

# How To Generate Job Growth: Robert Pollin On Alternatives To Trump's Smoke-And-Mirrors Economic Plan



*Prof.dr. Robert Pollin*

Trump made specific promises to many of the voters who were instrumental in getting him elected — some of whom are people living in poverty, thanks in part to the impacts of globalization. Yet, his economic plan will do nothing for most Americans, argues *Robert Pollin*, distinguished professor of economics and codirector of the Political Economy Research Institute at the University of Massachusetts at Amherst, in an exclusive interview for Truthout. Instead, Pollin says, Trump's plans will make the rich richer. What should we be doing instead? Pollin lays out the reality, explaining that an economic plan that will increase employment, provide higher wages and protect the environment requires, among other things, an industrial policy, increasing the minimum wage, strengthening unions and implementing a Green New Deal agenda.

*C.J. Polychroniou: Trump's economic plan is supposedly about "making America great again." We know that his tax cuts and deregulation proposals will be an extra bonus for the big corporations and the super-rich, but what's in it for the average American worker who has been experiencing stagnant wages for the past 40 years, economic insecurity, and a declining standard of living?*

*Robert Pollin: Trump won the election in large part because he spoke to the*

visceral anger within the US [white] working class over the conditions you describe — two generations in which average working-class incomes have stagnated while inequality has soared, millions of good manufacturing jobs have been lost and strong communities have been brought down. But it wasn't just that Trump recognized this anger. It was equally that, for a generation, the Clinton Democrats have been the party of Wall Street and free trade, while their support for the US working class has been tepid and back-handed.

Of course, the fact that Trump spoke to this [white] working class anger doesn't mean that he actually cares about the US working class, or, more importantly, that he has a program that will deliver rising well-being for them. Some of Trump's key proposals are to: 1) bring back manufacturing jobs by eliminating burdensome regulations on business and fight against unfair foreign competition, especially from China; 2) stimulate jobs, especially in construction, through a huge infrastructure investment program; and 3) deport undocumented workers, who Trump says are stealing US-born workers' jobs.

There are glimmers of logic in some of these Trump positions, but overall, they add up to very little for workers, and mostly they are a means of creating a smokescreen through which Trump and his super-rich friends can further enrich themselves. Just to take some examples:

US manufacturing has been declining for 40 years, and over that period, regulations on US businesses have also been declining. Business regulations are therefore very weak overall. But declining regulations have not brought back manufacturing jobs. Let's compare the US with Germany. The German economy is far from ideal, including in its treatment of working people. But in Germany, average manufacturing wages are about 30 percent higher than the US, businesses are much more heavily regulated, and unions are much stronger. Yet Germany is a manufacturing export powerhouse. How could that be? It's primarily because the German government aggressively practices industrial policies to support their manufacturing firms, promotes innovation and export competitiveness, along with decent wages, strong training and job ladders for workers. Until the US commits to a positive industrial policy agenda, we will not succeed in regaining our manufacturing strength.

On infrastructure investments, Trump has been talking for nearly two years now about his \$1 trillion plan. But he has yet to explain exactly what it amounts to or

how he intends to pay for it. He has sometimes said his program will be modeled on the Interstate Highway System that was initiated in the 1950s under the Republican President Eisenhower. But what Trump fails to mention here is that, under Eisenhower, rich people in the US did pay serious taxes. The top marginal income tax rate under Eisenhower was 91 percent. Right now, the top rate is 39.5 percent, and Trump wants to cut it sharply from there. To date, it appears that Trump's idea is to privatize the US infrastructure, just like he wants to privatize public schools. So our roads, bridges and airports will be owned by the rich, and they will extract profits from everyone else every time we drive or get on a plane.

On immigration, the facts are the opposite of what Trump claims. We know, for example, that when we compare conditions for low-wage US-born workers in cities with heavy immigrant populations, such as Miami, LA or New York, with cities having a much smaller share of immigrants, such as Atlanta or Philadelphia, that US-born workers are no better off in the cities with proportionally fewer immigrants. That is because immigrants create businesses of their own and buy things in their communities — they aren't just competing in the job market but are expanding overall economic activity in their communities. Of course, conditions are bad for US-born workers in the low end of the labor market. But what they need to support them is a \$15 minimum wage, decent labor rights and union support. Trump vehemently opposes all of these things — we need only look at his cabinet appointments to see this clearly. It is so much easier to just blame immigrants and distract people from where the real problems lie.

*In February 2017, the real unemployment rate was 9.2 percent, including people who have accepted part-time jobs but want full-time work and people who have been discouraged from looking by their lack of success in getting a job. Have we reached an era of growth without jobs?*

The 9.2 percent of the labor force that you mention amounts to nearly 15 million people. That's roughly equal to the entire population of New York City, Los Angeles and Chicago combined. Imagine all the people in our three largest cities all experiencing the hardships of unemployment. Now on top of that, relative to 2007, right before the Wall Street Crash and Great Recession, we have seen another roughly 9 million people drop out of the labor force. That adds up to nearly 24 million people, including the unemployed, underemployed and labor market dropouts. This is despite the fact that, since the official end of the Great Recession in 2009, the official unemployment rate has fallen by more than half.

Putting all this together, we can conclude, first, that the US economy is certainly capable of creating millions of jobs in a relatively short period of time — such as between 2010 and 2016. But it is also clear that mass unemployment is a persistent feature of neoliberal capitalism, in the US and elsewhere. We cannot forget the insight, first advanced by Karl Marx, that capitalists like mass unemployment because it gives them much greater bargaining power relative to workers, in the setting of both wages and working conditions. We have the technical knowledge and policy tools to operate the US economy at full employment. Whether we can advance full employment under capitalism becomes a matter of politics and struggle for a decent society.

*What are the benefits of full employment, and how can we accomplish this in an age of automation and great capital mobility?*

The benefits are fundamental, at both the levels of individuals and families, and for a society at large. For individuals, obviously, earning money from jobs, so that they and their families can go about their lives, is the first consideration.... At the economy-wide level, when employed people have more money in their pockets, this means they can spend more on the things they need and want. This in turn produces more buoyant markets and, therefore, strong incentives for private businesses to invest more and create more jobs. An economy with an abundance of decent jobs will promote individual opportunity and equality, because this kind of economy offers everyone the chance to provide for themselves and their families. A full-employment economy is therefore also the best single tool for fighting poverty.

Despite these massive benefits of full employment, a capitalist economy, operating on its own, will never get to full employment with decent jobs because, as I mentioned before, full employment will weaken the bargaining power of capitalists. This is why it is critical for an engaged citizenry to fight for full employment. Policymakers will never fight for it on their own. In fact, most Western capitalist economies did operate at something close to full employment over the initial post World War II era — from roughly 1950 to 1973 (up until the first oil price spike). Of course, the historical setting in the immediate post World War II era was dramatically different than what we face today. But that doesn't mean that full employment is now an impossibility. Mobilizing public investment to promote decent education, health care and housing for everyone, to revive manufacturing, and to transform our energy infrastructure to operate with zero

greenhouse gas emissions, will generate tens of millions of jobs for decades. Strong labor laws and unions can ensure that these millions of jobs provide living wages, as well as decent benefits and working conditions.

*Given the deteriorating condition of the environment, the creation of green jobs has long been seen as a vital and necessary goal. What would a US program for controlling climate change and creating job opportunities look like?*

A Green New Deal agenda, which is capable of delivering both a viable path to near-zero emissions and climate stabilization, as well as expanding good job opportunities, is actually a pretty straightforward proposition, both for the US economy and the global economy. My own research finds that we need to commit to investing about 1.5 percent of GDP — in the US, China, India, Europe, Africa, everywhere — in order to dramatically improve energy efficiency standards in the operations of buildings, industrial machinery and transportation systems; and to expand the supply of clean renewable energy, including solar, wind, geothermal, small-scale hydro power and low-emissions bioenergy. According to the US Energy Department, the average costs of generating one kilowatt of electricity from solar, onshore wind or geothermal energy are now at approximate parity or lower than those for fossil fuel energy and nuclear power. Combine this with the cost reductions that people will enjoy through raising energy efficiency — it then becomes a reality that energy consumers will not need to spend more money to rely on clean renewable energy as opposed to fossil fuels and nuclear power. In addition, building the green economy in all regions of the world is a powerful engine of new job creation. For example, my coworkers and I find that investing in green energy in the US today generates approximately three times more jobs per dollar of spending than maintaining our existing fossil fuel energy system.

It is obviously true that some jobs will inevitably be lost in the transition to a green economy — coal mining jobs being one critical case in point. That is why it is fundamental to the Green New Deal agenda that we incorporate a generous Just Transition program for all workers and communities that are presently dependent on fossil fuels. The Just Transition program would include guaranteed reemployment with no sacrifice of wages for people whose jobs would be displaced through the necessary contraction of the fossil fuel industry. It would also include, critically, guaranteed protections for the pensions of fossil fuel industry workers once they move into retirement. In addition, regions and communities that will be hard hit by the decline in, say, the coal industry, should

be provided with re-investment projects, starting with land reclamation, and moving from there into energy efficiency and green energy manufacturing. All of this can be done at reasonable cost levels. My own research finds that a generous Just Transition program for the affected US economy workers and communities would cost in the range of \$600 million per year. This is less than one one-hundredth of 1 percent of current US GDP.

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