

New report calls for full employment

Written by Freddie Allen, NNPA Washington Correspondent
Monday, 09 December 2013 12:20



WASHINGTON (NNPA) – Fifty years ago, civil rights leaders dove head-first into the on-going debate over American economic policy by placing the fight for equal employment opportunities at the forefront of the 1963 March on Washington for Jobs and Freedom.

Despite their efforts, Black child poverty, Black unemployment and the median income for Black males all peaked in the decade following the march and then headed south, according to a recent report by the Economic Policy Institute.

The EPI report, part of the "The Unfinished March" series on the 1963 March on Washington, looks at two warring economic ideologies, one centered on inflation, the other focused on full employment, that helped to shape American fiscal policy following the end of World War II.

Following World War II, as fears of another depression swelled, lawmakers acted to stabilize the economy. The United States Senate passed "The Full Employment Act, legislation that guaranteed the opportunity for well-paying, full-time jobs for all Americans willing and able to work. But the House of Representatives largely opposed the bill, calling the guarantee an entitlement. The Senate eventually stripped the guarantee and other language from the bill that the House opposed to get a version of the bill passed as the Employment Act of 1946.

The compromise ensured that the battle over the federal government's role in guiding the free market economy would continue.

"[The Employment Act of 1946] did not settle the fundamental debate between those who feared inflation more than unemployment, or reconcile partisan views about the role of the government in the economy," stated the report. "And full employment could only be guaranteed with the resolution of these debates in favor of using fiscal policy to pursue maximum employment."

According to the report, median incomes for all American families flourished through the 1950s, growing by 38 percent. Black median family income increased by an astounding 41 percent. However, the decade's prosperity was marred by the uncertainty of a series of economic valleys and peaks driven by slow-moving intervention by the federal government.

New report calls for full employment

Written by Freddie Allen, NNPA Washington Correspondent
Monday, 09 December 2013 12:20

The report suggested that when business profits of the elite and the demand for jobs collided, lawmakers often protected the interests of business class at the peril of the working class.

"The recession of 1957, for example, had been created by the Federal Reserve putting inflation and business profits ahead of jobs and incomes for families," stated the report.

The gains made by Black families underscored how deep and wide the income gap between Blacks and Whites remained.

"By the end of the 1960s, black median family income was a mere 55 percent of white median family income," stated the report. "The black median family income of \$21,466 (in 2011 dollars) in 1960 actually sat below the poverty threshold for a family of four."

Prior to the 1963 March on Washington, the Kennedy administration acknowledged that, "government policy must be alert and flexible, ready to promote the achievement of full recovery within the coming fiscal year and to counteract developments which might threaten its attainment."

Senior economic advisers in the administration favored policies that focused on full employment to spur economic growth and production. That was particularly needed in the Black community where the 1963 unemployment rate was 10.9 percent, compared to 5 percent for Whites.

As the EPI report noted, A. Philip Randolph opened the march on August 28, 1963, with these words:

"We are the advanced guard of a massive, moral revolution for jobs and freedom. This revolution reverberates throughout the land touching every city, every town, every village where black men are segregated, oppressed and exploited. But this civil rights revolution is not confined to the Negro, nor is it confined to civil rights, for our white allies know that they cannot be free while we are not. And we know that we have no future in a society in which 6 million black and white people are unemployed and millions more live in poverty."

Following the 1963 march, the Civil Rights Act of 1964 not only outlawed discrimination in housing, education and voting, it also advanced a "new economic script" and banned discrimination in the workplace.

"Prior to the passage of the act, newspapers openly advertised positions by race, clearly identifying jobs where blacks need not apply," stated the report.

The median income for Black men increased from \$16,052 in 1963 to \$21,064 in 1968. The poverty rate for Black children fell from 65.6 percent in 1965 to 39.6 percent in 1969.

According to the EPI report, the median income for Black men reached its zenith in 1973 at \$23,135 (in 2011 dollars), slightly higher at \$23,475 almost 40 years later.

The report blames the oil embargo by OPEC and the Iranian oil crisis for contributing to rising

New report calls for full employment

Written by Freddie Allen, NNPA Washington Correspondent
Monday, 09 December 2013 12:20

inflation and unemployment rates during the 1970s, which caused lawmakers to abandon policies that promoted full employment in favor of policies that sought to restrict inflation and control prices.

"And, the war against inflation became a war against workers' demands for higher wages, as well," stated the report. "The federal minimum wage, which has to be continually increased by law just to keep its real purchasing power from being eroded by inflation, remained unchanged from 1981 to 1990, at \$3.35 an hour."

From President Reagan's open hostility towards unions to President Clinton's move to strip Aid to Families with Dependent Children (AFDC) from the Social Security Act and turn much of the spending decisions for the programs over to the states, the EPI report found that fiscal policies "tilted toward profits, interest, and high-end compensation" and increasingly forced American workers to bear more of the risks during economic downturns and less of the rewards when the economy recovered.

The report suggested that another shift towards full employment principles is critical to stabilize the labor force and address income disparities. The recommendations included an "automatic response" in the form of a stimulus package triggered by a three-month downturn in national payroll employment. The automated stabilizer could immediately boost the economy without having to endure the slow-moving machinations of the federal government for approval.

The report also outlined a youth jobs program for 16 to 24 year-olds including full-time jobs for young people, 21-24 years-old, who were not enrolled in school. This program would have a dramatic impact on Black youth (16-19 years-old) who bear an unemployment rate of 36 percent compared to White youth with a jobless rate of 19.4 percent, according to the latest jobs report by the Labor Department.

The report recommended fixes for social safety net programs with the federal government assisting cash-strapped states with the associated costs and a financial transaction tax imposed on the financial sector.

As the Black community continues to suffer through depression-era levels of unemployment and poverty, the speeches from the 1963 March on Washington for Jobs and Freedom that highlighted the need for full employment economic policies still ring true today.

During his 1963 March on Washington for Jobs and Freedom speech, A. Philip Randolph said: "It falls to us to demand new forms of social planning, to create full employment, and to put automation at the service of human needs, not at the service of profits – for we are the worst victims of unemployment."