literature offer alternative definitions. Robert Hunter, an early social worker-sociologist, explained poverty, "To live miserable we know not why, to have the dread of hunger, to work sore and yet gain nothing,--this is the essence of poverty."[2] A more recent sociologist, Nathan Glazer, feels that poverty can only be viewed as a product of the society in which it occurs and each society, because of its different population and institutions, defines poverty for itself.[3] Oscar Lewis, an anthropologist, defines poverty as a culture, replete with its own set of structures, rationales, and defense mechanisms.[4] Warren C. Haggstrom defines poverty in psychological terms--it is a feeling of powerlessness in one's efforts to control one's own life or to change the institutions which effect one's life.[5]

Economic Definition of Poverty

Economists have their own set of definitions. The Council of Economic Advisors in The Economic Report of the President, January, 1964, defined the poor as "those who are not now maintaining a decent standard of living--those whose basic needs exceeds their means to satisfy them;"[6] the advisors set $3,000 as the poverty income level. Many economists disagreed with this figure. Rose D. Friedman, using a nutritive adequacy definition of poverty, felt that the poverty line should be set at $2,200 in 1962 prices.[7] Leon Keyserling estimated that annual income below $4,000 in 1962 prices was stark poverty, and income below $6,000 represented deprivation.[8] In 1964, the Social Security Administration designed a more rigid definition of poverty. It provided an index listing a range of poverty income cutoffs adjusted by such factors as family size, sex of the head of the family, number of children under eighteen years old, and farm-non-farm residence. Underlying this definition was the concept of a nutritionally adequate food plan, designed by the Department of Agriculture, for low-income families. The actual dollar point of poverty was based on the cost of the food items in the food plan, and thus, in a sense, was a continuously changing poverty level.[9] In 1969, a Federal Interagency Committee modified the definition of poverty level by changing the base from price changes in the food to changes in the Consumer Price Index. The reasoning behind the change was that changes in food prices did not adequately reflect general changes in the overall cost of

living.[10] Using this definition, see Table I for the nonfarm poverty levels, by size of family.

TABLE I

AVERAGE THRESHOLDS AT THE POVERTY LEVEL IN 1969, BY SIZE OF FAMILY

Number of family members	Poverty level
1	$1,840
2	2,383
3	2,924
4	3,743
5	4,415
6	4,958
7	6,101

SOURCE: U. S., Bureau of the Census, Current Population Reports, Series P-60, No. 76, "24 Million Americans--Poverty in the United States: 1969," Washington, D. C.: Government Printing Office, 1970, p. 18.

An official, operational definition of poverty is important for several reasons. Its existence makes it possible to count the poor. Without a standard method of counting the poor, it is impossible to design a meaningful program aimed at eliminating poverty. Even if the solution is a form of the negative income tax, fiscal and monetary responsibility dictates that some notion of numbers, and therefore costs, be available. Knowing the number and concentrations of the poor will suggest remedies. If there is a large concentration of the poor in Appalachia, perhaps area redevelopment should be tried. If there are large numbers of blacks who are poor, a solution may be in efforts to eliminate racial discrimination. Beyond suggesting programs, a method for counting the poor is necessary in order to assess programs. If

one-third of the families in an area redevelopment program are poor at the beginning of the program and one-third are poor at the end of the program, a reevaluation of the program seems imperative. An operational definition of poverty also will tend to keep the focus of anti-poverty programs on the poor. The Social Security Act of 1935 is a case in point. Although originally designed, in part, to help elderly people and disabled workers who were poor or liable to be poor, the result has been aid for almost all elderly people and disabled workers, regardless of need.

Characteristics of the Poor

Many believe that the Bible was correct in its observation, "Ye have the poor with you always," and point to the fact that there will always be the lowest fifth in income distribution. They point to the fact that poverty is relative, both within our own history and in comparison to other countries. This viewpoint would be more tempting if poverty were randomly distributed; if, for example, sixteen percent of the population was below the poverty level, this also meant that sixteen percent of all people over 65 years old were poor, sixteen percent of all blacks were poor, sixteen percent of all whites were poor. This is not the case; those over 65 and under 24, those with an eighth grade education or less, female heads of households, nonwhites, and those with farm residences have a much greater chance of being poor than one out of ten. Tables II and III show the incidence of poverty according to selected characteristics.

TABLE 11

SELECTED CHARACTERISTICS OF ALL FAMILIES AND OF POOR FAMILIES, 1969 (In Thousands)

Selected characteristic	Number of families		Percent of total		Incidence of poverty[a]
	All	Poor	All	Poor	
Total, 14 years and over	51,143	5,461	100.0%	100.0%	10.7%
Age of head					
14-24 years	3,566	569	7.0	10.4	16.0[b]
25-44	21,345	2,054	41.7	37.6	9.6
45-64	19,206	1,484	37.6	27.2	7.7
65 and over	7,027	1,354	13.7	24.8	19.3[b]
Education of head					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.4[b]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sex of head					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Labor force status of head[c]					
Not in labor force	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employed	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unemployed	[illegible]	206	2.1	3.8	18.9[b]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.8
Color of family					
White	45,734	3,920	89.4	71.8	8.6
Nonwhite	5,409	1,541	10.6	28.2	28.5[b]
Children under 18 years in family					
None	21,656	1,984	42.3	36.3	9.2
1-3	24,204	2,279	47.3	41.7	9.4
4 or more	5,282	1,197	10.3	21.9	22.7[b]
Earners in family					
None	4,654	2,155	9.1	39.5	46.3[b]
One	20,385	2,310	39.9	42.3	11.3[b]
Two or more	26,104	995	51.0	18.2	3.8
Type of residence					
Metropolitan area	34,981	2,934	68.4	53.7	8.4
Central city	15,850	1,728	31.0	31.6	10.9[b]
Suburban ring	19,121	1,206	37.4	22.1	6.3
Outside metropolitan area	16,162	2,526	31.6	46.3	15.6[b]

TABLE II

SELECTED CHARACTERISTICS OF ALL FAMILIES AND OF POOR FAMILIES, 1969 (In Thousands)

Selected characteristic	Number of families		Percent of total		Incidence of poverty[a]
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Total, 14 years and over	51,143	5,461	100.0%	100.0%	10.7%
Age of head					
14-24 years	3,566	569	7.0	10.4	16.0[b]
25-44	21,345	2,054	41.7	37.6	9.6
45-64	19,206	1,484	37.6	27.2	7.7
65 and over	7,027	1,354	13.7	24.8	19.3[b]
Education of head					
8 years or less	13,667	2,784	26.7	51.0	20.4[b]
9-11	9,966	1,198	19.5	21.9	12.0[b]
12	15,113	994	29.6	18.2	6.6
More than 12	12,397	484	24.2	8.9	3.9
Sex of head					
Male	45,628	3,670	89.2	67.2	8.0
Female	5,515	1,790	10.8	32.8	32.5[b]
Labor force status of head[c]					
Not in labor force	9,062	2,816	17.7	51.7	31.1[b]
Employed	40,133	2,367	78.5	43.5	5.9
Unemployed	1,089	206	2.1	3.8	18.9[b]
In armed forces	825	56	1.6	1.0	6.8
Color of family					
White	45,734	3,920	89.4	71.8	8.6
Nonwhite	5,409	1,541	10.6	28.2	28.5[b]
Children under 18 years in family					
None	21,656	1,984	42.3	36.3	9.2
1-3	24,204	2,279	47.3	41.7	9.4
4 or more	5,282	1,197	10.3	21.9	22.7[b]
Earners in family					
None	4,654	2,155	9.1	39.5	46.3[b]
One	20,385	2,310	39.9	42.3	11.3[b]
Two or more	26,104	995	51.0	18.2	3.8
Type of residence					
Metropolitan area	34,981	2,934	68.4	53.7	8.4
Central city	15,850	1,728	31.0	31.6	10.9[b]
Suburban ring	19,121	1,206	37.4	22.1	6.3
Outside metropolitan area	16,162	2,526	31.6	46.3	15.6[b]

TABLE III

SELECTED CHARACTERISTICS OF ALL UNRELATED INDIVIDUALS AND OF POOR UNRELATED INDIVIDUALS
(In Thousands)

Selected characteristic	Number of individuals		Percent of total		Incidence of poverty[a]
	All	Poor	All	Poor	
Total, 14 years and over	15,975	5,896	100.0%	100.0%	36.9%
Age					
14-24 years	2,543	1,235	15.9	20.9	48.6[b]
25-44	3,07[illegible]	[illegible]	19.2	8.5	16.4
45-64	4,685	1,279	29.3	21.7	27.3
65 and over	[illegible]	[illegible]	[illegible]	[illegible]	50.7[b]
[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	53.1
[illegible]	[illegible]	1,000	16.6	17.0	37.7
[illegible]	3,659	949	22.9	16.1	25.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25.3
Sex					
Male	6,394	1,887	40.0	32.0	29.5
Female	[illegible]	[illegible]	[illegible]	[illegible]	41.8[b]
Labor force status[c]					
Not in labor force	7,284	4,366	45.8	75.0	59.5[b]
Employed	[illegible]	[illegible]	[illegible]	22.4	16.0
Unemployed	402	[illegible]	[illegible]	[illegible]	35.6
In armed forces	98	14	0.6	0.2	14.3
Color					
White	13,828	4,890	86.6	82.9	35.4
Nonwhite	2,147	1,006	13.4	17.1	46.9[b]
Type of residence					
Metropolitan area	11,635	3,745	72.8	63.5	32.2
Central city	7,213	2,362	45.2	40.1	32.7
Suburban ring	4,422	1,383	27.7	23.5	31.3
Outside metropolitan area	4,340	2,151	27.2	36.5	49.6[b]

TABLE III

SELECTED CHARACTERISTICS OF ALL UNRELATED INDIVIDUALS AND OF POOR UNRELATED INDIVIDUALS
(In Thousands)

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	All	Poor	All	Poor	
Total, 14 years and over	15,975	5,896	100.0%	100.0%	36.9%
Age					
14-24 years	2,543	1,235	15.9	20.9	48.6[b]
25-44	3,073	504	19.2	8.5	16.4
45-64	4,685	1,279	29.3	21.7	27.3
65 and over	5,675	2,878	35.5	48.8	50.7[b]
Education					
8 years or less	5,400	2,869	33.8	48.7	53.1[b]
9-11	2,652	1,000	16.6	17.0	37.7[b]
12	3,659	949	22.9	16.1	25.9
More than 12	4,263	1,078	26.7	18.3	25.3
Sex					
Male	6,394	1,887	40.0	32.0	29.5
Female	9,581	4,009	60.0	68.0	41.8[b]
Labor force status[c]					
Not in labor force	7,284	4,366	45.8	75.0	59.5[b]
Employed	8,113	1,302	51.0	22.4	16.0
Unemployed	402	143	2.5	2.5	35.6
In armed forces	98	14	0.6	0.2	14.3
Color					
White	13,828	4,890	86.6	82.9	35.4
Nonwhite	2,147	1,006	13.4	17.1	46.9[b]
Type of residence					
Metropolitan area	11,635	3,745	72.9	63.5	32.2
Central city	7,213	2,362	45.2	40.1	32.7
Suburban ring	4,422	1,383	27.7	23.5	31.3
Outside metropolitan area	4,340	2,151	27.2	36.5	49.6[b]

These figures show the importance of work as a tool against poverty. Although the overall incidence of poverty for families is 10.7 percent, only 5.9 percent of all families in which the head of the household is employed are poor. Further, the incidence of poverty for families with two earners is 3.8 percent. For unrelated individuals, the incidence of poverty is 36.9 percent, but only 16.4 percent of those who are employed are poor.

These tables also point out some of the difficulties inherent in any program attempting to end poverty by providing employment to the poor. Although only 13.7 percent of all heads of families are over 65, 24.8 percent of the heads of poor families are over 65, past the customary age of retirement. Less than half of all heads of families have not graduated from high school, nearly three-fourths of the heads of poor families have less than a twelfth grade education. The picture is much the same for unrelated individuals. While slightly over one-third of all unrelated individuals are 65 and over, they account for nearly one-half of all poor unrelated individuals. For those with an eighth grade education or less, the incidence of poverty is 53.1 percent; nearly one-half of the poor unrelated individuals have this limited education. Any program which seeks to eliminate poverty by employment of the poor has to recognize the age and educational limitations of many of the poor.

Two other figures viewed together identify another problem. One-third of the poor families have a female head and over three-fifths of poor families include one or more children, with over one-fifth having four or more children. To the extent that

these two coincide, the lack of a sufficient number of child care facilities limits the number of the poor who can work.

Work Experience of the Poor

Numbers do shed light on a popular misconception of the idle poor. In 1966, there were 2.3 million nonworking heads of poor families. Almost half of these were 65 years of age or over. Nearly two-thirds of the remaining half were female family heads with family responsibilities or health problems. Little over one-sixth of the total nonworking heads of families were males under 65. Almost two-thirds of these were either ill or disabled. One-tenth of the nonworking heads of poor families were males who were not working because of an inability to find work; one-fourth of these were between 55 and 65 years of age.[11] The picture is much the same for poor unrelated individuals. In 1966, seventy percent of the nonworking poor unrelated individuals were 65 years old or over. Of the remaining thirty percent, seventy percent were women.[12]

In 1966, sixty percent of the 6.1 million heads of poor families worked. Excluding older heads of families, those over 55, about 75 percent worked. Over one-half of female heads of poor families worked. One-half of the heads of poor families worked full time and one-fourth of the families had at least two persons working. Fewer poor unrelated individuals worked, but sixty percent of those under 65 worked at least part time. Over one-third of all poor unrelated individuals worked full time.[13]

Nevertheless, the poor generally participate in the labor market to a lesser degree than do the nonpoor. Table IV shows the work experience for heads of nonpoor and poor families for 1966, by age.

In 1966, considering only those under 65, 94.1 percent of the nonpoor worked sometime during the year and 77.6 percent worked all year. Of the poor under 65, 73 percent worked at least part of the year and 40.3 percent worked all year. When only males under 65 were counted, 96.7 percent of the nonpoor males worked sometime and 81.4 percent worked all year; of the poor males under 65, 83.9 percent worked sometime and 50.8 percent worked all year.[14]

There are reasons for this large incidence of nonparticipation. One characteristic that many of the poor share with one another is that, whether because of age, lack of training, or lack of work experience, the poor do not command a high income. Looking at the poor from the employer's viewpoint, they are not attractive employees. An article by E. C. Andler discusses what the employer is looking for in an employee.[15] Andler separates the attributes of a good employee into four categories: attitude, ability, physical make-up, and retention. A good attitude means good work habits and no criminal record. Education, experience, and intelligence are the components of ability. Physical make-up includes appearance and general health. Retention, or the length of time the employee will hold the job, is indicated by the family commitments of the applicant and by the stability of his job record. The poor can be measured against this model to give a

TABLE IV

WORK EXPERIENCE, HEADS OF FAMILIES AND MALE HEADS OF FAMILIES, NONPOOR AND POOR, BY AGE, 1966
(In Percent)

Head of family	Did not work	Worked part year	Worked full year
Nonpoor, under 55	4.4%	16.2%	79.4%
Poor, under 55	23.3	33.8	42.9
Nonpoor, 55-64	12.6	17.6	69.8
Poor, 55-64	44.1	27.6	28.3
Nonpoor, 65 and over	64.4	14.9	20.7
Poor, 65 and over	78.6	12.3	9.1
Male head of family			
Nonpoor, under 55	1.8%	14.9%	83.3%
Poor, under 55	9.4	34.3	56.3
Nonpoor, 55-64	10.0	16.9	73.1
Poor, 55-64	40.3	28.3	31.3
Nonpoor, 65 and over	60.6	16.3	23.1
Poor, 65 and over	76.5	13.4	10.1

SOURCE: U. S., Department of Health, Education, and Welfare, Social Security Administration, Office of Research and Statistics, Research and Statistics Note, "Who Was Poor in 1966," Note No. 23, prepared by Mollie Orshansky, Division of Programs and Long-Range Studies (Washington, D. C.: Publications Staff, Office of Research and Statistics, Social Security Administration, Dec. 6, 1967), Table 7.

clearer picture of their attractiveness, or lack of, to employers.[16] In all categories, as can be expected, the poor are at a disadvantage as to their desirability to employers when compared to the total population.

First, the percentage of the poor who have criminal records is much higher than the percentage of all persons. Ramsey Clark said: "Most crime in America is born in environments saturated in poverty and its consequences: illness, ignorance, idleness, ugly surroundings, hopelessness."[17] Clark estimated that four out of five of all serious crimes are perpetrated by the poor, mostly against the poor, and that approximately two-thirds of all arrests for serious crimes are made in the areas of town where the poor live.[18] A study of the Pennsylvania prison system in the early 1960's showed that 54 percent of the former prisoners came from families in which the adults in the family had unstable work records and a consequent reliance on social welfare agencies. Of the former prisoners, two percent were skilled workmen, sixty percent unskilled, twenty percent manual laborers, and eighteen percent had held only odd jobs. The average educational achievement was 8.4 years.[19] In a study by Reuben A. Zubrow et al. on Denver poverty and non-poverty areas, although the poverty area had only twenty percent of the population, it accounted for 46 percent of juvenile delinquency, 65 percent of the felonies in the District Court, and 67 percent of the misdemeanors, exclusive of traffic violations.[20]

Secondly, one fairly reliable indicator of labor force participation rates is educational achievement. Table V shows this relationship in 1950 and 1962.

TABLE V

LABOR FORCE PARTICIPATION RATES
AND EDUCATIONAL ACHIEVEMENT
APRIL, 1950 AND MARCH, 1962
(Males, 18 years and older)

Years of school completed	Labor force participation rates 1950	1962
0-4	74.6%	58.2%
5-7	85.0	74.6
8	88.1	78.2
9-11	92.1	88.8
12	94.0	90.7
13-15	79.6	83.0
16+	92.1	92.3
All groups	87.6	83.5

SOURCE: Stanley Lebergott, ed., Men Without Work: The Economics of Unemployment, A Spectrum Book (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1964), p. 61.

As seen in Tables II and III, 73.4 percent of the heads of poor families and 75.2 percent of all poor unrelated individuals have less than a twelfth grade education. Over twice as many poor as non-poor have, at the most, an eighth grade education and less than one-third as many have over a twelfth grade education. The drop-out rate from educational institutions is much higher for the poor than it is for the non-poor.[21]

Thirdly, the health picture of the poor is equally divergent from that of the non-poor. The poor have six times more nervous disorders and mental illness, four times more disabling heart disease, three times as many orthopedic ailments, and eight times

as many visual defects as compared to the total population. Babies born into poor families are twice as likely to die before the age of one as are babies born into non-poor families. Half of the children of the poor do not receive adequate immunization.[22]

In the fourth category, retention, the poor are at a disadvantage in both areas--family commitments and job stability. In work experience, over two and a half times as many non-poor as poor were employed the entire year and the ratio of non-poor to poor who were not even in the labor force was almost five and one-half to one.[23] The family commitments of the job applicant in estimating retention is considered two ways, both of which are detrimental to the poor. One way is the sex of the person; employers feel that a woman has family commitments which are more likely to cause her to quit than they are a man. Three times as many poor families as non-poor families are headed by a woman.[24] The second way concerns unrelated individuals; employers feel that having family commitments tends to keep the applicant in the same area for a longer period of time. Of the people who live alone, 36.9 percent are poor.[25]

For these reasons, the poor are concentrated in the more undesirable occupations. A comparison is made between the occupations of male heads of families below the poverty level with those of all male family heads in Table VI.

Much larger percents of male heads of families below the poverty level are concentrated in the occupations of laborers, service workers, and farm managers and laborers than is true for the population of all male family heads.

TABLE VI

MALE FAMILY HEADS, ALL, AND BELOW POVERTY LEVEL, BY OCCUPATION, FARM AND NONFARM, 1969
(In Thousands)

Occupation	Male family heads, all		Male family heads, below poverty level		Incidence of poverty
	Number	Percent	Number	Percent	
Professional, technical, managerial					
inc. farm	11,691	30.7%	455	21.7	3.9%
exc. farm	10,494	27.5	214	10.3	2.1
Clerical and sales	5,249	13.8	143	6.8	2.7
Craftsmen and operatives	16,225	42.5	845	40.3	5.2
Service workers	2,432	6.4	196	9.4	8.1
Laborers					
inc. farm	2,539	6.7	455	21.7	17.9
exc. farm	2,073	5.4	273	13.0	13.1
Farm managers and laborers	1,662	4.4	421	20.1	25.3
Total	38,135	100.0%	2,094	100.0%	5.5%

SOURCE: U. S., Department of Commerce, Bureau of the Census, Census of Population: 1970, Subject Reports, Final Report PC(2)-7A, "Occupational Characteristics" (Washington, D. C.: U. S. Government Printing Office, 1973), Table 33.

The disparity between types of occupation is even more obvious when the occupations of all male family heads are compared with the occupations of Aid-to-Families-with-Dependent-Children, unemployed fathers component (AFDC-UF). In 1967, two percent of AFDC-UF recipients were in the professional, technical, managerial class, three percent in the clerical and sales class, six percent were service workers, thirty percent were craftsmen and operatives, and 58 percent were laborers.[26]

Leonard Hausman, in an unpublished paper, analyzed the skill levels of AFDC and AFDC-UF recipients and the income levels of employed persons with the same skills and found that 73 percent of AFDC mothers probably could not take home any more pay by working than they received in assistance. Similar results were found for 42 percent of AFDC-UF recipients.[27] Statistics compiled from the United States Bureau of Labor Statistics and the United States Department of Health, Education, and Welfare, comparing 1970 welfare payments for mothers with one child and average wages for sixteen- to nineteen-year-old females living in slum areas, showed similar findings to those of Hausman, especially considering the temporary nature of most jobs available to this age group. In Atlanta, the city with the lowest maximum monthly state AFDC payments included in the study, the welfare recipient would have to work 46 hours per month to equal her AFDC payment; in Chicago, the city with the highest maximum monthly state AFDC payment included in the study, the recipient would have to work 136 hours to equal her AFDC payment.[28]

Summary

Although there are many definitions of poverty, the official economic definition is based upon the concept of a nutritionally-adequate food plan and price changes as reflected by the Consumer Price Index. Having this definition makes it possible to count the poor, design programs to help the poor, assess these programs, and, in a more nebulous way, it helps to keep the focus of poverty programs on the poor.

In counting the poor, much has been learned about the characteristics of the poor. For example, most heads of poor families are between the ages of 25 and 44, have eight years of education or less, are male, are not in the labor force, are white, have one to three children, have one earner in the family, and live in a metropolitan area. However, these categories do not always coincide with the incidence of poverty. The person who has the greatest chance of being poor is a nonwhite female, 65 years of age or over, with four or more children, and no earners in the family, living outside the metropolitan area. The typical poor unrelated individual, by numbers, is much closer to the composite of the unrelated individual who has the greatest chance of being poor. Both are 65 years of age or over, have an eighth grade education or less, are female, and are not in the labor force. Most poor unrelated individuals are also white and live in a metropolitan area but the incidence of poverty is

is greater for the nonwhite who lives outside the metropolitan area.

These figures point out some of the problems that a program of public service employment would face in offering employment to the poor. For these and other reasons, the poor are generally less attractive employees than are the nonpoor. Some of the other reasons for their relative lack of attractiveness to employers are the percentage who have criminal records, the health problems of the poor, and the job instability of many of the poor. In summary, many of the poor cannot work and many of those who do work cannot take home any more pay than they could on welfare.

FOOTNOTES TO CHAPTER II

[1]London physician, 1670-1733, author of "The Fable of the Bees, or Private Vices, Public Benefits," 1714.

[2]Poverty: Social Conscience in the Progressive Era, ed. by Peter d'A. Jones, Harper Torchbooks, The University Library (c. 1904; New York: Harper & Row, Publishers, 1965), p. 2.

[3]"A Sociologist's View of Poverty," in Poverty in America: Proceedings of a National Conference held at the University of California, February 26-28, 1965, ed. by Margaret S. Gordon, published for the Institute of Industrial Relations (San Francisco: Chandler Publishing Company, 1965), p. 13.

[4]The Children of Sanchez: Autobiography of a Mexican Family (New York: Vintage Books, A Division of Random House, 1961), p. xxiv.

[5]"The Power of the Poor," in Mental Health of the Poor: New Treatment Approaches for Low Income People, ed. by Frank Riessman, Jerome Cohen, and Arthur Pearl (New York: Free Press of Glencoe, 1964), p. 207.

[6]U. S., President, Economic Report of the President, Transmitted to the Congress January 1964, Together with The Annual Report of the Council of Economic Advisers (Washington, D. C.: United States Government Printing Office, 1964), p. 57.

[7]Poverty: Definition and Perspective (Washington, D. C.: American Enterprise Institute for Public Policy Research, 1965).

[8]Conference on Economic Progress, Poverty and Deprivation in the United States: The Plight of Two-Fifths of a Nation (Washington, D. C.: Conference on Economic Progress, 1962).

[9]U. S., Congress, Joint Economic Committee, Subcommittee on Fiscal Policy, Old Age Income Assurance, A Compendium of Papers on Problems and Policy Issues in the Public and Private Pension System, Part II: The Aged Population and Retirement Income Programs, "Counting the Poor: Before and After Federal Income-Support Programs," by Mollie Orshansky (Washington, D. C.: United States Government Printing Office, December 1967), pp. 179-180.

[10]U. S., Department of Commerce, Bureau of the Census, Current Population Reports, Series P-60, No. 76, "24 Million Americans--Poverty in the United States: 1969" (Washington, D. C.: United States Government Printing Office, 1970), p. 18.

[11]Harold L. Sheppard, The Nature of the Job Problem and the Role of New Public Service Employment, Staff Paper (Kalamazoo, Michigan: The W. E. Upjohn Institute for Employment Research, January 1969), pp. 1-2.

[12]Ibid., p. 2.

[13]Sar A. Levitan, Programs in Aid of the Poor for the 1970's, Policy Studies in Employment and Welfare No. 1, general eds., Sar A. Levitan and Garth L. Mangum (Baltimore and London: The John Hopkins Press, 1969), pp. 7-8. The figures in Tables II and III are not comparable with those of Levitan since "Labor Force Status" is not broken down by age, sex, or full-time/part-time work.

[14]U. S., Department of Health, Education, and Welfare, Social Security Administration, Office of Research and Statistics, Research and Statistics Note, "Who was Poor in 1966," Note No. 23, prepared by Mollie Orshansky, Division of Program and Long-Range Studies (Washington, D. C.: Publications Staff, Office of Research and Statistics, Social Security Administration, December 6, 1967), Table 7.

[15]E. C. Andler, "Employee Selection," Personnel Journal, 50 (September 1971), 24 ff.

[16]Another model lists six categories in order of importance: integrity, general intelligence and knowledge, ability to communicate, maturely directed energy, ambition, and specific abilities. Although the type of jobs that the article referred to were higher-level jobs, the categories represent the problems involved in poor people getting higher-level, and higher-paying, jobs. Specific job-related abilities and knowledge, such as they could learn in educational programs, is at the bottom of the list; the more important categories involve life-styles. The category of general intelligence and knowledge, for example, includes class standings, private readings, SAT scores, breadth of knowledge, degree level, publications subscribed to, grades, quality of schools, technical societies, scholarships, and after-hours study. A life of poverty does not equip someone to score highly in any of these sub-categories. Robert A. Martin, "Toward More Productive Interviewing," Personnel Journal, (May 1971).

[17]Crime in America: Observations on Its Nature, Causes, Prevention, and Control, with an Introduction by Tom Wicker (New York: Simon & Schuster, 1970), p. 57.

[18]Ibid.

[19]"Editorial," The Prison Journal, XLV, No. 1 (Spring-Summer 1965), 5.

[20]R. A. Zubrow, W. D. Kendall, E. S. Miller, and P. L. Burgess, Poverty and Jobs: A Study of Employment, Unemployment, and Job Vacancies in the Denver Labor Market, Prepared for the Mayor of the City of Denver and the Economic Development Administration, U. S., Department of Commerce (June 1969), p. 22.

[21]M. S. Tseng, "Comparison of Selected, Familial, Personality, and Vocational Variables of High School Students and Dropouts," The Journal of Educational Research, 65, No. 10 (July-August, 1972), 462-66 passim; Harvey Eugene Walters and Gerald D. Kranzler, "Early Identification of the School Dropout," The School Counselor, 18, No. 2 (November 1970), 97-104 passim; Stewart Cohen, "The Ghetto Dropout: Analysis and Partial Solution," The Clearing House, 44, No. 2 (October 1969), 4; Kenneth B. Clark, Dark Ghetto: Dilemmas of Social Power, foreward by Gunnar Myrdal, Harper Torchbooks (New York and Evanston: Harper & Row, Publishers, 1965), p. 125.

[22]U. S., President, Commission on Income Maintenance Programs, "Poverty amid Plenty, the American Paradox," Report of the President's Commission on Income Maintenance Programs, Background Papers (Washington, D. C.: United States Government Printing Office, 1970), p. 133.

[23]U. S., Bureau of the Census, "24 Million Americans," p. 21.

[24]See Table II.

[25]See Table III.

[26]Cited in Sar A. Levitan, Martin Rein, and David Marwick, Work and Welfare Go Together, Policy Studies in Employment and Welfare Number 13, general eds., Sar A. Levitan and Garth L. Mangum (Baltimore and London: The John Hopkins University Press, 1972), p. 52.

[27]"The Use of Monetary Incentives in AFDC and AFDC-UP," unpublished paper, 1966, cited in F. Helmut Weymar, "The Poor Should Be Paid Bonuses," in Robert Theobold, ed., Social Policies for America in the Seventies: Nine Divergent Views (Garden City, New York: Doubleday and Company, Inc., 1968), p. 61.

[28]Cited in Levitan, Work and Welfare, p. 16.

CHAPTER III

UNEMPLOYMENT

In 1962, a billion workdays were lost to the United States through unemployment. The economy could have produced an additional $30 to $40 billion in goods and services in 1962 alone if these days had not been lost. Eugene McCarthy assessed the loss in the following way:

> Whether measured by economic and material loss or by human suffering and wasted skills, the cost of unemployment is high. Unused natural resources remain to be used in the future. But work, the creative activity of man, once wasted, can never be recovered; what might have been produced is lost. The damage to individuals and to society from unemployment often cannot be repaired.[1]

Unemployment is a different problem than poverty, although they often go together. As seen before, if the head of a household is employed, there is a five and three-tenths percent chance that the household will be below the poverty threshold. If the head of the household is unemployed, there is an eighteen percent chance of the family being in poverty. Almost everyone will lament the fact that there is poverty in the world and consider poverty to be an unnecessary evil. Conversely, unemployment in a free economy is often considered to be a necessary evil, and, if the end justifies the means, the existence of a free economy justifies the existence of unemployment.

Full employment has been defined in several different ways, none of which argue for real full employment, i.e., one hundred percent employment of the labor force. Full employment is 95 percent employment or 96 percent employment or even 97 percent employment. Lord Beveridge defined full employment as the condition of "having always more vacant jobs than unemployed men."[2] Albert Rees defined it more generally as "when unemployment is at a minimum . . . it is the lowest unemployment previously reached."[3] Officially in the United States, the Employment Act of 1946 defined full employment as job opportunities for all "able, willing, and seeking to work."[4] W. Willard Wirtz, testifying before the Senate Subcommittee on Employment and Manpower, referred to full employment as "full utilization of the nation's current and expanding manpower potential."[5] In actual practice in the United States, full employment has been reached when ". . . inflationary tendencies become so strong as to require fiscal and monetary policies which slow down the economy."[6]

The difference between real full employment, that is one hundred percent employment, and these structural realities serve a regulatory function; it makes the task of allocating labor resources a market decision. To achieve one hundred percent full employment, a frictionless labor market would have to become a reality. Ignorance and uncertainty could not exist, there would have to be perfect mobility, and all workers would have to be capable of contributing in a positive manner to the production process. People and jobs might have to be attached to each other; searching for the best job or the best applicant would be at the

very least severely limited. This, of course, is not the real world, so the question cannot be one of the best ways in which to eliminate all unemployment. Rather, the problem of unemployment should be attacked on the basis of the amount of unemployment that is reasonable, taking into consideration the length of unemployment and the causes of unemployment.

Causes of Unemployment

In fact, much unemployment is cyclical unemployment, unemployment that results from the depression period of the business cycle.[7] The solution for ending cyclical unemployment, even when the unemployment rate is high, is to increase aggregate demand, since most of these people have the skills necessary to work but there are not enough jobs available. A pilot study conducted by the Department of Labor and the National Industrial Conference Board in 1965 showed that job vacancies ran about one to two percent of total employment in each of the seventeen areas they studied. If this was true for the nation as a whole, then there were jobs available for only one-third of the total unemployed, which argues for an increase in aggregate demand.[8]

A second type of unemployment is frictional unemployment, temporary unemployment caused by functional imperfections in the labor market. It is often due to the time required in changing jobs, and its magnitude depends on the structural difficulty encountered in getting the unemployed worker and the job together. The solution for this type of unemployment is a more efficient way of disseminating job information, such as a computerized job bank.

Again, these people generally have the prerequisite skills; the problem is in finding the available job openings. A striking example of this problem is reported in Poverty and Jobs in Denver when there were about 4,300 study area residents able and willing to work and about 9,700 job vacancies reported in the Denver metropolitan area. Slightly more than 4,300 of the jobs listed in the vacancy report were classified as unskilled work and 1,732 of these required no experience.[9]

Possibly the most serious type of unemployment is structural unemployment, the loss of jobs resulting from changes in the economic structure, such as changes in consumer tastes, the level of technology, population growth, and government policies. It exists when the unemployed are unable to fill existing job vacancies. Two different solutions are propounded for this type of unemployment, although the difference between the two groups is primarily one of emphasis. One group, the aggregate demand school, feels that by increasing aggregate demand a shortage of skilled labor will occur and the relatively less-skilled labor will thus become more attractive to employers. The second group, the structuralists, place greater emphasis on training and education programs to enable the unemployed to find jobs. The structuralists do not deny the importance of increased demand in achieving lower unemployment rates, but they do warn that if programs to increase demand are not accompanied or preceded by training and educational programs, bottlenecks will appear in the economy. Shortages of skilled workers will occur and less-productive workers will be hired, causing inflationary pressures. The aggregate demand

school, on the other hand, points to the dangers of training a person for a new job, only to have him find out that the economy still is not providing enough jobs.

Although a program of public service employment, by providing jobs, would make a contribution toward easing the problems of all types of unemployment, an important aspect of the program deals with its impact on structural unemployment. Aggregate demand would be stimulated by the additional employment and the consequent demand for goods and services. Further, potential bottlenecks could be circumvented by the investment in manpower which is inherent in the program. In the long run, the services offered by the program would lead to a healthier, better-educated populace. Even in the short run, the fact that many who have been left out of the labor force could have an opportunity to be employed and to learn new skills would have a positive effect on potential bottlenecks. The program's impact on inflation is considered in more depth in Chapter VII.

Duration of Unemployment

Another dichotomy made between types of unemployment is by duration of unemployment. The time periods generally used are "less than five weeks," "five to fourteen weeks," and "fifteen weeks and over."[10] The major concern of the nation, obviously, is on unemployment of fifteen weeks and over. Unemployment by length of time unemployed for the years 1968-1972 is shown in Table VII. Two facts are obvious from looking at the table. Most people who are unemployed find a new job in less than five weeks. Usually,

TABLE VII

UNEMPLOYMENT BY LENGTH OF TIME
1968-1972

	1968	1969	1970	1971	1972
Total Unemployed (by thousands)	2,817	2,831	4,088	4,993	4,840
Unemployment Rate	3.6%	3.5%	4.9%	5.9%	5.6%
Length of Time (by percent)					
Less than 5 weeks	56.6	57.5	52.3	44.7	45.9
5 to 14 weeks	28.8	29.2	31.5	31.6	30.1
15 weeks and over	14.6	13.2	16.1	23.7	23.9

SOURCE: Derived from U. S., Department of Labor, "Current Labor Statistics," Monthly Labor Review, Volume 97, Number 2 (February 1974), p. 99 for 1971 and 1972; . . . Volume 94, Number 7 (July 1971), p. 85 for 1969 and 1970; . . . Volume 92, Number 6 (June 1969), p. 92 for 1968.

their unemployment can be classified as frictional; it is this type of unemployment that many people are referring to when they speak of the regulatory function of unemployment. The second fact is that there is a direct relationship between the unemployment rate and the percentage of those who are unemployed fifteen weeks or more. Although not always the case, many of these people are structurally unemployed.

Demographic Characteristics of the Unemployed

What causes unemployment? The economy, of course, is to blame partly; there are not always enough jobs for all those who want jobs or the jobs are in the wrong place or require the "wrong" skills. Some jobs by their nature are erratic, seasonal, or temporary. Individual characteristics contribute also; it can be said that certain people have a propensity to be unemployed.

Unemployment is closely related to educational level. The higher the educational level one achieves, the less chance there is of unemployment. Table VIII shows this relationship. The only exception is a higher unemployment rate for those who do not finish high school. One possible explanation for this could be that factors which lead to a person dropping out of high school are the same factors which make unsatisfactory employees. At least, this has been a rationale behind the requirement of a high school diploma for many jobs.

TABLE VIII

UNEMPLOYMENT RATES, BY EDUCATIONAL LEVEL AND SEX, 1970

Educational level	Unemployment rate	
	Males	Females
Less than 8 years	5.2%	7.3%
8 years	4.7	6.7
9-11 years	5.5	7.7
12 years	3.3	4.8
13-15 years	3.1	4.0
16+ years	1.4	2.2

SOURCE: U. S., Bureau of the Census, Census of Population: 1970, Subject Reports, Final Report PC(2)-6A, "Employment Status and Work Experience," 1973, Table 9.

Young people are generally more likely to be unemployed than are adults. In 1972, when the overall unemployment rate was 5.6 percent and the unemployment rate for men twenty years and over was 4.0 percent, the unemployment rate for workers sixteen to nineteen years was 16.2 percent.[11] There are several reasons for their

higher unemployment rates. Many young people are just entering the labor force and there is a period of unemployment until they find their first job. There is more "job-hopping" as they try new employers and new occupations. Because of their lack of experience and seniority, they are the first to be laid off when their particular industry experiences a slow-down in economic activity. One troublesome aspect of the youth unemployment problem is its relative insensitivity to decreases in the overall unemployment rate. Their problems seem to remain even in periods of high labor demand. The differences in unemployment experience among demographic groups are shown in Table IX. An area which needs more study is the relationship between a youth's experiencing high unemployment during periods of high labor demand and his later labor force participation and labor force attachment.

Another group which experiences above average unemployment rates are older workers. In December 1972 when the average unemployment rate for men ages 25 and over was 2.7 percent, the unemployment rate for men 60 to 64 was 3.6 percent. The average duration of their unemployment was also longer, 14.9 weeks at a time when the average duration for all unemployed men was 9.6 weeks. These figures are probably low when the fact is considered that many older people leave the labor force when unemployed.[12] Not only are their unemployment rates higher, but the average duration of unemployment is longer than that of younger workers. In November 1973, the average duration of unemployment for all workers was 9.8 weeks. The average duration for workers 45-54 years old was 12.1 weeks and for workers 55 to 64 it was 17.6

TABLE IX

DIFFERENCES IN UNEMPLOYMENT EXPERIENCE AMONG DEMOGRAPHIC GROUPS

Demographic group	Unemployment rate, 1971	Sensitivity to rate of mature men*	Unemployment rate when mature men* unemployment is 1.5%
Males, 16-19	16.7%	1.45	11.4%
Females, 16-19	17.4	0.26	13.7
Whites, 16-19	15.2	1.03	10.8
Nonwhites, 16-19	31.8	0.26	24.5
Males, white, 20+	4.0	0.92	1.7
Males, nonwhite, 20+	7.3	2.33	3.3
Females, white, 20+	5.3	0.59	3.2
Females, nonwhite, 20+	8.7	0.99	6.1

SOURCE: Steven Sternlieb and Alvin Bauman, "Employment Characteristics of Low-Wage Workers," Monthly Labor Review, Vol. 95, Number 7 (July 1972), p. 7.

*"Mature men" applies to men over age 24. Sensitivity to rate of mature men describes the change in that specific unemployment rate that would occur as the result of a one percent change in the unemployment rate of mature men.

weeks.[13] Although older workers are often protected by seniority, once they become unemployed, it is more difficult for them to find new employment. As seen above, a large proportion of long-term unemployment is concentrated among older workers. The reasons for their unemployment are different than those for young people. Some of the reasons are based on popular myths: older workers are too set in their ways to learn a new job; work is not as important to older workers because they will be retiring in a few years anyway; older workers are unwilling to accept a new job because they will have less seniority than they had on their last job. Some of the reasons are based on economic facts. Employers, particularly those which offer pension plans, feel that hiring older workers is too expensive since they will be retiring in a few years. Related to that is the feeling that retraining older workers, many of whom do need retraining, is unprofitable because there will be too short a time to achieve a good rate of return on the costs of retraining. Irvin Sobel and Hugh Folk have conducted a study which points to a problem that must be faced in regards to unemployed older workers, namely unwillingness to adjust. They have studied both actual reactions and expressed reaction to four types of modifications in job searching behavior: changes in types of work sought, changes in method of job search, changes in wages sought, and changes in area of job search.[14] Their findings indicated that there was correspondingly less willingness to change as age increased but this was modified somewhat by length of unemployment. This is consistent with a companion survey on what the unemployed felt was the major problem in finding a job, by age group (see Table X).

TABLE X

MAJOR PROBLEM IN FINDING A JOB, BY AGE
(Percentage Distribution)

Major Problem	Age in years							
	Below 35	35 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 or above
Not enough jobs	30.8%	30.4%	20.5%	14.9%	13.7%	6.7%	7.2%	3.7%
Not enough jobs in line of work	23.7	30.4	20.9	21.1	14.2	12.1	7.6	8.6
Inadequate training or skill	18.8	7.7	5.8	3.9	2.3	1.4	0.7	0.0
Inadequate education	8.7	6.1	3.6	2.3	1.8	1.9	0.0	0.0
Race	0.8	0.8	1.5	1.1	0.7	1.4	0.0	0.0
Sex	0.8	2.1	1.0	0.6	1.4	1.4	1.1	1.2
Age	2.1	8.8	33.0	47.1	58.4	69.4	80.5	84.0
Other personal	14.4	13.6	13.5	9.1	7.4	5.8	2.9	2.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SOURCE: Sobel and Folk, "Labor Market Adjustments," p. 355.

Since older people feel, and rightfully so, that the main reason for not being able to find a job is their age, which they cannot adjust, they have little hope for finding a job even if they do modify their job searching behavior.

A third group which suffers from high unemployment rates are non-white workers. As seen in Table IX, when the unemployment rate for whites, ages sixteen to nineteen, was 15.2 percent, the unemployment rate for non-whites in the same age group was 31.8 percent; the differences between unemployment rates were less for those over twenty but non-whites still had a much higher unemployment rate than did whites. Table XI shows unemployment rates by race for selected years between 1961 and 1971. Part of the problem is that non-white workers are concentrated in occupations and skills which have high unemployment rates. A much greater percentage of non-white workers than white workers are found in unskilled, semi-skilled, and service jobs.[15] Table XII shows the unemployment rate by type of work, in broad categories, for selected years between 1961 and 1971.

Another part of the problem is that non-whites as a group have a lower educational achievement than do whites. Table VIII showed the relationship between educational achievement and unemployment rates; non-whites as a group have lower educational achievement than do whites.[16]

However, some of the problem must be attributed to racial discrimination, since the length of unemployment is longer for non-whites than for whites and economic recovery affects their unemployment rates later than the unemployment rates of whites.[17]

TABLE XI

UNEMPLOYMENT BY RACE, 1961-1971
Percent of Labor Force
Categories

	1961	1963	1965	1967	1969	1971
All civilian workers	6.7%	5.7%	4.5%	3.8%	3.5%	5.9%
White adult	5.3	4.2	3.3	2.7	2.4	4.5
Minority adult	11.2	9.3	6.6	5.5	4.6	7.9
White men	5.1	3.9	2.9	2.1	1.9	4.0
Minority men	11.7	9.2	6.0	4.3	3.7	7.2
White women	5.7	4.8	4.0	3.8	3.4	5.3
Minority women	10.6	9.4	7.5	7.1	5.8	8.7

SOURCE: "Unemployment Statistics: Who Are the Unemployed?" Congressional Quarterly Weekly Report, Vol. XXX, No. 15 (April 8, 1972), p. 784.

TABLE XII

UNEMPLOYMENT BY TYPE OF WORK, 1961-1971
Percent of Labor Force
Categories

	1961	1963	1965	1967	1969	1971
All civilian workers	6.7%	5.7%	4.5%	3.8%	3.5%	5.9%
Blue collar	9.2	7.3	5.3	4.4	3.9	7.4
White collar	3.3	2.9	2.3	2.2	2.1	3.5
Professional and technical	2.0	1.8	1.5	1.3	1.3	2.9
Managerial, office, and proprietary	1.8	1.5	1.1	0.9	0.9	1.6

SOURCE: "Unemployment Statistics: Who Are the Unemployed?" p. 785.

A study by Harvey Marshall, Jr. studied the higher unemployment and labor force withdrawal rates of blacks in an attempt to discover which factors of differentiation caused the higher rates and how much of the difference in rates between blacks and whites could be attributed to differentiation, as opposed to discrimination. The differences he included were occupation, rate of black population increase, education, residential segregation, manufacturing (testing a hypothesis that a manufacturing emphasis in a city leads to higher unemployment rates among blacks), and region (South-nonSouth). He admits that his findings are inconclusive, but the findings indicated "that much of the variance in the higher rates of black unemployment . . . is not accounted for by various structural characteristics [his variables]."[18]

A fourth category which suffers high unemployment rates (and which affects the unemployment rates of the groups mentioned above) is unskilled workers. The highest unemployment rates, exclusive of farm labor, have been experienced by nonfarm laborers, operatives (largely semi-skilled production workers in manufacturing and machine operators in other industries), and service workers, excluding professional and domestic service workers.[19]

The Concept of Underemployment

Any discussion of unemployment must also look at a companion problem, underemployment. Underemployment includes all those who are working part-time but would prefer full-time work, those who are not working year-round and would prefer year-round work, and those who are working full-time, year-round but, because of low

wages, are earning less than a socially acceptable living.[20] In 1966, a study by Harold L. Sheppard estimated that there were 1.65 million under-65 male family heads and unrelated individuals working less than year-round on a full-time basis and 2.94 million under-65 male family heads and unrelated individuals who were making less than a socially acceptable living. This is 4.59 million individuals out of a total labor force of 78.893 million people, and this is a minimum estimate. It did not include the aged who work, female heads of families and female unrelated individuals, and the wives and children of male family heads.[21]

Another companion problem is hidden unemployment. Alfred Tella defines hidden unemployment as "the difference between the labor force under actual employment conditions and under full employment conditions,"[22] or, those who would have been in the labor force had employment possibilities been more favorable. Hidden unemployment has proven to be difficult to measure. One of the first attempts to measure it was by Tella.[23] He estimated hidden unemployment to be about three-quarters of a million in the second quarter of 1964, when unemployment was estimated by the federal government to be approximately 3,940,000. Thomas Dernburg and Kenneth Strand estimated hidden unemployment to be approximately 2.3 million in 1962, while government sources showed unemployment to be 4,007,000.[24] By adding the 2.3 million hidden unemployed to both the total labor force (less the armed forces) and the number of unemployed, the unemployment rate would have been 8.5 percent instead of the 5.6 percent shown by the government. More recent studies on hidden unemployment have tended to indicate

that these studies have overstated the number of the hidden unemployed.[25] However, William G. Bowen and T. Aldrich Finegan, while admitting that the figures seem to be overstated, conclude that ". . . the long-run impact on participation rates of a pronounced and prolonged change in labor market conditions is . . . much larger than . . . time series regressions would suggest."[26]

Bowen and Finegan in a preliminary study to The Economics of Labor Force Participation tried to estimate the magnitude of hidden unemployment, using four percent as the standard and estimating the difference between those who would have been in the labor force if unemployment actually had been four percent and the number who were in the labor force.[27] They based their estimate on the assumption that an absolute decrease of one percent in the unemployment rate would have the same relative effect on total labor force participation rates as a difference of one percent in unemployment rates between cities had on the labor force participation rates in those cities. Table XIII presents their findings for five major groups in the urban labor force in April, 1950. Since the reported unemployment rate was higher than four percent, the estimates of those who would have been in the labor force had to be adjusted.

Some contradictory reasoning on hidden unemployment is offered by Jacob Mincer.[28] Hidden unemployment is concentrated in the secondary labor force, which by definition has less commitment to the labor force. Members of the secondary labor force move in and out of the labor force frequently and two factors which strongly affect their decisions are expected ease of finding a job

TABLE XIII

IMPACT OF "HIDDEN UNEMPLOYMENT" ON RATES OF UNEMPLOYMENT OF FIVE MAJOR GROUPS IN THE URBAN LABOR FORCE, APRIL 1960

	Reported rate	Adjusted rate
Males, 14-19	12.0%	17.2%
Males, 25-54	4.0	4.3
Males, 65+	6.3	11.8
Single women, 14-19	8.7	11.7
Married women	5.1	7.7
Above groups combined	4.9	6.4

SOURCE: Bowen and Finegan, "Labor Force Participation and Unemployment," p. 152, Table 4-9.

and the real-wage they expect to earn. Mincer uses as an example a population group which has an average participation rate of forty percent. This does not mean that forty percent of this group works all the time and sixty percent never works; a large percentage of the group works some of the time. Mincer, to prove his point, makes the assumption that the forty percent participation rate means that each individual in the group expects to work forty percent of his time during his labor force years. Then, changes in the unemployment rate (expected ease of finding a job) affect his timing only, not his total participation. If this is true, then hidden unemployment is not additive to reported unemployment in determining manpower loss and potential employment.

Bowen and Finegan disagree, saying that it seems implausible that there are many people who plan to spend a specific portion of their life in the labor force.[29] Rather, they feel that economic incentives determine the amount of time spent in the labor force and if this is true, the availability of more jobs with chances for advancement and an attractive pay scale will increase labor force participation rates of the secondary labor force. Bowen and Finegan admit that neither they nor Mincer have any hard evidence for their particular assumptions.

The concepts of underemployment and hidden unemployment are efforts to define unemployment in a more meaningful way. The unemployment rate is a good economic indicator which, along with the rate of growth in gross national product and the rate of inflation, provides information on the state of the economy. It is not a good tool to use in discussing the effects of unemployment on

the lives of individuals. It has long been recognized that there is a vast difference in the financial impact on an individual's life between the unemployment of a person whose primary income comes from the interest off stocks and bonds and the unemployment of a person whose primary income comes from washing dishes; between the unemployment of a Harvard student whose father owns a seat on the stock exchange and the unemployment of a ghetto high school student whose father left the family ten years before; between the unemployment of the wife of a vice-president of IBM and the unemployment of a young widow supporting three children. Unemployment statistics, though, present the unemployment of all six equally. The federal government has recognized this inadequacy and has offered a definition of underemployment as "employment of persons at jobs that call for less than their highest level of skill and at wages less than those to which their skills, if fully utilized, would normally entitle them."[30]

Two new concepts have been developed which attempt to circumvent the difficulties found in the traditional definition of unemployment. Herman P. Miller has devised the concept of subemployment.[31] The criteria used in this concept are the persons who are 21 to 64 years old or 16 to 21 years old and not enrolled in any kinds of school or awaiting enrollment. They must also fall into one of the following categories: (1) unemployed; (2) not looking for work because they believe no work is available; (3) working part-time involuntarily; (4) are family heads or unrelated individuals working full-time for less than the minimum wage or working full-time but not earning enough to provide their families

with income above the poverty line as defined by the Social Security Administration. Miller, using these criteria, estimated that almost one-fifth of the total labor force in the poverty areas of the twelve largest standard metropolitan statistical areas were subemployed.[32]

Sar A. Levitan and Robert Taggart have developed another concept dealing with the same problem, employment and earnings inadequacy, the EEI rate.[33] This concept combines unemployment and low wages, adding discouraged workers and excluding the unemployed who do not have serious financial needs. Table XIV is a comparison of unemployment rates and EEI rates for the years 1968 to 1972.

TABLE XIV

COMPARISON OF UNEMPLOYMENT RATES AND EEI RATES
1968 to 1972

	1968	1969	1970	1971	1972
Unemployment rates	3.6%	3.5%	4.9%	5.9%	5.6%
Employment and Earnings Inadequacy rates	10.4%	9.8%	10.0%	11.6%	11.5%

SOURCE: "Employment and Earnings Inadequacy," p. 25.

Summary

The above discussion on unemployment and measures of unemployment point to the difficulties which would be encountered in devising a meaningful program of public service employment. Most public service employees would come from the ranks of the unemployed and the demographic characteristics of the unemployed indicate the levels of skill and education which would be most prevalent among the public service employees. However, there has been relatively little research done on the newer concepts of underemployment, hidden unemployment, subemployment, and employment and earnings inadequacy, and little is known about the demographic characteristics of people who could be included in these categories. Finally, any estimate on the numbers who would be interested and eligible for employment in meaningful public service would have little more validity than a pure guess would have. The next chapter deals with labor force participation, specifically that of the secondary labor force, to show the types of economic forces which go into decisions to participate in the labor market. If these forces are understood, it may be possible to delineate the range of public service employees, in both numbers and skills.

FOOTNOTES TO CHAPTER III

[1]U. S., Congress, Senate, Special Committee on Unemployment Problems, Eugene J. McCarthy, chairman, The Economic and Social Costs of Unemployment, S. Rept. 1206, pursuant to S. Res. 196, 86th Cong., 2nd sess., 1960, p. 50.

[2]Full Employment in a Free Society (New York: W. W. Norton & Company, Inc., 1945), p. 18.

[3]"The Meaning and Measurement of Full Employment," The Measurement and Behavior of Unemployment, A Conference of the Universities, National Bureau for Economic Research (Princeton: Princeton University Press, 1957), p. 16.

[4]Employment Act of 1946, Statutes at Large, LX, Part 1, 23 (1946).

[5]U. S., Congress, Senate, Committee on Labor and Public Welfare, Hearings, before the Subcommittee on Employment and Manpower, on S. 974, Amending the MDTA of 1962, 89th Cong., 1st sess., 1965, p. 17.

[6]Arthur M. Ross, "Guideline Policy--'Where We Are and How We Got There,'" in Guidelines, Informal Controls, and the Market Place, ed. by G. P. Schultz and R. Z. Aliber (Chicago: University of Chicago Press, 1966), p. 99.

[7]The definitions of cyclical, frictional, and structural unemployment are from The McGraw-Hill Dictionary of Modern Economics: A Handbook of Terms and Organizations (2nd ed.; New York: McGraw-Hill Book Company, 1973).

[8]Reported by Harry Goldstein, "Discussion," of Margaret S. Gordon's "The Behavior of Employment, 1961-1965," in Prosperity and Unemployment, ed. by Robert Aaron Gordon and Margaret S. Gordon, Research Program on Unemployment (New York: John Wiley and Sons, Inc., for Institute of Industrial Relations, University of California, Berkeley, 1966), p. 182.

[9]R. A. Zubrow, et al., Poverty and Jobs: A Study of Employment, Unemployment, and Job Vacancies in the Denver Labor Market, Prepared for the Mayor of the City of Denver and the Economic Development Administration, U. S. Department of Commerce (June 1969), p. 85 and p. 184.

[10]Some authors break "fifteen weeks and over" into "fifteen to twenty-six weeks" and "twenty-seven weeks and over."

[11]Economic Report of the President, transmitted to Congress, January 1973.

[12]Employment and Earnings, Vol. 20, No. 7 (January 1974), Tables A-8 and A-16.

[13]Employment and Earnings, Vol. 20, No. 5 (November 1973), Table A-17.

[14]"Labor Market Adjustments by Unemployed Older Workers," in Employment Policy and the Labor Market, ed. by Arthur M. Ross (Berkeley and Los Angeles: University of California Press, 1965), p. 336.

[15]Kenneth B. Clark, Dark Ghetto: Dilemmas of Social Power, foreward by Gunnar Myrdal, Harper Torchbooks (New York and Evanston: Harper & Row, Publishers, 1965), pp. 35-37; Herman P. Miller, Rich Man, Poor Man, illustrations by Bill Gorman (New York: Thomas Y. Crowell Co., 1964), p. 199.

[16]U. S., Bureau of the Census, Current Population Reports, Series P-23, No. 29, Special Studies, No. 27, "Trends in Social and Economic Conditions in Metropolitan Areas," (Washington, D. C.: United States Government Printing Office, 1969.)

[17]Employment and Earnings, Vol. 20, No. 5 (November 1973), Table A-17; "Unemployment Statistics: Who Are the Unemployed?," p. 785.

[18]"Black-White Economic Participation in Large U. S. Cities: Some Determinants of Their Differentials," The American Journal of Economics and Sociology, Vol. 31, No. 4 (October 1972), p. 370.

[19]Employment and Earnings, Vol. 20, No. 7 (January 1974), Tables A-10 and A-11.

[20]The United Nations defines underemployment as a broader concept. Underemployment is "employment in jobs which occupied only a part of the workers' available time or permit only the partial utilization of the capacities." U. N., Department of Social Affairs, Population Division, The Determinants and Consequences of Population Trends, Population Studies No. 17 (1953), pp. 249-250.

[21]Harold L. Sheppard, The Nature of the Job Problem and the Role of New Public Service Employment, staff paper (Kalamazoo, Michigan: The W. E. Upjohn Institute for Employment Research, January 1969), p. 3.

[22]"Labor Force Sensitivity to Employment by Age, Sex," Industrial Relations, Vol. 4 (February 1965), p. 75.

[23]Ibid.

[24]"Hidden Unemployment, 1953-62: A Quantitative Analysis by Age and Sex," American Economic Review, March 1966, pp. 71-96.

[25]Sophia Cooper and Denis Johnston, "Comments on the Dernburg-Strand-Dukler Approach," Industrial Relations, October 1966, p. 69; Peter S. Barth, "Unemployment and Labor Force Participation," Southern Economic Journal, January 1968, pp. 375-82; Bowen and Finegan, Labor Force Participation, pp. 516-520.

[26]Bowen and Finegan, Labor Force Participation, p. 535.

[27]William G. Bowen and T. Aldrich Finegan, "Labor Force Participation and Unemployment," in Employment Policy and the Labor Market, p. 149.

[28]"Labor-Force Participation and Unemployment: A Review of Recent Evidence," in Prosperity and Unemployment, p. 101-05.

[29]W. G. Bowen and T. A. Finegan, "Discussion" of Jacob Mincer's "Labor-Force Participation and Unemployment," in Prosperity and Unemployment, p. 119.

[30]U. S., President's Committee to Appraise Employment and Unemployment Statistics, Measuring Employment and Unemployment (Washington, D. C.: U. S. Government Printing Office, 1962), p. 58.

[31]"Subemployment in Poverty Areas of Large U. S. Cities," Monthly Labor Review, 96, No. 10 (October 1973), 11-18 passim.

[32]Ibid., p. 17.

[33]"Employment and Earnings Inadequacy: A Measure of Worker Welfare," Monthly Labor Review, 96, No. 10 (October 1973), 19-27 passim.

CHAPTER IV

LABOR FORCE PARTICIPATION

A critical factor in using a program of public service employment to attack unemployment and meet public needs is the supply of workers available for such work. If the program is to be flexible, its size increasing with increasing unemployment and decreasing with decreasing unemployment, then any estimate of the supply of public service employees is a static one, good for only one particular point of time. Therefore, it is more important to discover the forces which lead to labor force participation than it is to estimate a definite size at some point in time.

The Primary and Secondary Labor Force

The labor force is traditionally separated into two parts, the primary and the secondary. The primary labor force consists of those who work full-time, year-round. The largest group is prime-age (25 to 54 years of age) males who are supporting a family; no other group has as high a labor force participation rate or as small a percentage who work part-time.[1] Prime-age males are also the least likely to be below the poverty level. For various reasons, those who are working, and most of them are, are paid wages which are high enough to pull even unskilled workers above the poverty level. These reasons are that prime-age males

generally have some job experience (which younger people do not have), are generally healthy (which more older people are not), and do not have household responsibilities (which many women have). Further, since many males in this age group are supporting growing families, they are more likely to have to work than they are when they are either younger or older.

The secondary labor force is a more nebulous concept than that of the primary labor force. Secondary workers are commonly defined as those who have a casual or part-time commitment to the labor force.[2] The largest group is members of families where there is a main earner present; this includes wives and teenage children. Other groups are welfare recipients, older people, and young people who are not part of a family unit. Table XV shows the labor force participation rates of these various groups. People may be secondary workers because of a physical disability, family responsibilities, inability to arrange child care, financial independence, discrimination, semi-retirement, schooling, and perhaps just a desire for a life-style which precludes full-time, year-round employment. Another reason is that they may feel that there are not jobs available.[3]

Economic Determinants of Labor Force Participation

Wage and Income Determinants

The model on which most recent research on labor force participation is based is the classical theory of consumption with its two effects; the income effect and the substitution effect, using leisure as the consumption good. The income effect says that

TABLE XV

LABOR FORCE PARTICIPATION RATES, BY SELECTED CATEGORIES

Category	Labor Force Participation Rate
Males, ages 25-44, all	94.4%
Males, ages 25-44, head of household	97.1
Males, ages 45-64, all	87.3
Males, ages 65+, all	25.0
Females, ages 14-44, married, spouse present	42.6
Females, ages 45-64, all	48.1
Males, ages 16-21, enrolled in school	38.9
Males, ages 16-21, not enrolled in school	80.5
Females, ages 16-21, enrolled in school	28.8
Females, ages 16-21, not enrolled in school	56.9
Males, ages 16-19, relative of head of household	46.8
Males, ages 20-21, relative of head of household	68.6
Females, ages 16-19, relative of head of household other than wife	37.7
Females, ages 20-21, relative of head of household other than wife	70.2

SOURCE: Derived from U. S., Department of Commerce, Bureau of the Census, Census of Population: 1970, Subject Reports, Final Report PC(2)-6A, "Employment Status and Work Experience" (Washington, D. C.: U. S. Government Printing Office, 1973), Tables 1, 3, 4, 6.

as income rises, a person will desire to buy more leisure; however, leisure has become more expensive with rising income and a person will also desire to substitute a less costly good for the more expensive good. Jacob Mincer added three conditions to the classical model: (1) There are other productive uses of time than work and leisure, such as education and home work; (2) The family, rather than the individual, is the proper unit of study because each family member's decision to work or not to work is interrelated with the other's decisions; (3) A family's "permanent income" will determine the labor force participation of various members of the family.[4]

Early economists and commentators felt that the income effect governed participation; that is, leisure is a superior good, so, as income increases, people buy more leisure and work less. Arthur Young, an early nineteenth-century social commentator, expressed the feelings of many when he said, "Everyone but an idiot knows that the lower class must be kept poor or they will never be industrious."[5]

One of the earliest economic studies on the supply of labor was conducted by Erika H. Schoenberg and Paul H. Douglas.[6] They discovered a negative relationship between average earnings and the proportions seeking employment, breaking down the population into seventeen age groups by sex. Females, ages 17 to 24, and males, ages 20 to 54, showed the smallest interrelationship between the two variables.[7] The findings for these age groups are not too surprising. Many females between 17 and 24 have left their families and are working only to mark time until marriage and,

therefore, will work regardless of wages. Most males between the ages of 20 and 54 are supporting a growing family and thus are more or less forced to work. For all other age groups in the study by Schoenberg and Douglas, the range was between a .73 coefficient of correlation with a .07 standard error for males, age fifteen, to a .22 coefficient of correlation with a .15 standard error for males, ages 45 to 64; the average coefficient of correlation was .43 with an average standard error of .12.[8] When the average annual earnings were corrected for differences in food prices in the different cities, arithmetically greater negative coefficients were found. The study by Schoenberg and Douglas showed only the relationship between average annual earnings and the proportions who were customarily a part of the labor force, although they assumed that low average annual earnings was the cause of high labor force participation (a form of the additional worker thesis) and not vice versa.[9]

Clarence D. Long, in a later study on the relationship between labor force participation and income, found similar negative results as Schoenberg and Douglas for 1900, 1920, 1930, and 1940, but a positive relationship between the two in 1950.[10] Thus, both studies for the census years before 1950 found that the income effect of increased earnings on labor force participation was predominant. The findings for 1950 by Long may be an indication of a trend away from the income effect and toward the substitution effect of additional earnings.

Long studied labor force participation and earnings in 38 large cities in the United States and found the correlations as

shown in Table XVI. The average correlation for the period of 1900 to 1940 showed that if real wages per adult equivalent male were up one percent, the labor force, standardized, was down one-sixth of one percent.[11] Long found that correlations between participation and unemployment and between participation and a combination of wages and unemployment were not nearly as significant as that between participation and real wages alone.

TABLE XVI

CORRELATION BETWEEN LABOR FORCE AND EARNINGS, 38 LARGE CITIES, U. S. CENSUS DATES, 1900-1950, REAL EARNINGS, STANDARDIZED AS TO AGE AND SEX WITH CHICAGO AS STANDARD, BOTH SEXES

	STANDARDIZED	UNSTANDARDIZED REAL EARNINGS	MONEY EARNINGS
1900 (June)	-.53	-.45	-.45
1920 (January)	-.70	-.10	-.10
1930 (April)	-.63	-.28	-.31
1940 (April)	-.59	-.45	-.45
1950 (April)	+.29	-.01	+.07

SOURCE: Long, The Labor Force Under Changing Income and Employment, p. 55, Table 1.

More recent research has indicated that the findings of Schoenberg and Douglas and of Long would have been different if they had worked with data from the 1950's and 1960's. Glen G. Cain has published a study on the labor force participation of married women.[12] In his study, he used both time series data and cross-sectional data on a number of variables. His findings showed that there was a positive relationship between labor force participation and wages and a negative relationship between labor force participation and income. The positive wage effect was significantly larger than the negative income effect, which would mean that many women would

choose to continue in the labor force even with rising family income.[13]

The opus magnus of recent research on labor force participation is The Economics of Labor Force Participation by William G. Bowen and T. Aldrich Finegan. In their study, they use data from three sources: (1) the decennial censuses, (2) the One-in-a-Thousand Sample from the 1960 Census on Population and Housing, and (3) the monthly survey published by the Bureau of Labor Statistics to measure the labor force participation rates of several age, sex, and racial groups in relation to individual characteristics and labor market conditions. Rather than summarizing their findings, which has already been done,[14] I have selected certain findings which were relevant to the question of this paper, i.e., factors which will determine the size of the labor force available for public service employment.

The three labor market variables used by Bowen and Finegan were unemployment (percentage of the civilian labor force unemployed during the census week), industry mix (a measure of the percentage of jobs in each standard metropolitan statistical area which might be expected to be held by men/women/youths), and earnings (median income in 1959 of all males/females/youths who worked fifty to fifty-two weeks).[15] Contrary to earlier studies, Bowen and Finegan found a positive relationship between labor force participation and earnings for most groups. The relationship was positive and significant at the one percent level for men between the ages of 55 and 64, and for all women except those over 65 years of age; it was positive and significant at the five

percent level for men between the ages of 25 and 54. The relationship was negative for men over 65 years of age and for males between the ages of 16 and 24, both enrolled in school and not enrolled in school.[16] One possible explanation for the negative relationship found for older men is that higher earnings may interfere with retirement benefits. The negative relationship for youths may be explained by the fact that higher earnings make it possible to continue in school or, in the case of those not enrolled in school, to work intermittently.

Unemployment Rate Determinants

A second labor market variable which is a factor in labor force participation is the unemployment rate. Long, in his 1958 study, found that the only group whose labor force participation was affected significantly by the unemployment rate was older workers, those over 65.[17] His study showed that in the short run, the most important stimulus on labor force participation for this age group was the level of unemployment and the change in unemployment levels. There was a smaller percentage of older workers in the labor force when unemployment was high than when it was relatively low and, as the rate of unemployment increased, a larger percentage of older workers dropped out than did other age groups of workers.

Cain, in his 1966 study on the labor force participation of married women, found that there was a significant correlation between unemployment rates and their participation in the labor force, which lends credence to the discouraged worker effect.

According to his figures, in 1960 a fifty percent increase (logarithmically) in unemployment would lead to a six percent decrease in their labor force participation rates.[18] Thus, in 1960, if unemployment rose from 5.5 percent to 8.25 percent, the proportion of married women in the labor force would fall from 32.8 percent of the labor force to 30.8 percent of the labor force, or from 22,303,700 married women to 20,943,716 married women.[19]

Bowen and Finegan's findings point to a predominant significance of the unemployment rate over industry mix and earnings in regards to labor force participation rates. Their findings are shown in Table XVII.

The .32 net regression coefficient for males, 25 to 54 years of age, indicates that for a standard metropolitan statistical area (SMSA) that is standard in all the other variables but which has a one percent higher unemployment rate, that city will have a male, age 25 to 54, labor force participation rate .32 percent lower than the all-SMSA average. For almost all groups, the sensitivity to unemployment rates is greater than is the sensitivity to the industry mix or the earnings variables.

Clarence Long, in his study, concluded that the size of the labor force is appreciably affected only during severe economic upheavals and remains relatively unchanged during the lesser changes.[20] Bowen and Finegan challenge this, saying that:

> The results of our cross-sectional analysis of the data for metropolitan areas and rural, nonfarm areas during the census week of 1960 provide impressive testimony regarding the strength and scope of the discouraged worker effect at that time. Indeed, these findings raise serious doubts whether the

TABLE XVII

NET REGRESSION COEFFICIENTS OF INTER-CITY DIFFERENCES IN LABOR FORCE PARTICIPATION RATES, CENSUS WEEK OF 1960

	Unemployment	Industry Mix	Earnings
Males, 25-54	- .32**	.20**	.05*
Married women, 14-54	- .94**	.91**	.47**
Never-married women, 25-64	- .57**	#	.37**
Divorced women, 14+	- .82**	#	.23**
Separated women & married women, husband absent, 14+	- .48+	.87**	#
Males, 55-64	-1.27**	.34**	.22**
Males, 65+	-1.34**	#	-.18**
Never-married women, 65+	#	##	#
Widowed women, 14+	- .91**	.22*	.16**
Married women, 55-64, husband present	- .93**	.88**	.49**
Married women, 65+, husband present	- .25**	.23**	#
Males, 16-17, enrolled in school	-1.78**	.32**	-.73**
Males, 18-19, enrolled in school	- .87+	.60**	-.73*
Males, 20-24, enrolled in school	#	.45**	-.87**
Males, 16-17, not enrolled in school	-3.27**	.86**	#
Males, 18-19, not enrolled in school	-1.85**	.36**	-.54*
Males, 20-24, not enrolled in school	- .44**	#	-.15*

SOURCE: The Economics of Labor Force Participation, Tables 4-1, 6-1, 8-6, 10-1, 13-1, and 13-2.

** Significant at 1%
* Significant at 5%
+ Significant at 10%
# Not significant at 10%
Significant at 5% but with "wrong" sign.

additional-worker effect dominated the participation response of any demographic group, regardless of how narrowly it might be defined.[21]

Some Non-Economic Determinants of Labor Force Participation

Non-economic factors also play an important part in determining labor force participation. In Long's study, another finding, one that tended to support the income effect of higher earnings, was the inverse relationship between male earnings and the labor force participation of married women. The participation in 1940 in the United States, excluding farm areas, ranged from 24.5 percent in the lowest income bracket to 6.4 percent for women whose husbands earned over $3,000.[22] Further, for all wives, standardized for age and possession of young children, when the husband's income increased one percent, labor force participation of wives in the lowest income bracket fell by .08 percent while it fell .87 percent for wives in the highest income bracket.[23]

Education

The only other powerful influence that Long found on labor force participation of women was education. He found that among women who had graduated from college, 250 to 300 more per thousand were in the labor force than among those who had little or no education; this held true regardless of age group.[24]

In his discussion of the labor force participation of boys and young men, Long found a strong correlation between reduced labor force participation and increased school enrollment but felt that the correlation could be caused by a third factor, income.

"Conceivably both developments may have been caused by some independent factor such as income, with school attendance rising as the young people no longer needed to work."[25]

Long also found that education was the most important long-run effect on the labor force participation of older workers. In 1940, the employment rate of men with a college degree was about forty percent higher than those with little or no education.[26]

Bowen and Finegan validated the strong relationship between education and labor force participation. They found that labor force participation is significantly related to years of schooling for all major groups. Table XVIII shows the labor force participation rates for all groups covered by Bowen and Finegan, adjusted for other income, age, marital status where applicable, and color.

For almost all groups and ages, the labor force participation rate rises sharply with increased education. The smallest increase is by young men, ages 18 to 24, where the increase is 5.6 percentage points. However, they start with the second highest labor force participation rate. The largest increase is by married women, 41.6 percentage points. One notable discrepancy to the pattern is the lower labor force participation rate among young men, ages 14 to 17, who dropped out of high school, and both young men and young women, ages 18 to 24, who dropped out of college. Their labor force participation rate is lower than is the labor force participation rate of those who completed the lower level, i.e., grade eight and grade twelve. Bowen and Finegan feel that one possible explanation is that forces which would cause a person to drop out of school,

TABLE XVIII

LABOR FORCE PARTICIPATION RATES BY YEARS OF SCHOOLING, ADJUSTED

	Years of schooling							
	1-4	5-7	8	9-11	12	13-15	16	17+
Prime-age males, 25-54	90.3%	94.4%	95.6%	96.6%	97.2%	98.5%	98.9%	99.1%
Married women, 25-54	19.2	27.7	29.4	33.2	38.0	41.0	46.9	60.8
Single women, 25-54	77.8	74.8	84.4	85.3	90.1	88.9	92.7	93.6
Older persons, male, 55-64	74.6	80.0	85.1	88.0	88.1	91.8	92.6	101.2[a]
Older persons, male, 65-74	26.4	32.3	41.0	44.3	46.8	51.5	58.3	66.1
Older persons, female, single, 55-64	44.7	58.0	60.1	62.8	68.9	73.0	73.0	b
Older persons, female, single, 65-74	13.6	22.3	24.8	26.0	28.8	32.3	36.5	b
Older persons, female, married, 55-64	18.9	22.6	26.1	28.7	33.7	38.8	38.1	52.4
Older persons, female, married, 65-74	5.6	6.9	4.7	6.6	12.8	9.5	18.8	b
Young persons, male, 14-17, not in school	45.3	56.3	59.3	51.5	68.3	b	b	c
Young persons, male 18-24, not in school	85.0	90.3	94.4	94.2	95.3	91.5	96.2	90.6
Young persons, female, 14-17, not in school	b	27.1	19.0	35.0	52.3	b	b	c
Young persons, female, 18-24, not in school	54.5	61.4	54.2	79.7	88.3	82.8	87.1	b

notably ill health, mental or physical, would also militate against a person entering the labor force.[27]

This positive relationship between years of schooling and labor force participation has two implications for public service employment. First, if the positive relationship continues to hold true (and it did for census years 1940, 1950, and 1960)[28] and the national educational attainment is increasing, for a given size of population, more people will be in the labor force if there are jobs. For an example, using prime-age males, if there are 1,000 men in each of the educational steps listed in the table, out of the 8,000 men there will be 7,706 men in the labor force. However, if each of the lower four steps lost 500 men to each of the upper four steps, out of the 8,000 men there would be 7,790 in the labor force, an increase of 84 men per 8,000. This effect would be even more notable in the other groups.

There are some contradictory findings on the relationship between labor force participation rates and educational levels. W. Lee Hansen, in an article in the American Economic Review, noted that the rise in educational achievement in post-World War II years among prime-age males has not resulted in an increase in their overall labor force participation rates.[29] However, the labor force participation rates for prime-age males has always been much higher than that of other groups and Hansen's statistics do not apply to these other groups. Further, if the lack of an increase is related to economic conditions and employment opportunities, either real or perceived, then public service employment may have a contribution to make in increasing labor force participation rates, even among prime-age males.

If overall labor force participation rates are larger with increased education, the economy will have to provide relatively more jobs for a given size of population. If the private economy does not expand the job market to the extent necessary, then a program of public service employment would be of use, even if only to provide jobs for the interim period while the private economy does expand. If this is the case, then many of the jobs provided in public service employment, in order to be meaningful, would have to require more education.

The second implication of the positive relationship between years of schooling and labor force participation leads in the opposite direction. Bowen and Finegan suggest that one reason for the lower labor force participation rates of less-educated people is that both educational achievement and labor force participation are presumably related to intelligence, ambition, and physical and mental health.[30] Even if educational opportunities are improved, the labor force participation rate of these people might not improve commensurably. However, part of their low labor force participation rates is surely due to their inability to find jobs, the discouraged worker effect. If jobs could be provided that were both meaningful and matched to their skill and educational levels, then their labor force participation rate might increase with no increase in educational level. If this were the case, the public service employment jobs would have to include a mixture of low-skill level jobs, at least until skill levels could be increased.

Presence of Children

Although educational level is an important factor in explaining the labor force participation of married women, husband present, between the ages of 14 and 54, an even stronger relationship exists between labor force participation and the presence of children.[31] Table XIX shows the labor force participation rate of married women with respect to the ages of their children in the census week of 1960, adjusted for the effects of color, age, schooling, other family income, and the employment status of their husbands.

It is obvious from Table XIX that it is the presence of children under six which is the most inhibiting on labor force participation of married women. Bowen and Finegan found that a variable number of children under eighteen was a less powerful predictor of labor force participation than was the presence of children under six.[32] Since the birth rate has decreased and the percentage of married women with children under six is smaller than it was in 1960, then presumably the labor force participation rate of married women will increase from that fact alone. Although the trend may reverse, national concern against rampant population growth suggests that the trend towards smaller families will continue in the near future.

Further, as the number of women with children under six drops and their educational achievement increases, the labor force participation rate of married women will increase greatly. Table XX compares the labor force participation rate of all married women, married women with no children under six, and

TABLE XIX

LABOR FORCE PARTICIPATION RATES OF MARRIED WOMEN, 14-54, WITH RESPECT TO THE AGES OF THEIR CHILDREN, ADJUSTED, CENSUS WEEK OF 1960

	Labor Force Participation Rates
Children under 6 only	13.2
Children under 6 and children 6-13	15.0
Children under 6 and children 14-17	23.6
Children under 6, children 6-13, children 14-17	20.7
Children 6-13 only	36.2
Children 6-13 and children 14-17	36.5
Children 14-17 only	53.3
No children under 18	56.1

SOURCE: The Economics of Labor Force Participation, Table 5-2.

TABLE XX

LABOR FORCE PARTICIPATION RATES OF MARRIED WOMEN BY AGE OF CHILDREN AND EDUCATIONAL ACHIEVEMENT CENSUS WEEK OF 1960

Years of school	All married women	Married women with children under six	Married women with no children under six
0-4	19.2	11.4	27.2
5-7	27.7	15.3	37.6
8	29.4	17.4	38.8
9-11	33.2	16.8	43.4
12	38.0	20.4	50.0
13-15	41.0	21.0	54.5
16	46.9	24.1	63.2
17+	60.8	32.0	77.7

SOURCE: The Economics of Labor Force Participation, Table 5-5.

married women with children under six, census week of 1960, by educational achievement.

Just as in the case of increasing educational achievement for prime-age males, the result of the above could be that the private sector of our economy will not be able to provide the jobs for these women. In that case, public service employment could either absolutely provide the number of jobs needed or give the private sector the time it needs to build so that these jobs are provided.

Other Determinants

There are a number of variables affecting labor force participation rates which have been ignored in this discussion. Although these other variables do not have as significant an influence on decisions to enter the labor market as do the ones above, a few of them should be mentioned. (1) There is a positive relationship for married women between holding a job before marriage and labor force participation.[33] As the average age at which women marry for the first time increases and as the divorce and remarriage rates increase, there should be an increase in the labor force participation rate of married women. (2) Labor force participation varies inversely with the amount of other family income, especially for married women and teenage children.[34] The factors of education and absence of children under six tends to overshadow this effect for married women, but, if income rises in the nation for all groups, and if public service employment provides a larger wage for disadvantaged groups, the result may be a lower labor force participation rate for teenagers. (3) The

labor force participation rate of black prime-age males is lower than that of white prime-age males and the labor force participation rate for black females is higher than that of white females.[35] However, the rate for some groups of black males, notably those with more education, is increasing and that of black females is decreasing slightly. If this is a result of greater racial integration and higher economic standing and if racial integration continues, black labor force participation rates may approximate the national average. The importance of this change lies not in the number of jobs that would need to be available but in the types of jobs. The trend would have to be away from the types of service jobs that traditionally have been performed by black women.

Summary

This chapter discussed four factors influencing labor force participation: the income versus the substitution effect of higher wages, the unemployment rate effect, the effect of increased educational achievement, and, for married women, the effect of children. It is always hazardous to make predictions in the social sciences since social changes are difficult to detect while they are happening, but if the trends discussed in this chapter continue in the same direction, the forecast is for a larger national labor force participation rate. If more people per population size are going to be in the labor force, and unless the private sector provides suitable work for all, it may now be possible to have the manpower necessary to provide some of our pressing national service needs.

FOOTNOTES TO CHAPTER IV

[1]William G. Bowen and T. Aldrich Finegan, The Economics of Labor Force Participation (Princeton, New Jersey: Princeton University Press, 1969), pp. 39-40.

[2]Glen G. Cain, Married Women in the Labor Force: An Economic Analysis, Studies in Economics of the Economic Research Center of the University of Chicago (Chicago and London: The University of Chicago Press, 1966), p. 62.

[3]See discussion of hidden unemployment and underemployment in Chapter II.

[4]Jacob Mincer, "Labor Force Participation of Married Women: A Study of Labor Supply," in Aspects of Labor Economics: A Conference of the Universities; No. 4, National Bureau Committee for Economic Research, A Report of the National Bureau of Economic Research, New York (Princeton: Princeton University Press, 1962), pp. 65-68.

[5]Arthur Young (1741-1820), an English agricultural theorist and social commentator, quoted by Clarence D. Long, The Labor Force under Changing Income and Employment, A study by the National Bureau of Economic Research, New York (Princeton: Princeton University Press, 1958), p. 34.

[6]"Studies in the Supply Curve of Labor: The Relation in 1929 between Average Earnings and the Proportions Seeking Employment," in Landmarks in Political Economy: Selections from the Journal of Political Economy, ed. by Earl J. Hamilton, Albert Rees, and Harry G. Johnson (Chicago and London: The University of Chicago Press, 1962). This study was based on an earlier study by Douglas, The Theory of Wages (New York: Macmillan, 1934), Chapter XI.

[7]Schoenberg and Douglas, "Studies in the Supply Curve of Labor," p. 233, Table 1. In fact, females, ages 18 to 19, showed a positive interrelationship. This might be explained by the fact that if average earnings are low, some young women might postpone leaving their families to take a job.

[8]Ibid., derived from Table 1.

[9]The opposite would imply that some factor other than wages caused labor force participation, and, in classical supply-demand theory, the presence of a large supply of labor drove the price of labor down.

[10]Long, The Labor Force under Changing Income and Employment.

[11]Ibid., p. 60.

[12]Cain, Married Women in the Labor Force.

[13]Ibid., p. 50, Table 12, and p. 117.

[14]See Herbert S. Parnes, "Labor Force Participation and Labor Mobility," A Review of Industrial Relations Research, Vol. I (Madison, Wisconsin: Industrial Relations Research Association, 1970), pp. 1-78 passim; and Jacob Mincer, "Labor-Force Participation and Unemployment: A Review of Recent Evidence," in Prosperity and Unemployment, ed. by Robert Aaron Gordon and Margaret S. Gordon, Research Program on Unemployment (New York: John Wiley and Sons, Inc., for the Institute of Industrial Relations, University of California, Berkeley, 1966), pp. 73-112 passim.

[15]Bowen and Finegan, Labor Force Participation, p. 77. These three are used for all groups by Bowen and Finegan. They had added other variables to some groups, such as supply of females to the female groups.

[16]See Table IX, Chapter III.

[17]The Labor Force under Changing Income and Employment, pp. 173-74.

[18]Married Women in the Labor Force, p. 64.

[19]Derived from Cain's formulas and the 1973 Economic Report of the President.

[20]The Labor Force under Changing Income and Employment, p. 30.

[21]Labor Force Participation, p. 487.

[22]The Labor Force under Changing Income and Employment, p. 82.

[23]Ibid., p. 83.

[24]Ibid., p. 94.

[25]Ibid., p. 155.

[26]Ibid., p. 178.

[27]Labor Force Participation, p. 415.

[28]Ibid., p. 60.

[29]"Discussion," American Economic Review, Vol. LVI, No. 2 (May 1966), p. 595.

[30]Labor Force Participation, p. 61.

[31]Ibid., p. 98.

[32]Ibid., p. 102.

[33]Cain, Married Women, p. 33, quoting Marion B. Gross Sobol, "Correlates of Present and Future Work Status of Married Women" (unpublished Ph.D. dissertation, University of Michigan, 1960), p. 32.

[34]Bowen and Finegan, Labor Force Participation, pp. 133 and 387.

[35]U. S., Department of Commerce, Bureau of the Census, Census of Population: 1970, Subject Reports, Final Report PC(2)-6A, "Employment Status and Work Experience" (Washington, D. C.: U. S. Government Printing Office, 1973), Table 4.

CHAPTER V

SERVICES

The Wealth of the United States

"Wealth is not without its advantages and the case to the contrary, although it has often been made, has never proved widely persuasive. . . . As with individuals so with nations."[1] The United States is a wealthy nation. United States production of basic industrial minerals, including fuels, equals with few exceptions major percentages of the world's total production of these minerals. In agricultural production, the United States is the largest producer of soybeans and grain corn in the world. The land is varied, so that the United States is among the world's leading producers of such diverse products as cotton and barley, citrus fruits and wheat.[2] However, the existence of vast reservoirs of natural resources is not a sufficient condition to insure a wealthy populace. A wealthy populace, as contrasted to a wealthy country, results from the interaction of the supply of resources and the nation's systems of production and distribution. The systems of production and distribution of the United States have proved efficacious in that the United States' citizens share one of the highest standards of living in the world. The Gross National Product per capita in the United States in 1971 was $5,160, compared to $2,430 in the United Kingdom, $3,430 in

Denmark, $3,210 in the Federal Republic of Germany, and $2,130 in Japan.[3] Further, although there are the rich and the poor, there is a large middle class which is not seen in many other counties of the world. Sixty-one percent of all households in the United States own their own homes, 96 percent have televisions, 79.5 percent of all households own cars and 30.2 percent of the households own two or more cars.[4] Similar statistics can be cited for almost all consumer durables.

The United States is considered to be one of the most productive nations in the world. However, in the production of qualitative services, a dark side appears with some services ill-provided. The number of people engaged in wholesale and retail trade has increased 150 percent between 1929 and 1972. Those engaged in finance, insurance, and real estate has increased 166-2/3 percent. Employment in the broad category of services has increased 265 percent, but this hides some specifics.[5] Arthur Pearl says that the human-service fields are the fastest growing industries in the country and still they are failing to meet the additional need.[6] Evidence of incongruities between national wealth and basic public services abound, i.e., the United States ranks thirteenth in the world in infant mortality, eighteenth in life expectancy for men and eleventh for women, and seventh in maternal mortality;[7] numerous discussions have been held on why and how our educational system has failed. On the basis of these statistics, the United States needs to provide additional services for its citizenry, and there can be little argument with the fact that it can afford to provide these services.

Need for Services

General Studies

One need only read the headlines of the newspapers to discover the areas in which there is a need for additional services. More esoteric sources than the newspaper lead a reader to the same conclusion. Dr. Peter Wagner of the National Planning Association called for a series of specific programs to meet the many and varied unfilled needs of the populace. His area of concern is the urban centers of the nation and he mentions specifically the unfilled needs in housing, transportation, buildings, and general services.[8] Sar A. Levitan states that "Despite the gloomy forebodings of the prophets of cybernation, much of society's needed work is not being done, and the needs are going to increase rather than disappear."[9] He mentions stream clearance, reforestation, park maintenance, school aides, health aides, simple maintenance jobs in public buildings, and renovation of slum areas, at a cost of $1 billion for 250,000 necessary jobs. The Joint Economic Committee of the United States Congress discussed several categories of public service functions which were not being adequately served under the existing levels of expenditure and administrative-legislative commitment. These were:

1. Basic community services: water, electricity, gas, sanitary needs, anti-pollution efforts.
2. Transportation services: roads and highways, urban transit, airplane terminals and service, train stations and service, bus stations and service, port facilities.

3. Educational services: public schools, vocational schools, colleges, college housing, educational television, food services.
4. Health services.
5. Recreational and cultural activies.
6. Miscellaneous: child care, jails, fire protection.[10]

Two studies of note have been conducted on the number of additional personnel needed to meet present, minimal standards of service. Harold L. Sheppard, under a grant from the W. E. Upjohn Institute for Employment Research, sent out a questionnaire to the mayors of fifty cities of 100,000 or more population.[11] He received the questionnaire back from the mayors of 34 cities and, from that, estimated that for the 130 cities in the United States of 100,000 or more people, 280,000 additional employees were needed in the thirteen areas querried: anti-pollution enforcement, education, general administration, health and hospitals, highways and/or traffic, housing codes and inspection, libraries, police, fire, recreation and parks, urban renewal, sanitation, and welfare. According to Mr. Sheppard, the estimate of 280,000 was a minimal one in that it excluded municipal functions not covered by the survey, even those volunteered answers to an "other" category. Further, the estimate was only the manpower requirements of cities of 100,000 or more population, it excluded professional and technical personnel, and included only present public services, probably with little thought being given to new possible services within existing departments, much less new departments.

A more comprehensive study was authorized by the National Commission on Technology, Automation, and Economic Progress and conducted by Greenleigh Associates.[12] The criteria used in this

study emphasize the vast inadequacy of public services: (1) the jobs were to be socially useful with a legitimate place in the economy; (2) the jobs could be filled by persons with low entry skills and training; (3) the employing organizations were prepared to absorb extra employees and provide necessary training and supervision without any costly capital expenditures. Even with these criteria, the study estimated a need for 4.3 million new employees to take care of existing service needs.

In 1971, the National Urban Coalition published a "counter-budget" to the official federal budget with the hope of channeling discussion on reordering national priorities into more fruitful lines. The Steering Committee of this organization, a group composed of diverse and often antagonistic interests, unanimously approved six major goals to be achieved by 1976. The goals were:

1. Achieve full employment with a high level of economic growth and reasonable price stability--all of our other policy goals depend on it.
2. Provide all citizens with an equal opportunity to participate in American society and in the shaping of governmental decisions affecting their lives.
3. Guarantee that no American will go without the basic necessities: food, shelter, health care, a healthy environment, personal safety, and an adequate income.
4. Rectify the imbalance in revenues between the federal government and state and local governments.
5. Assure adequate national security against military threats from abroad.
6. Meet our obligations to assist in the economic development of the world's less-developed nations.[13]

The first three are very much concerned with providing a better life for the American citizenry. In order to achieve these goals, the National Urban Coalition proposes spending, by 1976, 70.8 percent

of the federal budget on these three goals as compared to the estimated 51 percent spent in 1971.[14] Further, they suggest a federal budget of $353.8 billion in 1976 compared to the $212.8 billion that is estimated will be spent in 1971.[15]

Another organization which has conceived a list of national goals is the National Planning Association. They defined goals in sixteen areas: agriculture, area redevelopment, consumer expenditures, education, health, housing, international aid, manpower retraining, national defense, natural resources, private plant and equipment, research and development, social welfare, space, transportation, and urban development.[16] The director of the National Planning Association, Leonard A. Lecht, estimated that to reach these national goals, the United States would need a civilian labor force of 100,000,000 by 1975.[17] This is fourteen million more than were in the civilian labor force in 1972; the average annual increase in the civilian labor force has been approximately two million.

Both the National Urban Coalition and the National Planning Association have suggested spending large amounts on manpower training and development in areas which they feel insufficient services are being offered. For many of these services, both groups recommend numbers of additional personnel.

Health

The National Urban Coalition feels that better health care is one of the top priorities and that the most pressing need is for additional manpower. In 1971, government programs were supporting

the training of 85,000 paramedical personnel and the National Urban Coalition felt that there was a need then for 255,000.[18]

In the same area of health manpower, the National Planning Association estimated the need for other medical personnel. Table XXI compares the number of personnel in each category in 1969 with the projected number needed in 1975.

Many of these additional potential job opportunities could be filled by public service employment. Since the areas which most urgently need more medical services, the inner cities and rural areas, are also the areas which have the highest percentage of people who would benefit by public service employment, the poor and the unemployed, it would conceivably be possible to set up training centers in these areas and provide a combination of institutional and on-the-job training. Although the urgent need for more nurses, doctors, and dentists would be somewhat ameliorated by the additional paramedics, a need would still exist. There is already a program in the United States which would answer this need, if it were properly utilized. The program, an amendment to the Economic Opportunity Act of 1964, is called New Careers. The purpose of the program is to provide jobs for the poor with built-in training and advancement with public and private nonprofit agencies dealing in human services.[19] The program has not worked as anticipated by its sponsors. One problem has been that many of the employees required remedial education in order to advance and this was not provided for in the act.[20] Another problem has been that the sponsoring agencies have often put the employees in low-skill jobs with no built-in ladders for advancement.[21] The idea, however,

TABLE XXI

COMPARISON OF MEDICAL PERSONNEL, BY JOB CATEGORY, ACTUAL, 1969, WITH PROJECTED NEED, 1975

Classification of personnel	Need	
	1969	1975
Dentists	90,801	149,000
Professional nurses	829,691	1,091,000
Pharmacists	109,642	163,000
Physicians	280,929	402,000
Technicians, medical and dental	259,839	352,000
Hospital attendants	717,968	1,299,000
Practical nurses	237,133	575,000

SOURCE: Lecht, Manpower Needs, p. 78; and U. S., Department of Commerce, Bureau of the Census, Census of Population: 1970, Subject Reports, Final Report PC(2)-7C, "Occupation by Industry" (Washington, D. C.: U. S. Government Printing Office, 1973), Table 8.

remains sound and could be made a part of a public service employment program. Obviously, public service employment could not fill all of the required needs but, especially in some of the lower-skill areas, they would be able to make a contribution.

Education

Another example of manpower needs proposed by the National Planning Association is the requirements necessary to meet the education goal of "a far greater concentration of educational resources in central-city slums, universal preschool education for four and five year olds, greater provision for adult and continuation education, and new programs reflecting advances both in subject matter and in the technology of teaching."[22] The projections for additional manpower in education called not only for additional teachers, but also for additional supplementary personnel, such as school secretaries, stenographers and typists. school cooks, and school librarians.[23]

The National Urban Coalition breaks these requirements down into areas of requirements. One of the most important areas is early education, since their experts feel that nearly half of an individual's intellectual development occurs before he even enters the educational stream.[24] In order to provide pre-kindergarten education for all children, they recommend training an additional 80,000 early-education teachers and 160,000 new para-professionals.[25] Many of these could be from public service employment, again using the concept of New Careers. This program would serve the nation in three ways: (1) it would provide needed

education for young children; (2) it would release mothers who wanted to work but felt that there was no place to leave their children; and (3) it would provide employment for an additional 240,000 people.

Another area in education which needs additional manpower is in education for the handicapped. The National Urban Coalition states that in 1971 only forty percent of the handicapped children between ages five and nineteen were receiving special education.[26] To expand this to only sixty percent receiving special education by 1976 they feel would require an increase of 40,000 teachers per year,[27] or 200,000 new jobs created by 1976. Although it is unrealistic to believe that public service employment could provide 200,000 employees with teaching degrees in special education by 1976, it would be possible to fill some of the positions with paraprofessionals working under teachers.

A third area in which the National Urban Coalition felt more service workers are needed is in the area of family planning and population growth. They cited a study that estimated that twenty percent of all children born in the United States between 1960 and 1968 were not wanted by both parents.[28] One solution to this problem is the provision of family planning services. The National Urban Coalition suggests a program to train 15,000 paraprofessionals to provide family planning services.[29] Again, as in health care, the areas in which this service is most needed and in which there are the most available public service employees are the same.

In just these three areas, health, education, both pre-kindergarten and handicapped, and family planning, the National Urban Coalition urged the creation of 625,000 new jobs, many of which could be filled by public service employees. There are numerous other areas where they cite a need for paraprofessionals but do not state needed numbers and other areas in which they recommend programs which conceivably would provide more jobs.

They recommended a change in Title I of the Federal Education Act, Reading-Math Achievement, in elementary and secondary schools to emphasize reading and math achievement rather than family income.[30] Each state would receive $300 for each student who did not meet national standards on reading and math tests. This could conceivably lead to more employment if schools hired more personnel to help the students achieve these goals. Since their plan also proposes that a Federal Office of Education Evaluation administer the tests rather than the school staff, this would also increase employment opportunities.

Related to the above is a recommendation by Ralph W. Tyler that more money be invested in research and development of education.[31] Areas in which he feels there is a need for more knowledge include new instructional content, pre-school education, different trends for secondary schools, and teacher recruitment and training. Although there has been a growing supply of workers involved in this area of research and development, the problems they are dealing with do not seem to have been ameliorated. A re-assessment of the programs is necessary, with more attention

being given to actual classroom evaluation than has been done in the past.

Other programs which the National Urban Coalition recommends in the area of education that would increase employment opportunities are (1) Indian education, (2) bilingual education, and (3) nutrition and health.[32] They suggest that the budget for Indian schools be increased from the $157 million estimated for 1971 to $216 million by 1976. Some of this increase would be spent for additional personnel. They suggest increasing federal spending for bilingual education from $25 million in 1971 to $58 million in 1976, in order to teach non-English-speaking children English and to teach English-speaking children a respect for the language and culture of the non-English-speaking people in their community. This recommendation would provide some employment opportunities for the minority groups and could be through public service employment. Their third recommendation is that every poverty-area elementary and secondary school hire a staff person to insure that public nutrition and health programs are readily available for the children in that school. Many of the above job opportunities could be provided by paraprofessionals.

A fourth area, which was not mentioned by the National Urban Coalition, is the need for guidance counselors in the schools. Donald N. Michael points out that there is an increasing need for vocational guidance counselors in schools to help students decide among the multiplicity of available jobs and careers.[33] He feels that there is a special need for more women counselors, who are presently outnumbered by a ratio of two to one, at a time when

there is added importance being placed upon woman's role in the economy.[34]

Miscellaneous Needs

Outside of public education, a recommendation by the National Urban Coalition which would indirectly lead to more jobs is that five hundred urban parks be created annually.[35] This would increase both construction, which could have the effect of increasing the demand for labor in the private sector, and the need for park personnel, both maintenance and supervisory, which could provide jobs for public service employees.

Stewart L. Udall expands on this idea with a recommendation for Project 76, a project to renovate the entire country.[36] Some of his ideas include historical preservation sites, beautification of mass transit sites, the building of malls in center cities, reforestation, and renewal of entire small towns.[37] To do these projects, the United States would need a much larger labor force than it presently has, but these are the types of projects in which public service employment could become involved.

James Q. Wilson, in an article for the Brookings Institute, discusses the need for more manpower in law enforcement agencies. Two specific proposals he makes, which could be added employment for public service employees, are to increase the number of patrolmen on the streets of high crime areas and to increase the number of community treatment centers, based on California and New Jersey experiments permitting some inmates to go to work or school during the day and report for supervision in the evenings and on

weekends.[38] Both of these suggestions would require more police manpower than is available now.

The National Urban Coalition recommends that paraprofessionals be used for routine police tasks, such as issuing parking tickets, directing traffic, and handling office duties.[39] Several benefits could be derived from this program. First, employment possibilities would be increased, especially for semi-skilled workers. Secondly, the professional police force would be relieved of some of its more mundane and time-consuming tasks, which might serve to upgrade the image of the policemen. Additional time could then be spent on the further training and education of police personnel. More effort could be expended on more serious crimes. Thirdly, many police forces today have programs designed to attract members of minority groups into police work. Although one major problem that these programs have encountered is minority group resistance to anything connected with the police, another problem is a difficulty in finding qualified applicants. Hiring members of minority groups as paraprofessionals might help in alleviating this problem. However, if this approach is to work, there will have to be a workable method of promotion into the regular police force such as the idea behind New Careers or the program will be charged with being discriminatory, with whites in the better, well-paying jobs and minorities in lower-paying, menial jobs.

Another recommendation of the National Urban Coalition is for the expansion of both the Office of Economic Opportunity's Legal Service program and the Consumer Protection Agency, with the

use of more paraprofessionals.[40] As with several of the other suggestions, both the greatest need for these services and the largest number of potential employees are found in the same area.

Housing is another area in which public service employment could work. In 1968, a National Commission estimated that almost ten percent of all housing units were substandard, and, by extension, the surrounding environment would be substandard.[41] Although constructing houses would be outside the realm of public service employment, both because construction has traditionally been a product of the private sector and because construction cannot easily be considered a service, public service employees could provide renovation services, could be employed on upgrading the neighborhood environment, and could be used as inspectors.

The Role of Government in Services

A corollary to the thesis of this paper is that the government, whether local, state, or federal, should fulfill the charge given to them, to "promote the general welfare," by providing these services.

There is considerable debate on this point. Some feel that the private sector should provide many of these services, notably in the area of health care. Another controversy centers on the proper level of government to provide the services. The topic is a complex one with wide and varied economic and social ramifications. The following is a summary of the reasons behind the suggestion that the services be government-provided, at least to the extent necessary for a workable program of public service employment.

Traditionally, the role of government has been primarily the protection of its citizenry. The national government, with the help of state governments, provided defense against external enemies; local governments provided fire and police protection. As the United States became larger in area and population, government, in order to provide even the basic service of protection, of necessity grew. Because the capitalistic system in a democracy either could not or would not provide specific services adequately for all, government, whether willingly or unwillingly, assumed responsibility for these services. Government on all levels has grown far out of relationship to the increase in population in an effort to provide these additional services. In 1816, there were 4,837 paid civilian employees of the United States government; between April 1972 and April 1973 13,789,000 people received their paychecks from the United States government.[42] The growth has been steady, even during periods of depression. The notion that services should be provided by government is not at all at odds with the American experience. There are also pragmatic reasons why government should provide the services needed or desired by the populace.

Private business, regardless of which theory of maximization is espoused, is in business to make money. Undoubtedly, all services could be provided by private business at a profit, but this would necessarily lead to discrimination against all but the wealthy class since not all people can afford to pay for the services they need. Society has decreed that some services, such as education, public utilities, highways and transit systems, and some recreational and cultural facilities, be provided at minimal cost to

all users. Given this criterion, these services must be provided by government.

A second reason is that, through the legislative process, the provision of many services has been made either partially or totally the responsibility of government and this responsibility cannot be delegated away. The national government has set national uniform standards in public safety and public health through its regulation of commerce. The states, through their constitutions, are responsible for, among others, health, education, parks, natural resources, such as rivers and forests, law enforcement, and, in many states, public utilities. Municipalities historically have been involved in public safety, both police and fire, public works and utilities, public health, public education, and social welfare. Thus, within the present boundaries of government responsibility are found most of the services mentioned in this chapter. Government, unless there are profound changes in our system, will and must, under present laws, retain these responsibilities.

Closely related to the above is political control. The public has demanded a degree of democratic sway over the provision of some services. The educational process is probably the most vivid example. Generally speaking, whenever the people have been upset by events on college campuses, many attempt, through their legislators, to reduce budgets. In Denver in 1968, the majority of those voting were opposed to busing and this was reflected in the school board elections of that year. Examples in areas outside of education are reflected in current debates over control of correctional institutions and over public utility regulation.

A fourth reason for government providing the services needed or demanded by the public is purely pragmatic--government can do it, if the electorate so decides. The United States government is the only entity, public or private, with the vast financial, manpower, and capital resources available that are necessary to effect some services. It also has wide jurisdiction. Although there is a great deal of debate on these issues, revenue-sharing and federal funding can make it possible for state and local governments to provide services on a more regional basis where local needs can more easily be ascertained. Equally important, government is equitable, in theory at least, since the Constitution guarantees to the citizens of each state the privileges and immunities of the citizens in all states in federal matters. In turn, each state guarantees equal rights to all of its citizens.

The final reason is the comprehensiveness of government. Some programs, unless a degree of coordination exists, lead in different directions. An example of this is two programs, one to decrease the population growth and the second to build more schools, operating simultaneously. Although both may be worthy goals, coordination between the two and integration into a larger program is necessary. Since it is involved in so many aspects of life, government offers the possibility of coordination. Autonomous agencies generally do not have the multiple expertise to protect all interests. Government has erred in this respect many times, but government offers a much greater possibility of coordination than do numerous, autonomous service agencies, answerable only to their board of directors. This does not dispute the fact that many of

these agencies have done an admirable job; it merely argues that the impact would be greater if their energies were integrated into a national plan.

Summary

One argument against a public service employment program has been that it would involve the concept of boondoggling, or make-work. In this chapter this contention has been disputed by pointing out some of the areas in which much work remains to be done in order to make the United States truly the land of plenty. There are demands for additional personnel in health care, education, environmental control, police work, and neighborhood renovation, to name a few. Many of the positions could be filled by public service employees even if something close to the status quo between public and private interests remained.

Although there are differences of opinion over the proper role of government in providing services, there are reasons for advocating that a program of public service employment and the services it provides be a government program. In this way, services would be provided to all, regardless of ability to pay. Other reasons are that government has already accepted responsibility in many of these areas and it would give the people a measure of political control over the services and the program. Finally, it is the only entity today that is large enough and powerful enough to make the program, and thus the services, workable. The next chapter will discuss some of the precedents for a program of public service employment.

FOOTNOTES TO CHAPTER V

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[17]Ibid., p. 10.

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[24]National Urban Coalition, Counterbudget, p. 89.

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CHAPTER VI

PRECEDENTS: PUBLIC SERVICE EMPLOYMENT PROGRAMS

No program is conceived in a void. Although there have not been any major programs of public service employment with the emphasis on both service and employment in the United States, many of the ideas for this proposal came from the public works programs and manpower training programs which have been tried in the past 41 years. Not only are these programs the precedents for the present proposal but they also form part of the background against which any new proposal must be assessed.

In this chapter, only programs which directly provided employment are included. Other programs, such as the Public Works Administration and the Job Corps, may have had great impact on the economy and on employment, but the programs which had the greatest significance in formulating this proposal are the ones which directly provided employment. This chapter is not a history of the times or of the programs; rather it is like a map, pointing out the important contributions of the programs to this program.

Background

Only a few historical precedents for programs of public employment are found before the depression of the 1930's. The few programs which are found were generally connected to the various "poor laws" which sprung up in many Western societies. In the

United States, almost without exception, programs providing employment for the poor and the unemployed were conducted by private rather than public agencies.[1] The reasons for the lack of public programs in the United States were three-fold: (1) the prevailing views of the role of government, (2) the rural emphasis rather than an urban one, and (3) the absence of a sustained period of widespread unemployment.

The United States has traditionally feared big government, federal especially. The Articles of Confederation set up a very weak governmental structure. When the Articles proved to be unworkable, a Constitutional Convention was held to accomplish the difficult task of forming a government which was strong enough to last but weak enough to be acceptable to the people and the states. The role of the federal government did change, but it has been a slow process. Not until the Progressive Era was there substantial governmental intermeddling in the affairs of the business community. Few acts dealt directly with the public and the public good. During the early days of this century, Congress passed the Pure Food and Drug Act, the Meat Inspection Act, the Child Labor Act, and several acts regulating interstate commerce, which are notable not so much for the amount of protection they offered the American consumer as for the fact that they provided some protection. The Progressive Era, as an era, came to an end with the beginning of World War I, as the United States turned from domestic concerns to foreign affairs. The election of Warren G. Harding, with his promise of a "return to normalcy," signified a de-emphasis on federal responsiveness to public needs and wants. This period of "normalcy" lasted until

events forced Herbert Hoover to sign, in 1932, the Emergency Relief and Construction Act, involving the federal government to a larger degree in the economic affairs of the nation.

States also felt that their proper role did not include assuming responsibility for the welfare of the individual. The state could set educational guidelines, approve city charters, and build roads, but they did not deem it proper to react to the individual's problems, such as poverty. Unemployment was seen to be the natural consequence of the laws of supply and demand. Widespread unemployment, as seen primarily during depressions, was considered to be a national phenomenon. Beyond the natural disinclination of the states to become involved in public employment, the states simply did not have the financial means to carry on these programs.

The urban areas would have been the logical governmental units to carry on programs of public employment, but the financial wherewithal was lacking even more there than it was in the states. Programs which were tried generally encountered vociferous attacks.

If the poor were recent immigrants, which they often were, the nativist sentiment not only was unsympathetic but also blamed the immigrants for all poverty since they had taken away jobs from earlier arrivals, the "real" Americans. All poverty and, to a certain extent, all unemployment was the fault of the individual. This was a time of the self-help myth, and any help tendered by others took away an individual's God-given right to pull himself up by his bootstraps. Individuals might risk this, but governments could not.

A second factor in the lack of public employment programs was that the United States has, until recently, considered itself to be a rural nation, embracing the best of Jeffersonian ideals. Although by 1880 less than half the population got their living from farming, it was not until 1920 that over half of the population lived in towns and cities of over 2,500 people.[2] To a rural America (or to an America thought to be rural) unemployment and poverty did not seem to be great problems. Poor rural families generally did not have the spectre of starvation facing them since some self-support was possible. The distance to large urban areas made the comparison between the haves and the have-nots more remote. Until the closing of the frontier, those who found themselves unemployed could go West with the hope of making a new and better life, at least in the popular mythology. Further, rural poverty is much less visible than urban poverty. Even if urban areas did not contribute to poverty, concentrated poverty seems more of a problem than does isolated poverty. And urban areas probably do sponsor a more virulent form of poverty. First, the cost of living is higher, so if all things were equal (which they are not), there would be more poor people. Second, the promise that large cities held attracted many who were marginally making a living into a more competitive situation where their productivity was less than marginal. Finally, business cycles are more closely related to urban economic activities than they are to rural activities; as urban areas grew larger, the resultant unemployment and underconsumption became a national problem.

The third reason for the lack of previous public employment programs was the lack of long-term widespread unemployment until the depressions of the 1930's. Although complete economic data on the depressions of the eighteenth and nineteenth centuries was not collected and thus no rigid comparison may be made, by 1933, the depressions of the 1930's had already lasted longer than previous depressions of the twentieth century and the unemployment rate stood at 24.9 percent.

By the 1930's, events had coalesced so that the times were right for some form of public welfare. Government had taken some responsibility for the welfare of individuals and the public as a whole, the country was urbanized, and poverty and unemployment was widespread. The urbanization of the nation provided a potential for violence, if a spark should appear. There was the fear among some groups that Communism would be considered as an attractive alternative to capitalism. Although there were more precedents for the dole as the primary form of relief, public sentiment rested with public employment as the answer, and there were some precedents for this.

In 1930, the mayor of Buffalo, New York, began a program of public employment. He consulted his cabinet to see what work was needed and useful. Together with his cabinet, he set up the following guidelines: (1) there should be economy on the part of the city government; (2) cooperation between public and private agencies should be sought; (3) there should be city-wide planning; (4) unemployment should be relieved by jobs wherever possible; (5) existing agencies should be used; (6) there should be the

widest possible avoidance of publicity and hysteria.[3] The program proved successful and was in many respects a model for the federal programs which followed. There were also work relief programs in several other cities by the 1930's.[4]

In 1930, the voters returned a Democratic majority to the House of Representatives. Herbert Hoover, although basically opposed to increased federal responsibility, signed a bill setting up the first federal work relief program, the Emergency Relief and Construction Act of 1932. It did not provide direct work relief but set up the Reconstruction Finance Corporation which advanced $300 million to states and territories to furnish direct relief and work relief.[5] Direct federal relief had to wait for the inauguration of Franklin Roosevelt. The New Deal contained many programs which were designed to counteract the poverty and unemployment caused by the depression of the 1930's; these programs will be dealt with below. Generally, Roosevelt's domestic programs are referred to as the three R's: relief, recovery, and reform. In this scheme, the programs considered in this chapter are relief measures, and, to a certain extent, they were successful. Aid, both direct and in the provision of work, was made available to such diverse groups as farmers and historians, artists and white-collar workers, factory workers and students. Recovery and reform programs were not as effective. The unemployment rate fell from the high of 24.9 percent to 14.3 percent by 1937 but it rose again to 19.0 percent in 1938, which was caused partially by Roosevelt's attempt to balance the budget by cutting back on some programs and consolidating others.

The depression of the 1930's ended with the economic stimulation of World War II. The demands for labor caused by World War II quickly ended any need for a program of public employment. Between 1942 and 1943, the labor force participation rate jumped from 58.8 percent of the noninstitutional population fourteen years of age and over to 62.3 percent, the largest jump ever recorded, as women and older retired workers came forward to help the war effort. During the same time, the unemployment rate dropped from 4.7 percent to 1.9 percent.

In 1946, when the war was ended, the unemployment rate jumped back to 3.9 percent, feeding the latent fear that the country might plunge back into the depression. It was an expression of that fear that led Congress to pass the Employment Act of 1946.[6] With the unemployment rate remaining stable for several years, this fear slowly receded and the pressure to achieve goals of the Employment Act sank into near oblivion, to be remembered only in time of recession.

During the late 1950's and the early 1960's, the unemployment rate again rose and remained high. Evidence appeared which suggested that the long-term trend toward more equality in income distribution had reversed.[7] Many people feared that the economy had become sluggish, as evidenced by the recessions of 1957-58 and 1961. Articles and books appeared, such as Michael Harrington's The Other America, stressing the existence of poverty in the United States.[8] These facts, coupled with the burgeoning civil rights movement, gave impetus to new programs of employment, now called manpower programs.[9] There are several differences between the programs of

the 1930's and the 1960's. (1) The programs of the 1930's were based on a Gross National Product that fell from $103.1 billion in 1929 to $55.6 billion in 1933; the programs of the 1960's were based on a Gross National Product that rose continuously from $560.3 billion in 1962 to $864.2 billion in 1968. (2) The unemployment rate which fostered the programs of the 1930's was 24.9 percent in 1933 and did not fall below 14.3 percent until 1941; in the 1960's, the highest unemployment rate was 6.7 percent, occurring in 1961 before the programs were legislative realities. (3) The programs of the 1930's tried to alleviate unemployment, while most of the programs of the 1960's tried to come to grips with the problems of poverty.

Numerous books, articles, pamphlets, bulletins, and papers have been written about the programs of the 1930's and the 1960's, many of them laudatory and some critical.[10] No attempt will be made to summarize all of their findings; however, since this proposal for public service employment was not formed in a vacuum, a brief chronology of some former programs and ideas is necessary.

Programs of the 1930's

Civil Works Administration (CWA)

The CWA came at a time when white-collar workers were beginning to appear on the relief rolls. CWA was planned, if the word "Planned" can be applied to the CWA, as an emergency response to an emergency situation; its purpose was to provide an alternative to relief for those who were on relief (or ought to have been) only because there was no better alternative. FDR originated it

primarily as a measure to allow other relief programs time to get started. It was a popular program at its inception, at least with the unemployed.[11]

The immediate goal of the program was to offer employment to four million people within thirty days. Approximately two million were to be transferred directly from the relief rolls and the other two million were to be selected by local public employment agencies from those in need of work but not actually receiving relief.[12] Sixty days were required to reach the goal of four million but in the four months of the CWA's existence, approximately 4.3 million people were given jobs and 180,000 work projects were inaugurated.[13] All projects undertaken were to be on public property, were supposed to be socially and economically desirable, and had to be of a nature such that they could be undertaken quickly.[14] The projects could not be used to reduce the normal expenditures of state and local governments. Since the original proposal was limited to construction projects which could not give employment to the great number of unemployed white-collar workers, a Civil Works Service Program was set up to supplement CWA; later the two programs became one. Federal funds represented 90.2 percent of all costs, state contributions were .7 percent, and local contributions were 9.1 percent. A large portion of the state and local contributions were in the form of materials and equipment.[15] Some of the jobs included were considered to be useful by most people: repairing roads and highways, building and repairing schools and public buildings, building public playgrounds, opening adult education classes, providing education to rural areas, building airports, combating

agricultural insect pests. Others were considered boondoggling, especially shoveling snow and raking leaves.

The program ended as abruptly as it had begun. The reasons for its demise are varied.[16] First, and probably most importantly, it was only planned as an emergency program to get the nation through the winter without further turmoil. It had succeeded. Tied to this reason, and also important, was the fact that the Emergency Work Relief Program was getting underway and could absorb the CWA. Thirdly, it was an expensive program at a time when Roosevelt was still trying to balance the budget. It had cost $1 billion in about a three-month period. Also, business objected to it, both as taking away work that could be done by private business and because they felt it kept the price of labor artificially high and thus deprived them of low-cost labor. There were charges of corruption. In spite of the haste in conceiving and implementing the program and the fact that the programs were administered by local governments, there was surprisingly little graft but there were enough cases of it that the complaint was justified.

In spite of all the detractors of CWA, there were some attractive features. No one was subjected to a means test, jobs were provided to all who wanted them. The work week was generally set at thirty hours which had two benefits: workers had time to look for regular work and it spread available work.[17] It paid regular hourly wages which helped to maintain the worker's self-image and made it seem like less a relief program.[18]

Works Progress Administration (WPA)

WPA was launched in May, 1935. At inception, it was to be merely a bookkeeping agency for other "work-relief" programs, but the director, Harry Hopkins, took advantage of a small loophole which stated that the WPA should "recommend and carry on small useful projects designed to assure a maximum of employment in all localities. . . ."[19] Hopkins managed to get from Congress and spend ten billion dollars on this loophole. The projects were to be useful, the type on which a large percentage of direct labor could be used, and flexible with regard to the labor needs of private industry.[20] Some of the projects were of the same type of those of the CWA, with an emphasis in the early years on construction.[21] The total expenditures for the almost eight-year program was $10,568,796,592; approximately 95.9 percent of this went for project operations, 88.7 percent of project operations being labor costs.[22] Altogether, around 8,500,000 different persons were employed on WPA projects at one time or another.[23]

There were several restrictions placed on applicants for work on WPA projects. Persons had to be sixteen years of age or over and in good physical condition, they had to be listed on public relief rolls, and no other member of their family could be on a works program. They also had to be registered with the United States Employment Service and available for work in either the private sector or the public sector.[24] Part of a WPA inventory pointed out certain characteristics of the WPA workers: (1) they moved in and out of private industry in impressive numbers, (2) most of them did not want charity, (3) those with previous employment experience

had good work-records, (4) they did not refuse private jobs at reasonable working conditions and pay, (5) the most difficult group, from the standpoint of readjustment into private jobs, was composed of young people and workers over forty.[25]

There were many critics of WPA. One of the first and most enduring criticisms was that it competed with private industry, and consequently with private labor. Industries charged that the WPA bid too competitively for the surplus labor and co-opted as projects work that should have been done by private industry. Organized labor complained that the government, by employing WPA workers on projects which should have been done by private industry, was throwing employed workers out of their jobs and increasing the unemployment problem. Connected with these criticisms was the standard complaint of boondoggling.[26] Another criticism of the WPA was the opportunity for and practice of fraud.[27] Another charge was that it was a blown-up version of Tammany Hall.[28] A special bipartisan committee of the United States Senate investigated these last two charges and, in spite of refutation by Hopkins, found that many were indeed true. Another group which investigated the WPA was the National Appraisal Committee.[29] Their task was to evaluate the types of projects and methods of operation from the standpoints of effect on unemployment and effect on communities. They made their appraisal on the basis of reports made by local public officials. When the reports were tallied, the faults of the program fell into five categories: (1) insufficient coverage of employment needs,[30] (2) red tape,[31] (3) poor supervision, (4) short hours of work projects,[32] and (5) uncertainty and inability to plan ahead. The

praises of WPA fell generally into three categories: valuable and lasting community improvements, good workmanship, and a preference for work-relief over the "dole."[33]

One year after Pearl Harbor, the program was terminated as no longer necessary.

National Youth Administration (NYA); Civilian Conservation Corps (CCC)

The NYA was established in 1935 under the aegis of the WPA. Its purpose was "to initiate and administer a program of approved projects which shall provide relief, work relief, and employment for persons between the ages of 16 and 25 who are no longer in regular attendance at a school requiring full time, and who are not regularly engaged in remunerative employment."[34] Later, the Federal Emergency Relief Administration student-aid programs were added to the NYA. The student-aid program provided part-time employment for college students, who would not have been able to continue in school, under the rationale of keeping students out of the labor force.[35] The restrictions for the student-aid component were they must be between the ages of 16 and 24, enrolled in an accredited school, demonstrate financial need, be a citizen of the United States or have intentions of being a citizen, have a good character, be a good student, and be carrying at least three-quarters of a normal school load.[36] The projects included office work, library and research assistantships, cafeteria help, and building and grounds maintenance.

The requirements for the non-student component were that applicants must be between 18 and 24 years of age, no longer in

school, and registered with the United States Employment Service; preference was given to applicants who were on relief.[37] The projects were similar to those worked on by WPA workers.[38] The hourly wage rate was consistent with the prevailing wages for youth, but, as with WPA workers, the hours were scaled down.[39]

The NYA was one of the more popular programs of the New Deal. One major criticism was the conservative fear of government domination in the schools, but no recorded instance of this took place.[40] Generally, the idea of keeping young people in school and providing work for other young people was applauded. It was terminated in 1943.

The CCC was one of the other programs which found public favor.[41] It was established in March 1933 as a direct assault on both ecological problems, such as soil erosion and dust bowls, and the unemployment of youths. It was one of the few programs in which different agencies successfully shared control and responsibility. The Forest Service of the Department of Agriculture planned and supervised the work, the Army ran the camps, and the Department of Labor recruited the labor.[42] The CCC was limited to those unmarried males between 18 and 25 from families on relief. It excluded those who were not physically fit, those with family responsibilities, and those considered dangerous in group settings.[43]

The greatest praise for the CCC came as a result of their projects; almost everything they accomplished was considered to be socially useful. They planted trees, made reservoirs and fish ponds, built check dams, dug diversion ditches, terraced hillsides,

raised bridges and fire towers, fought tree diseases, restored historic battlefields, and cleared beaches and camping grounds.[44] One of the few criticisms of the CCC centered around the fact that the Army ran the camps; many felt that the young people were being used as forced labor and that the entire idea was fascist.[45]

Programs of the 1960's

Although there have been several evaluative studies done on the programs of the 1960's, they have for the most part been left out of the following summaries. There are several reasons for this. Evaluative agencies, including Congress, have found it difficult to get the facts and information needed to make a complete assessment of the programs, especially since several of the earlier programs were organized without an information-gathering arm. Evaluations which are available are highly contradictory and present vastly different findings. The art of cost-benefit analysis is still in its infant stages and the different choices of what can reasonably be considered costs and benefits make it impossible to compare different stages of the same program, much less different programs.

Manpower Development and Training Act (MDTA)

One of the first employment programs of the 1960's, the MDTA was originally conceived as a means of providing those who had lost jobs to technology with training to equip them for new jobs. Its purpose was to facilitate the employment of the unemployed, reduce poverty, lessen inflationary pressures, meet labor shortages, upgrade the labor force, and revamp traditional institutions.[46]

The target population was mostly the unemployed, especially those eighteen years of age and older. Half of the enrollees had to be considered disadvantaged.[47] As the unemployment rate dropped, the emphasis of the program was changed to youth and the disadvantaged. The rationale for the change was the inclusion in the original act of a clause directing the program's administration to provide education which would help alleviate labor shortages and reduce inflationary pressures.[48]

MDTA was divided into two components: institutional and on-the-job training (OJT). The institutional was the largest component and concentrated on training the enrollees in a skill area. The most successful institutional projects were the multi-occupation and skill centers. At these centers, several hundred enrollees were brought together to be trained in as many as 25 occupations. These centers provided an exposure to several different occupations, a meaningful occupation choice, and basic education.[49] The emphasis was more on the individual and his needs than on staying with the timetable of the project, as was the case with programs dealing with only one skill or occupation.

The least-cost way of employing the disadvantaged person was the OJT component.[50] The employment rate, after completion of the program, for enrollees in this component was ninety percent. In 1963, 62 percent of those who finished the training had higher earnings than they had before the program.[51] Probably a large proportion of those who did not have higher earnings were those who had lost a previous job and had had to start in an entry-level position again. Average earnings for all completers, white and

nonwhite, were 21 percent higher than average earnings before the program. This is significantly more than could be expected with only passage of time, since the average length of the program was six months.[52]

The wages paid to those in the OJT component of MDTA were paid by the employers who were reimbursed by MDTA to cover the costs of training.[53] The costs were about one-third of the costs of the institutional program.[54] The major criticism of the OJT program was a result of the reimbursement to employers. Quite often, the OJT enrollees had similar employment characteristics as other employees of the sponsoring agent and it was felt that MDTA was reimbursing the employer for costs he would have had in any event.[55] A second criticism was that MDTA was selecting the best applicants and not really serving the disadvantaged.[56]

Work Experience and Training (WET); Work Incentive (WIN)

Title V of the Economic Opportunity Act was devoted to a program called WET. It was to be administered by the Bureau of Family Services in HEW, and its purpose was "to expand the opportunities for constructive work experience and other needed training available to persons who are unable to support or care for themselves."[57] It enrolled the hard-core unemployed poor, eighty percent of whom had not completed high school, 25 percent of whom had not completed grade school, and one-third of whom had never held a job more than six months.[58] The content and scope of the programs varied; some emphasized training and preparation for jobs in the regular labor market, others emphasized providing income and

work. Unfortunately, the second emphasis was the easiest for the Bureau and thus was the most common approach.[59] WET provided little training and most of the work experience was of the work-relief type.[60] They provided little direct employment for the unemployed, preferring to rely on other organizations. The 1967 enrollment in WET was 46,000 with a cost of $1,225 per enrollee. Only 26 percent of the enrollees through 1967 completed the program, and only 55 percent of those received employment.[61] Over half of the enrollees who left WET continued on the public assistance rolls.[62]

As the statistics show, WET was largely unsuccessful. Many of the reasons for its lack of success were built into the program. The Bureau of Family Services had little experience in the training or placement of labor and little awareness of labor market operations.[63] Although the program was supposed to provide vocational training, work experience, education, and day care, seventy percent of its budget in 1966 was spent for income maintenance and trainee work-related expenses.[64] The enrollees were drawn from a more disadvantaged population than was true of almost any other program,[65] and the only jobs which the Bureau was able to find for the enrollees were low-paying, unskilled jobs which were unattractive to the enrollees. Thirdly, it failed because it tried to equate low income with ability to succeed in training, and the two do not necessarily go together.[66]

WIN replaced WET in 1968 in an effort to correct one of the faults of WET. The Department of Labor was made responsible for the training and employment of the enrollees. The Department of Health, Education, and Welfare screened and referred the enrollees and

supplied supportive services.[67] Of the 1.6 million welfare cases considered eligible for WIN, only ten percent were considered suitable for the program.[68] Those who could not be referred to WIN included the ill, incapacitated, and the aged, those too remote from any WIN project, those attending school full-time or expecting to within three months, those required at home because of illness or the incapacity of another household member, and those lacking adequate child-care arrangements.[69] Although more thought went into the administration of WIN and although the enrollees were more carefully selected than was true in WET, WIN was successful in finding jobs for only twenty percent of those who completed the program, compared to 55 percent of WET completers.[70]

The problems were that the employment was thought to be make-work projects, twenty percent of the cost was to be borne by the employer which made it unattractive to potential employers, there was little federal money available, and, finally, there was little incentive to the enrollees, because, although their pay was supposedly their regular welfare payment plus twenty percent of their earnings, most of the twenty percent was taken for social security payments and taxes.[71] The most damaging appraisal of WIN comes from Leonard Goodwin, who said:

> The data do make clear, nevertheless, that termination from WIN without a job aggravates the welfare dependence of women and tends to discourage their work force participation. The WIN program may thus be counterproductive by making a substantial proportion of its trainees less employable than when they entered the program.[72]

FOOTNOTES TO CHAPTER VI

[1]Frank R. Breul, "Early History of Aid to the Unemployed in the United States," in In Aid of the Unemployed, ed. by Joseph M. Becker, S. J. (Baltimore, Maryland: The John Hopkins Press, 1965), p. 6.

[2]In 1870, 53.6 percent of the population lived on farms; by 1880, 49.3 percent lived on farms. These are estimates, since the censuses before 1910 did not break population into farm and non-farm figures. In 1910, 45.8 percent of the population lived in cities of over 2,500; by 1920, 51.4 percent did. Derived from U. S., Census of the Population.

[3]Joanna C. Colcord, assisted by William C. Koplovitz, and Russell H. Kurtz, Emergency Work Relief: As Carried Out in Twenty-Six American Communities, 1930-1931, with Suggestions for Setting Up a Program (New York: Russell Sage Foundation, 1932), p. 55.

[4]Ibid., pp. 33-224, passim.

[5]Breul, "Early History," p. 17.

[6]Stephen Kemp Bailey, Congress Makes a Law: The Story Behind the Employment Act of 1946 (New York and London: Columbia University Press, 1950), pp. 9-11.

[7]Herman P. Miller, Rich Man, Poor Man (New York: Thomas Y. Crowell Co., 1964).

[8]The Other America: Poverty in the United States (New York: The Macmillan Company, 1962).

[9]Sar A. Levitan, and Garth L. Mangum, Federal Training and Work Programs in the Sixties (Ann Arbor, Michigan: Institute of Labor and Industrial Relations, 1969), p. 6.

[10]For a partial listing, see the bibliography.

[11]Lorena Hickok, an assistant to Harry Hopkins in Sioux City, Iowa, reported, "And did they want to work? In Sioux City they actually had fist fights over shovels!" Arthur M. Schlesinger, Jr., The Age of Roosevelt, Vol. II: The Coming of the New Deal (Boston: Houghton Mifflin Company, 1959), pp. 272-73.

[12]U. S., Works Progress Administration, Analysis of Civil Works Program Statistics, prepared by Pamela Brown, under the direction of T. E. Whiting, Assistant Director, Division of Statistics (Washington, D. C.: United States Government Printing Office, June 1939), p. 5.

[13]U. S., Federal Works Agency, Works Projects Administration, Summary of Relief and Federal Work Program Statistics, prepared by Theodore E. Whiting and T. J. Woofter, Jr. (Washington, D. C.: United States Government Printing Office, 1941), p. 7.

[14]WPA, Civil Works Program Statistics, p. 9.

[15]Ibid., p. 12.

[16]Robert Goldston, The Great Depression: The United States in the Thirties, A Fawcett Premier Book (Greenwich, Connecticut: Fawcett Publications, Inc., 1968), pp. 140-42.

[17]Breul, "Early History," pp. 18-20.

[18]Schlesinger, New Deal, pp. 277-78.

[19]Franklin D. Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt, ed. by Samuel I. Rosenman (13 Vols.; New York: Random House, 1938-1950), Vol. 4, pp. 163-67.

[20]Ibid., p. 1.

[21]U. S., Federal Works Agency, Final Report on the WPA Program, 1935-43 (Washington, D. C.: United States Government Printing Office, 1946), p. 27.

[22]Ibid., pp. 27 and 99.

[23]Ibid., p. 31.

[24]U. S., Works Progress Administration, Division of Social Research, Chronology of the Federal Emergency Relief Administration, May 12, 1933 to December 31, 1935, by Doris Carothers, Research Monograph VI (Washington, D. C.: United States Government Printing Office, 1937), p. 12.

[25]U. S., Works Progress Administration, Inventory: An Appraisal of the Works Progress Administration (Washington, D. C.: United States Government Printing Office, 1938), pp. 7-10.

[26]Representative Robert F. Rich, in a speech before the House of Representatives, complained "If he [Roosevelt] gave any encouragement at all to the people of this country to go out and do this [?] on their own account, it would be only a short time until we could put men to work in industry and a better distribution of

wealth could be shared among our own people through the pay envelope." U. S., Congress, House, 75th Cong., 3rd sess., Congressional Record, LXXXIII, appendix, 3169-70.

[27]Between July 1, 1935 and March 31, 1939, the Division of Investigations of the WPA investigated 8,990 cases of alleged fraud, and found the accusations to be valid in 4,674 of them. U. S., Congress, House, Subcommittee on Appropriations, Investigation and Study of the Works Progress Administration, 76th Cong., 3rd sess., part 3, pp. 9, 20, 36-37, 54, and 89.

[28]See especially, Albert J. Nock, "WPA--The Modern Tammany," The American Mercury, 45 (October 1938), 215-19.

[29]National Appraisal Committee, U. S. Community Improvement Appraisal: A Report on the Work Program of the Works Progress Administration (Washington, D. C.: Government Printing Office, 1939), p. 15.

[30]The groups most specifically mentioned were white collar workers, single men and women, skilled workers, and others in need but not on the relief rolls.

[31]The red tape faults were (1) small communities could not get needed projects approved because of difficulties in filling out application forms; (2) winter labor surpluses at a time when many projects were impractical; (3) small communities lack funds for large projects; (4) worker's fear of leaving WPA jobs because of the difficulties of getting back on; and (5) poor supervision in getting rid of negligent workers because this increased the community's welfare load.

[32]The argument against short hours arises from the fact that the prevailing wage rate had to be paid to WPA workers but the monthly wage had to be less than that paid by private industries. Many people resented the fact that the WPA workers had short days or short weeks.

[33]National Appraisal Committee, Appraisal, pp. 30-32.

[34]WPA, Chronology, p. 83.

[35]U. S., Federal Works Agency, Works Projects Administration, Final Statistical Report of the Federal Emergency Relief Administration, prepared under the direction of Theodore E. Whiting (Washington, D. C.: United States Government Printing Office, 1942), p. 65.

[36]U. S., Works Progress Administration, Report on the Progress of The WPA Program, June 30, 1938 (Washington, D. C.: United States Government Printing Office, 1938), p. 59.

[37]Ibid., p. 62.

[38]Ibid., p. 65.

[39]Ibid., p. 67.

[40]Goldston, The Great Depression, pp. 165-66.

[41]Schlesinger, New Deal, p. 339.

[42]Ibid., p. 337.

[43]Frances Perkins, The Roosevelt I Knew (New York: The Viking Press, 1946), p. 177.

[44]Schlesinger, New Deal, p. 338.

[45]Ibid., p. 337.

[46]Levitan and Mangum, Federal Training, p. 23.

[47]Ibid.

[48]Garth L. Mangum, MDTA: Foundation of Federal Manpower Policy (Baltimore: The John Hopkins Press, 1968), pp. 20-38, passim.

[49]Levitan and Mangum, Federal Training, pp. 65-67.

[50]Ibid., p. 44.

[51]Ibid., pp. 50-51.

[52]Ibid., p. 52.

[53]Sar A. Levitan and Robert Taggart III, Social Experimentation and Manpower Policy: The Rhetoric and the Reality, Policy Studies in Employment and Welfare Number 9, ed. by Sar A. Levitan and Garth L. Mangum (Baltimore and London: The John Hopkins Press, 1971), pp. 108-09.

[54]Levitan and Mangum, Federal Training, p. 78.

[55]Garth L. Mangum, The Emergence of Manpower Policy, Holt, Rinehart and Winston Business and Society Series (New York: Holt, Rinehart and Winston, 1969), p. 107. Levitan and Mangum, Federal Training, make the point that some OJT enrollees were already employees of the sponsoring agency, p. 33.

[56]Arnold L. Nemore, and Garth L. Mangum, Reorienting the Federal-State Employment Service, Policy Papers in Human Resources and Industrial Relations No. 8, A Joint Publication with the National Manpower Policy Task Force (The University of Michigan and Wayne State University: The Institute of Labor and Industrial

Relations, May 1968), p. 10. Also Levitan and Mangum, Federal Training, p. 38.

[57]Levitan and Mangum, Federal Training, p. 242, quoting from Sect. 501 of the Economic Opportunity Act of 1964.

[58]Kershaw, Government, pp. 32-33.

[59]Sar A. Levitan, Antipoverty Work and Training Efforts: Goals and Reality, A Joint Publication of the Institute of Labor and Industrial Relations and the National Manpower Policy Task Force (Ann Arbor and Detroit: The University of Michigan and Wayne State University, August 1967), p. 73.

[60]Joseph A. Kershaw, "The Need for Better Planning and Coordination in Manpower," in Toward A Manpower Policy, ed. by Robert A. Gordon (New York: John Wiley and Sons, Inc., 1967), p. 124.

[61]Mangum, Emergence of Manpower Policy, p. 104.

[62]Levitan, Antipoverty Work, p. 88.

[63]Sar A. Levitan; Martin Rein; and David Marwick, Work and Welfare Go Together, Policy Studies in Employment and Welfare Number 13, ed. by Sar A. Levitan and Garth L. Mangum (Baltimore and London: The John Hopkins University Press, 1972), pp. 73-74.

[64]Mangum, Emergence of Manpower Policy, p. 116.

[65]Levitan, Rein, and Marwick, Work and Welfare, p. 87.

[66]Robert A. Levine, The Poor Ye Need Not Have With You: Lessons from the War on Poverty (Cambridge, Massachusetts and London: The M.I.T. Press, 1970), p. 35.

[67]Levitan, Rein, and Marwick, Work and Welfare, p. 75.

[68]Leonard Goodwin, Do the Poor Want to Work?: A Social-Psychological Study of Work Orientations (Washington, D. C.: The Brookings Institution, 1972), p. 114.

[69]Levitan, Rein, and Marwick, Work and Welfare, p. 78.

[70]Goodwin, Do the Poor Want to Work?, p. 114.

[71]Levitan, Rein, and Marwick, Work and Welfare, p. 87.

[72]Goodwin, Do the Poor Want to Work?, p. 103.

CHAPTER VII

THE PROPOSAL

The previous chapters have set up the parameters of some problems the United States faces: poverty, unemployment, and the lack of adequate services in some areas.

Poverty, although the extent of it is declining, is an uncomfortable problem for the United States, one of the richest nations in the world, to be facing. A serious problem in itself, it is also a contributory factor in many other problems--crime, juvenile delinquency, mortality rates, especially maternal and infant, educational achievement, and unemployment. The system of welfare has not been a popular success, either among those who are recipients or those whose taxes support the system. The War on Poverty attempted a multi-faceted attack, with programs on training and education, birth control, legal services, health services, community involvement, and employment. Some of the programs achieved a degree of success but poverty remains. The experiences of the War on Poverty point out one of the main facts about the problem of poverty; there are no easy or simple solutions.

Unemployment, now approaching a 5.5 percent rate, is another major problem in the United States. There are several different types of unemployment, each causing varying degrees of

concern. Primary concern is focused on long-term unemployment and the groups which are most represented in long-term unemployment, the young, the old, the unskilled and semi-skilled workers, and members of minority groups. Hidden unemployment is also a part of this concern. To solve these problems, a dual attack is necessary. The economy needs to provide sufficient jobs for all who desire to work, and training programs are needed to equip many marginal workers with the skills and behaviors which are necessary in the working world.

The third problem, the lack of adequate services in some areas, is a problem of degree. Most needed services are provided in the United States, but many are not provided equally to all, and others, such as police protection, are insufficiently provided according to the needs of the nation. The service-producing sector is the fastest growing sector of the economy, but the demand for services is growing even faster. Increased police protection has been mentioned. There are continuing needs for additional health services. If one way to improve the quality of education is through smaller classrooms, more educators are needed. Legal services are not adequately provided to large numbers of the population. The number of recreational activities for both old and young need to be increased. These are but a few of the additional service needs and *wants of the United States.*

Public service employment is not a panacea for the three mentioned problem areas. It would help some of the poor and many of the unemployed; it would provide everyone with additional services. Equally important, it would give policy-makers time to devise more permanent solutions.

The proposal is in some ways modeled after earlier programs, such as CWA, WPA, WET, and WIN, and yet in many ways is unique. The proposal has been kept as pragmatic as possible, recognizing the political exigencies which must be met. It is divided into individual components: the projects themselves, potential employees, administration, and costs and benefits. The final section is an evaluation of the proposal, with a discussion of possible effects on inflation and the economy's potential for growth.

The Projects

All projects will be in the area of providing social services. This differs from previous programs of public employment, many of which have emphasized a public works aspect of public employment. The programs of the 1930's produced dams, government and school buildings, water and sewage works, roads and airports. Many of the programs of the 1960's emphasized preparation for the trades, such as carpentry and mechanical skills. There are some advocates, such as Joseph M. Becker, William Haber, and Sar A. Levitan, of a public works type of program. In the policy recommendations for programs in aid of the unemployed, these three said:

> We recommend that there be a public-works program designed for chronic labor-surplus areas but that it be modified in several ways to make it more effective. . . . Future federally-assisted public works in labor-surplus areas should put more stress on projects which utilize unskilled unemployed workers. . . . Future public works should be placed on a more business-like basis.[1]

There are two primary objections to this position: first, quite often chronic labor-surplus areas need social services more than they need public works, and secondly, projects which utilize unskilled workers take longer and cost more. Rather than placing public works on a more business-like basis, an alternative is to let business (private industry) build public works and let public employment concentrate on other areas. Several studies have indicated that public works are not an effective contracyclical tool.[2] These studies point to the recessions of 1949, 1954, 1958, and 1961 as evidence of this. In fact, the public works program did not even get started in 1949 and 1954 before the recession was over.[3]

Social service programs are easier to start and stop in a minimum of time than are public works programs. A public works program, by its very nature, requires a long lead time in design and financing. Public service programs, once programs are designed, can be started rapidly. A public works program, once begun, must be completed before there is any benefit to be accrued from the product of the work. If the economic picture has improved before completion, workers must be held back from the private sector in order to finish. Public service projects can be set up to utilize five workers or five thousand, depending upon the demands of the economy. Both a public works program and a public service program require workers with specific skills, but there is more flexibility in a public service program. A program to build a library requires architects, engineers, and skilled labor. A program to increase reading level could replace additional teachers

with teacher's aides. A public works program would involve primarily prime-age males, who already have a low incidence of poverty and a low unemployment rate. On the other hand, a public service program could provide employment to older workers, females, the young, and the handicapped.

A second reason is that there is less chance of direct competition with the private sector with a program providing social services than there is with a program of public works. Our private economy is very well-equipped to build highways, roads, airports, public buildings. They seem to be less well-equipped to provide, for example, adequate health service for all or adequate education for all. For one thing, the provision of many services are not profitable in the direct sense of the word, and business needs to profit. Also, government, at one level or another, is already involved in providing many of the services which would fall under public service employment. There is precedent for involvement and consequently experience. Private industry would be charged with providing the materials (goods) needed; in this way, a program of public service employment would benefit the private sector and work as a built-in stabilizer during periods of recession. As unemployment increased, public service employment would increase and therefore the demand for goods from private industry would increase, thus lessening further increases in unemployment.

Another reason for the emphasis on social services is the consideration of productivity. A major complaint in previous programs of public employment has been the low productivity of many of the workers. In many of the social services, productivity is a

less important consideration. For example, in teaching reading, the measure of success is how many students learn how to read. This is the rationale behind teacher's aides. If the infusion of more teacher's aides increases the percentage of those who learn to read, the program, to that extent, will be successful. Further, the upgrading of human skills is an essential part of public service employment and this will lead to a long-run increase in productivity.

This leads to a fourth reason for a program of public service employment. A wider range of skills can be utilized in providing services than is possible in building public works. An electrician can use only so many electrician's helpers before an area of absolutely decreasing returns is reached. In the social services, there is the possibility of greater substitutability between skill levels. For example, the following ratio might hold in the field of health care: two doctors = one doctor and three nurses = one doctor and one nurse and four health aides. If doctors receive $30,000 per year, nurses receive $10,000 per year, and health aides receive $5,000 per year, for the same dollar amount, employment has increased from two to four to six. The same types of ratios hold in education, family planning, recreation programs, park management, and many other social services.

The final reason for a program of public service employment is the vast amount of work that needs to be done in this area. Chapter IV discussed the types of services which need to be offered or expanded. In 1958, on the topic of services, John Kenneth Galbraith said:

> *The same forces which bring us our plenitude of private goods and leave us poverty-stricken in our public services also act to distort the distribution of investment as between ordinary material capital and what we may denote as the personal capital of the country.*[4]

Fifteen years later, Frank Riessman on the same topic said, "The need for services is immense; the quality of life to be achieved by their being adequately provided is unprecedented."[5]

Employees

In this public service employment program, everyone would be eligible for employment. There would be no needs test administered and no discrimination, by race, sex, age, or previous employment. Upon application, a person would receive a job. One primary reason for this is an effort to avoid stigmatizing the program as a welfare program, which was one of the problems faced by previous public employment programs. The WPA found that the needs test excluded many who were in need of jobs but did not actually qualify for welfare. Also, there are many persons in need whose pride and independence keeps them from seeking welfare. Further, although the program is aimed partially at alleviating some poverty through employment, it is not meant as a panacea for the problems of poverty. Many of the same supportive services which are being offered to the poor today will still have to be offered. At least as important as its goal of providing employment to those who need employment is its goal to provide services needed by all persons. A second reason for the absence of a needs test is the need inherent in the program for persons who possess higher skills than do most persons who live in poverty. Older persons, unable to find

employment in the private sector during slack labor demand periods, might not qualify under a needs test and yet have a valuable contribution to make. Other examples are young people on vacation from school or just out of school. Women are another potential source of labor who might not qualify under a needs test.

The size of employment will be tied to two economic indicators interacting with each other: the unemployment rate and the labor force participation rate. The program will need to be extremely flexible. For example, using 1972 data, the size of public service employment might vary as shown in Table XXII. This shows a decrease in the size of public service employment of approximately 660,000 in a ten-month period, from March to December. If either the unemployment rate or the labor force participation rate were more volatile, there would be much larger changes in size. With a guaranteed job as is proposed, the labor force participation rate may be much more volatile than it is now, because there will not be the economic fear of not being permanently attached to a job.

Administration

The program will be a federal program in the full meaning of federal, decentralized at the administration level with a centralized policy-making body. Funding will be on the national level, with states and localities providing the materials needed for the projects. There are several reasons for this centralization of funding and policy-making.

TABLE XXII

POSSIBLE SIZE OF PUBLIC SERVICE EMPLOYMENT
1972 Data

Month	Non-institutional population, 16+ *	Unemployment rate **	Labor force participation rate **	Public Service Employment *
Jan.	144,697	5.9	61.0	5,208
Feb.	144,895	5.8	60.8	5,110
Mar.	145,077	5.9	61.2	5,238
Apr.	145,227	5.8	61.0	5,138
May	145,427	5.8	61.1	5,154
June	145,639	5.5	61.1	4,894
July	145,854	5.6	61.0	4,982
Aug.	146,069	5.6	61.2	5,006
Sept.	146,289	5.5	61.2	4,924
Oct.	146,498	5.5	61.2	4,931
Nov.	146,709	5.2	61.0	4,654
Dec.	146,923	5.1	61.1	4,578

SOURCE: Derived from 1973 Economic Report of the President, Table C-24.[6]

* In thousands.

** In percent.

Unemployment and, to a lesser degree, poverty are national problems. They are caused more by national phenomena than they are by local or state conditions. Any local area which attempts to solve these problems is doomed to failure. Governments, other than the federal government, do not have the available funds to make more than a dent in the problems. Even though there is a time lag between innovation of local programs to help the unemployed and the poor and large increases in in-migration of the unemployed and the poor, this time lag has become shorter with our better means of nation-wide communication. Increased in-migration means that the problem becomes worse in the areas which are trying to solve it. New York City's welfare payments are a case in point. New York City pays higher welfare benefits than most places in the country, partly because of higher costs associated with living in New York City and partly as an attempt to alleviate some of the worst aspects of poverty. Their welfare rolls are the fastest growing in the country, largely as a result of in-migration.[7]

Not having a national program is discriminatory against the unemployed and the poor who live in areas which do not have local programs. Also, it may be discriminatory against the middle-class and the wealthy in areas which do have programs since their brethren in areas which do not have these programs will not have to pay for such programs.

The relative lack of certain social services is a national problem, which cannot be solved on a local level. Leonard A. Lecht said in 1965 that to reach our goal of better health care for the nation in 1975, we would need an average annual increase in

physicians of 12,500, plus a probable 5,500 physicians per year to meet normal attrition, that is, 18,000 physicians per year coming into the medical profession.[8] He added that according to the Public Health Service there would probably be 8,750 new physicians graduated each year until 1975. This is less than half the need. It is a need that local areas can do little about.

The nation-wide coordination that this program requires is only possible on a national level. Flexibility needs to be carefully planned or it turns into chaos. If the number of unemployed increases by 100,000, projects will need to be ready to start. Materials will need to be gathered immediately and possibly transported. Money will need to be available. Further, all regions need to have the same capacities as far as immediately beginning projects.

Responsibility and accountability for the program must be vested in a person who is in a position to affect the program. State and local government officials, by virtue of their limited sphere of influence, should not be held liable for any successes or failures of the program.

Although it would be impossible at this time to outline in detail the form of the administration, there are guidelines which should be followed.

In order to be effective, the program needs first to have status. For this reason, the director of the program should be appointed by the President with the advise and consent of the Senate. It should be a sub-Cabinet level position. This is consistent with the positions held by the head of WPA and CWA,

Harry Hopkins, the head of PWA, Harold Ickes, and the director of OEO, Sargent Shriver. Since one of the problems with former programs, especially OEO, was interbranch rivalries,[9] representatives of each of the departments involved in the program could be loaned by their department to Public Service Employment (PSE) to form an advisory staff. This staff might include the departments of Labor, HEW, HUD, Transportation, and Interior. The advisors should be responsible for the enhancement of their own particular departments' interests but their tenure on the advisory staff would have to be at the discretion of the director of PSE. Although it is naive to think that this would solve the problem of interdepartmental rivalries, the problem is probably incurable. The suggestion does have merit however. It would set up a line of communication between the various departments and the PSE and make it possible to utilize their expertise. If the departments were made acutely aware that the only legitimate way their views would become known and possibly implemented was through their representatives, they might loan competent people. But, in the final analysis, responsibility for the program must lie with its director and, if not given the discretion to hire, he must be given the discretion to fire.

The working staff would come, with a few exceptions, from the ranks of public service employees. The exceptions are allowed, in spite of being inconsistent with the aims of the program, because the high degree of coordination necessary for the program requires some stability among key personnel. The recruiting of the rest of the staff from the pool of public service employees is

consistent with the program's goal of providing meaningful employment and may help to insure a flow of new ideas into the central staff.

The second level of the program would be the regional level. It is from this level that the program would be administered and the daily decisions would be made. The regional directors would also have a function similar to that of the advisory staff in that they would be responsible for representing their region's interests at the central level. The regional staff would be composed primarily of public service employees, although, again, exceptions would be made for the sake of stability. The United States is already regionalized and organizations such as the Federal Regional Council could help coordinate the lines of communication between regions.

The process of planning should be carried on at both levels. There would have to be national goals set as guidelines. Two tools which could be used for determining national goals are a national referendum and competent polling. The broad goals might include reducing infant mortality, staffing libraries more adequately, reducing residential fires, increasing recreational personnel, and raising the reading level of all adults to a twelfth grade level. These, of course, would need to be made more specific, such as reducing infant mortality to five per 1,000 births. The goals should be formulated by both levels, working independently and in concert, leading toward a list of national priorities. The reason for both levels being involved in the formulation of priorities is that the top level is able to see the national picture but the

pieces need to be filled in by the regional level, in consideration of what projects that region needs. The South, for example, may need more educational projects while the Northeast may need more fire prevention services.

Once the list of priorities has been completed (actually it would be an on-going process with priorities shifting in importance, some perhaps being dropped and others added), alternative means of achieving these goals will need to be devised. Alternatives here are important because with a shifting pool of public service employees, labor components will differ and plans will have to be capable of changing from a utilization of high skill inputs to one of low skill inputs. An analytical tool, the input-output matrices, has been developed, and with adaptations to elements of the labor force, should be of use in devising these plans.[10]

To facilitate maximum participation in the program, anyone (public service employees, other government officials, private citizens) should be able to propose a project. Help should be provided by the regional staff in drawing up these proposals. This will help negate the complaint about WPA that small communities could not get needed projects approved because of lack of expertise in filling out application forms.[11] Although many of these projects will probably already be included in the list of priorities, there will have to be some method of integrating those which are not already covered, and, more importantly, a method of feedback to the person who proposed the project must be devised, if he is to feel that making the proposal was worthwhile to him.

The ideal agency in most respects for carrying out the actual employment activities is the United States Employment Service. This is in spite of their apparent historic inability to cooperate with other government agencies.[12] They are, however, already charged with responsibilities similar to those which would be required by public service employment. One possible solution to their intransigence, although one which would not be popular with the Department of Labor, would be to place the Employment Service under the jurisdiction of PSE. Another solution, more chimerical in nature, would be to place some public service employees in the Employment Service. This has the advantage that most public service employees will be sympathetic to the program, but it will be basically betting that by sheer numbers the direction of the Employment Service can be changed. A third solution would be to complete the division of the USES into its two component parts: employment service and unemployment compensation. A trend in this direction has already begun, with positive results. One certainty is that, if chosen as the vehicle, the size of the Employment Service will have to increase greatly since they would be a clearing house. Applicants for public service employment would have to be tested. From these tests and interviews, any or all of the following would be recommended: remedial education, health care, family planning services, financial assistance, housing remedies. The only constant recommendation would be the job. Each Employment Service office would have to know of the projects which were in progress at the particular time and be able to estimate how the applicant could fit in. Constant communication

would have to be kept with a central office so that as the number of applicants increased, new projects could be started, or vice versa. The Employment Service would also serve as a clearing house for the private sector so that there would be a facilitating process from public service employment into private employment. This is, in one sense, a major goal of public service employment: not to compete with private sector but to help it by providing the necessary employees.

Costs and Benefits

A public service employment program will be an expensive program, how expensive depending on the state of the economy, but the benefits to be derived from such a program may well result in a benefit/cost ratio greater than 1:1.

One of the largest costs will be salaries and wages. The salaries of the permanent staff will be a fixed cost, but the wages paid to public service employees will be a variable, depending on the size of the public service employment component and also on the range of skills at any particular time.

The second major cost will be the materials needed for the projects. Although public service employment is a social service proposal, it is difficult to think of any service which does not require some tools. An inoculation program needs needles and vaccines, a reading program needs books, a child care center needs toys, a reforestation project needs shovels and trees (seeds). However, other agencies could share the costs. For example, books for a reading program could be contributed by HEW since an

improvement in reading skills falls within their domain. States and cities could provide the materials as their share of the costs.[13]

In deciding the cost of salaries and wages, three major considerations must be taken into account. (1) In a capitalist society, the private sector must maintain its primary importance. Conceivably public service employment will have many attractions, not the least of which will be ease of entrance. In order that the private sector not lose its pre-eminence, it will need to be made more attractive. Some parts of the private sector are making efforts to make employment more attractive, but the main attraction will be a higher pay scale than is available in public service employment. (2) Many American taxpayers already feel overburdened by their tax load. A program which costs them substantially more than they feel the benefits are worth will be clearly unacceptable. Part of the answer is education to raise the public's estimate of worth but even more important is keeping the costs to what would seem to them to be a reasonable level. (3) In order to make the program attractive to public service employees and to make a contribution towards alleviating poverty, the wages paid to public service employees will have to be competitive. People generally are not willing to work for substandard wages even if the work is attractive, especially not if that work is their primary means of support and if they can receive more from welfare than they can from working. One of the more thoughtful criticisms of our present system of welfare is that it produces dependency upon the system of welfare. An obvious solution is to make it possible for people to

get away from dependence on welfare payment; paying substandard wages is not the way. Additionally, paying substandard wages is a form of punishment for the unemployed who may be unemployed because of factors beyond their control. A rationale behind unemployment insurance was to finesse this feeling of punishment; providing jobs at decent wages can be even more effective.

With these considerations in mind, the proposal is to pay the going rate in the private sector for similar work less ten percent, with a minimum floor of $2.00 per hour. This answers the problems raised by the first and the last considerations. The private sector would be paying a ten percent higher wage, which would keep work in the private sector attractive. The loss of ten percent from the private rate would not, in most instances, mean a substandard wage. This proposal would raise the minimum wage in the private sector to $2.20 and there have been many effective arguments against this, witness recent Congressional action. Although it is not the purpose of this proposal to enter the argument on minimum wage laws or even to attempt to list the arguments on both sides, a few comments seem to be called for.

The main argument for raising the minimum wage is the grossly inadequate yearly income earned by people who work full time at the minimum wage, $3,328. Although this is generally only an entry-level wage, it is inconceivable that this nation, with a Gross National Product of $1,152,100,000,000 (1972) and an average annual income of $10,285 (1971) should feel it necessary for anyone to work for those wages. Additionally, it does not inculcate into

anyone a desire to work if a weekly take-home check is $64.00, less taxes and social security payments.

There are several arguments against raising the minimum wage, many of which have questionable validity. One frequently heard argument against raising the minimum wage is that by doing so, unemployment would increase as the marginally productive lose their jobs. With a program of public service employment, this argument loses force since those who lost their jobs could find other employment in public service employment. Another argument is that by raising the minimum wage many small businesses would be forced out of business because they could not afford to pay higher wages. Given that retaining small businesses is a valid goal, and that this argument has some veracity, there must be a better way of subsidizing small business than by providing it with legally-provided cheap labor. The final argument against raising the minimum wage to be mentioned here states that in our economic system wages must be tied to productivity and low productivity means low wages. It is true that many workers do have low productivity. However, this is at least partly the fault of the society and not wholly the fault of the individuals. The private sector may not be able to endure low productivity, but the public sector, if the public so decides, can. A better solution, both for the individual and the economy's growth potential, is not to continue paying low wages but to increase productivity. A program which offers incentive to increase productivity and the means by which to do it is surely better than one which accepts the status quo.

The cost in wages will depend upon the level of skills in the program. If the assumption is made that all public service employees will have a minimum skill level, the cost for 1972 would have been less than $13 billion. If the assumption is made that the average wage would be the average wage in industry less ten percent, the cost for 1972 would have been $20 billion.[14]

Regardless of whether the cost of wages is $13 billion or $20 billion or some other figure, the program will require tax increases and there is a question as to whether or not the American public is willing to accept higher taxes. In discussing this question, the Steering Committee of the National Urban Coalition said:

> Whenever there has been the prospect of a budget surplus in the United States, Americans have traditionally chosen the fruits of tax reductions in preference to the support of domestic needs with public funds. Will we soon be ready to make the sacrifices--particularly in the form of higher taxes--needed to reach our goals? If not, we may later lament our hesitation. We must forge the national commitment and see it through.[15]

On the positive side, the increased productivity and increased employment mean that a significant portion of the costs will be paid for by higher revenues from existing taxes. Further, as these entrants and re-entrants into the labor force spend their paychecks in the private sector, there will be a multiplier effect on the economy as a whole. The net cost (total costs less increased revenue) rather than the gross cost should be the basis for judgment.

There are many social benefits which will be derived from a program of public service employment. Although dollar amounts

could possibly be placed on many of the benefits, this paper will not attempt that task but will instead discuss the purely social aspects.

One benefit would be that unemployment and its concomitant problems would be reatly lessened. In 1973, unemployment cost the nation five percent in labor force time lost.[16] Although the product that would be gained from public service employment and the product lost through unemployment in the private sector would not be strictly comparable, the net loss would be substantially reduced. The disruption in families caused by unemployment would be lessened; plans for a family's future would not have to be interrupted by unemployment or the threat of unemployment.

Some poverty and the problems it causes would be ameliorated. Many students of poverty believe that poverty leads to a negative self-image and a feeling of powerlessness and these feelings in turn lead to anti-social behavior, such as malicious damage, prostitution, robbery, dealing in drugs, and the entire gamut of illegal behaviors covered by the term "hustling."[17] Welfare and the attitudes of many Americans toward welfare recipients can do little to change these negative feelings; a program whereby the poor are making a contribution to the well-being of the nation and themselves can be a countervailing force to these feelings. Also, to the extent that racial discrimination is caused by socio-economic factors and not race alone, public service employment would make a contribution to easing racial tensions.

A third benefit to the entire populace would be that services which are only talked about now could be provided. Health

care, education, recreational activities could all be extended. One result would be that the United States could have a healthier, better-educated populace. Child care centers could be more fully staffed. More research could be undertaken. Fewer lives might be lost through fires and home accidents. Slums might be cleaned up rather than cleared out. There are a multitude of services which could be listed here; the list at present seems to go on infinitely.

There are also benefits to the private sector and the economy as a whole. Public service employment would in one sense be a labor pool from which industry could draw. The economy would be less likely to suffer from labor bottlenecks since training would be an on-going process in public service employment and potential bottlenecks could be planned for by changes in the emphases of training, such as was planned for in MDTA. Finally, there would be a greater potential for economic growth. An educated, healthy, highly skilled and trained labor force is more capable of sustaining high economic growth than is one in which large segments of the population have been left out so long that they have trouble even when invited in.

Evaluation and Problems

Although this paper presents public service employment in a particularly rosy light, there are many problems with the proposal which it would be unconscionable not to present.

The first problem deals with the question of how do you get people to work. Much of the recent research, notably that of

Leonard Goodwin, indicates that people are willing to work.[18] However, this is contradicted by the dropout rates of recent government programs designed to provide training and work, especially the Job Corps and WET and WIN. There are reasons for the dropout rates. Many of the graduates have been unable to find jobs after completion of the program which is discouraging for present enrollees to hear. Many of the dropouts have occurred because they had found jobs on their own. In some of the programs adequate back-up services have not been provided and the participants drop out because they cannot handle the program, physically, emotionally, or socially.[19] Despite the fact that reasons can be given to explain high dropout rates in other programs, there is no concrete evidence that the dropout rate would be less in public service employment. More research needs to be done on this issue, and, until it is done, a widespread acceptance of a proposal for a program of public service employment as a solution remains somewhat unrealistic.

Even if research did support the conclusion that people would be willing to work in public service employment, selling the idea to Congress and the American public will be a monumental task. First, public service employment will mean increased expenditures by government. Many people are unwilling to support these increased expenditures for any new program, regardless of how beneficial it appears. Congress is generally unwilling to fund new programs until the programs seem politically feasible. Then, there are basic disagreements over what should be government's role in the economy, and public service employment means greatly

enlarging this role. Many are concerned about what appears to them to be an inherent lack of efficiency in government activities, and a program based on government efficiency may not be taken seriously. There is also the fear that government will initiate policies and plans inimical to private interests.

Related to this is the concept known as boondoggling. Some people seem to feel that any social services provided by government personnel is boondoggling while the same services performed by the private sector are worthwhile. During the WPA era, there were many complaints about the boondogglers who were shoveling snow and raking leaves, but many are willing to pay neighborhood children to do the same tasks. One representative complained about the government project to count the trees in Cleveland but added that he knew a man who would have contracted to do the same job.[20]

There will unavoidably be competition with the private sector, both in terms of competing for labor and competing for a market for the product. If public service employment is attractive to workers, many will be willing to take approximately ten percent lower pay to work in public service employment. The private sector will have to offer more attractive working conditions if they are to be able to attract and hold necessary workers. Many services are now being offered by the private sector which public service employment would compete directly with. The most obvious example is private employment agencies. Other examples which will be affected in some way are private schools, such as business schools and trade schools, doctors, druggists, hospitals, sportsmen clubs, lawyers, and recreation areas.

One problem which has been cited frequently is the impossibility of finding meaningful work for a large number of people. However, with the help of a little imagination, this would not be at all difficult. Sufficient pay is a great help in making any job meaningful to the worker, and a list of service needs in this country should provide almost limitless suggestions of what truly would be work with a meaning, beyond providing employment, behind it.

Another charge which is less easy to answer is that a program of public service employment would become another bureaucracy with entrenched public servants with vested interest. Bureaucracies, contrary to popular opinion, are not all bad. Quite often, they are effective tools for achieving the nation's goals. Measured by this yardstick, there have been some relatively good bureaucracies: the CCC, the PWA, the Office of War Mobilization and Reconversion, and the Civil Service Commission. The unfortunate aspects of bureaucracy may be limited if most of the staff of public service employment is composed of public service employees, many of whom will enter and re-enter the program, depending on the state of the private sector. But this is a constant problem to be faced by any program and would have to be faced by public service employment.

The last major problem to be considered is inflation. The extent of price stability is measured by price indexes. The three most commonly used are the Consumer Price Index, the Wholesale Price Index, and the GNP deflator. A serious problem concerning the use of any of them is their disregard of qualitative changes in goods and services. If an automobile cost $1,900 in 1972 and $2,000

in 1973, this would be recorded as a five percent increase in the CPI, even if the 1973 automobile had a more reliable braking system than the 1972 one did. Because of this, some economists feel that fear of inflation has been both unfounded and costly,[21] in so far as it has kept us from attacking the problem of unemployment. If the percentage increase in the marginal product of labor equals the percentage increase in the cost of labor, the marginal cost of labor remains the same and there is no pressure towards inflation. If people with lower productivity are hired, as they will be in public service employment, the increase in the marginal product of labor will probably not equal the increased cost of labor, and there will be inflationary pressures. With the new participation in the economy, there will most likely be aggregate demand greater than the output potential of the labor force, at least in the short run. The conclusion must be that, at least in the short run, there will be inflationary pressures. Hopefully, there are two factors which will tend to offset the seriousness of the inflation. One, the present administration has proven that the trade-off curve between the rate of inflation and the rate of unemployment is not a given; if it is possible to move the curve outward, i.e., at any point achieve both more inflation and unemployment, there is at least hope that it can be moved in the other direction, toward both less inflation and less unemployment. Secondly, if the concept of public service employment works to create a more productive labor force, the spectre of permanent, rampant inflation loses much of its validity.

In the absence of inflation, the effect of the program on the growth of the economy would be a positive one, even if the only product was a distribution of income in favor of those whose marginal propensity to spend is the largest. However, to the extent that the program caused inflation, the growth of the economy would be adversely affected.

Public service employment is not an ideal solution to the problems which this nation faces; it is at best a partial solution. H. Jerry Voorhis, a Representative from California, said, in defending the WPA:

> The price of continuance of a free economic system is, and must always be, the provision of work opportunity for all the people. For unless this is provided the system itself stands condemned.[22]

Lord Beveridge said:

> For men to have value and a sense of value there must always be useful things waiting to be done, with money to pay for doing them. Jobs, rather than men, should wait.[23]

Public service employment is an answer to these charges to free economic systems.

FOOTNOTES TO CHAPTER VII

[1]"Policy Recommendations," in In Aid of the Unemployed, op. cit., p. 299.

[2]See especially Miles L. Colean, and Robinson Newcomb, Stabilizing Construction (New York: McGraw-Hill Book Co., 1952); and Eugene C. McKean, and Harold C. Taylor, Public Works and Employment from the Local Government Point of View (Chicago: Upjohn Institute for Community Research, 1955).

[3]Freeman, "Public Works," p. 177.

[4]John Kenneth Galbraith, The Affluent Society (Boston: Houghton Mifflin Company, 1958), p. 270.

[5]Alan Gartner, Russell A. Nixon, Frank Riessman, eds., Public Service Employment: An Analysis of Its History, Problems, and Prospects, with an Introduction by Michael Harrington, A Social Policy Book (New York: Praeger Publishers, 1973), p. 5.

[6]These estimates include those who are unemployed only because they have not yet started a new job. These people probably would not be interested in a program of public service employment but there are no reliable estimates of their numbers.

[7]U. S., Department of Commerce, Statistical Abstract of the United States, 1973 (94th Annual Ed.; Washington, D. C.: United States Government Printing Office, 1973).

[8]Leonard A. Lecht, Manpower Needs for National Goals in the 1970's (New York: Frederick A. Praeger, Publishers, for National Planning Association, 1969), p. 75.

[9]Sar A. Levitan: The Great Society's Poor Law: A New Approach to Poverty (Baltimore: The John Hopkins Press, 1969), Chapter One, passim., esp. pp. 22-29.

[10]Wassily Leontief, Input-Output Economics (New York: Oxford University Press, 1966) discusses the possibilities of the use of input-output analyses, esp. Chapter 1.

[11]See supra, Chapter VI, n. 32 and 34.

[12]Nemore and Mangum, Reorienting, p. 66; and Leonard P. Adams, "The Public Employment Service," in Becker, In Aid of the Unemployed, pp. 223-24.

[13]This was the practice in many of the programs of the 1930's and has been tried in some of the programs of the 1960's.

[14]Derived from the Economic Report of the President, 1973, Table C-30.

[15]Counterbudget, p. xxvii.

[16]Statistical Abstract of the United States, 1973.

[17]Donald W. Tiffany; James R. Cowan; and Phyllis M. Tiffany, The Unemployed: A Social-Psychological Portrait, A Spectrum Book (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1970), p. 15 and Ch. 5, passim.

[18]Goodwin, Do the Poor Want to Work?, Ch. 1 and Ch. 8, passim.

[19]Ibid., p. 115.

[20]See supra, Ch. VI, n. 26.

[21]Thomas F. Dernburg, and Duncan M. McDougall, Macroeconomics, (3rd ed.; New York: McGraw-Hill Book Co., 1968), p. 367.

[22]U. S., Congress, House, speech by Representative J. Jerry Voorhis in favor of WPA, 75th Cong., 3rd sess., Congressional Record, LXXXIII, appendix, 123-25.

[23]William H. Beveridge, Full Employment in a Free Society (New York: W. W. Norton and Company, Inc., 1945), p. 21.

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