

Problem: A free market economy reaches its highest output only when *all* persons who desire and are able to work are able to locate paying jobs. Unfortunately, this is a goal that is rarely reached. In fact, most economies could fill substantially more jobs than they do, even during times of low unemployment. In consequence, they could also raise average living standards. As noted elsewhere, the standard method of measuring unemployment significantly understates the number of additional jobs needed to achieve this goal. At the present time, it is a fantasy that any country will achieve the goal of assuring meaningful jobs for *all* persons who desire and are capable of meaningful work. The following changes would help.

Partial solution number 1 - increase the number of available full-time and part-time jobs by increasing aggregate expenditures.

Issue: Often, there are fewer jobs than there are able bodied and capable people who want jobs.

Suggestions: Clearly, in this situation, the country should follow the classic Keynesian approach of creating new jobs by increasing aggregate expenditures. Since the great depression of the 1930's, and the writings of John Maynard Keynes, economists have developed and refined numerous methods of doing so. The principle ones can be summarized under the following headings:

- increasing government spending;
- reducing taxes;
- lowering interest rates;
- extending the duration of unemployment compensation

At the beginning of the great recession in 2008, each of the above methods was employed. Arguments still rage among economists and politicians (and others) as to whether the government should have been more or less aggressive in the use of these counter cyclical tools. It must be emphasized that there are many different ways of increasing each of the above strategies, each of which differs in effectiveness and the speed with which they stimulate the economy. A few examples will aid in understanding the complexity of these different strategies.

Government spending: Spending on research can be expanded, which will be little benefit to most citizens in terms of opening up employment opportunities, or road construction (and other infrastructure projects) can be increased which may open up job opportunities for persons with a wide range of skills, including individuals with very limited skills.

Taxes: Personal taxes can be reduced for the very rich, which will have little effect on their consumption, or on the poor, whose greater needs are more likely to cause them to spend their increased net income rapidly, creating jobs. To take another example, reduced corporate taxes may cause some corporations to increase the amount they invest in plant and machinery (creating jobs), or may result in increased dividend payments which are likely to be made to high income individuals who are more likely than low income persons to leave the money in the bank (which would create few jobs).

Lowering interest rates: It is possible, as was seen in the recent great recession, to lower interest rates to very low levels, which should usually (but not always) create greater business investment, and greater willingness on the part of consumers to buy homes and consumer durables. However the size and rapidity with which this will occur varies greatly depending upon peoples' optimism about the future.

Unemployment compensation: When done correctly, this is one of the most effective ways of generating expenditures that create jobs as it funnels funds to needy persons who are likely to spend it quickly.

Partial solution number 2 - raising worker skills.

Issue: When jobs are created by expanding aggregate expenditures (economists usually refer to this as expanding aggregate demand), inevitably, in an increasingly technological economy, some of the jobs created require skills beyond the abilities of many unemployed workers. In consequence, even in a strong economy, some unemployed workers will be unable to fill available jobs, a condition sometimes described as structural unemployment, or prosperity unemployment, or stagflation., or hard core unemployment - take your pick.

Suggestions: The obvious solution is to increase investments in programs that would help individuals develop the vocational skills needed for existing jobs. This can obviously be done by improving the quality of education programs, and reducing the absurdly high costs of college and graduate education. In addition, there are many other important programs that improve vocational skills, many of which could be expanded.. Important examples are:

- Numerous vocational programs, both publically and privately funded, teach vocational skills in a wide variety of areas, e.g., computers, auto repair, etc.
- Over the years, craft unions have been an important source of vocational training through apprenticeship and certification programs..
- Many (probably most) private companies train employees for jobs, particularly when the jobs require unique skills that cannot easily be transferred to other employers.
- In a similar vein, when young people join the military, they are often provided with extensive training in various fields
- An immense amount of vocational skill is acquired by on the job training, often referred to as experience, and sometimes as apprenticeships.

Two observations are particularly important. First, formal college training is only one among many methods of acquiring useful vocational skills, and for many jobs, may not be the most important. Second, vocational skills obtained outside of formal classroom study are, in

may cases equivalent to, and sometimes superior to formal education. Consider a skilled and experienced airline or automobile mechanics. Not only are their jobs complicated, but they must keep up with an ever changing field.

Partial solution number 3 - lowering costs to employers:

Issue: Although Keynes stressed the expansion of aggregate demand as a means of creating jobs, it is also possible to increase the number of jobs that employers seek to fill by lowering the costs incurred in production.

Suggestions: Advances in technology are, of course, the major way in which the costs of production are lowered, but other often discussed ways in which this might be accomplished are:

- Reducing unnecessary government regulations. By definition, regulations require some entities to do something that would not otherwise be done, usually increasing costs. Unfortunately, reducing them is not simple task. The vast majority of regulations are imposed to carry out what government agencies believe is the intent of a legislative body in enacting legislation. In theory, the value of each regulation is compared with the estimated cost of compliance and the regulation only adopted if the benefit exceeds the cost. In practice, these benefits and costs are usually speculatively estimated and very unreliable. More rigorous assessment of the costs and benefits of proposed regulations would be helpful, but would certainly lengthen the process of enacting or eliminating regulations.
- A tax credit to an employer could be allowed offsetting part of the wages paid. This is currently achieved through the Work Opportunities Tax Credit which allows employers a credit against their tax liability if they hire workers who fall within certain demographic groups that are at high risk of being unemployed, e.g., persons receiving vocational rehabilitation services, or receiving Supplemental Security Income, or a disabled veteran. The tax credit varies from \$1200 to \$9600 per year and varies according to how many hours are worked per year by the employee and the qualifying category he or she falls into.
- Corporation taxes could be lowered which would raise profits, a major argument in the 2018 passage of the Tax Act.
- Interest rates could be lowered reducing production costs, a major tool employed by the Federal reserve during the great recession.

Partial solution number 4 - focus more effort on persons facing long-term unemployment:

Issue: it is well known that the longer people cannot locate work, the more likely they are to become discouraged and cease looking for work, and the more likely are employers to be

hesitant to hire them. Prolonged unemployment often leads to an erosion of work skills and habits.

Suggestions: One change that would be helpful in this regard would require changes in the *unemployment compensation program*. *This program* is a federally mandated but state administered program that is largely financed by a tax on payrolls. Benefits to unemployed workers are usually limited to 26 weeks.

It is perfectly reasonable to allow individuals a period of time to locate employment on their own, say eight weeks (pick your own number). It would also make sense to require, as a condition of continuing unemployment benefits after this period, for recipients to see a vocational counselor to discuss ways of improving the search for a job, and explore the possibility of starting a vocational training program. After another period, say by the 16th week of failure to locate work, the person could be identified as at high risk of being permanently unemployed and could be required to enter into intensive job counseling, and the development of a plan to achieve employment. Perhaps, in some cases, they should also be required to report several days a week for public service. What should not be done is to wait 26 weeks before intensifying services. These more stringent requirements for continued receipt of unemployment compensation could be offset by increasing the length of time these payments can be offered.

Partial solution number 5 - Refocus current income support for retirement programs so that they emphasize gainful employment - either full or part-time

Issue and suggestion: Most retirement programs for the aged are implicitly based on the assumption that individuals who qualify for these programs will cease all work activity. However, it is becoming increasingly apparent that many such beneficiaries are not only capable of full or part-time work, but are desirous of doing so. Moreover, it is also becoming apparent that the future financial solvency of these programs will depend upon enabling/requiring recipients to return to full or part-time gainful employment. There are many retirement programs for the aged around the country, each with slightly different operating procedures. In what follows we will discuss the Social Security programs only.

Social Security has two income support programs for aged persons- one is an insurance program where eligibility is based on the persons age, and the numbers of quarters of covered earnings (currently defined as over \$1320 per quarter). In addition, there is a Supplemental Security Income program (SSI) which provides old age payments to people who do not qualify for social security or whose earned social security benefit is so small that it needs to be supplemented, and who have very limited assets

Many aged persons, eligible for social security, continue to work. According tot the Department of Labor, in 2017, almost 19% of Americans, aged 65 and over are employed. Once people begin receiving regular social security benefits because of age (not the SSI program), there is no limit on the number of hours they can work or the amount they can earn and not face a reduction in their social security benefit. However, many retirees are prevented from working because of age discrimination, their physical and/or mental limitations,

transportation problems, as well as other causes. The important fact is that there is no great emphasis on returning them to work. To do so will involve a change in our culture concerning retirement so that continuing work is expected although perhaps on a part-time.

We need also consider social security benefits for people who retire early on reduced monthly benefits. Actually, I see little reason why early retirement of mentally and physically healthy individuals should even be allowed. If people are capable of work, then they should be expected to continue working.

Partial solution number 6 - Refocus current income support for disability retirement programs so that they emphasize gainful employment - either full or part-time

Issue: and suggestion: Most income support programs for persons with disabilities are based on the explicit assumption that individuals who qualify for benefits are incapable of substantial employment. However, it has become clear that many such beneficiaries are not only capable of full or part-time work, but are desirous of doing so. As before, there are many income support programs for people with disabilities around the country, each with slightly different operating procedures. In what follows we will discuss the Social Security programs only.

The Social Security also operates two programs for disability retirement - One (SSDI) is based on having the required quarters of coverage since turning age 21 (usually half or fewer quarters of coverage for each year of age over 21). The other (SSI) pays benefits to disabled workers who do not qualify for SSDI (or qualify only for very low benefits) and who have very limited assets.

However, determining disability retirement benefits under social security poses a difficult and complex problem. The program was originally premised on the assumption that the population can be divided between persons capable on carrying on substantial work, and those who cannot. In fact, initially, to be eligible for the SSDI program, a person had to be judged as **permanently and totally** disabled. The SSA still states that disability benefits “*are given when the condition is 100 percent disabling, and not any less.*”

At the present time, SSA makes a disability determination based on a whether the applicant has a condition listed in the SSA list of impairments or, if not on this list of impairments, they are further evaluated by a vocational assessor to determine if they are 100% disabled. This process works only in the sense that many people are awarded benefits (and a few are denied benefits). But as a process for determining who is actually 100% disabled, it has many flaws. Among them are:

- Whether a person can or cannot work depends upon many factors other than a physical or mental disability. A person's ability to work is influenced by his or her age, education, skills, attitudes toward work, location, transportation availability, impairments in addition to the primary disability, and many other factors. Except in very severe instances, it usually requires two or more

employment impediments before a person is unable to work, of which disability is often the least important.

- Although the SSA explicitly states that it does not cover partial disability, it then goes on to state that a person is considered disabled if prevents a persons from working at a Substantial Gainful Activity (SGA) level which in 2018 was \$1180 monthly for a non-blind person and \$1970 monthly for a blind person. It is useful to note that a **full-time** worker earning the Federal minimum wage would only earn \$1160 per month in 2018. This indicates that the SGA level is above the full time earning of a nondisabled worker on a minimum wage job. This raises the question of what is meant by 100% disability. It also makes it obvious that the SSDI program is providing benefits to individuals who are partially disabled (whatever that means).
- A third point that must be made is that it is well known that the number of persons applying for, and receiving disability benefits rises when unemployment levels rise and jobs are scarce. Once again, this illustrates that the problem is more a lack of available (and doable) jobs than the limitations imposed by the disability
- Finally, both the SSDI and the SSI programs have developed incentives to encourage persons to return to work, even after they have been told that they are 100% disabled casting further doubt on the reliability of the assessments of their vocational capacity.

What should we conclude? Basically, it is time to change the law. Instead of maintaining the fiction that eligibility benefits require 100% disability, eligibility should be based on a finding that individuals with demonstrable physical or mental limitations face significant obstacles to securing meaningful gainful employment on their own, not that they are incapable of gainful work. Interestingly, this approach could be implemented without changing current SSA assessment methods and practices for eligibility.

This change would more realistically reflect the reality of disability and current SSA practices. The major advantage of this change is that instead of requiring applicants to go through a long and often discouraging process of proving their inability to work, after which few make any serious effort to return to work, the focus of the SSDI program could be changed so that a return to work is expected for many. Hopefully, the assistance needed to return to work would be emphasized and provided.

Partial solution number 7 - create more customized jobs.

Issue: Since the great depression of the 1930s and the teachings of John Maynard Keynes, the usual policy approach to creating jobs has been to stimulate aggregate demand which will inevitably create jobs, some of which will be normal full-time jobs, and some of which will be part-time. Few people doubt that you can create additional jobs in this way.

Unfortunately, for many people,, the jobs created are not necessarily the types of jobs that they want, or that they are capable of doing. In these cases, we need to identify methods of creating jobs that are specific to the needs and/or desires of many people in order to make full use of available labor resources. The term “customized jobs” has long been in use in employment programs for people with disabilities, but needs to be applied to a wider range of individuals. Among these individuals are:

- As people age and/or contract physically or mentally limiting conditions, (and the number and severity of aches and pains increases) , they are no longer able to carry out many of the tasks that they formally did. However they are still able to carry on productive activities. Construction workers, plumbers, electricians who no longer can meet the physical requirements of these activities could use their skills advising customers in hardware stores, or in some cases, could oversee other workers. In addition, some jobs could be restructured so that their requirements fall within the limitations of individuals who are frail or disabled. For example, any heavy lifting could be assigned to another employee, or special jigs could be placed to assist persons with visual handicaps, or extra supervision/and/or training could be provided, or hours shortened, etc., etc.,etc.
- Persons caring for other individuals such as minor children, aged relatives, handicapped adults whose responsibilities may make it unfeasible to work more than part-time.
- Persons who would (or could) accept work only during certain times of the day (e.g., during school hours).
- Persons who would accept work only if near their residence, or easily reached by car or public transport.
- Persons who retire from full-time jobs at the normal retirement age and do not wish to continue full-time work but would be delighted to work on part-time jobs (i.e., reduced hours per week and/or reduced weeks per year).

The list could be greatly extended. It is certain to include many millions of individuals.

Suggestions: There are undoubtedly dozens of steps that could be taken to encourage expansion of the number and variety of customized jobs. Some suggestions are as follows.

- *Medical care* - A major barrier to the employment of aged and/or disabled individuals is clearly the cost of medical insurance to potential employers. Since people over age 65 are automatically eligible for Medicare as well as many persons identified as disabled, it would be possible to amend the Affordable Care Act so that employers (of over 50 individuals) would be exempt from having to provide medical insurance to this group. In addition many individuals who

qualify for SSDI could be granted life time Medicare coverage even if they return to work at or above the SGA level - in fact, it would probably greatly increase the likelihood of a return to work since it would eliminate a major concern of some employers and potential workers.

- *Fund programs to train and deploy job placement specialists.* Job placement specialists are utilized in workforce programs in the U.S., particularly the Vocational Rehabilitation Program, Department of Labor programs, and Developmental Disability programs. Their use could be greatly expanded. A job placement specialist's main (but not exclusive) role is to work with employers and identify jobs which could be restructured to meet the diverse needs of aged/ and/or disabled workers. In a survey I carried out in Maryland, rehabilitation facilities repeatedly emphasized the need for more trained individuals to identify jobs that would be beneficial to the prospective employer and within the needs of the prospective employee.
- *Improve special transportation arrangements.* One of the greatest barriers to employment for many aged and/or disabled individuals is not their physical or mental limitations, but the difficulty of getting them to a site where they can work. The problems are varied and differ widely by locality. To mention a few. Mentally challenged individuals may have difficulty using public transportation. Or public transportation may not be available, or available only during certain hours, or too far away from home or job to access easily. Persons in wheelchairs or who are dependent upon crutches may not be able to board public transportation.

By its very nature, the best solutions will differ from area to area depending upon the availability of public transportation, the availability of jobs (which may be very limited and/or far away, especially in rural areas), and many other factors. One thing is clear and must be faced. It will be expensive. Transportation represents almost 17% of an average families spending (the weight used in the representative market basket of goods of the Consumer Price Index). For people with limited mobility it will certainly be higher. A few possible suggestions are:

Some individuals could use taxis, or Uber, or Lyft. However, for many this would involve an excessive expense, especially if available jobs were low paying. A public subsidy would often be required

Some localities have developed special services for aged and /or disabled individuals, usually based on a minivan, that function much like a taxi service, but are publically subsidized, and which often incorporate extra features such as a lift for wheel chairs. However, these services have also tended to be very expensive, and are often criticized because they operate in limited areas, or at inconvenient times, or for being unreliable - problems that are difficult to solve

because it is inherently an expensive and labor intensive undertaking.

Employment in ones home is sometimes utilized and represents a feasible and sometimes well paid opportunity. Computers and the internet enable instant and reliable worldwide transmission of many work products. There are many feasible home based occupations, and in fact, home based work is increasingly being adopted by both the public and private sector.

The likelihood of self driving cars, including ones with wheelchair lifts, has the potential to dramatically enhance the mobility of transportation handicapped individuals.

In sum, solutions to providing transportation to transportation handicapped individuals will need to be developed by local governments and will vary depending upon such factors as population density, job market, existing transportation arrangements, and numerous other variables. The Federal government can assist mainly by keeping track of the different transportation arrangements developed by local governments, and widely disseminating this information, and perhaps by providing start up funds for innovative services.

Partial solution number 8 - discrimination

Issue: We have touched upon a few, albeit some of the most important changes, that need to be considered in order to enable millions of U.S. citizens to engage in meaningful and productive work who are desirous of doing so. Clearly, there are many others that could and should be considered. As an example:

- Continue the effort to end job discrimination. There are few who would argue that it should not be illegal to discriminate by race, gender, religion, age, sexual orientation or other characteristic.

Final Observations: The above lengthy discussion can be summarized by observing that;

- Our current reliance on U.S. Department of Labor unemployment statistics as a measure of the number of people who could work if suitable jobs were available greatly understates the actual number who would (and could) work.
- The Keynesian approach of expanding aggregate demand, while crucial for the creation of many, perhaps most, of the jobs that are needed, is inadequate to assure job availability for many unskilled, aged, or disabled individuals.
- To do this, the Social Security Administration should develop closer relationships with the Department of Labor, the Rehabilitation Services Administration, developmental disability agencies, and other public programs that would jointly assist in the development of suitable jobs for persons who would otherwise find it

difficult or impossible to find suitable work.

One Final comment: There is a well-known and well-understood relationship between inflation and the level of unemployment - the lower the rate of unemployment the greater the rate of inflation, largely a result of a shrinking labor pool and an increasing demand for workers (which will lead to higher wages and prices). However, it is worth emphasizing that some of the employment generating activities noted above will have the effect of reducing inflation. In particular:

- Improving worker skills will decrease the costs of production and reduce inflationary pressures;
- Eliminating burdensome regulations would similarly reduce production costs;
- Expanding the labor force, including the development of part-time jobs for aged and /or disabled Americans will probably have a net effect of lowering prices even while greatly expanding output;

Maybe later, if I get smarter, I will discuss this issue.