

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears above any article. [Order a reprint of this article now.](#)

## GUEST OPINION: Jobs crisis shows need for new deal

By MARTIN J. BENNETT  
and RICHARD WALKER

Published: Saturday, October 15, 2011 at 7:00 p.m.

The nation is now experiencing the most severe jobs crisis since the Great Depression. President Barack Obama's jobs plan will provide a much-needed extension of unemployment benefits and a payroll tax cut for working Americans. Nevertheless, only a federally funded jobs program, such as the Works Progress Administration, launched by President Franklin Roosevelt in the 1930s, can fully address the catastrophe.



Associated Press

A Works Progress Administration crew building a sidewalk in Perth Amboy, N.J. in 1938.

The official unemployment rate in September was 9.1 percent, and the U.S. Department of Labor reports that the actual unemployment rate was 16.5 percent, if you count part-time workers who want full-time jobs and workers who have simply stopped looking.

The long-term unemployed, or those unemployed for more than six months, now make up a postwar record 45 percent of the unemployed.

What did Roosevelt do that Obama is not doing? In the winter of 1933, with unemployment reaching 25 percent, Roosevelt established the Civilian Works Administration, a temporary jobs program that by early 1934 put 4.2 million unemployed workers to work repairing and building schools, roads, sewer lines and playgrounds. Simultaneously, Roosevelt started the Public Works Administration, which funded long-term infrastructure projects such as highways, bridges, dams and public buildings.

In 1935, the administration launched the Works Progress Administration, which employed 6 million over the rest of the decade constructing public works projects such as highways, schools, parks and airports and operating arts, educational and media programs. By 1936, production doubled, the unemployment rate dropped by half, and the recovery began.

To tackle our current unemployment crisis, the federal government should spend \$500 billion a year over the next three years on an emergency jobs program. The first step is to create immediate full-time jobs for the unemployed — at the median wage of \$16.27 an hour — in human services (e.g., child care, health care, home care) and energy conservation (e.g., retrofitting homes and public buildings).

To this should be added a public works program to build schools, bridges, a “smart”

“Everything is right about this newly remodeled & reopened Ristorante Mexicana in downtown Santa Rosa”  
★★★★★ ~ Yelp Review

**LA ROSA**  
tequileria & grille

**Delicious Mexican Food  
& creative modern dishes**

Over 170 artisan tequilas &  
awesome fresh squeezed margaritas

[CLICK FOR MENU](#)

Downtown Santa Rosa  
500 4th St. at Courthouse Square

electrical grid, zero emission buses, high-speed rail, wind farms and affordable housing.

Finally, federal assistance to the states is needed to reverse cutbacks of vital public services and public employment. The loss of 600,000 teaching, public safety, transit and other government jobs over the past three years has contributed measurably to the downturn.

How to pay for such a jobs program? First, the government can continue to run temporary deficits that are now relatively high at 10 percent of GDP in 2010 but still dramatically lower than the 30 percent of GDP peak during World War II. The key is public investment to create jobs for the unemployed, fund public works, rehire public employees and put money in the hands of ordinary people to bolster demand.

Second, we must heed investor Warren Buffett's call to "stop coddling the rich" and raise taxes on the wealthy and close corporate loopholes.

The upper 1 percent's share of income reported for tax purposes increased from 9 percent in 1976 to 24 percent in 2007, according to UC Berkeley economist Emmanuel Saez. Nearly half of total income went to the upper 10 percent in 2007 compared to 33 percent 30 years earlier. The top income tax rate on the highest income earners was 70 percent between 1940 and 1980. It is now just 35 percent.

Moreover, profits have reached post-World War II highs, exceeding 26 percent of corporate income in 2010. The Center for Tax Policy reports that federal revenue from corporate taxes has dropped by half over the past 60 years and corporations such as Verizon, Bank of America and General Electric pay essentially no taxes due to loopholes in the tax code.

Ending the Bush-era tax cuts for the upper 2 percent, set to expire in 2012, will generate more than \$80 billion a year. A 0.5 percent transaction tax on the transfer of stocks and securities would yield \$175 billion annually from the largest financial institutions and speculators. If corporate tax loopholes and subsidies are eliminated, federal tax revenue will increase by \$365 billion a year.

Republicans oppose taxing the rich, just as they did in the 1930s. It will take popular mobilization by labor, faith, civil rights, women's and youth organizations to overcome such resistance — just as it did then. Occupy Wall Street may be the beginning of a movement for a new New Deal. Collective action worked in the 1930s, and it could work again now.

*Martin J. Bennett teaches American history at Santa Rosa Junior College and is co-chairman of the Living Wage Coalition of Sonoma County. Richard Walker is a professor of geography at UC Berkeley and co-director of the California Living New Deal Project.*

Copyright © 2011 PressDemocrat.com — All rights reserved. Restricted use only.