

## UNEMPLOYMENT AND ECONOMIC CRISIS: COULD A JOBS MOVEMENT ARISE FROM POVERTY OF POLICY?\*

By Craig Reinerman

From the sermons of Jonathan Edwards in colonial Boston to those of Ronald Reagan, work has been the central theme in American political discourse. As a society we have always been known for and prided ourselves upon our industriousness and productivity. Yet for nearly a century it has been clear that involuntary and structural unemployment is an endemic feature of our economy, and not an aberration born of momentary disequilibrium. While every president since at least Roosevelt has proclaimed full employment, a job for all who want one, to be the goal of his economic policy, the U.S. historically has lagged behind most other industrial democracies in this regard.<sup>1</sup>

This essay is an attempt to better understand this paradox. In the first section I argue that the right to a job has become part of the American social charter. A short, critical history of employment policies is outlined in the second section in order to suggest some of the reasons why this ideal has not been realized. In the final section I explore the current economic crisis in an attempt to identify those of its features which could engender a political movement toward full employment and those features which militate against such a movement.

### Everyday Life and Legitimacy in the New Moral Economy

E. P. Thompson develops the notion of moral economy to interpret the implicit politics of 18th century English bread riots and crowd

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behavior. He defines it as the "popular consensus" as to legitimate and illegitimate market practices which was "grounded upon a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community..." This moral economy "supposed definite, and passionately held, notions of the common weal... (which) impinged very generally upon... government and thought."<sup>2</sup>

Piven and Cloward employ this concept to understand the trajectory of political-economic change in American history. Until the 20th century, the U.S. was a *laissez-faire* moral economy within which economic relations were seen as "natural" and not subject to political or state intervention. Within the terms of the *laissez-faire* moral economy, newly won political rights had no bearing upon economic rights and subsistence. Livelihood was a matter for the individual to work out in the market. However, in the 20th century those democratic political rights were increasingly used by working people to demand state reforms and interventions in the market to better ensure subsistence. Thus, there has been a transformation from *laissez-faire* to a new moral economy in which the state has come to have a growing responsibility to make individual livelihoods possible.<sup>3</sup>

This trend has been especially clear since the New Deal. According to Flacks, the basic principle upon which system legitimacy has come to rest (particularly with the rapid growth of suburbanization and mass consumption since World War II) is the maintenance of everyday life. Like the new moral economy, he argues, the implicit "cultural charter" holds that the state must coordinate and/or supplement market mechanisms such that the great mass of individuals retain the capacity for making a private, everyday life. One consequence of the growth of this charter has been what O'Connor calls the development of a "Keynesian proletariat," i.e., a working class that expects to be able to live the American Dream, to have continuous and significant purchasing power. That is, livelihoods or subsistence rights guaranteed directly or indirectly by state coordination or supplementation of the market have become expected rights.<sup>4</sup>

Survey and opinion poll evidence suggests that the right to work, to have a job, has become part of the new moral economy or America's cultural charter. Even in recent years when complaints about interference in the market have multiplied and the number of people identifying themselves as conservative has increased, majorities of national samples have supported the idea that the government should see to it that all who want jobs have them.<sup>5</sup> The public makes a sharp distinction between welfare, which they have long stigmatized as "the dole," and government employment programs which guarantee work opportunities.

Yet, at the midpoint of the Reagan administration's first term, rates of unemployment have reached their highest levels since the end of the 1930's. While there certainly have been protests, they have been neither massive nor frequent enough to be called a movement. Moreover, Congressional proposals for jobs and training programs have been decidedly meek relative to the size of the unemployment problem, and in any event have not drawn upon the principles of full employment or guaranteed jobs. Given the trajectory toward greater economic rights and the broadening of the cultural charter to incorporate the expectation of employment, the absence of either a national policy of full employment or a concerted social movement for one is puzzling. The following section provides a brief, critical sketch of the major employment and training programs since the New Deal in an effort to describe the features of public policy making which have inhibited full employment in the U.S.

#### Policy Failure as an Ongoing Social Accomplishment

Throughout the 19th and into the early 20th century while the *laissez-faire* moral economy was dominant, the struggles of working people for livelihoods and economic security took place primarily in the market sphere at the level of the workplace.<sup>6</sup> However, at the turn of the century, the nascent labor movement led a drive for a cabinet-level agency to represent the interests of workers. This effort was resolutely resisted by business and conservative interests. When the growth of the industrial working class and recurrent economic problems made it clear that labor would somehow have to be accommodated, business opposition shifted toward attempts to control the definition and means of administration of such an agency.<sup>7</sup> They succeeded in eliminating labor advocacy from the new agency's proposed charter and replacing it with the tasks of promoting class harmony and finding markets for surplus production. Thus, in 1903 a compromise resulted in the creation of the Department of Commerce and Labor which gave labor its first token voice in national government, albeit one defined as non-political and given meager fiscal resources. I note this development here simply to show how recently the interests of workers were given formal public expression, and to suggest that the process whereby their demands were circumscribed and their policy influence shaped by business has been the *leitmotif* of federal employment policy.

Of course this pattern of policy conflict varied according to economic and political circumstances. Two years after the 1929 stock market crash, unemployment reached 25 percent, and millions more were marginally employed in low-wage, part-time jobs. Yet the Hoover administration continued to deny that a crisis existed and to insist that traditional, local relief practices were adequate without federal programs. In 1932 the National Association of Manufacturers

and the Chamber of Commerce continued to lobby against unemployment compensation and federal relief programs on the grounds that such programs would erode the work ethic and make low-wage workers too choosy.<sup>8</sup>

Federal relief programs were enacted after the 1932 electoral realignment put Roosevelt and the Democrats in power. Under the auspices of the National Industrial Recovery Act, Roosevelt and Congress responded to the pleas of local officials facing mass disorder, and enacted the Federal Emergency Relief Program in early 1933. Later that year under the Public Works Administration a more massive Civil Works Program was enacted which quickly spent a billion dollars on community projects. It eventually employed four million workers on a short-term basis at prevailing wage rates. The stipulation of prevailing wages, however, aroused the opposition of business groups and congressional conservatives who argued that it would make work relief more expensive than direct relief, and that dangerous precedents would be set if workers were allowed to hold out for higher wages than the private sector was offering. Business had an important, although temporary, ally in the American Federation of Labor who also opposed prevailing wage provisions on the grounds that the skilled trades it represented would be hurt. Roosevelt bowed to this pressure in 1934 and allowed the Public Works Administration to die.<sup>9</sup>

The persistence of extraordinary levels of unemployment and poverty, along with the mass protests this engendered in many major cities, led to a greater Democratic victory in the 1934 congressional elections. With this enhanced majority Roosevelt set up the Works Progress Administration in 1935 which paid workers directly for public construction projects. Over the next five years the WPA spent \$10 billion for over three million jobs, the largest public employment program before or since.<sup>10</sup> Even with the unusual gains of the Democrats in 1934 and the persistence of economic crisis and massive unemployment, pressure from business interests kept WPA wages and/or hours below those prevailing in the private sector in each region. And, Roosevelt reduced the size of the WPA soon after it began. By 1939 Congress had limited WPA jobs to 18 months so as to ensure that they remained temporary options, despite the fact that only one in eight WPA workers were able to find private sector jobs after their WPA jobs ended.<sup>11</sup>

Even though the WPA was successful in providing millions of jobs to those unable to find work in the market, it must be remembered that at its peak, the WPA employed only 31 percent of the total officially jobless, and never established the legitimacy of public sector job creation despite its legacy of hundreds of socially valuable public buildings and infrastructural improvements.<sup>12</sup> The dominant business

ideology which held public employment as a temporary emergency measure at best, and an illegitimate boondoggle which should not be allowed to offer prevailing wages at worst, continued to constrain employment policies and programs throughout the New Deal.<sup>13</sup> Nor should it be inferred that Roosevelt ever strayed from the capitalist camp far enough to seriously embrace the ideal of full employment. His policies were most often designed and administered by industry leaders, and their express purpose was the restoration of capitalism. As President Roosevelt himself said to the 1936 Democratic state convention in New York:

The true conservative seeks to protect this system of private property and free enterprise by correcting such injustices and inequities as arise from it. The most serious threat to our institutions comes from those who refuse to face the need for change. Liberalism becomes the protection for the far-sighted conservative.<sup>14</sup>

Contrary to liberal folklore, the New Deal, for all its unprecedented employment policies, failed to reduce unemployment to even pre-Depression levels. The mobilization for World War II produced the only period of full employment in U.S. history. However, the New Deal did establish for the first time state intervention in the labor market to lower unemployment as an incipient part of the cultural charter. This was important in popular experience because the contrast between the devastation of the Depression and the full employment during the war set precedents that were difficult to remove in the post-war period. FDR's National Resources Planning Board issued a report on post-war economic conversion in 1944 which urged that a new bill of rights be established, especially the right to a job at good wages.

While business opposition managed to convince Congress to disband the NRPB, the Murray-Wagner Full Employment Bill was proposed in 1945 to set up the policy framework and budget to guarantee full-time jobs at good wages to all Americans. There was strong popular support for post-war full employment, and even Republican Presidential candidate Dewey supported the idea. However, some fractions of capital from competitive sector industries worked quietly with Republicans and Southern Democrats to kill the bill on the grounds that it entailed government planning and would drain profits in favor of wages. (This is perhaps ironic, given business prosperity under wartime planning.) As President Truman's Secretary of Labor remarked about the defeat of the bill, "There are those who believe that it is economically desirable to have a large pool of the unemployed upon which to draw."<sup>15</sup>

The next attempt came in the form of the Employment Act of 1946. As passed in the Senate, this bill made employment a state-guaranteed right. But, in the final version of the bill, the word "full"

was deliberately omitted from the title in favor of the word "maximum" which was never defined. More important, after conservatives finished revising the measure it pledged the government only to "use all practicable means consistent with other essential considerations of national policy...in a manner calculated to promote free competitive enterprise."<sup>16</sup> The bill had been reduced so far toward a purely symbolic measure that Republican Senator Taft could assure his conservative colleagues that they could safely support it because "there is no full employment bill anymore."<sup>17</sup> Such conservative pressure is especially noteworthy in that, as many business leaders had long recognized, full employment would be a boon to consumer demand. However, other business interests continued to maintain that full employment would give workers too much power in wage negotiations and therefore result in inflation.

Inflation did eclipse unemployment as a problem in the post-war era. As political power shifted to the Right, the federal commitment to even "maximum employment" was eroded. After attempts to avoid any mention of a specific figure in economic policy statements, the estimate of what constituted "normal" levels of unemployment was raised to four percent. In a remarkably frank admission, the editors of *Business Week* spelled out the trade-off they felt business preferred in 1952: "There's no assurance against inflation like a pool of genuine unemployment." Similarly, the Committee for Economic Development, a private policy group dominated by liberal business leaders, urged the same kind of trade off in 1958, arguing that "extremely low unemployment," such as two percent of the labor force, would lead to the "breakdown of price stability."<sup>18</sup> While their assumption that inflation was caused by rising wage demands was simplistic, given the growing capital-intensiveness of post-war industry, it was in keeping with the economic thinking of the Eisenhower administration. Thus the target levels of "acceptable" or "normal" unemployment grew higher and less specific, while federal commitment to full employment waned.

The relatively clear lines of class conflict that had marked policy debates during the Depression gradually gave way to what Wolfe calls "growth politics."<sup>19</sup> Given the unprecedented economic power the U.S. gained after the war, a Keynesian consensus developed in which growth became the centerpiece of economic policy.<sup>20</sup> As a consequence, such ends of policy as full employment were lost in the debate over the best technical means to achieve an end that would usher in a permanent (it was widely and naively believed) American prosperity.

### From Kennedy's Camelot to the Reagan Reformation

Between 1962 and 1979 Department of Labor programs for employment and training mushroomed. Annual appropriations in this area grew from roughly \$80 million in 1963 to roughly \$11 billion in 1979—an increase of 130 fold totaling \$64 billion for the 17 year period.<sup>21</sup> From a distance, these figures alone might imply an admission on the part of the state: that the market, left to its own devices, could not provide sufficient job opportunities. Such an admission, however, has yet to come from the mouth of a U.S. president.

The Manpower Development and Training Act of 1962 (MDTA) was the first major employment program of the Kennedy administration. With unemployment at 7 percent in 1961 (then considered very high), the President who had promised to "get America moving again" designed MDTA for workers displaced by automation and business relocation or capital flight. However, when the upturn in the business cycle came, most dislocated skilled workers were back at their old jobs, while a segment of low-education, low-skilled, "hard to employ" workers had been discovered.<sup>22</sup> Under pressure from a growing and increasingly militant Civil Rights Movement, the liberal administration and majority in Congress also passed two programs based on New Deal concepts and aimed at poor, inner-city youth, the Job Corps and the Neighborhood Youth Corps.

One feature of MDTA with particular ideological as well as policy significance was its embracing of what came to be known as "human capital theory." The implicit assumption in MDTA and most of its successors was that the disadvantaged worker required training. While this was certainly true, and I do not wish to suggest that training is unimportant, it is critical to recognize the correlative assumption, smuggled into policy, that the market itself could provide adequate job opportunities if there were workers sufficiently trained for them. Thus, the program was predicated upon a subtle form of victim blaming which takes attention off the structure of opportunities.<sup>23</sup> Under this assumption, MDTA paid to make workers more productive, thereby reducing the costs to business of a trained labor force.<sup>24</sup> Moreover, since the program's impact on the labor market and wage rates was slight, business opposition was also slight.

By 1964 the persistence of mass protests for civil rights had helped drive home the point that MDTA and other programs were not reaching large segments of the poor, particularly blacks. The Economic Opportunities Act of 1964 targeted more of its training slots to these groups, but despite some improvements in this regard, most of the workers receiving On-The-Job Training under MDTA were white, male, high school graduates, while only 3 percent were welfare recipients.<sup>25</sup> Since business retained control over the creation of OJT slots while being subsidized by the state, they tended to choose

workers they wanted. According to a General Accounting Office report, the result was that:

On the Job Training contracts had served primarily to reimburse employers for OJT which they would have conducted even without the government's financial assistance. These contracts were awarded even though the intent of the program was to induce new or additional training efforts beyond those usually carried out.<sup>26</sup>

After three summers of ghetto revolts and persistent unemployment, President Johnson announced with some fanfare in 1968 the Job Opportunities in the Business Sector (JOBS) program. It was to be run by the National Alliance of Businessmen and designed to spur the creation of jobs for the hard-core unemployed by again subsidizing business training costs. Beyond the advantages of control and wage and training subsidies, JOBS avoided the specter of public sector job creation, required no quota of private sector job creation, avoided questions about the structural sources of unemployment, and offered favorable publicity in an era increasingly critical of business. Thus, JOBS passed Congressional muster while a variety of public sector job creation bills died on the vine.<sup>27</sup>

After providing some 165,000 jobs in its first few months, future job pledges by the private sector did not materialize. The government was able to spend only a fraction of the funds allocated for JOBS—a fact which confronted Congress with further evidence that even with \$3000 wage and training subsidies per worker the market could not be spurred to create enough opportunities. In addition, evaluation studies demonstrated the existence of questionable contracts with runaway shops, inadequate training, and the use of JOBS slots for workers who would have been hired without subsidies.<sup>28</sup>

By the early 1970's it was clear that whatever benefits had been received by the workers in OJT, JOBS, and similar programs, they were inadequate in obtaining their professed goal of reducing overall unemployment. In fairness, I must note that as post-war growth tapered to a trickle and inflation stimulated by military spending for Vietnam increased, overall macroeconomic policy was probably harder on unemployment than any specific program failures. However, in the wake of such evidence of failure and with a growing demand on public services, support for public sector employment programs grew.

Whereas in 1970 President Nixon could veto a Democratic-labor-backed public sector job creation program, saying in the process that he would not bring back the leaf-raking jobs of the New Deal, less than a year later he faced an override unless he signed a bill containing direct job creation. The Emergency Employment Act of 1971 was signed, authorizing over \$2 billion for direct public job creation.

However, Nixon's anti-inflation strategy soon targeted the act for cut-backs, on the grounds (ironically enough) that the record of manpower programs showed that they had minimal impact on the unemployment rate. He was joined by business groups in this attack, but they faced resistance from labor and community groups as well as a Democratic Congress. As general economic conditions gradually worsened and the Watergate scandal devoured more and more of Nixon's political capital, a compromise was reached on a bill that offered something for everyone.<sup>29</sup>

The Comprehensive Employment and Training Act of 1973 (CETA), unlike most of its predecessors, contained two (of its six) titles for public service employment (PSE). These PSE titles took an increasing share of the total CETA appropriation: from 25 percent to 50 percent between 1974 and 1976, and up to 60 percent between 1977 and 1978. Title VI, for example, provided 300,000 PSE jobs for those unemployed due to recession. However, by the time CETA was to be reauthorized in the summer of 1979, business and conservative power had grown in the wake of the failures of Carter's economic policies. Using criticisms of CETA for misappropriation of funds at the local level, substitution of PSE workers for regular civil service workers, and failure to fully target the hard-core unemployed, business lobbyists and Congressional conservatives succeeded in re-shaping CETA into a program more in harmony with the growing fiscal crises and the birth of tax revolts.<sup>30</sup> But it is noteworthy that the point of opposition was not to scrap CETA, but to increase the share of CETA funds allocated to private sector wage and training subsidies relative to the share allocated for PSE programs. (For example, during the Congressional debates on CETA's reauthorization, the National Association of Manufacturers sent a letter to all members of Congress which argued that "The private sector support represents the best hope for addressing the structural problem that CETA was originally set up to solve.")<sup>31</sup> Given the history of private sector approaches throughout the 1960's, this recurring argument depends upon a selective amnesia with regard to employment policy.

After lengthy, often heated, debates about CETA wages being "too high" and public sector jobs being "dead end," CETA was reconstituted and reauthorized in the fall of 1979. PSE titles were reduced and a Private Sector Initiatives Program added which increased the administrative control of local business groups at the local prime sponsor level and substantially increased the proportion of funds allocated for private sector wage and training subsidies. By late 1980, CETA was dominated by Private Industry Councils which had, according to a National Alliance of Businessmen Newsletter, "given us really complete control. This is the ultimate in private sector involvement." The new CETA did more rigidly target the long-term unemployed, but this was accomplished by reducing PSE programs in

favor of private sector subsidies, and by lowering the maximum wage ranges so CETA jobs would not be more attractive than those in low-wage industries. The changes failed to address what many local CETA staff considered the central problem with the old CETA, the low rates of retention of CETA workers in their private sector jobs *after* the subsidies expired (i.e., there had been meager *net* job creation as specified in the manifest goals of CETA).<sup>32</sup>

In its first two years, the Reagan administration has eliminated most of CETA's funding, particularly the PSE titles, and incorporated much of what remained into block grants. It has recently added a tax incentives program to spur private sector hiring of hard-to-employ groups. At this writing, with official unemployment estimated at 10.1 percent (March, 1983), there is a growing gap: the number of unemployed is at a post-war high, while the federal funds for employment and training are at their lowest levels in a decade. I will return to the most recent jobs legislation after completing this historical review.

As introduced in 1976, the Humphrey-Hawkins Full Employment bill would have implemented the (Full) Employment Act of 1946 by a state guarantee of jobs to all willing and able. But business and conservative opposition was constant and intense. Despite impassioned testimony from urban mayors who were under direct pressure from rising joblessness, and from civil rights groups and labor leaders who have traditionally led the coalition for full employment, not even the Democratic administration supported the measure as written (although candidate Carter did endorse it). As Alan Wolfe notes:

Carter was unable to resist the political appeal of the Humphrey-Hawkins bill among his constituents, and he reluctantly endorsed it. But he then devoted the full powers of his office to ensure that the bill would not contain any language that would result in a single new worker being guaranteed a job....The result was an escalation of impotence. In 1946, business opposed a *genuine* commitment to full employment on the grounds that it would exacerbate inflation; in [1978], conservatives argued that even a *symbolic* commitment to full employment would be inflationary. With even its rhetoric considered dangerous, Humphrey-Hawkins was gutted beyond recognition and then passed, one of the great non-events of the Carter administration.<sup>33</sup>

The Full Employment and Balanced Growth Act of 1978 gave greater attention to inflation than its predecessor thirty years earlier. The operative word was "balanced," i.e., lower unemployment if you can, but don't fuel inflation in the process. The act set up a policy framework which, while at least making the reduction of unemployment a national goal, had no new programs by which this might be done. The fact that even staunch conservatives could vote for the revised bill suggests that little has changed since 1946 with respect to the structural political constraints which have historically inhibited concerted

state efforts to reduce unemployment.<sup>34</sup>

The inadequacies of human capital-based wage and training subsidy programs in the private sector did for a time lead to an expansion of direct job creation through PSE programs. But despite huge outlays for employment and training in both sectors, the ratio of CETA slots at their peak to potential clients was usually one to twenty.<sup>35</sup> Thus, having made only a small dent in the overall level of unemployment, the cumulative impact of the end of post-war growth (and the collapse of the growth coalition), the OPEC-induced recession, worsening fiscal crises at all levels of government, and the emergence of tax revolts, was to render even a Democratic president and a Democratic Congress impotent before a post-Watergate, renascent Right. The growth of direct job creation between 1973 and 1978 now appears to be a minor aberration in the broader pattern of employment policy history. As the fates of the new CETA and the Humphrey-Hawkins bill suggest, the political-economic boundaries within which employment policy-making takes place tend to subsume solutions to the unemployment problem under the overall logic of capital accumulation.<sup>36</sup>

Although Reagan came to power in a legislative climate increasingly suited to a conservative agenda, his macroeconomic strategy has rather unabashedly raised unemployment to its highest levels in three decades. In the first ten months of his administration, the percentage of national opinion poll samples naming unemployment as the country's number one problem doubled, and less than a year later more than doubled again. Unemployment is now named as the top problem over all others by more than two to one.<sup>37</sup> In August of 1982 Reagan "strongly opposed" the extension of unemployment benefits on the grounds that it was too costly and "not the proper vehicle for dealing with poverty." But the growing pressure even from Republicans forced him to relent a week later.<sup>38</sup> In late September 1982 the administration dismissed a Democratic public works bill as providing only "make work," proposing instead a training bill which House Speaker O'Neill claimed would "not create a single job."<sup>39</sup> Reagan's Job Training Partnership Act easily passed in Congress, ironically with the National Alliance of Businessmen helping to twist the President's arm toward some action on unemployment. Reagan apparently came to see several advantages in this lesser-of-evils program: It would give a sorely needed sign that he was not deaf to the suffering of the jobless; it would retain the human capital logic and local private sector control of a now skeletal CETA; and no public jobs would be created.<sup>40</sup>

In November 1982 Reagan said to a Chamber of Commerce/National Alliance of Businessmen conference, "Our administration's most urgent priority is to see that we have enough

jobs for all the people who want to work....This time you, the private sector employers of America, will lead, not the federal government."<sup>41</sup> In keeping with such remarks, a week later the administration proposed greater use of Carter's Targeted Jobs Tax Credit Program which indirectly subsidizes businesses for \$3,000 worth of first year, and \$1,500 of second year wage costs for jobless young people. But despite the administration's exhortations to his business constituency, this program has been a disappointment, yielding only 400,000 job slots in fiscal year 1980-81 and less than half that in the first nine months of FY 1981-82. There is no guarantee that these jobs will last beyond the tax credit period.<sup>42</sup>

In mid-December the Democrats put forward a \$5.4 billion public works bill to create 300,000 jobs. This was soon attached to the Continuing Budget Resolution needed to keep the government functioning in the hopes that the President could ill afford, just before Christmas with unemployment still climbing to post-war highs, to oppose it. House Majority Leader Jim Wright (D-Tex.) said, "I can't believe that the President, who just got \$231 billion for defense, will strain at a gnat while swallowing that camel." But strain he did. Reagan said, "I don't give a damn if it's Friday night and it shuts the whole government down, I will not sign a continuing resolution with a jobs bill in it."<sup>43</sup> The bill died, but in the process it became clear that Republican backing for the administration position was weakening. They wanted an alternative bill from Reagan so as not to cede the issue of unemployment to the Democrats who were gaining much political capital with the President's repeated scoffs at "make work" public jobs and periodic advice to the jobless about the "want ads" and "voting with their feet."<sup>44</sup>

Two months later the administration proposed a compromise bill of \$4.3 billion which relied heavily upon budget transfers in lieu of new spending, thus leaving the labor market sacrosanct, putting pressure on House Democrats to pass it or look bad, and relieving the pressure for a more substantial jobs bill. This low-cost option succeeded insofar as passing the House with only \$600 million added to it. In short, the Reagan administration had to yield to pressure for job creation, but managed to do so in a way that involved minimal fiscal costs and maximum political advantage.<sup>45</sup> At this writing such pressure appears to be building. On April 8, 1983, six former Labor Secretaries, three Republican and three Democratic, sent a joint letter to Reagan urging him to reverse his position and initiate a "large expenditure of public funds" for public service jobs, training, and extended unemployment benefits. The former Secretaries cited 11 million unemployed, 6 million underemployed, and at least two million who had given up looking for work as evidence of the potential for social and economic unrest.<sup>46</sup>

The general contours of this policy history are clear. There has been relatively unified business and conservative opposition to all forms of public, non-market employment programs. When economic crisis or mass protest has rendered this opposition timid, it has taken the form of attempts to keep public employment temporary and its wage rates low and non-competitive so as to preserve the work ethic, profit rates, and the discipline of the labor market in general. In contrast, there has been only selective opposition and important partial support for employment programs predicated upon direct or indirect subsidies to business for wage and training costs which do not interfere with labor markets. Business interests have been substantially successful at insisting upon the subordination of employment policies to those regarding inflation and investment, and on the principle of non-interference by the state in the market's structure of opportunities. It has never been so much a question of how to provide work for all who want it as a question of the impact of employment policies on other, more sacred aspects of the market system. None of the policy blends we have reviewed above substantially reduced overall rates of joblessness because economically and ideologically such reductions exceed the boundaries of capital-logic.

Thus, despite the centrality of work in American culture, and despite the fact that full employment has been an explicit, albeit rhetorical objective of macroeconomic policy for half a century, it has never been achieved in peacetime. Although the growth of a variety of income maintenance programs, market regulations, and the welfare state generally has established a new moral economy some distance from *laissez-faire* principles, full employment or the right to work remains an ideal. In fact, I would argue that it is *because* guaranteed jobs would establish a precedent in the cultural charter offensive to capital-logic, that is, one contravening the necessity of reliance on the market, that policies capable of moving toward jobs for all who want them are resisted.

### Contradictory Features of the Current Crisis

As the work of Piven and Cloward has demonstrated, some policies provide more concrete relief and more substantial reforms than others. When mass protests and civil disorder have been strong, elites have been forced to articulate and thus legitimate public demands, and to enact policies in response. But as protests subside or the business cycle enters an upturn or regimes change, reform policies are eroded or abandoned.<sup>47</sup> For our present purposes, the question is whether there are new or unique features of the current crisis which indicate the emergence of potential for a popular movement for full employment, that is, a constellation of political forces with the capacity for overcoming or altering the obstacles to establishing the right

to work as an operative principle in the American cultural charter. What follows is a beginning sketch of the major elements of our present political-economic predicament drawn in the hopes of identifying the presence or absence of this potential.

*Beyond the Business Cycle: From Unemployment to Stratification*

Professor Martin Feldstein of Harvard, now the head of Reagan's Council of Economic Advisors, has argued that overall rates of unemployment exaggerate actual unemployment because the presence of unemployment insurance affords workers the chance to search for better jobs, i.e., lowers the costs to the worker of unemployment, and because most unemployed workers can find work in their fields easily.<sup>48</sup> Suppose he has a point. How bad is unemployment?

We now have an unemployment rate at a post-war high, but spending for unemployment compensation increased more than 300 percent between 1973 and 1975 alone.<sup>49</sup> However, this proves the opposite point. In the 1975 recession, 67 percent of the jobless collected some form of unemployment benefits, but now the figure is 44 percent, and those benefits averaged \$89 per week—well under the official poverty line.<sup>50</sup> Moreover, the duration of unemployment has also grown, as workers laid off in high-wage, unionized, smokestack industries remain out of work and do not expect to get their former jobs back even if economic conditions improve. As the *Wall Street Journal* notes, this recession began only one year after a 1980 slump, and fewer of the jobless are able to recover comparable jobs. In Michigan, for example, one of the hardest hit states, the state employment service now finds 56 percent of its placements in minimum-wage jobs compared to 22 percent in 1981.<sup>51</sup> This means, for example, that the administration's argument that a lower minimum wage would create jobs for teenagers and not replace older workers seems specious.

Nor can the "look at the want ads" theory bear the slightest scrutiny. While there are indeed openings advertised in virtually all urban newspapers, there are between fifty to seventy-five times as many officially unemployed people in the areas served by those newspapers than there are openings listed.<sup>52</sup> And this says nothing of the quality or pay in such openings. A *Fortune* magazine study of want ads in a small New York city newspaper found 70 applicants for every job paying \$3 per hour. Other journalistic accounts from a variety of cities over the last four years have shown a growing competition over the most menial jobs.<sup>53</sup> It is not uncommon to find one hundred times as many applicants as there are jobs: in September 1980, 24,000 lined up to apply for 75 jobs paying less than \$8,000 in Baltimore; in March 1981, 3,000 waited to apply for 100 openings at an Ohio battery plant; in February 1982, 150,000 applicants in Miami rushed to try for 700 jobs with the Postal Service; in Milwaukee, 20,000 braved the cold to

apply for 200 factory jobs in November of 1982; another 20,000 tried for 3,800 temporary openings in Chicago in January 1983; the following month 3,000 jobless "stampeded" a state employment office for 250 openings at a hotel in Kansas City; in March 1983, 5,000 sought 170 temporary jobs in Pittsburgh, and 10,000 applied for 1,000 temporary jobs in Cleveland.<sup>54</sup>

Such anecdotal evidence suggests that people want to work, that there is not nearly enough work, and that the situation is worsening. However, I wish to suggest that by focusing on the depth of the unemployment problem there is a risk of missing other important features of the work crisis. First, along with rising levels of official unemployment, there has been a concomitant rise in unofficial unemployment, e.g., the growing number of "discouraged workers" who have exhausted their benefits or have given up looking for work, and so are not part of the Labor Department's calculus. Their numbers are estimated in various ways, but are generally thought to constitute an additional two or three percentage points on the unemployment rate. This does not count those who have found other options in the underground economy.

Second, and more widespread, is the growth of underemployment. Of the *employed* in 1980, before the current recession hit, only 55.7 percent had full-time jobs for the full year, and half of these paid less than \$15,000 per year.<sup>55</sup> Between 1973 and 1979 the private sector generated 11 million new jobs, but more than two-thirds of them were in services and retail industries, and are characterized by sharply lower wage rates, shorter hours, and low productivity.<sup>56</sup> The new opportunities being generated in the American marketplace are not predominantly in the "high-tech" industries of Silicon Valley, California, but in McDonald's and Burger King. Accompanying the trend toward underemployment, of course, is a rapid inflation of qualifications for jobs. While actual skill requirements have dropped for most new jobs, companies are increasing the number of years of schooling required as a screening device. Thus, the capacities of the labor force as a whole are increasingly underutilized.<sup>57</sup>

Third, it is critical to remember that recovery from the Great Depression was not accomplished by the market alone, but by state intervention with social programs and then militarization which also helped sustain recovery thereafter. One consequence of this intervention has been the removal of millions from the labor force through Social Security and education, for example. Thus, the relatively low rates of unemployment since the 1930's have been in part the product of the growth of the nonemployed who now may outnumber the official jobless by four or five to one.<sup>58</sup> Social policy initiatives of the current administration which cut funding and restrict eligibility for such groups will add pressure to the labor market by reducing the

number of nonemployed.

There are two inferences which may be drawn from this evidence. The first is simply that the unemployment problem is considerably underestimated. The second is that unemployment must be understood as part of a continuum or gradient which stretches from uncounted long-term unemployed and "discouraged workers," to the officially unemployed, to those involuntarily working part-time or working in jobs demanding far less skill and productivity than they are capable of, to the nonemployed. Moreover, this same gradient can be extended to include other forms of segregation within the employed category, e.g., the dual labor market, race- and gender-based pay differentials, etc. To grasp the full extent of the unemployment problem, then, the entire gradient must be considered. When it is, it becomes apparent that the issue is not so much the interests of capital in maintaining labor force discipline and wage levels with unemployment, or even in constraining full employment policies or public jobs programs which would militate against such maintenance. The interests of capital, broadly considered, are in the maintenance of a *general system of social stratification* consonant with profitability and accumulation.

In this light the unemployment problem appears increasingly serious. With respect to the question of whether the current crisis can engender a movement for full employment, this suggests that the potential is clearly present in as much as the problem threatens millions of families beyond those officially jobless.

#### *The Diffusion of Market Trauma*

Unemployment is now considerably higher than ever before in the experience of most living Americans. Yet the "long hot summers" predicted by economists have not yet materialized as they did in the 1960's when unemployment was nearly half what it is in 1983. There are at least three accounts of this non-event. The first is that the social programs of the welfare state have cushioned the jobless, raised the "threshold of pain" with unemployment insurance and the like.<sup>59</sup> Second, it is often argued that the extraordinary depth of the recession itself, particularly in the absence of a credible Democratic or Left alternative to current policies, has led to a mass despair rather than indifference. Thus, it is the perception of intractability that has lowered popular expectations according to this argument.

There is undoubtedly some truth to both these points. but I would add a third which is also critical for understanding the relative paucity of public outcry: the problem has been spread out by virtue of the piecemeal character of state responses to past outcry. For example, workers in unionized, high-wage, monopoly sector industries have historically struggled for protections and benefits not afforded workers in other sectors.<sup>60</sup> Employment and training programs at least since

the War on Poverty have cycled a segment of the unemployed out of the jobless lines for six to eighteen months. CETA was often called a "revolving door" precisely because, even if it did not generate that many new jobs, it did take a million or so unemployed out of the unemployment figures every year. Moreover, the surplus population in general is heterogeneous: ethnic groups, teenagers, women, students and varying regions subject to uneven development. Such cleavages among the unemployed population are important reminders of the notion that just as class struggle affects the state, so does the state then affect class struggle. That is, by its differential responsiveness the state heightens whatever natural differences may exist in the polity.<sup>61</sup>

In his research on class struggles in 19th century France, Marx argued that despite their common problems, peasants could not form an effective class with the capacity of pursuing their interests because they "do not enter into manifold relationships with each other." Thus their "identity of interests fails to produce a feeling of community, national links, or a political organization, they do not form a class."<sup>62</sup> A similar point has been made by Gintis:

The power of a class and the content of its demands—and hence the changes it can bring about—depend on the forms of bonding it manages to achieve. Bonding, in turn, depends on the form of *organization* and *communication* a class creates in the course of its struggles.<sup>63</sup>

Following this reasoning, I would argue that despite the increasing trauma dispensed by the market along the entire gradient of the labor force, the effects of that trauma are diffused in ways which inhibit the formation of a movement or coalition for full employment.

#### *The Collapse of the Liberal-Labor Growth Coalition*

In the past, an unemployment rate even approaching that of the present would have led liberals and conservatives alike toward a Keynesian response even without overt unrest. Why has this not happened? That historic strategy was forged in the 1930's when Keynesian policies were used to simultaneously quiet unrest with social welfare programs and put a floor under consumer demand. America's post-war dominance in the world market led to unparalleled growth which, however unevenly at times, financed continued state spending. Such growth and spending provided a legitimacy by meeting popular expectations for a certain standard of living without having to rob Peter to pay Paul.<sup>64</sup> But the cultural charter which developed around such Keynesian growth policies soon became a fetter on domestic accumulation of capital.

By the mid-70's, according to O'Connor, the signs of an "investment strike" became visible. Rather than invest in research and development or new plant and equipment, U.S. corporations

invested in mergers or expanded in the low wage areas of the Third World. This, in turn, further lowered productivity and raised unemployment.<sup>65</sup> The historic living standards that Americans had become accustomed to—including high wages, a certain set of working conditions, and a level of state spending for services—came to constitute barriers to successful domestic capital accumulation. Thus, in addition to the lag in investment, a remarkable ideological offensive was launched against all those aspects of state spending and regulation which had provided the foundation for the cultural charter.<sup>66</sup>

In the Carter years it became clear that America was no longer the uncontested leader in the world economy, and growth slowed to a trickle. Despite his Democratic-populist identity, Carter the President had to govern, and the pattern of his choices (e.g., to fight inflation with recession regardless of unemployment) made it apparent that the layer of economic fat which had underwritten domestic peace for his predecessors was gone. He frankly admitted that the restoration of a healthy economy would require a reduction in mass living standards. To resort to traditional measures like increased state spending would be inflationary and harmful to the "investment climate." The state, in short, was being transformed from solution to problem. In the election of 1980 Reagan mobilized a cornucopia of popular discontents by scapegoating government, thus making a Republican virtue of what had become a Democratic vice.

What all this means for the potential for a full employment coalition at the level of political leadership is that the combination of accumulation crisis and fiscal crisis moved the political center Rightward. Therefore, I would argue, even with a mass movement around the right to a job, neither the economic nor the ideological resources exist around which to form a coalition. The traditional liberal-labor coalition is engaged in major defensive struggles to preserve past gains, and the political ethos of 1983 shows little sign of movement toward a strengthening of growth-based alliances. On the other hand, where there has been a will among the grass roots, political leaders have tended to find a way.

#### *Political Economy and the Culture of Democratic Ambivalence*

I have suggested that the potential for popular demands for full employment is growing, that the obstacles to effective organization and articulation of such demands are formidable in new and important ways. In this final section I will explore the possibility that the impact of the economic crisis itself will lead to an increasingly clear popular understanding of America's impasse and, therefore, to its resolution.

Piven and Cloward argue that democratic political rights have been used throughout the 20th century to secure a variety of reforms which have reduced mass economic dependency upon the market. The accumulated impact of this has been the development of a new

moral economy within which people have come to hold democratic economic rights through the state. They are convinced that people know their livelihoods are directly or indirectly dependent upon the state, and that the corporate mobilization which culminated in Reagan's ascent will ultimately fail to convince them that the state is not the forum through which they can achieve enhanced rights and economic security. That is, the democratic trajectory since at least the New Deal has engendered a profound "ideological transformation" away from the *laissez-faire* world view and toward the idea that citizens have a political right to economic subsistence. The resulting matrix of agencies which comprise the modern state may be confusingly large, but such agencies have constituencies who are entrenched even if their support is not as visible or articulate as that of interests group politics. Thus, because economic issues have been so politicized, the Right's assault on the state and democratic economic rights will be turned back.<sup>67</sup>

There is considerable support for this view. Just as Carter enacted an extension of unemployment benefits in 1980 without fanfare, so Reagan had to reverse himself on another such extension which he adamantly and publicly opposed, and sign at least a compromise job creation bill with public works jobs in it. Despite Reagan's attacks on environmental regulations as costly to America in terms of inflation, productivity and unemployment, a recent Harris Poll reported in *Business Week* found 89 percent of a national sample believed it was possible to lower pollution and unemployment simultaneously. *Business Week's* analysis is telling:

1983 is the year the Reagan Administration has [planned] less stringent regulation of polluting industries. Unfortunately for the deregulators...the American public is dramatically renewing its commitment to keeping anti-pollution laws intact—and even to strengthening them.<sup>68</sup>

This point is supported in behavior as well as attitudes. For example, in the two years since Reagan took office, membership in the Sierra Club has grown 81 percent from 188,000 to 341,000.<sup>69</sup>

One year after proclaiming he had a "mandate" to remove the state from the market, Reagan's popularity had plummeted. A Yankelovich/Time magazine poll, for example, found a majority of Americans doubted his trustworthiness, hoped he would not seek a second term and disagreed with his plans for more military spending. Similarly, after 18 months in office, a national survey by the *Los Angeles Times* found that "more than a third of the Americans who voted for Ronald Reagan...would not support him again." And at the mid-point of his term, a Gallup Poll showed a marked decline in performance approval rating—a lower rating at this point than Carter, Nixon, Kennedy and Eisenhower. It also showed nearly six in ten

respondents favored cuts in military spending as the best means of reducing budget deficits, whereas only one in ten would choose cuts in entitlement programs.<sup>70</sup>

However, I do not want to paint too sanguine a picture. The economic crisis has made the cultural charter and the new moral economy vulnerable. Reagan and the Right have successfully drawn upon a long-standing ambivalence in American culture toward the state. The democratic advances embodied in the state have accumulated over a broad historical expanse of years, while popular frustrations with taxes and bureaucracy have an immediacy in lived experience. Another ingredient in the electoral recipe which resulted in a Republican victory is the fragmentation of political alignments. The very attempts by Carter and the Democrats to cope with the crisis by moving toward the center have exacerbated the erosion of party ties and "dealignment."<sup>71</sup> Thus, the organizational vehicle which brought the new moral economy into being and which has traditionally defended it is troubled. More important, the state has intervened in the economy on behalf of *capital*, too, and is not perceived as an unmixed blessing even among those segments of the working class aided the most by it.

Moreover, even while the state has increasingly ensured basic economic security for American workers, those workers, as individuals, have also struggled in the market for their livelihoods. To the extent that such struggles have resulted in gratifying everyday lives, grounds exist for the resonance of *laissez-faire* ideals. The state may be the institutional repository of reforms which make this possible, but the status, dignity and identities of individuals are drawn in large part from their own successful struggle, against and within the market, for economic security. And I submit that the new moral economy offers scant dignity compared to a *laissez-faire* view which holds that individuals are masters of their own fates. In fact, given the necessity for private strategies for survival and mobility, the very success of the new moral economy in ensuring livelihoods for the many who suffer in the market provides raw material for reaction. In short, while support for Reagan and his "mandate" was never what it seemed and is now eroding, his victory was not manufactured out of thin air. Contradictory ideological strains have always been a feature of American culture—generosity and charity have long coexisted with a fierce individualism. This is one important reason why the welfare state is treated with such ambivalence. When those who have had to struggle to survive sense that less is being asked of others who depend on the state, then the state's practices can come to be an affront to the struggles and sacrifices of those who rely less on it.<sup>72</sup> And it was just this kind of sentiment, latent during the period of reforms in the 1960's and early 1970's, that the Right successfully framed and mobilized in 1980.

However, to the extent that Reagan and the Right pretend such latent *laissez-faire* sentiments are the predominant theme, i.e., that they are not just one of the sides of an ambivalent whole, and to the extent that they believe there is but a single mandate, then to that extent their strategy for overcoming economic crisis entails grave risks. First, it is not just the unemployed and others in need of state assistance who are threatened by the accumulation crisis. Part of the recession is said by capital to derive from a productivity crisis. Workers now see wage gains eroding as the power of business grows. There have been speed-ups and contract concessions which assault shop floor traditions.<sup>73</sup> Millions of their co-workers have lost their jobs. Reagan's macroeconomic policies are unashamedly predicated upon upward redistribution of wealth on the theory that investment would be spurred. Yet, the result has more often been mergers than new factories and new jobs. And even when investment does take place, the tendency has been toward either capital flight to low-wage areas or more automated production.<sup>74</sup> The livelihoods of American workers are lost in either case, and the effects of the behavior of corporate capital are not lost on those workers or others. Thus, when the Right's solutions to the accumulation crisis explicitly call for reductions in mass living standards in order to better serve the needs of capital, they risk the ironic consequence of building bonds all along the gradient of stratification among working classes.

When the unemployed are perceived as a "them," separated from the employed, suspicions can arise about how hard "they" are really trying to find work, and about the state which sustains "them." But the depth of the crisis coupled with the strategies of capital and the Right toward it have rendered "them" much more like "us." It is also essential to understand that the very lived experience of struggle in the market which allows *laissez-faire* ideology to resonate is also and at the same time radicalizing. In the measure that employed people live with economic insecurity, they will retain an affinity for a sphere of life in which their subsistence is assured. As the policies of Reagan and the Right continue to impinge upon traditional expectations for the maintenance of everyday life, they court the rise of a solidarity between the employed and the unemployed. It is entirely possible that the attempt to reassert the primacy of the *laissez-faire* moral economy will engender a broader and, for perhaps the first time, more explicit defense of the new moral economy, in which the right to a job ceases to be a tacit wish and becomes another part of the cultural charter. The obstacles to effective articulation of a defense of democracy are formidable. But then so are the stakes involved and the capacities of a polity aroused by crisis.

## Footnotes

1. See Francis Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (N.Y.: Random House, 1971); Harold Wilensky, *The Welfare State and Equality* (Berkeley: University of California Press, 1975); and John D. Stephens, *The Transition from Capitalism to Socialism* (London: MacMillan, 1979).
2. E. P. Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century," (in *Past and Present*, No. 50, 1971) p. 79.
3. Francis Fox Piven and Richard A. Cloward, *The New Class War*, (N.Y. Pantheon, 1982).
4. Richard Flacks, "Making History vs. Making Life," (in *Sociological Inquiry*, Vol. 46, 1976); James O'Connor, "Accumulation Crisis: The Problem and Its Setting," (in *Contemporary Crises*, Vol. 5, 1981). See also, Stanley Aronowitz, *False Promises: the Shaping of American Working Class Consciousness* (N.Y.: McGraw Hill, 1973); and Stewart Ewen, *Captains of Consciousness: Advertising and the Social Roots of Consumer Culture* (N.Y.: McGraw Hill, 1976).
5. See for example, *Public Opinion*, Vol. 1, no. 4 (1978); Seymour Martin Lipset and Earl Raab, "The Message of Proposition 13," (in *Commentary*, September, 1978); and John Magney, "Mountains, Molehills, and Media Hypes: The Curious Case of the New Conservatism," (in *Working Papers for a New Society*, May/June, 1979). Public concern for jobs obviously fluctuates with the unemployment rate. A recent Gallup Poll found that a national sample rated joblessness the most important problem in their congressional districts by more than a four to one margin over inflation, the economy, taxes or crime (*Los Angeles Times*, 10/18/82).
6. See Aronowitz (1973), *op. cit.*; and Jeremy Brecher, *Strike* (Boston: South End Press, 1972).
7. This paragraph draws directly upon Nancy DiTomaso, "The Expropriation of the Means of Administration: Class Struggle Over the U.S. Department of Labor," (in *Kapitalstate*, Vol. 7, 1978).
8. Piven and Cloward (1971), *op. cit.*, pp. 61-122.
9. *Ibid.* See also Ronald Radosh, "The Myth of the New Deal," in Radosh and M. Rothbard (eds.) *A New History of Leviathan: Essays on the Rise of the Corporate State* (N.Y.: Dutton, 1972).
10. R. A. Nixon, "The Historical Development of the Conception and Implementation of Full employment as Economic Policy," in A. Gartner, et al. (eds.) *Public Service Employment: An Analysis of its History, Problems, and Prospects* (N.Y.: Praeger, 1973).
11. Piven and Cloward (1971) *op. cit.*
12. A. Briscoe, "Public Service Employment in the 1930's: The WPA," in H. L. Sheppard, et al. (eds.) *The Political Economy of Public Service Employment* (Lexington, Mass.: Heath, 1972).
13. W. J. Spring, "Congress and Public Service Employment," (in H. L. Sheppard, et al., *op. cit.*).
14. John Braeman, et al. (eds.), *The New Deal, Vol. 1, The National Level* (Columbus: Ohio State University Press, 1975), p. 4, cited in Theda Skocpol, "Political Response to Capitalist Crisis: Neo-Marxist Theories of the State and the Case of the New Deal," (in *Politics and Society*, vol. 10, No. 2, 1980). See also G. William Domhoff, "How the Power Elite Shape Social Legislation," in his *The Higher Circles* (N.Y.: Random House, 1971). I must note here that space limitations prohibit an adequate discussion of the complexity of New Deal policy making. For example, I have used the general term "business interests" reluctantly because the capitalist class did not act in unison toward New Deal policies. Many captains of industry supported FDR and the New Deal, while others were vehemently opposed. Capital did not, as corporate liberal theorists would have it, initiate and control New Deal legislation in general as a coherent class-conscious strategy to boost profits. Rather, business seemed to exercise its greatest influence over regulations affecting specific industries by using federal power to reduce the damage done by competition. The most rigorous treatment of these issues I have seen may be found in the Skocpol article.
15. Cited in Richard B. Duboff, "Full Employment: The History of a Receding Target," (in *Politics and Society*, Vol. 7, 1977) pp. 4-5.
16. Stephen K. Bailey, *Congress Makes a Law* (N.Y.: Columbia University Press, 1950).
17. Nixon, *op. cit.*, p. 27.
18. Both cited in Duboff, *op. cit.*, p. 9. The arguments in this paragraph are drawn from Duboff's excellent history of target levels of unemployment and upward redefinitions of the "normal" rate.
19. Alan Wolfe, *America's Impasse: The Rise and Fall of the Politics of Growth* (N.Y.: Pantheon, 1981).
20. Herbert Stein, *The Fiscal Revolution in America* (Chicago: University of Chicago Press, 1969). See especially Ch. 9, "The Development of consensus," and also Wolfe, *op. cit.*, pp. 26-32.
21. Eli Ginzberg, *Employing the Unemployed* (N.Y.: Basic Books, 1980), p. 3.
22. *Ibid.*, p. 4.
23. cf. Lester Thurow, "Poverty and Human Capital," and Michael Piore, "The Dual Labor Market," both in David M. Gordon, *Problems in Political Economy*, (Lexington, Mass.: D.C. Heath, 1971).
24. See James O'Connor, *The Fiscal Crisis of the State* (N.Y.: St. Martin's, 1973), esp. Ch. 4; and Manuel Castells, *The Economic Crisis and American Society* (Princeton, N.J.: Princeton University Press, 1980), pp. 69-73.
25. P. O'Keefe and D. Lantry, *On the Job Training: A Review of the Experience* (Washington, D.C.: National Commission for Manpower Policy, 1979). See also *The Effectiveness of Manpower Training Programs. A Review of Research on the Impact on the Poor*, Joint Economic Committee, U.S. Congress (Washington, D.C.: U.S. Government Printing Office, 1972).

26. U.S. Gen. Accounting Office, *Improvements Needed in Contracting for On the Job Training under the Manpower Development and Training Act of 1962* (Washington, D.C.: U.S. Government Printing Office, 1968).
27. W. J. Spring, "Manpower Programs: The Lessons of the 1980's," in A. Gartner, *et al.*, *op. cit.*
28. For reviews of these studies see *Ibid.*, and R. Kazis and P. Sabonis, "CETA and the Private Sector Imperative," (in *Social Policy*, Jan./Feb., 1980).
29. This summary draws directly from the lucid history presented by Ginzberg, *op. cit.*, pp. 6-7. See also Robert Haveman, "Toward Efficiency and Equity Through Direct Job Creation," (in *Social Policy*, May/June, 1980) for an account of the increasing reliance on direct public provision of employment as a consequence of market inadequacies.
30. *Congressional Record*, Vol. 124, 8/9/79. It should also be mentioned here that in 1977 CETA was amended with a Youth Act and a tax incentives program to stimulate private sector job creation targeted for the chronically unemployed.
31. *Ibid.*, p. H8233.
32. See Kazis and Sabonis, *op. cit.*; and Haveman, *op. cit.* For ironic contrasting arguments, see Kim Clark and Lawrence Summers, "Unemployment Reconsidered," (in *Harvard Business Review*, Nov./Dec., 1980), where it is argued again that wage subsidies for job creation in the private sector are what is needed; and Martin Feldstein, "The Economics of the New Unemployment," (in *The Public Interest*, Fall, 1973), where "chronic aggregate shortage of jobs" is denied in favor of the view that the unemployment problem is merely "the instability of individual employment."
33. Wolfe, *op. cit.*, p. 207, emphasis in original.
34. For a detailed examination of the particulars of this act, see Isabel Sawhill and Lauri Bassi, "The Challenge of Full Employment," (in Ginzberg, *op. cit.*, pp. 160-201). These authors note that if the 1946 act can be called "piety without policy," then the 1978 version is "policy without program" (and, I would add, without piety).
35. Ginzberg, *op. cit.*, p. 13. See also, Haveman, *op. cit.*
36. See Wolfe, *op. cit.*, pp. 200-229, for a thorough yet readable analysis of "Carter's Conundrum," and the set of excellent essays on the economic shifts underlying Reagan's 1980 victory in Thomas Fergusson and Joel Rogers (eds.), *The Hidden Election: Politics and Economics in the 1980 Presidential Campaign*, (N.Y.: Pantheon, 1981) esp. pp. 3-64. See Stanley Aronowitz, "The End of Political Economy," in *The Crisis in Historical Materialism* (N.Y.: Praeger, 1981) pp. 139-200, on subsumption and the logic of capital accumulation.
37. Gallup Poll, *Los Angeles Times*, 10/22/81; and Gallup Poll, *San Francisco Chronicle*, 9/13/82.
38. *In These Times*, 8/11/82; *San Francisco Chronicle*, 8/4/82.

39. *New York Times*, 9/25/82.
40. *San Francisco Chronicle*, 10/14/82; *Employment and Training Reporter* (Washington, D.C.: Bureau of National Affairs, 10/6/82) pp. 109-111; *Washington Post*, 12/14/82. The *Post* account is particularly interesting for its explicit quotes from the president of the National Alliance of Businessmen who lobbied first the President and then the Congress to preserve the CETA framework ("The problems with CETA and the bad name it got were largely due to problems in public service employment.") and from the Assistant Secretary of Labor for Employment and Training ("This bill has nothing to do with job creation. We will be trying to change years of a person's deficient educational training rather than handing them a brush and paying them to paint city hall.")
41. *San Francisco Chronicle*, 11/20/82.
42. *Los Angeles Times*, 12/2/82.
43. *New York Times*, 12/10/82; *San Francisco Chronicle*, 12/15/82.
44. *Los Angeles Times*, 1/20/83; 3/4/83.
45. *New York Times*, 2/25/83; 3/4/83.
46. *New York Times*, 4/22/83.
47. Piven and Cloward, *op. cit.*, and *Poor People's Movements* (N.Y.: Vintage, 1977).
48. Martin Feldstein, *op. cit.* For a readable critique of the theory that unemployment insurance causes unemployment, see James Henry, "Hallelujah I'm a Bum: The New Conservative Theories of Unemployment," (in *Working Papers*, Mar./Apr. 1979).
49. *Ibid.*
50. *Wall Street Journal*, 6/29/82; National Advisory Council on Economic Opportunity, *Critical Choices for the Eighties* (Washington, D.C.: U.S. Government Printing Office, 1981).
51. *Wall Street Journal*, *op. cit.*; see also, "A New Kind of Joblessness," (*San Francisco Chronicle*, 8/13/82); and "1.9 Million Jobs Will Never Return," (*San Francisco Chronicle*, 4/20/83).
52. "Washington Ads List 1059 While 77,600 Seek Work," (*Washington Post*, 4/19/79).
53. Herbert Meyer, "Jobs and Want Ads: A Look Behind the Words," (*Fortune*, 11/20/78).
54. *Los Angeles Times*, 9/19/80, 3/4/81; *San Francisco Chronicle*, 2/27/82, 11/18/82; *Chicago Sun Times*, 1/6/83; *San Francisco Examiner*, 1/18/83; 3/20/83; *San Francisco Chronicle*, 2/15/83, 3/22/83.
55. See Andrew Hacker's analysis of census and employment reports, "The Lower Depths," (*New York Review of Books*, 8/12/82).
56. U.S. Department of Labor, *Employment and Earnings* (Washington, D.C.: Supt. of Documents, 1980). See the trenchant review of recent labor reports by Emma Rothschild, "Reagan and the Real America," (*New York Review of Books*, 2/5/81); and *Employment and Unemployment: A Report on 1980*, (Washington, D.C.: U.S. Dept. of Labor, Bureau of

- Labor Statistics, Special Labor Force Report #244, 1981).
57. See Stanley Aronowitz, 1973, *op. cit.*; and Harry Braverman, *Labor and Monopoly Capital* (N.Y.: Monthly Review Press, 1974).
  58. See John Ehrenreich, "Adding Up the Unemployed," (*The Nation*, 7/25/81); and James O'Connor, 1973, *op. cit.*
  59. "A Higher Threshold of Pain Over Joblessness," (*New York Times*, 8/9/81); Feldstein, *op. cit.*
  60. O'Connor, 1973, *op. cit.* See also Hugh Mosley, "Corporate Social Benefits and the Underdevelopment of the American Welfare State," (in *Contemporary Crises*, Vol. 5, No. 2, 1981); and Wilensky, *op. cit.*
  61. This formulation was taken from Gosta Esping-Anderson, Roger Friedland, and Erik Wright, "Model of Class Struggle and the Capitalist State," (in *Kapitalstate*, 4-5, 1976).
  62. Karl Marx, "The Eighteenth Brumaire of Louis Bonaparte," in D. Fernbach (ed.), *Karl Marx: Surveys From Exile*, (N.Y.: Vintage, 1974) pp. 238-39.
  63. Herbert Gintis, "Communication and Politics: Marxism and the 'Problem' of Liberal Democracy," (in *Socialist Review*, No. 50-51, 1980) p. 190; original emphasis.
  64. This argument draws heavily on O'Connor, 1981, *op. cit.*; and Wolfe, *op. cit.*
  65. "The Danger in the Plant Consumption Slump," (*Business Week*, 4/5/76) cited in O'Connor, 1981, *op. cit.*; "The Price of Big Mergers," (*New York Times*, 12/20/81); "The Merger Wave: Is It a Problem?" (*Wall Street Journal*, 12/11/81).
  66. It is worth noting that what may be called corporate legitimization advertising began in earnest in this period (e.g. Mobil editorials against price and pollution regulation in all major media, Monsanto's "without chemicals, life itself would be impossible" messages, and Exxon's "We're working for a stronger America" spots on prime time television are examples). These came to take an increasingly anti-State tone in the late 1970's. See also M. Ermann, "The Operative Goals of Corporate Philanthropy," (in *Social Problems*, vol. 25, No. 5, 1978).
  67. Piven and Cloward, (1982), *op. cit.* James O'Connor, "The Democratic Movement in the U.S.," (*Kapitalstate*, Vol. 7, 1978) contains an equally compelling argument along the same lines: to the extent the state has intervened in social life—whether on behalf of workers or capital—people have come to understand the state as the central arena of class struggle and will move to democratize it.
  68. *Business Week*, 1/24/83.
  69. *San Francisco Chronicle*, 4/5/83.
  70. Yankelovich/Time Poll, *San Francisco Examiner and Chronicle*, 3/28/83; *Los Angeles Times*, 8/8/82, 2/14/83.
  71. Walter Dean Burnham, "The 1980 Earthquake: Realignment, Reaction, or What?" in Ferguson and Rogers, *op. cit.*, pp. 98-140. See also, N. Nie, et al., *The Changing American Voter* (Cambridge, Mass.: Harvard

- University Press, 1976).
72. See, for example, R. Sennett and J. Cobb, *The Hidden Injuries of Class* (N.Y.: Vintage, 1973); Wilensky, *op. cit.*, R. Botsch, *We Shall Not Overcome: Populism and Southern Blue Collar Workers* (Chapel Hill: University of North Carolina Press, 1980); and Craig Reinerman, "The Ideological Context of Social Policy: Popular Beliefs and the Social Character," presented at the Annual Meeting of the *American Sociological Association*, San Francisco, 1982.
  73. "Local Unions Accept Pay and Benefit Cuts to Try to Rescue Jobs," (*Wall Street Journal*, 12/17/81); "UAW Opens Door to Renegotiation of Its Industry contracts," (*Los Angeles Times*, 12/10/81), "Teamsters Appear Willing to Make Wage Concessions," and "Facing Layoffs, Armour Workers Agree to 4-Year Freeze on Wages," (*Los Angeles Times*, 12/18/81).
  74. See Richard Barnett, "Multinational Corporations and the World Employment Crisis," in his *The Lean Years: Politics in the Age of Scarcity* (N.Y.: Simon and Schuster, 1980); "IBM Ready to Ship Its 7565 Robot System for Industrial Work," (*Wall Street Journal*, 1/26/83); "New in Japan: The Manless Factory—Company Wants to Sell to Factories in U.S.," (*New York Times*, 12/13/81); "Replaced by a Machine—The Plight of Factory Workers," (*San Francisco Examiner*, 1/23/83).