

THE BROOKINGS INSTITUTION

FALK AUDITORIUM

FROM JOB GUARANTEES TO WAGE SUBSIDIES:
EXPLORING POLICY OPTIONS TO PROMOTE EMPLOYMENT

A HAMILTON PROJECT POLICY FORUM

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Welcome Remarks:

ROBERT E. RUBIN
Former U.S. Treasury Secretary
Co-Chair Emeritus, Council on Foreign Relations

**Roundtable Discussion: Examining the Challenges
Facing Workers on the Margins of the Labor Force:**

JAY SHAMBAUGH, Moderator
Director, The Hamilton Project
Senior Fellow, The Brookings Institution

STEPHANIE AARONSON
Vice President and Director, Economic Studies
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DONALD CRAVINS, JR.
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EMILY MARTIN
Vice President for Education and Workplace
Justice
National Women's Law Center

DENIS McDONOUGH
Senior Principal
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**Roundtable Discussion: Identifying Key Considerations
for Shaping Effective Employment Support Proposals:**

SOUMAYA KEYNES
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P R O C E E D I N G S

SECRETARY RUBIN: Welcome. I'm Bob Rubin. On behalf of my colleagues at the Hamilton Project, welcome to our forum today, Job Guarantees to Wage Subsidies: Exploring policy options to promote employment.

We all know that the official unemployment rate is roughly 3.7 percent, obviously very low. But that notwithstanding, there are roughly 6 million members of the labor force who are not employed, there are a substantial number of people who are not in the labor force, and there are a substantial number of people who are underemployed. And it is our view, and you'll hear this discussed, that the overall benefit to the economy could be very substantial if we could bring those who are not currently working into the active workforce -- that is to say, the unemployed and those who are not in the labor force -- and if we could provide effective training in soft skills -- very important -- soft skills and hard skills, which

would enable people to function more effectively in high value added jobs.

And make a comment, if I may, on the people who live in distressed areas and are distressed economically. When I left Treasury, the first decision I made was to become chairman of something called the Local Initiative Support Corporation. I don't know how many of you have heard of it, LISK. It is the largest community development organization in the country. Last year we provided \$1.2 billion to inner cities and distressed rural areas. It's a lot of money. In the nearly 20 years that I've been with LISK I've had a lot of exposure to the issue of truly distressed people and truly distressed neighborhoods. And the effect of the insufficient availability of decent paying jobs and, very importantly, the effect of the absence of the soft skills and hard skills to fill those jobs. I remember a few years ago, I was in Chicago and a local political figure said to me that in the community he came from, and it was very much a

distressed community, he said if we could produce a good supply of \$25,000 a year jobs, that would make an immense impact. And remember, \$25,000 a year is well below the \$15 minimum wage that a lot of people are beginning to think really should be our base for a living wage.

There is also, as we all know, a need with respect to people who have had better jobs for transitional assistance and for training, again in soft skills, or here primarily hard skills, for people who are dislocated, whose jobs are lost because of technology or trade -- although it's predominantly technology -- which also -- trade and technology in addition to being powerful forces for good in our economy create pressure on jobs and they create pressure on wages.

Today's discussion will relate to job creation, policies that relate thereto, but the better those policies are, the greater the effect should be on wages because you have more demand for labor and

you're also increasing the productivity of workers or potential workers, and all of this could help ameliorate the sense of economic and social dislocation that, at least in my view, has contributed so much to the counterproductive populism and nationalism, and even political dysfunction that we're now experiencing.

There are, as well all know, a large array of programs that relate to promoting employment and relate to promoting better wages. They range from healthcare to education, subsidized lifelong learning, criminal justice reform, infrastructure, basic research, and much else. But the forum today is going to be focused on more specific job creation policies, including wage subsidies, expanded public employment, and guaranteed employment that is provided either by the public sector or subsidized private sector.

The object of our discussion is twofold. Number one, describing the employment and wage issues facing our economy, despite our official full

employment, and, number two, discussing the need for intellectual rigor in structuring and evaluating proposals, intellectual rigor with respect to the costs and the benefits. And that of course relates to a second point, which is, are the economic effects of the programs that we adopt favorable. And that's a function of what I said a moment ago, of having rigorous cost benefit application.

There is also a question of how the federal government pays for all that we do. It's become a somewhat unfashionable question, but I think it is very real and it is very much going to -- whether or not we find a satisfactory answer to that will very much affect our futures. In any event, with respect to that question, as we analyze each proposal, whether it's deficit funded or funded with pay fors, there is the question of what effect it will have on our debt GDP trajectory and therefore on our economy.

That, of course, all relates to the question, and maybe this is just repeating the point I

just made, but it does related to the question of what effect economically will these programs have.

To discuss all of this we have a terrific group of discussants, as you'll see on our two panels. I won't introduce them, that will be done by our two moderators, Jay Shambaugh, who was a member of President Obama's CEA and now is Director of the Hamilton Project, and Soumaya Keynes, U.S. economics editor of *The Economist*. But as you look at the resumes in the programs, you can see this is a truly distinguished group and we are deeply grateful for them being with us today.

Let me also recognize the outstanding leadership of the Hamilton Project, our Director, Jay Shambaugh, I've already mentioned, our Managing Director, our terrific Managing Director, Kriston McIntosh, and Ryan Nunn, our deeply thoughtful Policy Director. And let me say that all that we do is a product of and indispensably supported by the staff of the Hamilton Project.

With that, I will turn the podium over to the first panel. Thank you. (Applause)

MR. SHAMBAUGH: Good afternoon and thanks, everyone, for being here. I'm Jay Shambaugh, I'm the Director of the Hamilton Project and I'll be moderating our first panel, challenges facing workers on the margins of the labor force. I just want to echo Bob's thanks that he gave a minute ago to a few people, Kriston McIntosh, our managing director, without whom pretty much nothing happens here, and also Melanie Gilarsky, our events and outreach specialist, who is the one who kind of puts together this entire room and make sure all of this comes together.

We put out a report today that you may have had a chance to grab on your way in, and that's also co-authored with Ryan Nunn, our Policy Director and Jimmy O'Donnell. So thanks to them as well.

We have a great panel today. Their bios are in the program, so I won't run through the very

lengthy bios for some people; they're an impressive group. Let' me just introduce everyone. Starting from all the way down, Stephanie Aaronson is -- I think I can still say our new -- she's still fairly new -- Vice President and Director of Economic Studies and an expert on labor markets and labor force participation in particular. Then continuing to move down, Don Cravins, the Senior Vice President for Policy and Executive Director of the Washington Bureau of the National Urban League. Emily Martin, Vice President for Education and workforce Justice at the National Women's Law Center. And just to my left, Denis McDonough, who is the Senior Principal at the Markle Foundation, and was the White House Chief of Staff for the last four years I think under the Obama Administration.

So one of the things people ask when you look at a panel thinking about these issues more broadly or about the question of people at the margins of the labor forces, why would you be talking about

this now. As Bob mentioned, the unemployment rate is 3.7 percent. Many people say well this is a booming job market, things are great, we should just be happy with it. And so I think, just to frame things briefly, we'd say that one of the reasons people talk about this are the pockets where you're not seeing that success. So on the one hand, you've got an employment to population rate for prime age workers that's still below where it has peaked at other points in time, making you think things don't seem quite as good as they have been, at least at some points in time. And then in particular for some groups you've got an unemployment rate for African Americans still over 6 percent, almost double what it is for white Americans. You've got people with less than a high school degree who have both elevated unemployment rates and depressed participation rates. In particular, regionally, when you look at the top 20 percent of counties, the prime age employment rate is over 80 percent, it's 83 percent I think. For the

bottom 20 percent of counties it's about 67 percent. So you see this huge gap in how well the labor market is working for different types of people. You've got a lot of instability at the low wage labor market and the wages themselves are quite low for some people at the very bottom, such that you've got a non trivial number of people who are working and employed full-time who are still in poverty, depending on how you measure poverty.

So with that to think through, that we've got some issues that we're still worried about, even if the unemployment rate is 3.7 percent. I want to jump into our panel to think about how we should think about these questions and the problems that people face at the margins of the labor force.

And, Stephanie, I wanted to start with you as someone who has studied labor force participation a lot, including having written papers a while back that kind of tracked where it was going to go, what it was headed down. Just how you think about the general

trends in participation on the one hand, and especially though for particular groups and how you see it evolving and as well as thinking about the wages that people in the market have when they do.

MS. AARONSON: Thanks, Jay. So I think, as you said, the labor force participation rate and the employment to population ratios right now are historically low. They sort of peaked in the late 1990s and since that time we've seen a decline. So the participation rate now is about 62.7 percent and it peaked in the late '90s at just below 67 percent.

Now, as I've sort of documented in my own work, and others have also shown, some of this decline is due to the aging of the population -- in particular, the baby boomers started to hit the retirement age in about 2009. But we know that the decline is not entirely due to the aging of the population. So there have also been long-term trends that have been pushing down participation over time. And even for groups, and maybe especially for groups

that we normally think of as having a very high attachment to the labor force. So, for instance, the prime age men, those between 25 and 54, who you normally think of as people who are in their prime working years, indeed in the mid 1950s these individuals had labor force participation rates of about 98 percent. And now the participation rates for these workers is closer to 89 percent. And so that's a dramatic change in outcomes for these workers. And as you said, this actually has not been widely spread across the entire population, it's been especially focused among low skilled workers. And so then there's been a lot of research dedicated to trying to figure out why outcomes have deteriorated so much for these workers. And as Bob mentioned in his remarks, a lot of economists have attributed these declines to changes in technology, which have reduced the demand for these low skilled workers, say because their labor can be substituted for/by automation, computers, and even more recently, robots. There was actually a very

nice study done for the Hamilton Project by Katherine Abraham and Melissa Kearney that sort of looked at all of the work, you know, all of the different possible explanations. And this was one of the ones that they found was the most important. They also did attribute some of the decline to globalization and that appears especially to have been an issue since China joined the WTO in 2000. There's been a big decline in employment among manufacturers who have to compete with imports.

So I think there have been these long-term structural factors that are affecting it. I mean also people have identified some supply factors that might be just causing workers to choose not to work, an increase in the take up rate of disability, for instance, due to changes in that law. But I think precisely as you said, because we see that these workers have much lower wages and their relative wages have not kept over time, that suggests that the main cause of the decline in participation among these

workers is something that's demand driven and it's attributable to these long-term secular changes because, as you said, the participation rate right now is very low by historical standards, but we still see the participation rates among these workers, especially prime age men have declined.

And I think the one other point I just want to add is something else you referred to, which is that there are actually groups. So we've seen this deterioration and participation rate, but there also are just groups that persistently over time have had worse labor market outcomes. And Bob mentioned this in his remarks, so, for instance, the unemployment rate among African Americans is double that whites. This has been a very persistent stylized fact over time; it's true at all phases of the business cycle. And so clearly there is something structural going on there as well. There are also very persistent differences in participation across geographic groups, between metropolitan and non metropolitan areas. And

so when we're thinking about policies that are important, you know, we have to think about what are these structural factors that are contributing to the declines in participation we've seen and also the very persistent differences among groups over time.

MR. SHAMBAUGH: Great. Thanks. Denis, I wanted to turn to you. So you're at the White House, you're the chief of staff, which means literally every issue goes across your desk on the way to the President. So you leave the white House, you can kind of work on anything just about. You've been kind of touching every policy area around and in particular, with your background on the security side. And yet when you came out, kind of the place that you go and kind of the issue you tackle is this issue. And I wonder if you could just say a little bit about why this is what kind of excited you and motivated you to jump in. And a little bit on the Rework America Task Force and what it is that you're doing and trying to do here.

MR. McDONOUGH: Jay, thanks so much. And, Mr. Secretary, it's really good to be here with you and, Madame Chairman, very nice to be here with you, and with all of our colleagues here on the panel.

Look, the main reason I did it is because it didn't have anything to do with healthcare.gov.

(Laughter) No, look, you hinted at it, and so did Secretary Rubin in his remarks. I mean I'm a national security person inasmuch I have any expertise or any particular experience. And when one looks at global trends right now and global trends about American competitiveness, as well as trends in our historic allies -- I mean we're on the verge of this leadership race in the CDU in Germany, which I think will be very interesting to see how that comes out -- but as I've witnessed this set of developments and formed in a very significant way, Jay, by your work and the work of the CEA more generally in the White House, I began to quite moved by the fact that the stakes are really high in the current environment. As we've just heard,

when you boil down those statistics to very concretely what it means to individual workers, you see that this technological advancement that's really been marking this period not only leads to significant advances, but it's definitely leading to dangerous levels of disaffection.

And that's as true here as it is anywhere. And that frustration and the feeling of being left behind that comes from that disaffection is having a significant impact not only on our politics, but also on geopolitics. And so the first reason I became involved in this since leaving the government is that simple fact, which is the basic structure of the international system that we've witnessed, surely since the post World War II years, is at risk largely as a result I believe of this disaffection that's coming out of people not having access to a traditional set of opportunities that they may have had. Setting aside, for a second, which is not insignificant, the fact that there's a whole chunk of

our population that hasn't had access to those opportunities -- and I know we'll talk about that.

The second reason is just a very personal one, which is -- you remember this -- at the end of the day often times we'd spend time with the President, and I remember one time he came home from a trip to the West Coast and he was a little bothered and I asked him why. He proceeded to tell me the story about a new technology that he had seen, a radiology technology he had seen from a young guy, I think he said he was 16 years old, on that trip which using machine learning promised all sorts of great enhancements on radiology, increased accuracy, increased speed, lower cost. But the President didn't want to talk about any of that, he wanted to talk about the fact that the -- I think the quote was, you know, radiologist is a good middle class job, or at least it used to be, he said.

So the question is that disaffection is under some scenarios significant well beyond the

traditional places that we've been as progressives focused on in the economy. And so given I think the potential for that kind of change and significant system change, some of it very positive and some of it, if we're not careful, very negative, seems to me like the right time to get involved in this.

So that's why I got involved in this, that's why we started the Rework America Task Force at the Markle Foundation, which is drawing on the kinds of experts that are in this room, practitioners, technologists, business leaders, academicians, to try to take a look at real concrete experiments about how we can ensure that the 70 percent of Americans in this economy that are not bearers of college degrees have access to the skills and learning that they need to have the kind of opportunity that we have become accustomed to in this economy.

So the most recent innovation we've had out of that was just announced yesterday, the Rework America Business Network, which is large employers, 11

of them -- among them Boeing, Walmart, Google, Black and Decker, 21st Century Fox -- looking at skills based practices, hiring practices, as well as training practices to ensure that workers can trade their most valuable commodity in the labor market, namely their skills, in a more transparent way that will allow them to have some enhanced leverage and enhanced earning power in this economy.

MR. SHAMBAUGH: Okay, great. Thank you. That's great. One thing I just want to mention quickly before I forget is you may see some people walking around holding cards that say Q & A. So if you have questions that you'd like me to ask the panelists in a few minutes please hand those cards to them and they'll bring them up to me and I'll be able to ask those questions.

Emily, I wanted to turn to you. So often when we talk about people at the margins of the labor force, and especially when we're talking about participation, we often talk about the long-term

trends in male prime age participation, in part because it kind of abstracts from some of the cultural shifts that we're bringing women in and then that participation seemed to slow down. But at the same time it's always really important to think that women in particular often face unique and really important challenges at the margins of the labor force. And I'm wondering if you can just share some of your thoughts on what some of those challenges are and how we should be thinking about them.

MS. MARTIN: Well, I think in particular when you're thinking about low wage jobs in the economy, jobs that are low quality, that are contingent in some way, that are sort of fundamentally insecure, you have to be thinking about women because women hold about two-thirds of those jobs, depending on exactly where you do the cut off. The cut off the National Women's Law Center is using right now is jobs that typically pay less than \$11.50 per hour. And in that category women are two-thirds of those in jobs,

even though they're just a little bit less than half of the overall workforce. And black women and Latinos are particularly overrepresented. So when you talk about the nature of low wage work, and I think the continuing degradation of the quality of low wage work, you're really talking about women's jobs. And several of those jobs are expected to really grow a lot in the next decade, so the Bureau of Labor and Statistics projects that the top five high growth jobs over the next decade are personal care aids, home health aides, combined food preparation and serving workers, which includes fast food workers, as well as registered nurses and software application developers. So of those jobs, four of them are disproportionately female, and three of them are disproportionately female and very low wage, jobs that are fundamentally insecure. And that can mean a variety of things. And one of the things it means is that more and more employers in low wage industries seem to be sort of shifting the risk of slack business onto employees.

So, for example, that can lead to really highly variable work schedules as shifts are made to just in time scheduling to try to match up work hours to very small shifts in consumer demand without much notice.

So one survey of early career workers, which is ages 26-32, found that about 9 out of 10 workers in food service jobs and 7 in 10 home care workers reported fluctuating work hours, and at least half of workers of those jobs reported that they received their work schedules less than one week in advance. So it's hard no matter who you are to sort of plan and organize your life when you don't know when whether you're going to work or when you're going to work the next day, when you don't know whether you're making money that week or not. It's especially hard if you are responsible for other human being, for children or for elderly parents. And about 1 in 4 working mothers with children under the age of 4 are in these low wage jobs that pay less than \$11.50 typically per hour.

So if you imagine just how it is that you sort of have to cobble together sort of new systems every day to allow your family to make it through the day, you can see how these jobs have a lot of churn, that it's really quite difficult to have a job and to lose the job, to have a job and to lose the job, or to tell your employer, you know, I'm not available these hours and for the employer to just respond by not scheduling you for hours at all anymore because you're too much trouble. And, of course, these jobs also disproportionately lack benefits, like paid sick days or paid family leave, that would also help make you able to meet all your obligations.

And, of course, all of that stress caused by these sort of insecure, unstable jobs affects not just the people in the jobs but families when the people in the jobs are responsible for raising children. And we have data that indicates that parents who work non standard work hours, their kids are more likely to have behavioral problems, to struggle with reading and

math in school. These problems harm whole families with effects that sort of ripple out over the culture and through time going forward. One survey of retail workers recently confirms that people who say their schedules are really variable also report that the parents have higher stress, they can spend less time with their kids, which is absolutely obvious, but that's how it is when you're trying to meet all these obligations at once.

Now, if these parents, these mothers, were able to access stable high quality childcare, that would help a lot. That would help the kids a lot, that would help the parents a lot, but childcare subsidies reach only about 1 in 6 of eligible families. Now, we've just gotten a really big increase in childcare funding this year, so that will help, but a lot of the work to improve quality for childcare has focused on center based care of the past few years, making childcare centers better. And that sort of center based care is the sort of care that

it's hardest to access if your schedule changes all the time because you can't buy like an hour of center based care at a time, you have to have a commitment to use that amount of care and it's usually in standard work hours.

And the last thing that I'll mention that we think a lot about when we think about women in low wage jobs is harassment and the increased vulnerability that anybody who doesn't have a lot of power on the job has to sexual harassment and to other forms of harassment. And we know from EEOC charges that the industries where you see the biggest number of harassment charges are food services, retail, healthcare -- again thinking about home health aides.

So all of those are some of the things that we think about when we think about what are the conditions of low wage work that lead to instability and real harm for women and for the families that women support.

MR. SHAMBAUGH: Great, thank you. Don, I want to turn to you. So we've kind of heard some mentions today already this morning that the unemployment rate for African Americans is roughly double what it is for white Americans. And as Stephanie mentioned, that's almost stubbornly true across time. In the recessions they both go up a lot, but it's staying kind of doubled and the coming back down. The flipside to that is then you hear people saying right now well, it's the best it's ever been. And especially we heard that after the May numbers came out and the unemployment rate dipped below 6 for I think the first time ever for African Americans, the greatest job market ever for African Americans, people would say, you hear it, because while African Americans were hit particularly hard in the crisis itself, the employment rates did recover. It took a long time and unemployment rates coming down since 2010 or '11, but recovered a long way.

So how do you kind of square these two things as we think about the, hey, it's the best it's ever been, and then on the other hand still quite elevated?

MR. CRAVIS: Thanks for the question, Jay. And first of all, let me just thank the Hamilton Project for having me here this afternoon. It's a pleasure to be on this wonderful panel.

Much too often in this city conversations are being had about the state of America, and especially the state of black America, and yet there aren't a lot of black people at the table. And so I want to compliment the Hamilton Project today for including the Urban League. And you're going to hear from some brilliant people of color even after me on the second panel. So I want to thank you for allowing us to be part of this discussion.

The National Urban League was founded in 1910 when African Americans were leaving Jim Crow South after reconstruction had been terminated and

they were moving to places like Washington and Baltimore and Philadelphia in search of the American dream. They wanted an education, they wanted healthcare, they wanted a home, and they wanted to be able to find a job. And since 1910 the National Urban League, and others, have been working with African Americans all across this land -- and others, we don't close our doors when a white person walks in or a Latino walks in -- but we have been working to try to help those people achieve the American dream. And that's what we've been doing. We've been doing it at two levels, one nationally, with the National Urban League, where we work with our members of congress and our Administration and our leaders, but more importantly, we've been doing it at a local level at 90 affiliates in 36 states and the District of Columbia.

Over the last 50 years we've really developed programs to work with those unemployed and those underemployed men and women that we've been

talking about. And I'm going to talk about some of those programs in the next round. What I want to first of all do is just kind of paint a picture of where we are. We talk about the African American unemployment numbers, but I really want to paint some historical context to this.

After the 1960s and the passage of the civil rights bills and the voting rights bills, our then president and CEO, a gentleman by the name of Mr. Whitney Young, said we need to start paying attention to incomes and unemployment. Because what he said in 1963 was you could look at any city in America and if you took the white income, which is about \$6,000 median income, the African American or the Negro income at the time was \$3,000. And he said even in the 1960s, in the *New York Times*, he said the Negro is two and a half to three times more likely to be unemployed than our white brothers and sisters. That has not changed. The one thing I didn't have to put on my cards today was the black unemployment rate. I

just had to wait until the Secretary told me what the white unemployment rate was and I just multiplied times two. (Laughter) Makes my job easy. But we started tracking the state of black America in an annual report that we release each and every May. Mr. Vernon Jordan started tracking it, we started tracking it. So for the last 42 years or so we've been looking at those numbers. And, ladies and gentlemen, it is unfortunate but they're right, Jay is right. You look at the African American unemployment rate, we are always twice as likely to be unemployed. That doesn't even take into consideration under employment. And so when I hear our President or I hear other say you should be happy with that, we're not happy with that. We want to be full-fledged Americans. We've been here for a couple of hundred years, we've done a lot of work in this country, put up a lot of monuments, put a lot of hard work, sweat, blood, and tears in this country and we want to see the same rights and access

to jobs and to the economy that our white brothers and sisters have and that others have.

So when you look at the unemployment rate in the District of Columbia, in the African American community, it's 12 percent. Now, that is hard for me as a 46 year old African American to deal with for two reasons. One, it's the capital of the greatest country in the world. And it also was Chocolate City when I was growing up. This was the place that for African Americans this -- before Atlanta -- this is where we wanted to be because this was the land of milk and honey for African Americans. And right in our own homes, under our noses, the people in this room, 12 percent of African Americans are unemployed. Is that good enough for our country? Is that something I should be happy about when I hear the Commander in Chief say you should be happy about that? I'm not. I'm not. Why is that happening? What is going on? Our experts are going to talk about those fixes later on and I'll talk to you about some of the

things we've been able to do at the Urban League, but I want to talk about a few factors of why I think it's happening.

One, there's absolutely something about racism and discrimination that still exists because blacks are more educated now than we've ever been, and education has not eliminated or even changed the disparity. Think about that. Because we were told, go get a college education, brother, go get a college education, sister. You'll get a better job and that will close the disparity. It has not. So there are other forces at work here that we have to address.

Another thing that I want to bring up is the lack of black ownership of businesses. Now, I want you to think about this for a second, and I want you to be honest, when was the last time you went to a restaurant that just happened to be owned by an African American? When's the last time you went to a supermarket that just happened to be owned by an African American? When's the last time you made a

loan at a bank that just happened to be owned by an African American? Why does that matter? Because other communities, when they open businesses in their communities, they tend to employ the people of those communities. An African American, I will contend and assert to you in this audience, we don't even have that type of ecosystem in most African American neighborhoods. So a lot of those people who are persistently unemployed, a lot of those people who maybe need a second or third chance because they were incarcerated at some point, who maybe a local person would give them that second or third chance, those businesses don't exist -- they don't exist. And so I believe large reason why our unemployment rate continues to be high is we don't have the economic ecosystem that even our Asian or our Latin or our white brothers and sisters have in their neighborhoods. Still can't get loans, still have a very difficult time as African Americans to get loans, still find systematic barriers there as well.

And so what I will talk about in our next round, I'm asking those of us who are in this space, and those experts who are going to be coming with solutions, we need you to be very intentional when it comes to African Americans. We need you to be very, very intentional for strategies on who we touch this group of Americans that have just historically -- historically been unemployed and underemployed.

The solution, ladies and gentlemen, cannot just be black folks just pull yourselves up by the boot straps. It can't be. Because in many, many families in African America we never owned a pair of boots and we never owned a pair of straps. And so that just can't be the solution. And that has been the attitude in this country forever and nothing has changed for our people. And they are our people. This is an American issue. It's not a black people issue, it's an American issue. Any group of our citizen who continues to struggle, it's a draw down on all of us. This is our problem that we have to fix.

So, again, I appreciate -- I'm going to talk about some solutions. I'm going to leave it negative for a little bit (laughter), because I want you to think about that. But we're going to talk about some solutions. But I want us to really, really focus on that this is an American issue that I want to see us fix in our lifetime because it will be better for our children and our children's lifetime, for all of us in this room.

So thank you, Jay.

MR. SHAMBAUGH: Thank you. All right. So then let's talk about what we can do a little bit. Stephanie, I want to start with you. So, as I mentioned, you're relatively new here at Brookings, and that's because you spent quite a while at the Federal Reserve. And so sometimes when people see a certain number of people either unemployed or underemployed or out of the labor force altogether, they go immediately and just say well, it's the Fed's fault or at least the slightly larger version of that,

it's all cyclical. It's a cyclical problem. If the economy ran hotter, we'd be fine.

So how do you think about that when you look at these longer-term trends and the participation rates?

MS. AARONSON: Yes. So I mean there's no doubt that we would much rather have a strong economy with a low aggregate unemployment rate than not. And our colleagues at the Federal Reserve are all working hard in their capacity to ensure that. And obviously there's also a role for fiscal policy in that. But because all groups do benefit when the economy is stronger, but I think that it's just very clear that it's not the case that just having a hot economy can benefit everyone. There are just persistent structural differences that are not susceptible to improvement just from having strong aggregate demand. And actually I think the statistic you said about the unemployment rate among African Americans in Washington being 12 percent now is really striking.

Actually during the like depths of the Great Recession the aggregate unemployment rate reached only 10 percent. So that was the highest unemployment rate in decades and decades, and it was actually not as high as what African Americans are facing now in Washington, DC. So I think it's clear from that perspective that these long-term trends, these long-term declines in participation, the structural differences across groups, are not going to be solved only by having a good strong economy.

And I think actually one other thing I wouldn't mind adding here also is that -- also a point you raised -- that actually we're not going to educate ourselves out of this problem either. Some work by my former Fed colleagues showed exactly what you said, which is that this persistent difference in participation rates and unemployment rates among African Americans, this has persisted and cannot be explained by some of the traditional variables that you would look to, like education or age. That even

as the education levels of African Americans have risen, these persistent differences in unemployment and participation have persisted. And I think that the similarly when we think about what's affecting low skilled workers, globalization and technological change, that often people say well now we're in a new world, people are going to have to be continually upgrading their education. We need higher levels of education and people are going to have to think about lifelong learning. And I think for some workers in some circumstances that that's going to work, but I think actually these changes have been going on for a very long time, we've actually been saying that for a very long time, and we still have not really been able to solve the problem of educating ourselves out of an area. Like, you know, if you're looking at a geographic area where, for instance, they've lost jobs due to technical change or trade, education by itself just isn't sufficient to fix these problems.

MR. SHAMBAUGH: So, Denis, if we can't just count on the Federal Reserve to wave a magic wand and fix all these problems --

MR. McDONOUGH: I don't know; the last one did a pretty good job it.

MR. SHAMBAUGH: Yes, that's true.

(Laughter)

MR. McDONOUGH: Just saying, you know.

MR. SHAMBAUGH: I agree. I agree.

MR. McDONOUGH: I'm a data guy, you know.

(Laughter)

MR. SHAMBAUGH: What can we expect from the federal government and from Washington, DC? And in the sense you spent a long time right next to the Oval Office and walking in and out of it a lot, and those were issues you clearly cared about, and yet these were things that weren't simple to solve and there were a lot of things that make it hard to get things done about on these topics in DC. And so how do you see that?

MR. McDONOUGH: Well, I think if you just take the technology advance, automation, AI question right now, I think Washington is doing what it does really well with a hard problem, which is it's measuring how big the problem is, it's debating kind of whether this is a new problem or whether this is an aggregation of an old problem, but it's not really doing much. I think we tried some stuff and the things that we tried related to education. And I agree, Stephanie, that it's a mistake to think either that this is a question that the Fed can take care of or that education alone will take care of it. But I think there's somebody here by the name of Tracey Williams. She is at the Omidyar Network. I'm going to steal her intellectual property right now, which is she says there is no regret space, that irrespective of how large the dislocation we can expect from technological change actually is, there are steps that we can and should take to prepare ourselves for that.

And some of those steps will begin to address some of the historic questions around that.

We spent a lot of time, the First Lady in particular, on questions around equity and college access, but we're still only at 30 percent of all workers in this country having a college degree. And those numbers then among African Americans and Latinos are at historic highs now as a result of some of the market interventions, but still too low. So we need to aggressively work to grow access beyond 30 percent. What's that going to take? It's going to take things on the financing side, and I believe it's going to take things on new entrance into that market to drive down costs through competition. Of course (inaudible) community college is getting more aggressive. The most effective training program that I'm aware of, frankly, is union based. Wage return on union based training programs are historically extraordinarily positive.

So we need to be more aggressive about then growing effectiveness in the opportunities for the 70 percent who don't have college degrees, even as we're growing the 30 percent. That's going to require the federal government to loosen its hold on data. I sometimes suggest that foreign hackers have better access getting data in the United States government (laughter) than individual Americans do. And we have to get more aggressive in terms of how we think about unlocking that data so individual workers powered by better access to finance can make decisions about what kind of training intervention works, where can they find a good and high performing training intervention close to them, what is a good and high performing training intervention that it can be done when you have kids, when you have a very elastic schedule. Those are all things that we can do a much better job of informing individual workers who want to get access to new training. We can do a much better job of that

than we do simply by making some of this data more readily available.

Now, there's several other things that I could suggest here, Jay, and I think we tried those, but somehow I think a new and pretty big impediment to policy making is just the unwillingness to kind of work together and to test some ideas that the other side might do. This question on union based training, for example, this shouldn't be a heavy lift. But I think the polarization among the two sides here I think is just too extreme, which is why the Taskforce -- we're trying to get out of ideology and get into experiments, into the field to try things out and then come back in a couple of years and say we've tried these things out, this is what we think works.

MR. SHAMBAUGH: Okay, great. Emily, I'd like to come back to you. So you raised a lot of issues that are disconcerting in a lot of ways. And so kind of along a similar vein, I'd like to think of what are the solutions that you do see and that

National Women's Law Center is trying to push forward on some of these issues that you're worried about.

MS. MARTIN: So I'm a lawyer. National Women's Law Center has a lot of those, and as a result the solutions that we tend to focus on are about ensuring a more robust set of core labor protections that individuals have, so protections around work schedules. There's been movement in some states and some cities, there's a federal bill that would require notice of works schedules a couple of weeks ahead and if the schedule changes that there's some premium pay that the employee gets. So it's sort of akin to overtime in that it both compensates to some extent the worker who had to make the last minute shift and creates a disincentive for employers to rely on systems that require constant shifting. There is definitely good and interesting work going on around how to shift those rules, shift those standards in ways that push employers to think about how to schedule work in a way that takes their employees more

into account and provides some greater compensation for employees.

Obviously there's also important work to do around things like making sure that if you are technically an independent contractor and not an employee that you are protected against harassment and discrimination, that you have those basic protections against exploitations at work, which currently don't exist under federal law and don't exist in the great majority of states. We are doing work also to try to ensure that systems are in place to allow people to be able to work. So that means childcare funding to increase the availability of that really critical basic work support, it means pushing against the fight to institute work requirements for programs like Medicaid, which is precisely backwards, that you need Medicaid so you can work. You shouldn't have to work so you can get Medicaid. Housing supports, all of those basic things that you need to have an orderly enough life to be able to go and do your job, those

are some of the things that we focus on in thinking about how do you make both the conditions of low wage work conditions that don't further harm and exploit workers and their families, and how do you make it so that people are actually equipped to be able to do their jobs.

MR. SHAMBAUGH: Thanks. Don, as you mentioned, you were going to let us sit with some of those thoughts for a while and then come back and tell us.

MR. CRAVIS: Sure, sure.

MR. SHAMBAUGH: So, you know, the National Urban League has been on the ground in a lot of places trying to do a lot work. And what do you see are some of the steps that actually can be effective to help people that are the margins of the labor force and kind of having trouble either getting in or staying in?

MR. CRAVIS: You have to meet the people where they are. And so as you were even talking about

some of the women, well, we meet them where they are. Some of these young men and some of these young women we're seeing in our communities, they are coming out of prison and they're ready for a second chance. But it's not just about a training for a job, it's are they mentally and physically healthy, do they have children, is there an ecosystem that we need to also put around them. And those programs aren't always cheap. The Urban League has been successful in obtaining federal dollars over the last 14 or 15 years or. It's been rough, but we've been able to do it. And with those dollars we have designed programs to help people. We have an adult reentry program where we have been very successful. The recidivism rate is very low for those men and women that we're able to train and put them in a job and mentor them and foster them. We also have a children's mentorship program where we do some of those same things, where we meet children where they are at a very young age and we see success. Over the last 14 years we've helped 245,000

people find jobs. Has it made a difference to those people? It has. I will tell you the greatest part of my life is when I go to an Urban League affiliate and I see those young men or that young single mom who's trying to learn a new trade or a new thing to get a job so she can feed her family and really achieve the American dream. Could we do more? Absolutely.

And so, again, whatever programs that we come with, our job ideas, they have to be intentional, they have to be focused, they have to meet people where they are. We need to put them in the places with the greatest need and the greatest necessity.

I'll be quick because I want us to have some questions from the audience. The thing that's keeping me up at night right now, ladies and gentlemen, is automation. Automation will disproportionately affect the African American community. We drive buses, we drive trucks, we're security guards, we're the assistants at the nursing homes. Those are the types of jobs that will be automated. We are

disproportionately, more than any other race of Americans, in those service related jobs. And so I'm not only fighting Mr. Chief to eliminate the disparities that have always existed, I'm also somewhat concerned that with automation -- and you mentioned this -- that the disparities could even grow bigger if we don't think about those things now.

So we've got work to do, America, and the good news is we've got some very smart people. And, again, having us here to be part of the discussion is a big first step.

MR. SHAMBAUGH: Thanks. So we have some great questions here and not a huge amount of time. I think many of these we could have all four people talk about them and could do a whole panel on them. So I'm going to just direct them to one at a time for kind of a quick answer.

Stephanie, one of the top ones I think probably goes to you, which is we mentioned a bunch of times the 6 million unemployed, but as the question

points out, there are around 7 million job openings. And so how do we think about that gap between is it just a matching problem or is it deeper than that?

MS. AARONSON: I mean I think the matching problem is deep actually. I don't know if I would -- so I think that when we think about the unemployment rate there's some -- we usually kind of divide into there's a cyclical component. You know, is there enough demand to hire people. Then there's sort of like always some unemployment that's what we call frictional, and those are just you change jobs and it takes you a little time to find your next job and so you have a short spell of unemployment when you're in that transition. And so some of the extra job openings are just people haven't found their right match yet and the firm hasn't found the right worker. And there's a huge amount of churn I should say also in the U.S. economy. So when you hear that the employment number, it's net, there was 200,000 increase in payroll employment this month. Actually

what happened was like 6.2 million people got jobs and 6 million people lost jobs. So there's just a huge amount of churning in the labor force that's going underneath that we don't see. And so a lot of those job openings are just people churning.

And then there are also structural persistent mismatches between the skills that workers have and the skills that the employers are looking for or the workers are in different places from the jobs. And those can be very long lasting systematic problems that we need to work on.

MR. SHAMBAUGH: Great. Thanks. Denis, there are a bunch of questions here actually that I think maybe since you mentioned the union training side, mentions that we've talked a little bit about working with large firms and things like that, but what about the role that either labor organizations or unions can play in terms of pulling more people into the labor market? Are there more roles they could play there or useful roles they could play there?

MR. McDONOUGH: Well, I'm sure you're going to hear more about this in a couple of minutes. And I don't pretend to be an expert, but the short answer is I think it's hard to get around the hard analytic fact that labor union membership density has gone down as wages have softened over the course of the last several decades. And you've written about that a lot when we worked together, and I know many others are looking at this question. So there does have to be a return to the central view that there is a lot more to the fact of having a job than the job itself, the dignity that comes with it, the social capital that comes with it. And I think we've got work collectively to do on that, as Don suggests.

And so my own view is that absolutely the answer to that question is yes.

MR. SHAMBAUGH: Great. Don, there are a bunch of questions in here about different places. And Stephanie had just mentioned sometimes the job openings aren't where the people are. And as Urban

does work all around the country in different places, how do you see the struggle of making sure that we can lift up opportunities where people are in some sense and match that better?

MR. CRAVIS: So what we try to do at the Urban League is make sure our affiliate CEOs and presidents will work with their largest employers and try to find out what is it that you need and what can we do to make these young men and these young women, or older, not so young men and women, trained and qualified to do those jobs. And so we try to meet the employers where they are as well, but the employers in the private sector have to be willing to do that.

I will say any jobs guaranteed program that we design absolutely should have a private component, but what we have found in African America, the public sector is still a better place for us to find opportunity. So I would say that it should have both a private and a public sector because the government

can play a large part, a large role in helping African Americans get those jobs.

MR. SHAMBAUGH: Okay. I think I've got time for maybe one last question. And so, Emily, as our designated lawyer on the panel, some of the questions in here are about discrimination. But in a broader sense, there's one in particular we've mentioned a bunch of times, kind of prime age labor force participation and things like that, we're talking 25-54. And so one of the questions in here is what about discrimination on the other side of that? So the 55 and up age discrimination and how much is that a problem in getting people into jobs and into the labor force?

MS. MARTIN: I think it is a real problem and I think it's a problem that sort of hides in plain sight, you know, we see it in terms of extended spells of unemployment for older people and it's hard to measure directly. But anecdotally we know that it is much harder to find a new job when you lose your job

after age 50+. And, again, I think, as a among other things a plaintiff side discrimination lawyer, part of that is about enforcement, but enforcement solutions are only going to get a little bit of a problem because it's really hard to identify hiring discrimination, even when you're experiencing it. It's not like you have information about what the employer is looking at when they're choosing not to hire you. And so it's really hard to stamp out hiring discrimination through enforcement of discrimination laws, which means that there needs to be other interventions to incentivize the hiring of older workers and to make sure older workers are being matched with available jobs to the extent possible.

MR. SHAMBAUGH: Great. Thank you. So we're out of time. And so first I want to say a sincere thank you to all of you for joining us up here and for addressing these important issues. We're going to do a very quick change to our next panel, which is going to talk about in some sense some of the broader

solutions one might think about, whether it's job guarantees or wage subsidies or targeting hiring. And so Soumaya Keynes, the U.S. economics editor at *The Economist*, is going to moderate that discussion and I will leave it to her to introduce that panel.

So, thank you again to everyone. (Applause)

(Recess)

MS. KEYNES: Hello! I think I'll start as everyone else gets mic'd up.

I'm Soumaya Keynes. I'm the U.S. Economics Editor for *The Economist*.

I had a dinner party recently, and when I have dinner parties I like to set homework, because I really know how to have fun. And the last one I had the homework I set was reading about the Jobs Guarantee, and it was a lovely evening, but it wasn't entirely successful, and that was in part because there was too much agreement among my guests. I tried really hard. There was a last-minute drop out. There was just too much agreement.

I run panels as I like to run dinner parties, and I'm hoping that there will be a certain amount of disagreement on this panel. And this is a challenge to you that I'm sure you will rise to.

So, the title of this panel is "Identifying Key Considerations for Shaping Effective Employment Support Proposals." Alongside this event, as Jay mentioned, there's been a report, and I would encourage everyone to read it, and I've got it here in front of me, it's by Ryan Nunn, Jimmy O'Donnell and Jay Shambaugh, all at The Hamilton Project.

And this report focuses on the labor market's considerations for a national job guarantee, and that's going to be one of the things that we'll talk about. And handily, they've listed some of the things that one would have to think about. So they've done some of our work for us, which is very, very handy. And I'm going to list some of them here.

They ask: Who is the eligible population?
Who are we trying to target? They ask: What kinds of

work are these people that we're trying to target doing now, or if they're not working what are they doing?

Supposedly we want to boost employment: what kinds of employment should we be boosting? What kinds of work should they be doing? Will they be working in the private sector, the public sector or the non-profit sector? Will there be any -- will there be any unintended consequences of this intervention? Bob mentioned, how much would the scheme cost? That's clearly an important consideration.

So these are the kinds of details that I'm hoping that we'll tackle. I think in the first panel we saw why it's important that we think about this issue. If we're not motivated now, I don't know when we'll ever be, and that's the kind of level of detail and the issues that I hope we're going to grapple with.

So, now after challenging my panel multiple times, let me introduce them. Starting from your far

right: we have Ed Dolan at the Naskanen Center; we have David Neumark at the University of California -- and embarrassingly, you may have discovered, I'm not a Native American, and so I may or might not have been Googling whether it's University of California Irvine, or Irvine.

MR. NEUMARK: The second.

MS. KEYNES: The second. Great! You learn something new. Wonderful! We have Thea Lee who is the President of the Economic Policy Institute; and then finally we have Darrick Hamilton who is a Professor of Economics at The New School.

The structure of this is going to be much like the first panel. I'm going to give you five minutes on the first round, there will be four minutes on the second round, and then we're going to go into the quick fire round, very exciting.

There will be no cards handed out, so if you have any questions then do write them down. And I've instructed, in case I forget -- I'll try not to -- at

the very end try and leave through the back doors, we've got a fairly tight turnaround. There will be some kind of prize for the first person who leaves, maybe. Maybe that's some kind of incentive.

Okay. David, sometimes I worry that instead of trying to make what we have better, there's a tendency towards these big-bang proposals. Having said that, how do you think the government should be promoting employment? What's your proposal, have you made one earlier?

MR. NEUMARK: Funny, I have. Yes. Thanks, thanks for having me here. I want to thank Jana Parsons who helped me out a lot on this research. You can invite me to dinner parties, you'll get more disagreement. (Laughter)

MS. KEYNES: Great!

MR. NEUMARK: We have them and people beat up on me about -- when I say something about economics. They ask me a question and I say something. They say, no, you're wrong. I say, you

know, my brother is a chemistry professor, if he tells something about chemistry, no one else says, no you're wrong. (Laughter) So, something economists like.

Anyways, so yes, so my proposal is incremental, incrementalism is a little more boring, perhaps, but it starts from a few basic places. It starts first of all from the some of the observations that were made during the last panel, that there's a lot of variation in economic conditions, and really most importantly, economic opportunities across locations.

Raj Chetty's and his companies -- his co-author's work shows that where you're born has a lot to do with how you do. And, you know, Americans disagree a lot on policy, but I'd still like to think that equality of opportunity, you know the way of -- your birthplace or circumstances mattering a lot, it's something we should try to get around, or something we should aim for, equality and reducing the inequality.

So, place matters. And I think it should

matter less, at least. There's a lot of challenges though to creating jobs and good-paying jobs in areas that aren't succeeding well, and I don't want to just talk about lower income and poor urban areas, because there are rural areas as well, but I might say that sometimes just as a shorthand.

What are the problems? The low skills, to some extent, schools aren't as good, we know that, infrastructure isn't as good, it's harder to start businesses, there's research to documents, you know, crime leading to higher insurance rates, there's a lot of barriers.

So, I think on the one hand, we need place-based policies, and the problem is clear. And by the way, place-based policies is jargon, we have a lot of policies that are based on individual's or family's qualifications. If your income is below some amount you're eligible for program, place-based policies mean, they're targeted based on the need for characteristics or qualifications, if you will, of a

place. The poverty rate is above a certain area, therefore there's a hiring credit for that area.

So they need those policies, but I'm fairly negative on the ones we've done so far, I study Enterprise Zones a lot, I think they've been relatively unsuccessful, especially when you view them through a distributional lens. Are they delivering benefits to the people they are most intended to help?

And I also think the problems of low income, especially urban neighborhoods have to do somewhat with externalities, so that's the basis of kind of what I proposed, so I created something called the rebuilding communities jobs subsidies, because you have to a good, you know, a good set of initials.

And essentially there's a few components, one is, there's an initial period, 18 months, somewhat arbitrary, but it seems a reasonable period, of jobs that are fully subsidized by the Federal government. And they're not steady jobs, right. I wouldn't envision a Wal-Mart cashier being eligible for these

subsidies, or Wal-Mart one might say, being eligible for these subsidies.

The jobs that are supposed to have the potential to build skills that will lead to jobs in the private sector. We kind of hear about this all the time, there's construction jobs, there's electrician jobs, there's plumber jobs, these jobs that actually still do pay, you know, something like a middle-class income. But it's not clear where you get the skills for that these days, in high schools, or it seems to be focused almost exclusively on getting people into colleges as far as I can tell. So, jobs like that that have the potential to build skills, and have a training component.

Secondly, jobs that have the potential to do something for the neighborhood, and this is really fundamentally different from, let's say, enterprise zones, which are just hiring credits for jobs, whatever they are.

It could be revitalization aspect, physical,

it could be working in community health centers, it could be working in schools. So, jobs that, aside from helping people learn skills that hopefully will help them get a private sector job, will actually address some of the other problems of these areas that will help.

I think these jobs should be administered in some capacity with local non-profits that have some -- or large non-profits that maybe come in and help because they have more capacity, because they know what the local needs are, and they know -- they may know local employers, and they may help ensure that we actually create jobs out of this program that actually help serve local needs in that fit.

And then I envision the second phase where people will transition out of these fully-subsidized jobs, into partly-subsidized jobs with the private sector, perhaps continuing for another 18 months. And I think this is different from a Federal guarantee jobs program, while obviously, people would not stay

in those jobs, everyone would hope. But it's explicitly targeted to helping people find private sector employment.

I think ultimately that's a better thing. I think the political feasibility of a plan like that is considerably higher. And these are outlines of the program, it would target people in lower-income families, I envision it targeting clusters of low-income areas, I propose four to six census tracts that are presumably contiguous, where 40 percent of the people live below the poverty line.

So, kind of not a city, not a county, but four to six census tracts is, you know, twenty- 30,000 people, so a sizeable area where you could do something to scale and make a difference.

And finally, I build into this a kind of a first run at this with a pretty rigorous experimental evaluation built in. I think we all sort of agree there's a problem -- or there are many problems -- and we run around proposing a lot of things. I think it's

really important to try to figure out what works, because a lot of things, it maybe work on paper, but it's not clear they work in practice.

I should say, if you read through the paper I wrote, I think it was intended to, wherever it could, draw on existing research to say: here is why this component might work better, here is why this kind of targeting, here is why this kind of incentive to make sure people are retained in jobs might work better, here is why we might get a better distributional effects from this program than other programs. So, I try to be research based, but obviously it's a new program, and we can only really figure that out after the fact.

MS. KEYNES: Great! Okay. So that's one proposal. Next, I want to hear about a different proposal that may or may not have been hatched earlier. Darrick, do you think that a large-scale jobs guarantee could be the right way to promote employment, and why?

MR. HAMILTON: Yes. And that's all I have to say about that. I'm joking -- (Laughter)

MR. NEUMARK: Let's move on.

MR. HAMILTON: Well, first I need to recognize some colleagues that have worked on this. So I'm going to present today, but it's been collaborative work with Alan Aja, Daniel Bustillo, Mark Paul, Khaing Zaw, Feronimo Biel, William Darity, Angela Glover Blackwell, and Sarah Treuhaft.

That said, as you know -- as you've heard already, the private sector alone has never been adequate to deal with despair, social mobility and worker vulnerability, over the last 45 years in our country, all the gains from America's increase in productivity have gone to the elite while real worker wages have remained roughly flat. Moreover those that have a job, like a quality job, currently we use tax incentives to try to bribe and cajole, and already record profit earning private sector to provide more jobs and rebuild our economic infrastructure.

Instead, I would revert back to the days of Roosevelt and think about a guaranteed employment scenario where the right to employment becomes an established right to a Federal job guarantee, which will promote economic inclusion, social equity and fairness as public options to predatory firms and exclusion from the benefits of inherited influences altogether.

In other words, we need to rival the private sector with a public option of a Federal job guarantee. So we proposed the permanent establishment of a job guarantee to eliminate working poverty altogether, it's kind of oxymoronic to be working and still in poverty.

We propose to eliminate involuntary unemployment, we propose to enhance our public physical, and then now in the 21st Century human infrastructure as well. Basically it would provide a public option of employment to enable existing workers also to better bargain for wages and better working

conditions, by removing the threat of being destitute from unemployment.

Currently our rhetoric in framing, is to think about to shift the onus of social mobility onto individuals. We talk a lot about human capital rather than thinking about human capabilities, where we focus directly on enabling people to have the resources to be self-determining in what it is they want to do.

Right now our rhetoric is that markets, whether it be product markets, labor markets, financial markets, they are presumed to be natural, transparent, efficient, self-regulating, and inevitable.

Our rhetoric is that the most astute, the most valued, the hardest workers, they're believed to prosper and endure, while the least astute, the least valued and the laziest are presumed to disappear or have to find something else to do over time. What's glaringly missing from that narrative is the role of capital and economic power in the first place.

So the notion that people have free choice and engaging in the market is not accurate, when we know that it is power in capital that gives people choice, it literally gives people choice, and without government intervention stratification becomes locked in.

A Federal job guarantee would provide regional and state balance, so there would be greater resources going to those regions and states that are least funded, and that have the greatest despair, that would be an automatic stabilizer just like it would be in times of the business cycle, when we have economic downturns, the program would go into a fuller drive.

It would address the moral hazard of having to bail out the financial industry the next time there's a near collapse because we would have an automatic stabilizer, and we will be directing resources at Main Street directly, not to financial industry.

So, if you want to have deregulation employ

the Federal Job Guarantee and let the capitalist behave like cowboys, and then suffer the consequences of their actions if they aren't behaving well.

The job guarantee would address, stigmatized and discriminated workers, by having it as a right we would literally avoid that stigma of trying to target those individuals that we presume are a drain on social resources.

I see my one-minute time, so I'm going to go a little faster.

It would structurally change the U.S. economy away from low-wage work, that's a feature not a flaw of the program. So, yes, we would compete directly with the private sector for low-wage jobs, so some of those jobs would go away. And then people brought up automation, it would provide the best buffer for automation by having a direct job as we transition to a new economy where new types of jobs will emerge from automation.

So it's not a workfare program, it's not

intended to discipline the poor, but rather to provide an alternative to the private sector which, through their economic power, and the incentive for profit maximization, exploit and extract from those that have the least power from whom they can.

Priorities would be given to the most urgent project, again, it would involve care work, so we could literally provide care work from in fit all the way through elderly to deal with some of our gender issues where we relegate oftentimes, unfortunately, women for this type of work.

So, women who don't won't to do this work, that work would be professionalized, and they would be free to do other things, or of women or men who want to do that work would receive the decency of a wage with dignity as well as benefits and better working conditions.

And I'm concerned with my time, so I'll just end with a note that oftentimes unemployment leads to despair within communities that go well beyond the

work that is unemployed. Having a Federal job guarantee would shore up our communities in America, and provide everybody with the dignity of a decent wage, decent benefits and decent working conditions as a moral responsibility without the threat and fear of being destitute from unemployment.

MS. KEYNES: Thank you. Thea, we've had two proposals. Can we step back a bit and kind of go 10,000 feet and think about the principles that we should bear in mind, when designing these schemes to promote employment among those who are the most disadvantaged?

MS. LEE: Great! Thank you so much, Soumaya. And thanks to The Hamilton Project for inviting me to be here today, it's a real pleasure. I told some folks I was a Research Assistant at Brookings approximately one million years ago (laughter), and so I still get a little bit of a thrill walking through the front door. And it's nice to be here, and particularly on this amazing panel

with extraordinary folks.

So, I wanted to note first of all, maybe a conscious distinction to what Soumaya said, that in fact I'm delighted to see that there are a lot of elements of consensus, or agreement on all the discussions that we've had today around, you know, some of the key things that, despite the fact that we have appears to be a fairly low unemployment rate, and a fairly healthy economy, that everybody I think has agreed, that there's a lot more that needs to be done to ensure that the economy is generating jobs for everyone who wants one.

And that those jobs are of the kind of quality that would really lift the economy, and that's one of the things I actually want to talk about in terms of principles, when we thing about -- and maybe this will be -- this will help with the conflict part, Soumaya.

So, you know, we've identified already of course the pockets of under- and unemployment, the

geographical issues, the race, gender and education issues. But I wanted to say, maybe to be provocative that -- maybe I'll frame this wrong -- we're talking about creation, employment creation. What can the government do? What can we do to create enough jobs? And we've noted that a lot of the jobs that are out there are bad jobs.

And I think, Emily, in particular in her presentation, talked about all the ways, all the challenges that people at the low end of the labor force face, whether it's childcare, or unfair scheduling, or lack of benefits, or a lack of sick leave, and parental leave, and so on. And so maybe the problem -- that we need to start actually with wages and good jobs, and that some of the job creation will come from that.

And this actually goes, I think, also to one of the points that Stephanie made at the beginning which is, you know, we have this less-than-full employment, we have relatively low EPOP, employment to

population ratio, participation in the labor market, and particularly with less educated folks.

Why is it that people aren't drawn into the labor market? Maybe it is because for the last couple of decades we have been systematically destroying good jobs, and destroying worker power.

And Dennis mentioned the lower union density, that's not a natural outcome like gravity, that is something that was the result of systematic attacks on unions and workers over the last couple of decades that have been very successful, both at the State level and the Federal level.

We haven't had labor law reform for, you know, 70 years, and so we have taken away workers' power to bargain at the workplace, and with that we have eroded labor standards like the minimum wage, we haven't put in place things that a lot of industrialized countries have, like paid sick leave, and maternity leave, and other protection.

So, if you think about it this way, this is

the sort of the monopsony frame, which is that we're out of place where we've been, we, somebody has been so successful in undermining worker power through globalization, through technology, through attacks on unions, that at this point wages are so low and jobs are so bad, that it's actually rational for a lot of folks at the bottom of the labor market not to pursue a job.

If you can't pay for your transportation, if you can't pay for your childcare, if you can't take care of your kids, if you can't gain skills, you can't go to school, then at those very low wages people are rational not to work, so that -- and in the context of what the principles are I wanted to address, and I think this will indirectly address both David's proposal and Darrick's. And I have a lot of sympathy with elements of both of them, but some issues.

So, my principles are: the solution needs to be at the scale of the problem, so it needs to be big enough to address what's going on, and I think that

would be a little bit of a criticism of David's proposal.

Two is, of course, it needs to be cost-effective, and I know, we all agree on that. The tax dollars are never going to be easy to find, so we need to figure out how to do that. The third is that the proposal should be effective at every stage of the business cycle, and that I think is an important piece, and I'll come back to it.

It has to be logistically sound. And here I think, I see some challenges with both Darrick's proposal, and with David's proposal, and David's proposal is very complicated in terms of determining the eligibility, but first of the locality, and then the people, and it's very time-limited.

And my question is whether we're really addressing -- whether that addresses the real problems, the problem is on the demand side, that we have a lack of aggregate demand, we have a lack of worker power, then do we need to be so careful about

trying to limit eligibility and protection.

And on Darrick's piece, and this is more complicated because I think EPI is EPI is very much in sympathy with the broad outlines of everything that Darrick said today, that we should have full employment, we should not put the onus on workers in the private sector. But on the other hand, you know, whether we can administer a plan of the size and scale that Darrick has talked about is an issue.

And finally, does it address -- does it boost wages and worker power? And I think Darrick's plan would absolutely boost wages and worker power, and would address that, but I think -- and I'll wrap up quickly to leave time for everybody else and for a good discussion -- we talk about, you know, we need to achieve macro full employment, so the non-inflationary full employment.

And, you know, Stephanie said, running a hot economy is never going to be enough, and of course I totally agree with that. It's never going to be

enough. It is necessary but not sufficient. And I think that until we get to the limit, and I would say 3.7 percent, is not that place. We are not at macroeconomic full employment. We don't see any signs of inflation. And so one of the things we need to do as policymakers, is really push the limit of what that looks like.

And second of all, totally agree about using expanded public investments to provide essential public goods, build skills and provide good jobs. And in that, I think there's a common thread between David's and Darrick's proposals, which is identifying real needs, both infrastructure, green jobs, and childcare and building skills.

But, I guess my issue would be, if these are things that are necessary to do, and the public sector ought to do them, we ought to do them with skilled workers with permanent jobs, with good jobs in the public sector, and I mean not to -- not be so apologetic and timid about ways of achieving that.

So, that's a starting point. But thank you, Soumaya. And thanks to the panel for the opportunity.

MS. KEYNES: Thank you. Finally, Ed, with Bob's school for intellectual rigor at the beginning of this panel, what do you think are the issues that haven't been addressed yet?

MR. DOLAN: Well --

MR. NEUMARK: In five minutes.

MR. DOLAN: In five minutes. Okay. If I were going to look for intellectual rigor in this area of -- especially as applied to the wide-scale guarantee job programs, but it applies somewhat to the more localized ones like David is talking about, the number one thing I would want would be to see some coherent model of the labor market as a base point for presenting these proposals.

There's an implicit model of the labor market in these proposals that says that there's two critical gaps in both the private and public sector. First of all it posits that there is a considerable

gap between the prevailing wage rate and the supply price of labor, because without that you can't talk about involuntary unemployment. Is it involuntary unemployment there, or is it just churn; that there are people moving from job to job?

But the more important gap in the labor market that's implicit in these models is there's a big gap between the -- a big gap between productivity of workers at the margin and the prevailing wage, and we need that to make these guaranteed job programs work, because in the private sector, if we don't have that gap between productivity and wages, then when we start handing out jobs in the public sector at \$15 an hour with 5 or \$7 worth of benefits attached to the \$20-an-hour jobs, the hope is that the response to that in the private sector will be the employers will raise their wages to match the workers.

But if you don't have that big gap between productivity and wages to begin with, if that gap isn't there, then what you're going to have is you're

going to be moving people from the high productivity jobs in the private sector into potentially lower productivity jobs in the public sector.

And by the same token you need the gap between productivity and wages in the public sector, because these proposals all posit the existence of a large backlog of the large backlog of worthwhile high-productivity jobs that could be done in the public sector that are not being done.

And so the first question is: where do these gaps come from, I don't see any real explanation, we have rhetoric about capital empower, you know, that sounds good, but I don't think it falls in the category of intellectual rigor, sorry.

We see discussions more in the category of economic discussions, discussions about monopsony, union power, disappearing union power, this interplay as the source of these gaps, which is perhaps, more plausible, but if those were theoretically plausible we need some, you know, empirical evidence to show

that these gaps exist.

Otherwise, if we don't have these gaps we're going to find that creating these job programs are going to have some unintended consequences, and the unintended consequences are going to be that we have - - we're moving people into jobs that are low productivity.

In conjunction with that -- to use my last minute -- we need to look at these jobs in a large context, we need to add a broader -- ask broader questions about why we want to get more people to work, and how do we do it.

We can't just say, well, should we do it through employment subsidies or guaranteed jobs, we also have to look at other ways to solve -- if our objection is solving poverty, we have to compare that with other programs like -- other benefit programs, universal benefits, negative income tax of some type.

If our objective is to get people into -- increase incentives to work, we have to say, well, how

does this compare to mechanisms like, maybe we should instead be reducing disincentives to work that are built into current welfare programs by reducing implicit marginal tax rates and so forth, that would also get people into useful jobs. I just think that -

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MS. LEE: And empirical -- sorry.

MR. DOLAN: -- that these proposals had to be put in at bigger contexts.

MS. KEYNES: Great! Okay. I think I've achieved my objective of some disagreements. So, well done, me --

MR. DOLAN: I was prepared to argue the other side, in case they were all skeptical.

(Laughter)

MS. LEE: Can I jump in quickly just on the question of empirical evidence?

MS. KEYNES: Sure.

MS. LEE: I mean you talk about the need for empirical evidence to show this gap between wages and

productivity.

MR. DOLAN: Right.

MS. LEE: That is kind of a centerpiece of what a lot of the work that EPI has done over the years, which is to show, you know, that for the first couple of decades after World War II, you did see wages and productivity growing very close together, and then at some point productivity kept going maybe a little bit more slowly, and wages really flat-lined.

And that's a lot of what we've been talking about, and you can do it different ways, you can do it with median wage, and it depends, you know, what kind of inflation correction you use, and so on, but we find that result to be very, very robust, and I think it's a large part of the sense of why, in a somewhat healthy economy, there's so much discontent.

Because as Darrick said, and I would agree with that that, you know, you have an economy that has delivered a lot of gains to the very top, the wealthiest and the most powerful, and very few gains

for the bottom -- I'd say the bottom four quintiles. And so that's -- I guess I'm surprised that you think that there's a lot of empirical question about whether that's true or not.

MS. KEYNES: And can I? So, let's just do your follow up now.

MR. NEUMARK: That doesn't count as your follow up?

MS. KEYNES: That doesn't count? That's half of your follow up.

MR. NEUMARK: Two minutes then.

MS. KEYNES: Could you talk about what kinds of employment you see coming. So, supposing we took a jobs guarantee scheme, what do you think would be prime candidates for the kinds of jobs that would emerge as part of that?

MS. LEE: In the jobs guarantee scheme?

MS. KEYNES: Yes.

MS. LEE: I think Darrick should answer that first because I would talk more about a public sector

job creation as opposed to a jobs guarantee. That's sort of how -- what EPI thinks would work really well is to identify some huge needs that aren't being addressed by the private sector, and this is the job of government. Those needs are around infrastructure, and particularly around, you know, green jobs, or transition to a more green economy, and then early childcare, and the advantage is both those two areas.

That you're building for the future, you're building -- you're investing in the future of the U.S., both in terms of physical infrastructure that is desperately needed. What? \$4.7 trillion deficit in terms of U.S. failure to invest in its own infrastructure, and then in terms of early childcare I think that actually addresses some of the impediments to people being in the labor market, and it addresses some of the inequity that's there, and certainly some of the disadvantages for women, and it's good for children.

You know, it definitely, I think the

research shows that that is super-effective in terms of a dollar-for-dollar basis, and the return on investments. So, those are the areas that we think there should be more public investment, whether it's in the context of a job guarantee or not, it's a little bit of a different question, because we think those are not cyclical kinds of jobs, and they are jobs with quite a lot of skill involved. You know, done well, those are high-skilled jobs and decent-paid jobs. So that's what we would like to see.

MS. KEYNES: Yeah. I suppose it's just a -- you know, so if the evidence does show that there's this gap between productivity and wages, even in the private sector, and yet the jobs that we think that there should be more of, wouldn't be those kinds of jobs, it would be different kinds of jobs?

MS. LEE: Well, I mean, the other way of closing the wage productivity gap is giving workers more bargaining power. So that is maybe labor law reform that would allow workers in a modern economy to

be able to bargain more effectively with their employers to have more punitive kinds of fees for employers that violate workers' basic rights, and a high minimum wage.

So those are the two sort of big ones that I would talk about in terms of rebalancing power, and then my argument is that if you did that you would actually be pulling people into the labor market as opposed to job destruction, which is I think the traditional frame that we've been stuck with, and I think it's a wrong frame.

MS. KEYNES: Great.

MR. NEUMARK: You broke the minimum wage rule.

MS. LEE: What?

MR. NEUMARK: You broke the minimum wage rules.

MS. LEE: I know.

MR. NEUMARK: I'm sorry.

MS. KEYNES: Sure. All right, do you want

to address some of the --

MR. HAMILTON: The concerns?

MS. KEYNES: Let's just address the concerns.

MR. HAMILTON: All right. So first, let me lay out some of the differences between job stimulus plans and the Federal job guarantee, which, I'd say that both David and Thea touched upon a little bit. A Federal job guarantee will keep people out of poverty in the first place. It doesn't wait till they're unemployed before it goes into effect. And then obviously it is intended to give workers bargaining power, period, not just those that are unemployed.

By removing that thread of unemployment and providing a rival to the private sector, particularly at the bottom of the labor market, that is its intent.

There are some political concerns with regards to non-profit coordination and partnerships, and those political concerns -- well, we definitely know about public-private relationship, Amazon

provides a good example of what's going on in New York, about ability of private sector to bid amongst state localities and even the Federal government, in a race to a bottom-type approach, where you get them bidding on how much tax incentives you're going to provide.

I won't go into detail because I've got a lot to comment on, but going to the non-profit partnerships, well, I don't know if I would want this current administration to have a relationship with planned parenthood where they can be at their whim and impose things, or provide jobs through the NRA, and I'm sure someone on the other side of the aisle might have concerns about some of my favorite non-profits.

But then on the other side, many have talked about how the Black Power Movement was co-opted by public-private -- by non-profit public partnerships, the mission of some of these non-profits can be co-opted by state interest, that's another concern, I think we need to keep them separate.

And then we know that localities, local states, if it's not administered at the Federal level, a state like Mississippi which might have a different value system about how they treat their workers and empower their workers, well, those individuals in those states, if it's administered at the local level through grants or whatever. They're still at the whim, and we see this taking place with ACA so you need centralization if we want to avoid stigmatization of workers, and if we want to have assurance that everybody will have the right to dignity and decent wages.

So, let me go into some of Thea's points. So Thea is critiquing it on a potential administrative cost; potential issues with regards to cyclical nature of the program, I think those were two of her -- two of the biggest things critiqued. Well, we have examples, we have the WPA, we have the CCC, they were able to manage administrative costs, they generate a great public work, and indeed we're moving into new

period where we are -- what is the bound on us?
Imagination! If we want to forge a more peaceful
world, once we deal with Federal job guarantees in
America, the Marshall Plan rebuilt Europe.

Put Americans' work for peace and prosperity
rather than violence. Right? Our imagination,
there's plenty of work right now that the private
sector is not doing that the public sector can do, and
if some the Federal job guarantees transition to
public sector jobs more generally, good, that's not a
problem.

So, I'm not opposed to that, but at a base
level, from a moral standpoint we should guarantee a
right to employment for all workers, and that kind of
leads a little bit to some of the comments that Ed
brought up.

So Ed is questioning, one, the rigor in
which I analyzed capital and its impact on people's
lives. Well, we need only look at wealth and look at
the power of wealth, and what it probably has done to

many a people in this room, provided them the agency to send their kids to elite private schools, elite university education.

If confronted with an expensive criminal justice system, I'm sure you'd rather have wealth than not have wealth. If you want to start a business and be entrepreneurial, I'm sure wealth is a critical ingredient in that domain. So it would be ignorant to not recognize the power of capital, and dictating one's agency to engage the market and literally change the terms of the market itself.

It would be naïve to think that Amazon didn't have any power to dictate the terms in which they can operate in certain regions, because of the resources that they command. So, that certainly is rigorous, I would argue.

So, other points I'd say -- so one thing is, we need to, overall challenge the dogma of the market. To me that goes unchallenged and we just make the presumptions that markets are the most efficient

allocator of resources no matter what the outcome is, whether it's economic or otherwise.

I don't know how we got to that place. Actually, I kind of do (laughter), but it's a problem that we no longer challenge it -- we no longer question it. Think about our crumbling infrastructure, but beyond that, think about how vulnerable we are to climate change.

Is this something we should leave in the hands of the private sector? We literally might destroy our planet if we don't engage, so clearly there are attributes in which the market does not facilitate with regards to goods and services, but beyond that, I like William Barber's framing that economic justice is a moral imperative, so aside from your presumed efficiency arguments, there's fairness in justice.

Why is it that Black people who get a college degree are more likely -- if you are a Black male with a college degree you're more likely to die

from a stroke than a White man who dropped out of high school? Or a Black woman with a college degree is more likely to have an infant death than a White woman who dropped out of high school? Why is that?

We exaggerate the economic returns to education, and it's almost becoming a ruse, it's becoming a ruse that we associate human capital as the explanation for Black/White inequality because it absorbs the state of responsibility. But the reality is that even when Blacks acquire high levels of education, they still face greater labor market despair and are more vulnerable to, literally, death.

So, I guess I'll stop here. I saw the 30-seconds sign. (Laughter)

MS. KEYNES: Thank you. (Applause) David -
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MR. NEUMARK: I don't need a question, but go ahead? (Laughter)

MS. KEYNES: My job here is so easy
(laughter).

MR. NEUMARK: Where's the timer? So, a bunch of things, first of all, I think the discussion about productivity and wages was a disconnect. I think what Ed was talking about is at the individual level is a firm willing to hire somebody if the productivity is below a certain level. But you're talking about labor share, which is perhaps a different issue, that productivity on average has gone up and obviously labor share has declined. But I don't think that keeps to, will affirm higher -- you know, particularly low-skilled workers if we push up the cost high enough.

And, you know, you can rail against the market. You know, I think you're setting up straw men. I mean, I think where there's a lot of -- I don't know the political composition of the room, but I think a lot of us are probably Democrats who believe markets do very well, but none of us think markets solve every problem, or are always efficient, I don't think. Maybe you?

MR. DOLAN: No. (Laughter)

MR. NEUMARK: I don't know -- okay.

MR. HAMILTON: Some of you have been talking like that though.

MR. NEUMARK: I don't think that's at all true. Okay, a few specific things. I think the criticism if it's not at scale, is it can be at scale. I was proposing a trial and, you know, pretty big, I think 25,000 jobs and, you know, 3 percent increases in the places that I was talking about, and if it works we can do it at scale. I mean, some capacity to do it, but, no, the limits were just meant to -- to sort of, you know, see what we could do.

I think one issue that hasn't come with respect guaranteed jobs is the distribution of effects. You keep saying eliminating poverty which obviously is -- I think the goal, hopefully, we all share.

I think two things: first of all we have other policies. It always irks me a little bit when

we say no one should work and be poor. Well, with the EITC that can happen with less than full-time work, but with full-time work it's pretty hard for that to happen, right? We don't work -- when you're a low-waged worker your wage is not all you're getting, and we have to remember that.

The other issue about distributional effects, and particularly of a guaranteed jobs program, is who is going to take these jobs, right? It's not entirely clear whether you're going to get more -- you know, not very busy teenagers, let's call them, maybe they're still in school, maybe not that engaged, taking these jobs because now someone is going to offer them 15 bucks an hour to do it, or the single mother hard pressed with all the things we were hearing about before, who still is going to have to show up for this job eight hours a day, and if we don't make it easier for her to do that, may not do it.

So, I do have a concern that we're not --

the benefits are not directed very efficiently towards the poorest families, and the families with kids, who I think -- I mean, no one should be poor, but I think we tend to sort of target those groups first.

I do worry about the qualifications of workers to do the kind of job, or thinking it, we can't just say we're going to create all these jobs, and they're all going to provide homecare or build -- you know, rebuild the Bay Bridge, or whatever. The Great Depression we had 25 percent unemployment, we had very skilled workers who didn't have work, now we -- you know, we have a problem.

We've been talking about it all afternoon, of people on the margins of the labor market. I'm sure some of them have skills, and I'm sure some of them could be trained, but they can't go out and start building bridges tomorrow.

And I think in a tight, in a slacker labor market -- I'm sympathetic to the idea of a counter -- you know, something smaller scale that has a

countercyclical automatic stabilizer component where that will take care of itself. But the people who stopped building houses in 2009 could have rebuilt LaGuardia, presumably, you know, with the right investment, the right kind of capital.

And I guess the other question I'd ask about this is, I mean everything costs money, I realize that, but your price tag -- and I recognize it's a rough estimate -- I'm not criticizing the number. It's a big number. I think you have a number like 500 billion a year.

MR. HAMILTON: And that's probably a low estimate.

MR. NEUMARK: Could be. Who knows? But I think a question I'd like to see, and this goes back to intellectual rigor, more on the empirical side than what's the right model which, of course blends into the ideology side, which is: what's the argument for this being the best way to spend \$500 billion to solve this problem? That I think is a really important

question that I would encourage you to grapple with.

MR. HAMILTON: Can I respond real quick? I promise to be quick. Or if you want to pass, I can't -- you can talk. I shouldn't hijack the panel.

MS. KEYNES: There'll be a quick, in a quick fire round I will give you an opportunity. Ed, I want to ask you to respond very quickly, but I also, I'm going to back track on what I said at the beginning. And is there anything about -- what of what the rest of the panel has said do you agree with?

MR. DOLAN: I agree we've got a problem with inequality, I agree that the gains of the economy are going to the top. We've got to figure out -- as David said -- I absolutely agree that the question we need to ask: is this the best way to spend \$500 billion, or whatever the number is?

Over (inaudible), when we think about these problems, you know, and we talk about some other things such as, basic income, or negative income tax, or something like that, it's expensive to employ

someone in a public sector job. Darrick's numbers show that it costs \$55,000 to give -- to put \$25,000 in the hands of the family. It does not cost \$55,000 to give a family enough cash to get out of poverty. That's one thing that, you know, we need to think about that.

Don't stovepipe and say, what's the best way to have a public jobs program it that's not the answer. Another thing here is we really have to think about what these are going to be doing. We've got a lot of people there that aren't ready to build bridges --

MR. HAMILTON: (Crosstalk)

MR. DOLAN: We have people who are -- these programs have to be able to serve the hard-to-employ, and the people who are hard to employ are hard to employ for lots of different reasons, and if they're hard to employ in the private sector they're going to be hard to employ in the public sector.

That doesn't mean we shouldn't make an

effort, this means that it's going to be expensive, it means it's going to take a lot of programs. You can go all the way back to these welfare reform programs of the 1990s, and what we find is that these programs only work if you've got a lot of case work, a lot of one-on-one hand holding. And if you just give people a job, and you say, oops, you didn't show up for work, that's your last chance for Federal Guaranteed Job. You can't do it that, and if you don't do it that it's really expensive.

MS. KEYNES: Okay. So, now we're going to go into the Q&A, which will be very speedy. And, Darrick, one of the questions was in fact: what kinds of conditions or prerequisites can we expect to be attached to an employment support program? Would unconditional support, you know, you can have this job even if you didn't turn up Tuesday, Wednesday Thursday, you can still have a job if you turn up on Friday, what kind of conditions will be attached? And feel free to respond to the panel.

MR. HAMILTON: All right, so the job -- you would have an economic right to a job, that doesn't mean you have an economic right to wages. So, if you don't show to work you don't get paid, if you're disruptive at work you can be sent home, so you're not guaranteed an income, but you're guaranteed a job; and if you need to be disciplined, then you need to be disciplined, you're not guaranteed to disrupt people, and you're not guaranteed not to show up.

All right, so some of the other issues, and there were many that people raised. So, starting with EITC, I'm not opposed to the EITC, I support it, but it also subsidizes bad jobs. It allows employers to have jobs with poor working conditions, and doesn't necessarily guarantee benefits for workers. So, again, I'm talking about something to rival the private sector, not support the private sector, because that's part of the problem.

It's addressing that market failure where people literally at the low end of the market don't

have the power to engage on similar terms. Who is going to take -- let me see -- what are some of the other ones? The issue of the mother who has all these care responsibilities at home, that's an unfair critique of a program. I mean, you need a package of goods to address American inequality.

A Federal job guarantee does not solve all of America's problem, but a Federal job guarantee will provide some of the jobs and human resources that enable her to leave the home place, such as high quality child care. But no, it won't solve all of America's problems, so if we talk about straw men, that's the straw-man argument.

And in terms of training, yeah, the jobs will require some training. They will require lots of training for some people, but what I think is a lot better than some of the training programs that we currently have on the book, where people go through training with no assurance that there's a job waiting for them at the end, there's a guaranteed job waiting

for them at the end once they go through the training program. So, I definitely support job training, but with a job at the end.

Some of the concerns around price tag, 500 billion, and then the question that was posed to me is: how better to spend that money? Will the question I'll push back is: how are we currently spending that money?

The current price tag of our public infrastructure on anti-poverty is well over \$700 billion, rather than trying to discipline poor people and control them with all these hoops that they have to jump through to have a subsistence income, I'm talking about something that transformed the labor market, and provide people with resources directly, as well as improve our infrastructure.

To me that's a lot better way to spend the money that we are currently spending. Then, what else, anything else? The \$55,000 number, so it was negated in what Ed mentioned, is that it goes on just

wage costs, those include: health insurance, they include paid family sick leave, they include worker's ability to leave the job and go do worker development and all types of other training programs.

So, it's misleading to say it's 55,000 that is going directly to the worker, and frankly how much did New York City pay Amazon per job that come into Queens, I think that context needs to be put in place. But a lot of the costs around the Federal job of that \$55,000, we didn't dynamically scored and talk about all the other reductions we would have and a benefit to our economy, as well as a permanent stimulus that keeps our economy running by stimulating aggregate demand, so --

MS. KEYNES: Thank you.

MR. HAMILTON: Okay.

MS. KEYNES: Great! (Laughter) Thea, why shouldn't we just bump up the EITC?

MS. LEE: Okay. I would agree with Darrick on that, the EITC, it's a subsidy to low-wage

employers, you know, it's a patch-together thing that works pretty well, better than nothing right now, but it isn't -- I wouldn't say that just expanding the EITC indefinitely would be the next best thing, because -- and this is where Darrick and I agree -- that there are huge needs that are out there, of things that the government could productively do, which is infrastructure, and early childcare, and a whole slew of other things that need to be done.

So, rather than, you know, subsidize Walmart to keep paying bad wages and have low benefits, why doesn't -- I would agree with Darrick -- why don't we have the government actually accomplish something, do something and -- and the difference, just to be clear for folks, is that because there's real skills that are needed here because, you know, there's an investment in workers, the idea of the Federal Job Guarantee, if people are sort of coming and going, and if the economy gets better, you get a private sector job, people come in and out. I think both in

infrastructure and early childcare, those kinds of things, those are real skilled, professional jobs, and you don't necessarily want half of your pre-K teachers to walk out when the economy picks up and they can get a private sector job, and the same thing with infrastructure.

MS. KEYNES: Thank you.

MR. NEUMARK: Can I get a jump in?

MS. KEYNES: You get to jump in.

MR. NEUMARK: Good. The EITC delivers a lot of benefits. First of all, when you say it subsidizes jobs, of course it subsidizes jobs, that's why it increases them --

MS. LEE: It subsidizes low-wage employees.

MR. HAMILTON: Yeah. Low wage --

MR. NEUMARK: But because it operates at low-income level, so that's obviously going to happen, but it has all kinds of benefits, right. There's evidence and benefits the child's cognitive health, because more resources are going to families, there's

evidence on better infant health, there's evidence on (inaudible) on mother's health, there's evidence that people -- I have evidence of people's earnings -- women earnings grow in the long run, they earn more later.

And sort of the magic dossier, I'd like to say, at EITC is, more people -- we may subsidize low-wage jobs, but more people earn their way out of poverty as a result of the EITC, before you account for extra money they get.

There aren't many policies you can say of that. It's remarkably effective. You know, we all, I think, are a little worried, I'm not as worried about automation as some of the earlier concerns but, you know, future of a growing number of jobs that are very low-waged jobs that may not deliver sufficient standard of living, I'm not necessarily opposed.

And I'm actually quite comfortable with saying, maybe the EITC has expanded, maybe it expands for people without children, and maybe in the future

people who have very low wages and low skills, are getting half their income from the government. But they're still working in the private sector, they still have opportunities for wage growth, and we see wage growth in those jobs.

I think it's the best thing we've come up with in decades, and most European countries are copying it for that reason, I think.

MS. KEYNES: Okay. You have one minute. Why is the jobs guarantee -- well, UBI versus jobs guarantee, is one obviously better or worse than the other, and why? In one minute. (Laughter)

MR. DOLAN: Okay. First of all I want to say, I wholeheartedly disagree with Darrick that the \$700 billion we spend in anti-poverty programs is not being well spent.

MR. HAMILTON: I don't think I said that.

MR. DOLAN: I think that -- I think that -- yes you did. (Laughter) I do think that talking about reform of disincentives in current welfare

programs, putting more emphasis on cash aid, and other types of aid to the poor, is going to be a better way to solve our problems than guaranteed jobs. But just, Google me two weeks from now, and I'll have a 5,000-word answer to that question. (Laughter)

MS. KEYNES: Wonderful! Thank you so much to Darrick, Thea, David and Ed. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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