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The economic and social case for the American Jobs Act

By Andrew Sum and William J. Tinti

The American Jobs Act is based on the clear recognition by the Obama administration that the nation's labor markets are in crisis because of deep job deficits that leave far too many of our workers unemployed or underemployed.

In addition to these 30 million underutilized workers, there are nearly 14 million college graduates in the United States who are holding jobs that do not require any college degree, sharply reducing their annual earnings and displacing less educated workers.

Here in Massachusetts our unemployment rate (7.4 percent) remains below the national average, but the unemployed are only the tip of the iceberg. The labor force of the state has declined sharply over the past 8 months, indicating that some of the unemployed have given up their search. Of the 260,000 average monthly unemployed in our state through August of this year, 42 percent were long-term unemployed and 75,000 were unemployed for 1 year or longer, the largest number in our history.

In addition, there were 200,000 employed persons who were working part-time though they wanted full-time jobs, and another 114,000 who wanted a job but had given up the active search for a position.

The American Jobs Act includes measures to stimulate the economy and get Americans back to work. Immediate tax benefits for employers and workers will help families pay their bills and help companies buy equipment and supplies to enhance their operations. Infrastructure improvements will keep roads and railways safe while creating jobs for the building and design trades.

Resources to keep teachers in classrooms and police and firefighters in service are welcome, especially when laying those critical workers off would further stagnate the economy. The Jobs Act also includes a number of workforce development strategies, such as sector-based training partnerships and increased attainment of industry-recognized credentials, which have proven successful to Massachusetts' economic growth and recovery.

Massachusetts has experienced a more robust recovery than other places in the country; higher rates of job growth and lower rates of unemployment have led to higher GDP and state revenues.

However Massachusetts also suffers a serious job deficit. In 2010, there were nearly 5 unemployed workers for every job vacancy, 8 unemployed full-time workers for every full-time job vacancy, and 46 unemployed construction workers for every job vacancy in the construction occupations.

The president's proposal will provide monies to create additional jobs for construction workers, jobs for teens and young adults who have been adversely affected by the weak labor market of the last decade, a bridge to jobs for low income adults, and incentives to firms to hire the nation's dislocated workers and returning veterans. Many of these individuals are in need of both a job and a training opportunity.

The proposed American Jobs Act is in close accord with the views of the American public about what actions should be taken and is in synch with the true American spirit of helping people through work and not a handout. A recent national poll found that 54 percent of the public said that reducing unemployment was more than important than reducing the deficit. Let's put America back to work.

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