

Affordable and Productive Full Employment

Fadhel Kaboub, Ph.D.

Assistant Professor of Economics

Denison University

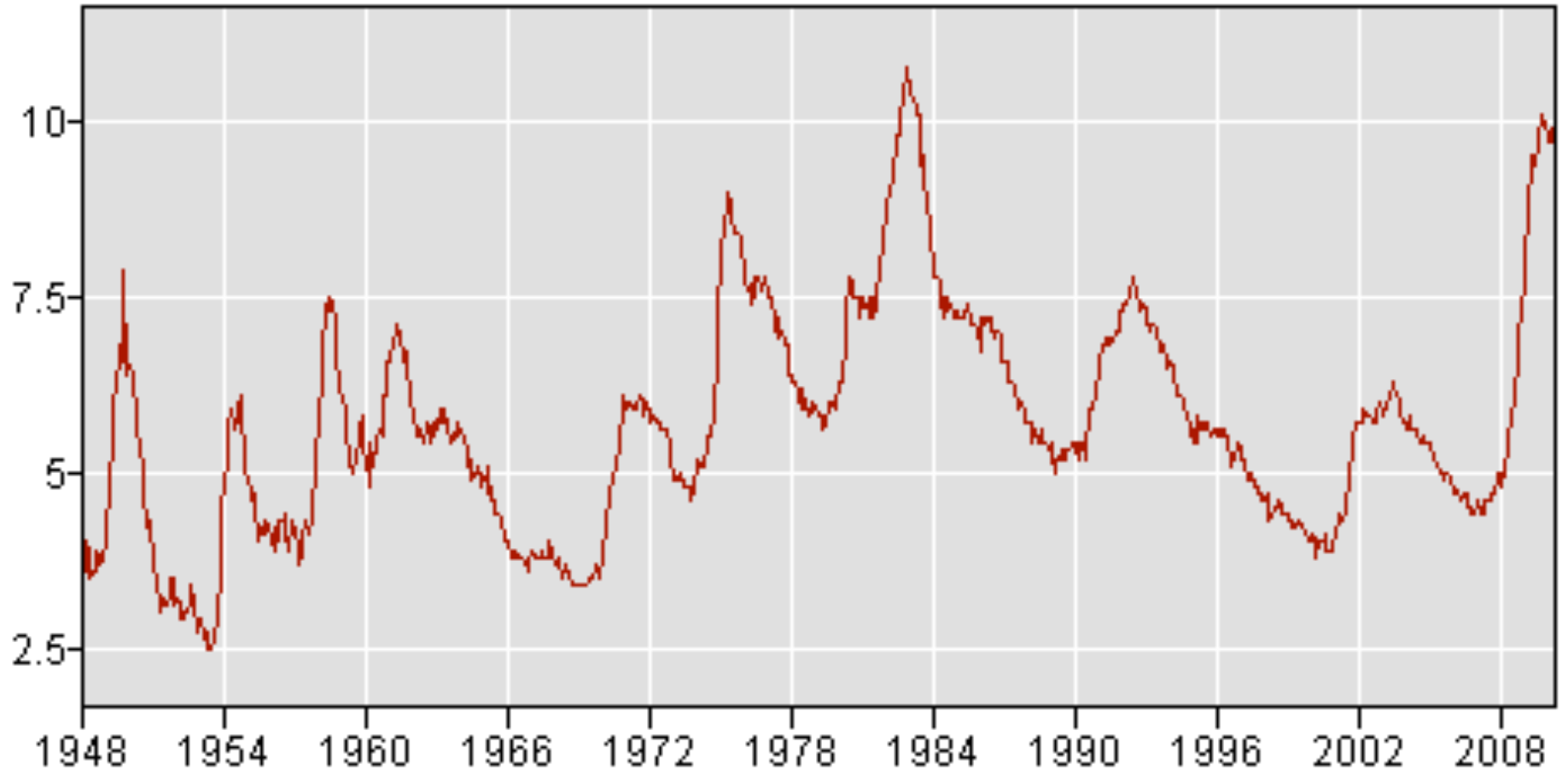
kaboubf@denison.edu

740-587-6315

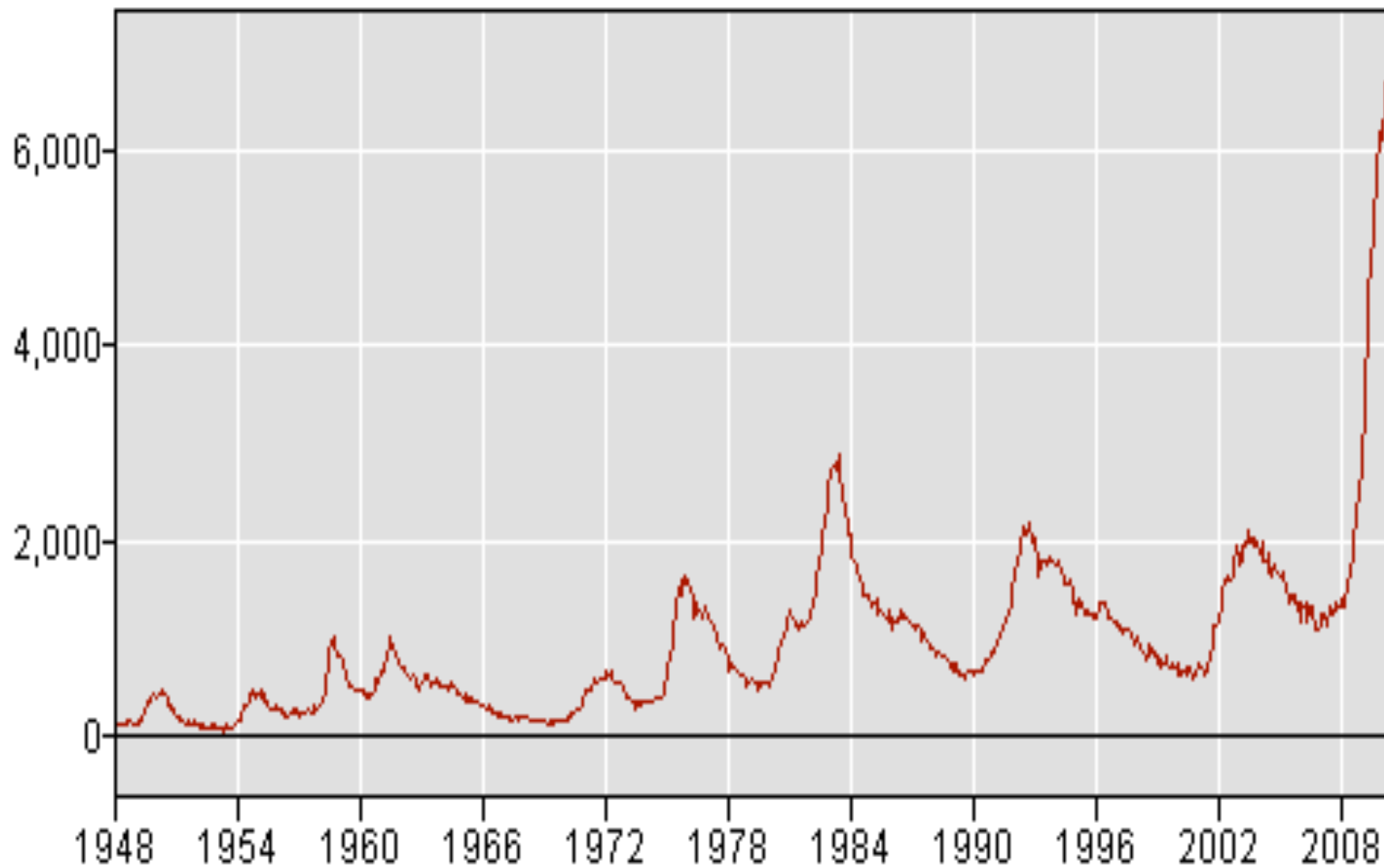
Left Forum

New York, NY (March 20, 2011)

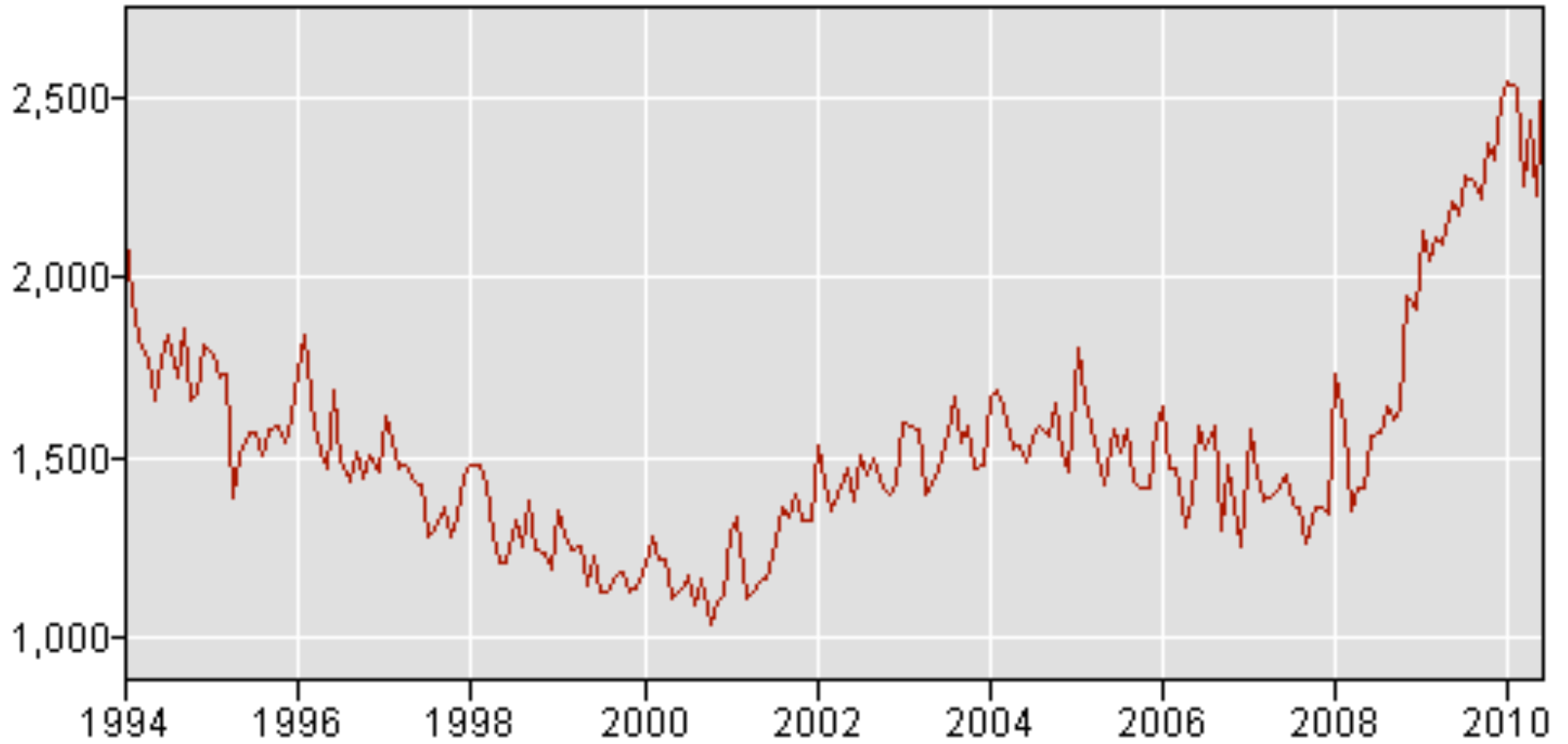
Unemployment Rate (1948-2010)



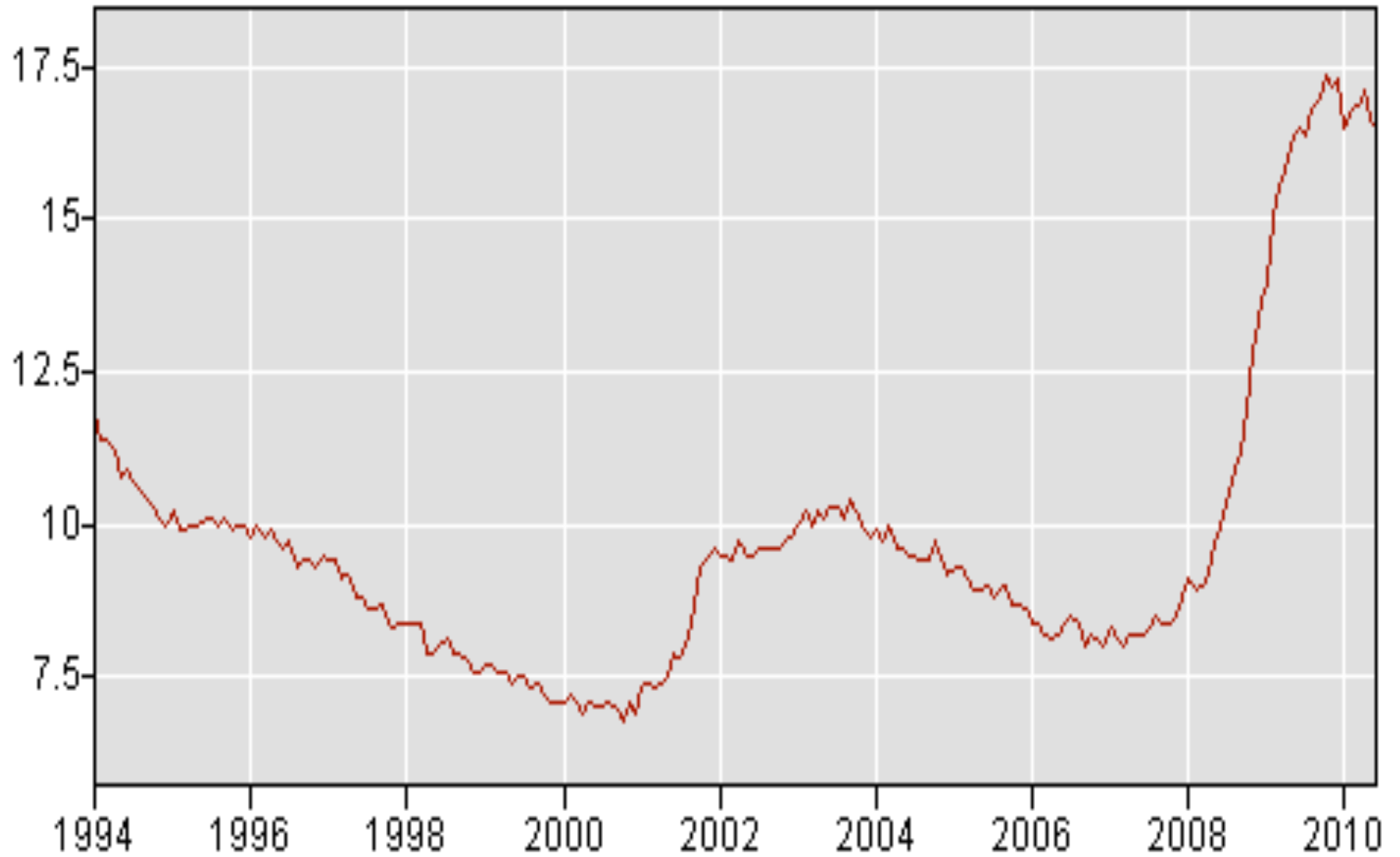
Number of unemployed for more than 27 weeks, in thousands



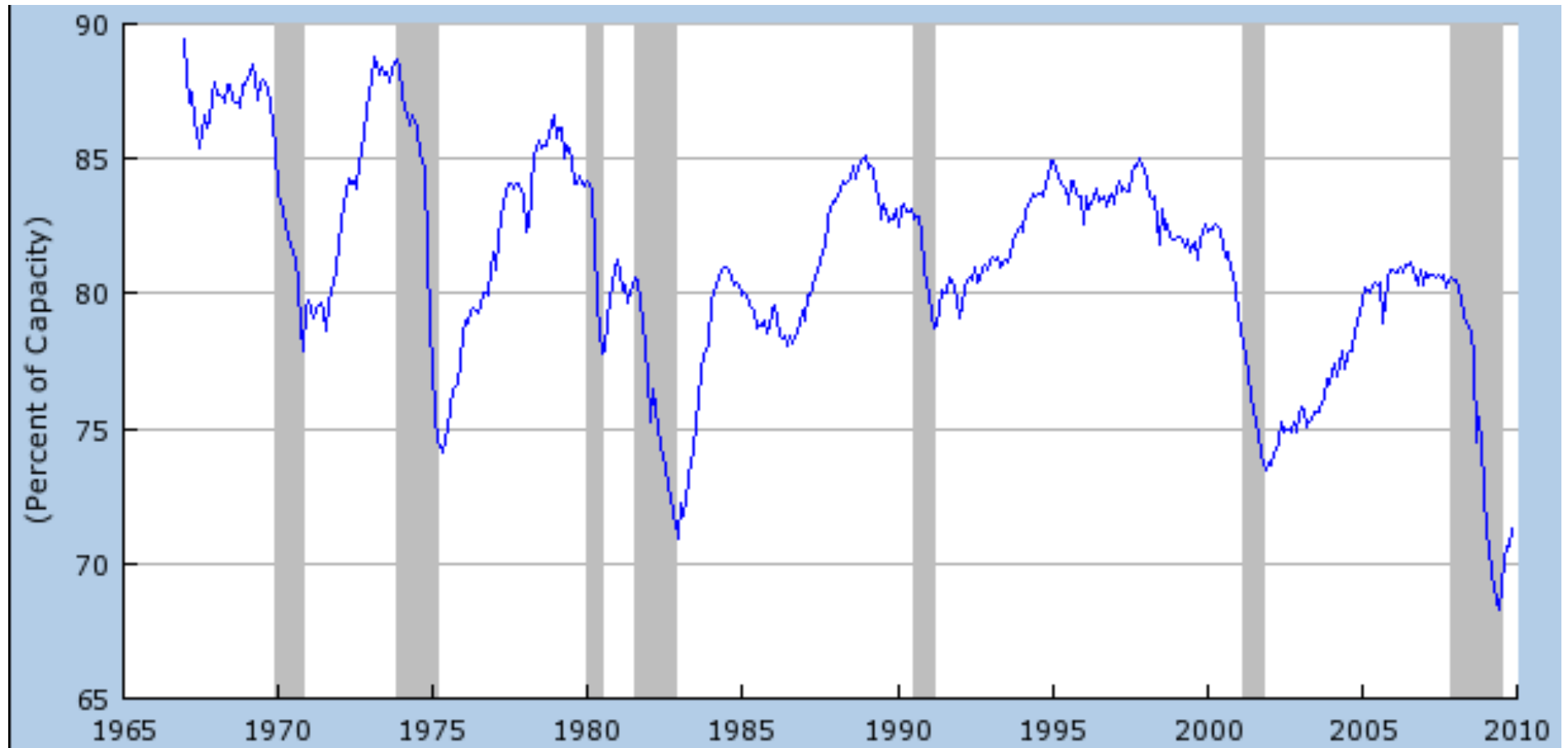
Marginally Attached to the Labor Force, in thousands (1994-2010)



Underemployment Rate in the United States

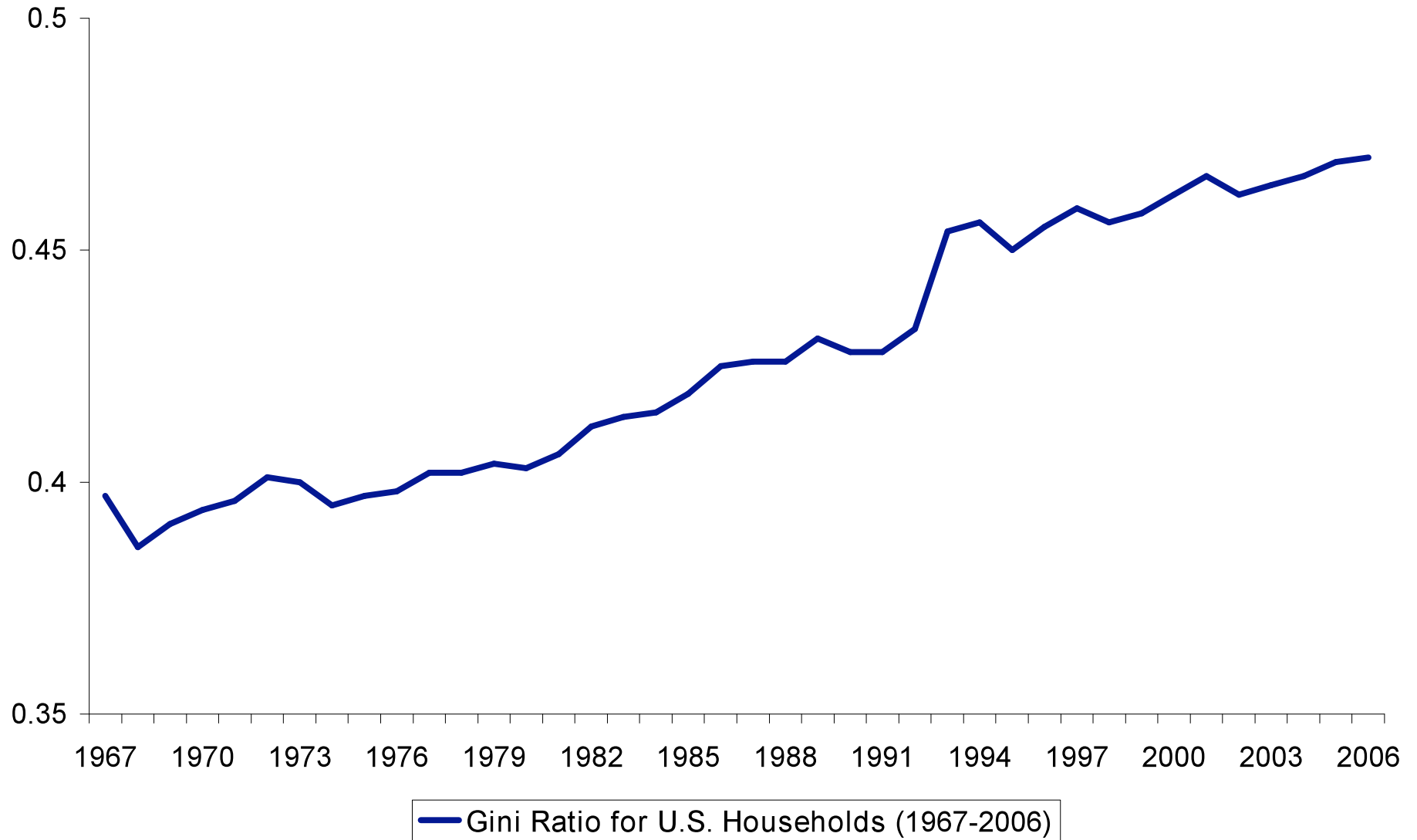


Capacity Utilization Rate in the United States (1967-2009)

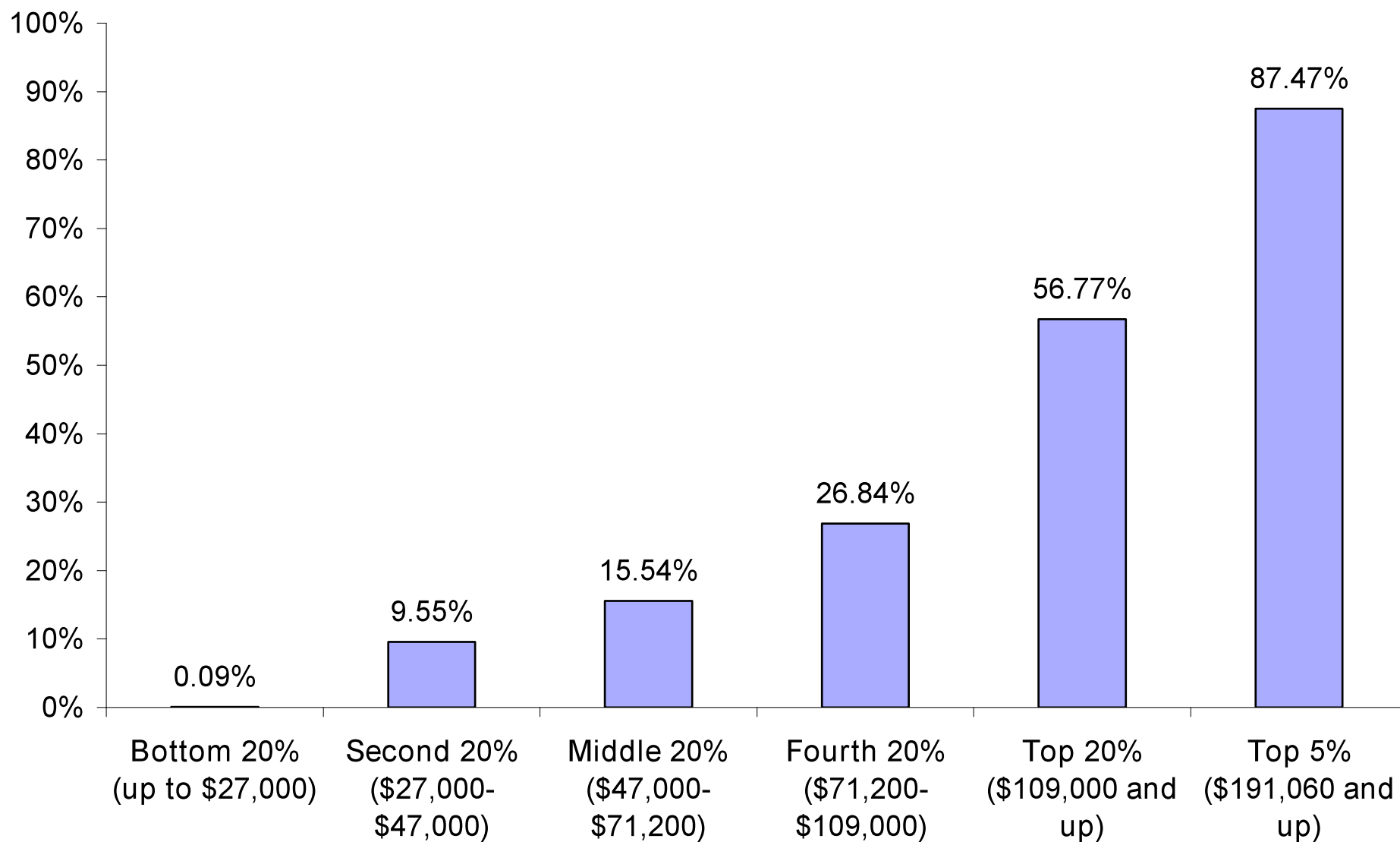


The Rising Inequality Index

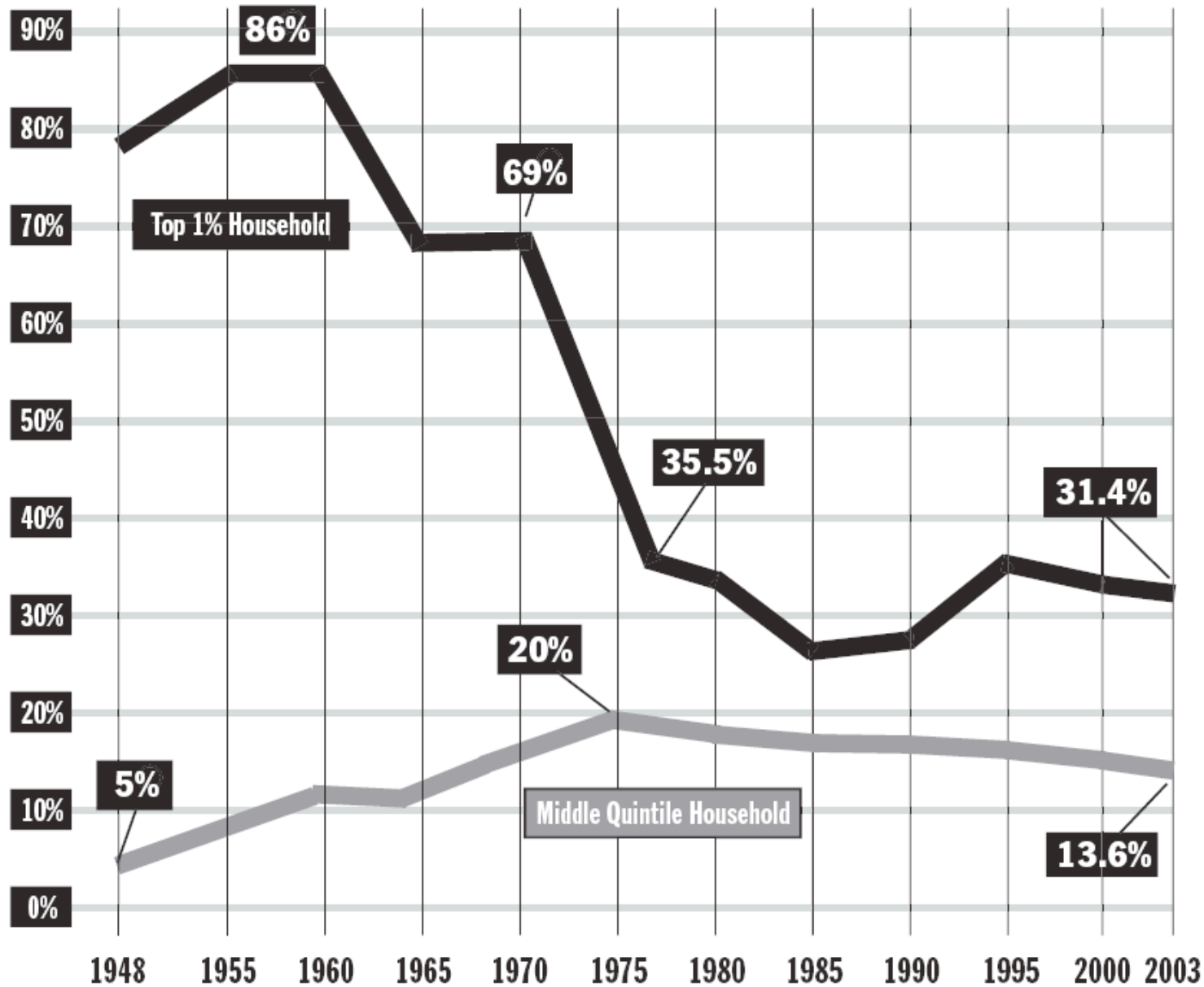
Gini Ratio for U.S. Households (1967-2006)



Real Mean Family Income Growth by Quintile and for Top 5% (1979-2006)

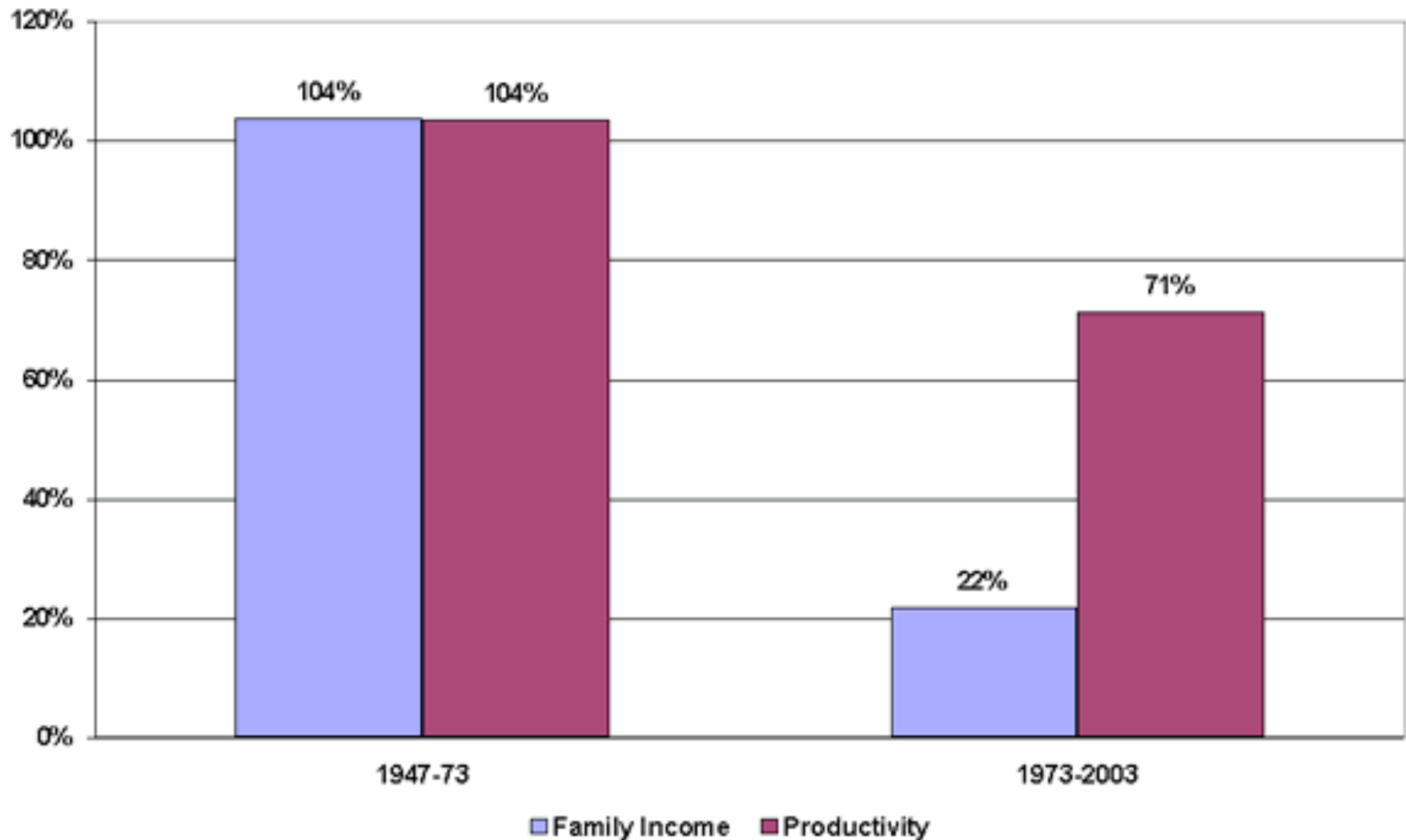


Effective federal tax rates (income tax + payroll tax) for the top 1% and the middle quintile of households, 1948-2003

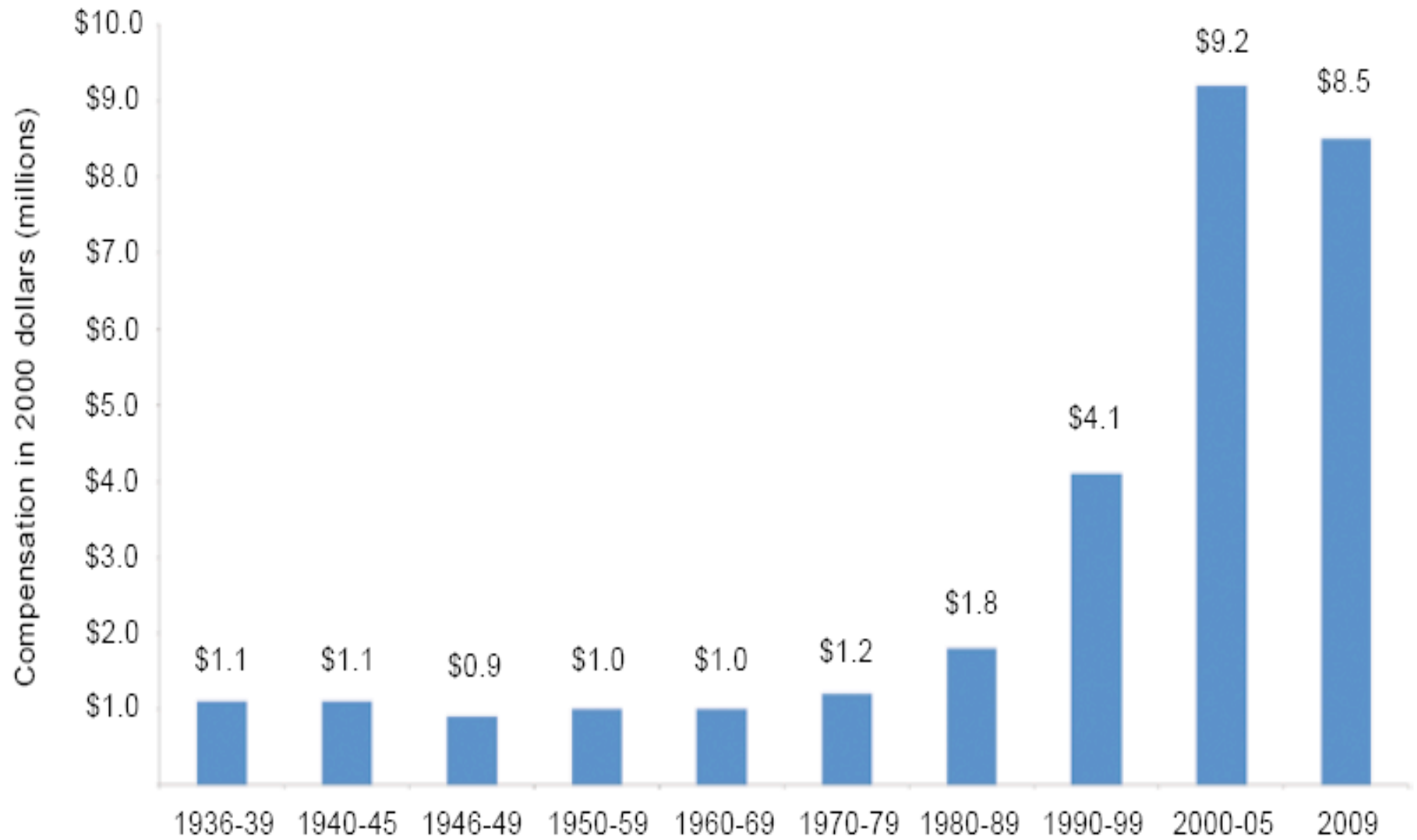


No more increase in real income...

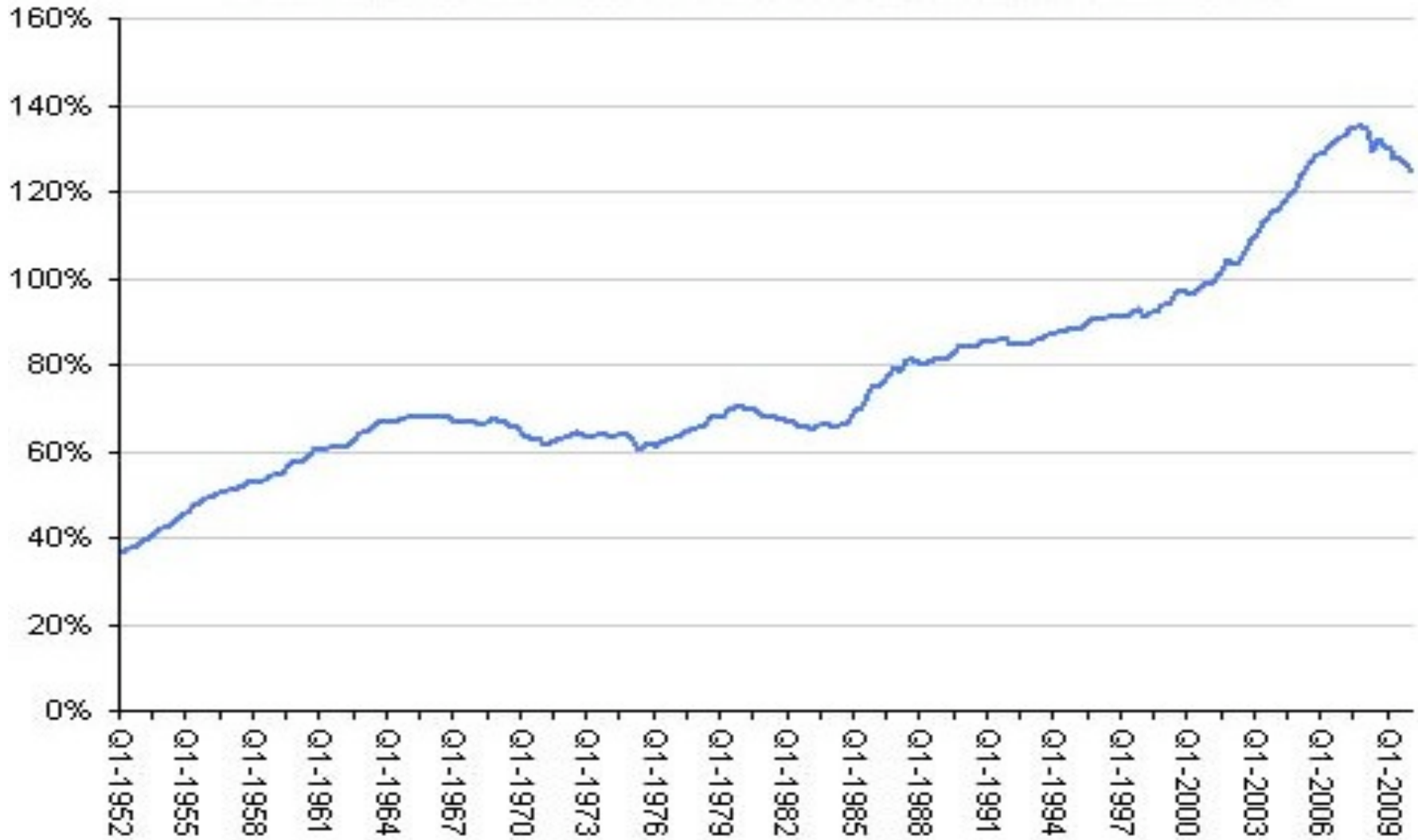
Real family income and productivity growth, 1947-2003



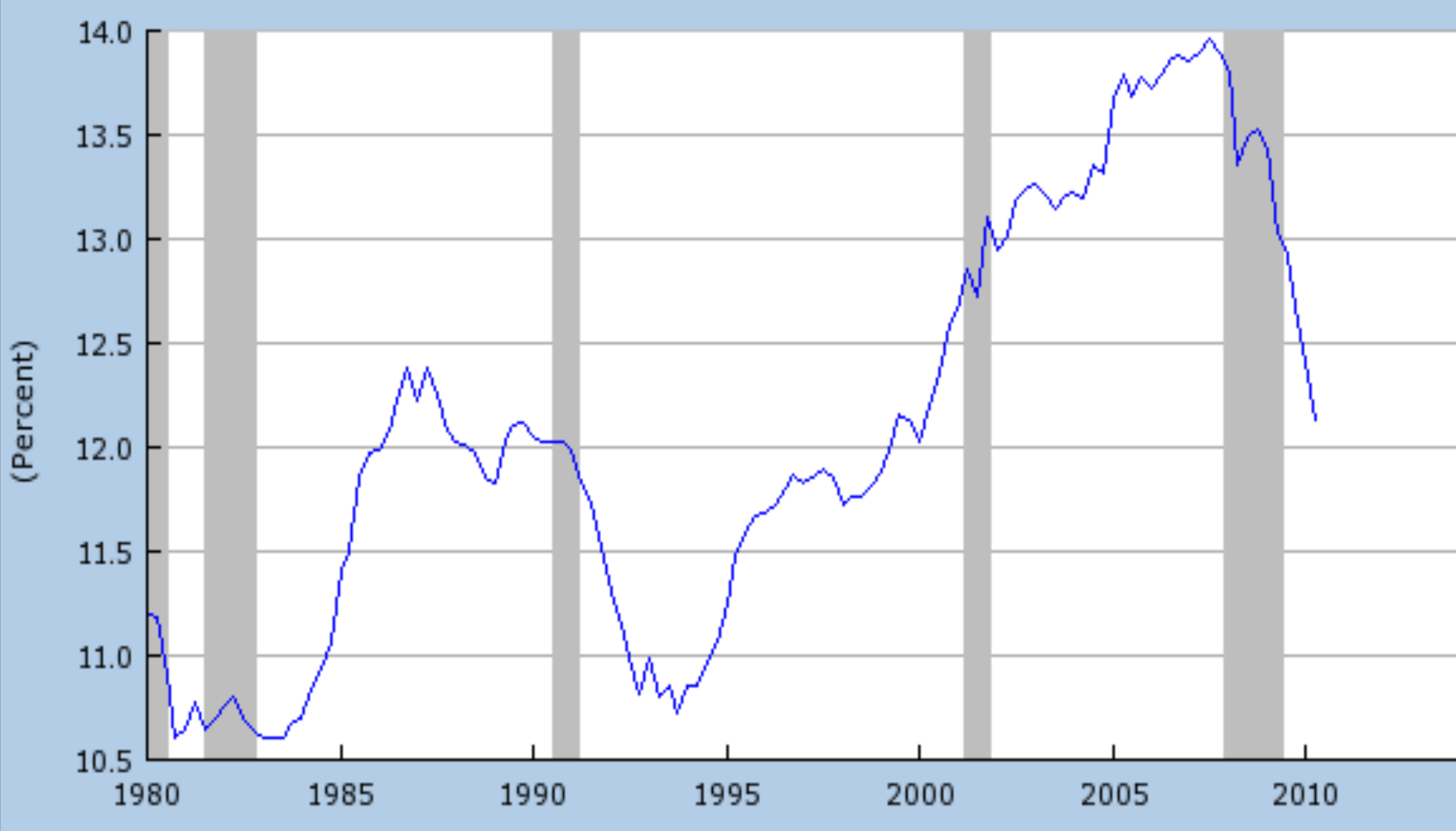
Median Annual CEO Pay, Top 50 Largest U.S. Firms



Household Debt as a Percent of Disposable Income



Household Debt Service Payments as a Percentage of Disposable Personal Income (shaded areas indicate U.S. recessions)



Macroeconomics 101

- $GDP = C + I + G$
- Recessions drive down Consumer Spending and Business Investment Spending
- Government Spending must increase to compensate for the lack of private sector spending.
- A Government Deficit is necessary to sustain the economy.

Who is affected most by economic fluctuations?

- **Marginalized groups: First to be fired and the last to be hired.**
- **Women, ethnic minorities, individuals with disabilities, and individuals with a criminal record.**
- **Very modest work experience, education, and training.**
- **Support network: family, the government, and charitable organizations.**
- **Best case scenario: low-paid part-time employment on a sporadic basis.**
- **The typical excuses that employers use : These individuals are unemployable (not reliable, have no work experience, no work habits, no skills, etc...).**
- **Many end up homeless**

Public Service Employment (PSE)

- **The Gov. offers to hire anyone ready, willing, and able to work at a socially established living wage.**
- **Fixed-wage/flex-quantity policy.**
- **Countercyclical adjustment.**
- **PSE is decentralized, projects are selected based on community needs and implemented by NGOs at the local level.**
- **Only the financing is centrally provided by the federal government.**

PSE Explained (2)

- **Private sector employers can obtain labor at a mark-up over the PSE fixed wage (price-stabilization feature).**
- **PSE reduces the depreciation of skills caused by unemployment.**
- **PSE contains training component to prepare participants for private sector employment.**
- **PSE will reduce uncertainty and smooth out business cycle fluctuations.**

PSE Explained (3)

- **PSE does not displace private sector jobs.**
- **Offers jobs which are undersupplied by the private sector.**
- **PSE jobs include:**
 - **low-income housing restoration**
 - **creation/expansions of public parks**
 - **improvement of public infrastructure**
 - **recycling projects**
 - **environmental cleanup**
 - **installation of solar energy packages**

PSE Cost Estimation

- **Assuming:**
 - 30 million full-time PSE workers.
 - PSE Wage: \$10/hour.
 - 40 hours/week.
 - Annual Benefits Package: \$10,000 per employee.
 - Annual Material Cost: \$50 billion.
- **Net Total Annual Cost: \$727 billion, or 4.8% of GDP.**
 - This is a very liberal estimation.
 - Conservative estimates are as low as 1% of GDP.
- **The current recovery cost is already in the trillions, but has not produced any significant reduction in unemployment.**

Concluding Remarks

- **The unemployment situation calls for urgent and bold actions.**
- **The current jobs policies are too weak, expensive, and ineffective.**
- **We can't rely on market incentives and supply side economics to produce jobs.**
- **Full employment is possible, desirable, and affordable.**

Questions/Comments

Thank you

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