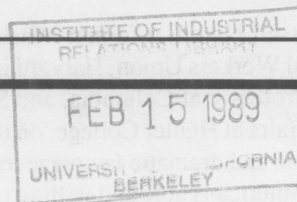


## Reporter

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# THE RISE AND FALL OF FULL EMPLOYMENT.

## Part IX: New Lessons From Humphrey-Hawkins

by Bertram Gross • //

*Editor's Note: This is the ninth article in Professor Gross's series, which began with LCR 239 in July 1988. The articles are condensed from the author's forthcoming book on the subject. Professor Gross welcomes comments, criticisms and suggestions from LCR readers, especially on the impact of our employment and unemployment policies on unions and their members.*

The struggle over what became the Humphrey-Hawkins "Full Employment and Balanced Growth Act" of 1978 lasted four years—much longer than the struggle over the Employment Act of 1946. The bill was more complicated, and so was the economy. Our first new lesson concerned the role of the economic theorists. With the growth of U.S.-based transnational corporations, the old idea that prices would fall during an economic downturn was gone. Both OPEC oil companies, and less conspicuously, U.S. transnationals raised prices during the 1974-1975 recession. With their economic theories overturned by events and facts, the theorists turned to more conservative ideologies based on the alleged superiority of any kind of private sector for-profit activity, and began to denigrate "inefficiencies" in public sector employment. A business-led campaign attacked employment programs under CETA (the

Comprehensive Employment and Training Act), and both economists and Congressional liberals began to bow down to the ideal of annual budget balancing.

There were new lessons to learn about labor, which confronted new employer strategies to achieve a "union-free" environment. Since full employment was no longer an important goal of national policy, leaders of organized labor dealt with employment problems only in collective bargaining—by seeking to gain more and more job security for people already on payrolls. Unfortunately, they gained job security for fewer and fewer members, and diverted resources from organizing in the process. Declining union membership further weakened labor's influence on national economic policy.

Leaders of the civil rights, women's rights, and anti-war movements had emerged from the turmoil of the 1960s with new concentration on single issues. They refused to be distracted by such broad concepts as full employment, the right to a job, or an economic bill of rights. Among the most militant activists were the leaders of the national welfare rights movement, who concentrated on getting as many people as possible on relief or welfare roles, and developing the concept of a guaranteed minimum income. In diluted form, this concept came into the 1972 presidential campaign, when George McGovern advocated "demogrants" as an improved form of welfare for the jobless. With many jobs threatened by McGovern's additional proposals for cutting the military budget, Democrats began to break with organized labor's political line; many voted for the re-election of President Nixon.

### Job Rights are Resurrected

By 1972, I was convinced that the full employment ideal was formally dead and ready to be buried. But two California liberals, Representative Augustus Hawkins and Senator Alan Cranston, were not convinced. They wanted legislation to meet the nation's needs for more and better human services—in education, training, health, recreation, and the arts. They believed that service expansion was necessary for healthy economic growth, and essential also as the best antidote for poverty and recession. Representative Hawkins was also concerned that without more job opportunities, efforts to help blacks and women through af-

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firmative action would be converted willy-nilly to negative action—that is, one dispute after another about who would be fired, not hired. What we needed, he urged in 1973, was a new effort to strengthen the Full Employment Act of 1946.

I agreed to work with Russell Nixon, a former Washington representative of the Electrical Workers Union, Harvard instructor, and then a Social Work Professor at Columbia, and Stanley Moses, Professor of Urban Affairs at Hunter College, on the first draft of a bill. We wrote simple and dramatic language to establish the policy that “all adult Americans able and willing to work have the right to equal opportunities for useful paid employment at fair rates of compensation.” We made it the government’s responsibility to enforce this right. We mandated major improvements in employment and unemployment statistics, and careful national accounting to show the full economic costs of joblessness. We incorporated suggestions to require more labor market services in the renamed U.S. Full Employment Service—including operation of a Job Guarantee Office, to which any jobless person could apply. To underscore the importance of local initiative, we required local councils established by CETA to cooperate with neighborhood planning boards in developing reservoirs of community public service activities. The boards could then implement advance planning when needed to provide public service employment for the members of a stand-by job corps.

After these proposals were considered at University conferences at Columbia and UCLA, we added a provision for establishing a National Institute for Full Employment (for long-term academic grants and contracts). We specified that the work of the House and Senate budget committees would be subordinate to the goals of full employment, and we prohibited any fiscal or monetary policies that would promote unemployment. Finally, at Russell Nixon’s suggestion, we made the right to employment “justiciable,” by authorizing “any person deprived of rights secured by this Act” to bring a court action against the United States, “to recover damages, together with costs and attorney’s fees.”

In June 1974, Representative Hawkins introduced the bill, which was co-sponsored by Representative Henry Reuss of Wisconsin. “This full employment policy,” Hawkins declared on the House floor, “rejects the narrow statistical idea of full employment measured in terms of some tolerable level of unemployment—the percentage game—and adopts the more human concept of personal rights to an opportunity for useful employment at fair rates of compensation.” In short order, Representative Hawkins obtained the support of the 18 House members of the Congressional Black Caucus, which had encouraged this legislative effort from the beginning.

## Mobilizing for the Congressional Battle

Hawkins liked my suggestion to ask Hubert Humphrey to be the Senate sponsor. Re-elected to the Senate after his defeat by Nixon in the 1968 presidential campaign, Senator Humphrey was

about to become Chair of the Joint Economic Committee, a strategic position which gave him preference over Senator Kennedy as Senate sponsor. Humphrey was enthusiastic, and rounded up an impressive group of co-sponsors, including Kennedy, Gary Hart of Colorado, Howard Metzenbaum of Ohio, and two Republican liberals, Jacob Javits of New York and Richard Schweiker of Pennsylvania (who later became Reagan’s first Secretary of Health and Human Services).

Next we sought help to educate the new generation of economists who knew nothing—or cared less—about the full employment concepts and thinking of the 1940s. Many writers contributed to a series of essays on “Planning for Full Employment,” published in *The Annals* (March 1975). Robert Lekachman, for example, established the case for full employment without inflation, by identifying appropriate policies on public jobs, income maintenance, incomes policy, and investments. Senator Humphrey contributed his earlier statement to a Congressional hearing (later published as “Guaranteed Jobs for Human Rights”). He referred back not only to the original full employment bill but also to Franklin Roosevelt’s proposed Economic Bill of Rights, and to Eleanor Roosevelt’s U.N. Declaration of Human Rights. (The Senator’s enthusiasm for our bill, however, did not stand in the way of his introducing an alternative measure a few weeks later.)

The organized opposition taught another new lesson. In addition to the U.S. Chamber of Commerce and the National Association of Manufacturers (which had spearheaded the opposition in 1945), the Business Roundtable made the bill a top priority. This new organization, including the chief executive officers of the most important corporations in the U.S., proved to be much more sophisticated than top opponents in previous rounds. Concentrating on the subject of inflation, the Business Roundtable made use of arguments developed by one-time liberal economists on the inflationary implications of too much employment. They insisted that they shared the fine objectives of the sponsors, but that the only way to reduce unemployment was by cutting taxes on business, removing onerous regulations, and encouraging savings and investment. Hovering in the background, of course, there continued to be a suspicion that anyone seriously committed to the Hawkins-Reuss-Humphrey measure had to be “soft” on something: whether deficits, bureaucracy, socialism or communism.

## New Lessons From Labor

Early in the fight, however, the most difficult new lesson, and for many of us the most inexplicable obstacle, was the opposition of George Meany, head of the AFL-CIO. Meany thought the bill, with its guarantee of job opportunities, would undermine the power of many old-time craft unions that controlled hiring. Indeed it also would have gone much further in bringing Blacks, Hispanics, Asians and women into the labor force than some union leaders were then willing to contemplate. The provisions for local planning were too reminiscent of the community action programs which had brought many new Black leaders to the fore.

Publicly, Meany concentrated his fire on the provisions for appeal to the courts, accurately pointing out that the courts were traditionally anti-labor. Although this did not prevent labor's CIO component from lending its support, the industrial union supporters of the measure stressed the necessity of winning over their AFL partners. We thought that without united support from the labor movement, the bill might never get out of committee.

Into the breach stepped Leon Keyserling, who had developed very strong relationships with the AFL-CIO during the 20 years since he left his position as Chair of the Council of Economic Advisors. During the following year, Keyserling negotiated an understanding with George Meany that eliminated all appeals from the bill (administrative as well as judicial), all provisions for a Job Guarantee Office in the U.S. Employment Service, the Job Corps, local planning councils, neighborhood boards, and reservoirs of public service work.

Working as an aide to the Hawkins Subcommittee, Keyserling now represented Hawkins and other sponsors in handling the problem of the rival measure that had been introduced by Senator Humphrey: the "Balanced Growth and Economic Planning Act." Humphrey's alternative measure contained no policy mandates, but set up an Economic Planning Board in the Executive Office of the President. On the basis of detailed research, the Board would recommend national economic goals. By 1976, Senator Humphrey had agreed to merge what remained of his bill with the Hawkins-Reuss bill. From then on, the name of Reuss rarely appeared, and the Senator's name moved to the front. Debate then centered around what became known as the Humphrey-Hawkins Full Employment and Balanced Growth Act.

### Lessons from Presidential Politics

Once George Meany's support was assured, the weakened measure was introduced in March 1976. Senator Humphrey, who was contemplating a late entry into the campaign for the Democratic presidential nomination, hailed the new bill as "a piece of legislation around which candidates can base their campaigns." During the same month, Meany identified the bill as labor's number one priority, and promised a campaign on its behalf that would be "the biggest fight for the future of America." Because of ill health, Humphrey didn't make the presidential plunge. But the case for the bill was vigorously presented by Representative Morris Udall of Arizona, and by Fred Harris, the former Senator from Oklahoma, with token support from candidate Henry Jackson, and reluctant support from George Wallace. No support came from candidate Jimmy Carter.

At the Democratic Party's convention, the major principles of the measure became central to the Democratic Party's 1976 platform. By this time, the top leadership of the labor movement was thoroughly committed to the Humphrey-Hawkins legislation. But Carter, after winning the Democratic nomination, refused to support the bill. His excuse was that it was changing so much that it had become "a moving target" that no one could understand. His doubts on the matter were reinforced by Charles

Schultze, a former CEA staff member, who argued (correctly) that the last resort employment provisions would remove many workers from the low wage sectors of private employment and push up the general wage level.

Keyserling beat a quick retreat, although his earlier New Deal and Fair Deal position had been in favor of high wages as a major factor in developing mass markets for business. He wrote amendments to the bill (reluctantly accepted by the sponsors) that the last-resort jobs should be at such low wage levels that they would never compete with any private sector employment. (The word "private" had even then become a reverential symbol.)

After his election in 1976, President Carter was not satisfied with these retreats. With the support of Schultze, now elevated to the position of Chair of the CEA, he insisted that the provisions for last resort publicly-financed jobs for the jobless be held in abeyance for at least two years, and that if any such jobs were created, they should be at wage levels so low as not to compete with the lowest wage scales in private enterprise. After a year or more of protracted negotiations, he forced the sponsors to accept the extraction of other teeth as well. He leaned hard toward budget-balancing and anti-inflation action as more important than policies to promote full employment.

### The Strongest Supporters Lose Interest

When the bill finally became law in 1978, the only sharp tooth left was a mandate for presidential goals to bring officially-measured unemployment down to an interim level of 4% in five years. Carter promptly violated this mandate as well, by using "anti-inflationary" monetary policies that increased official unemployment from 6.1% to 7.1% in 1980. Voicing the views of Representative Hawkins and other supporters of the weakened law, Leon Keyserling charged that President Carter was "flagrantly violating the law." In protest, Representative John Conyers, one of the strongest supporters of the original 1974 bill, indignantly walked out of a White House meeting.

The Congressional Black Caucus as a whole did not support Hawkins, Keyserling and Conyers. Many Caucus members wanted favors from the White House. Coretta Scott King, seeking federal funds for her new Martin Luther King Center in Atlanta, gave Carter an honorary award at the very moment of the Hawkins-Keyserling-Conyers attack. The Full Employment Action Council, of which she was co-Chair along with Murray Finley of the textile and garment workers, went into a prolonged period of inaction just when its work was most needed. State and local full employment coalitions went out of business.

A direct outcome of Carter's decisions was more unemployment and more inflation, both of which contributed mightily to his defeat by Ronald Reagan in the 1980 election. Reagan then went still further than Carter in violating the mandate in the 1978 law. Official unemployment was close to 11% by late 1982. With its popular rhetoric, the Reagan administration not only ignored full employment budgeting and the 1978 law, but also

abolished CETA and cut welfare payments, unemployment insurance, and job training.

Direct job creation became the province of federal spending on weapons systems and the armed forces. Although addiction to this mode of job creation undermined major sectors of the civilian economy, it was supported by strong constituencies in every state and Congressional district. Nobody, it seemed, was willing to revive the now forsaken idea of workers actually having rights to more opportunities for paid employment.

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