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Why Job Creation Agencies Stay Off the Table

Don't expect a CCC or WPA in this decade as there are pointed reasons not to reach into the New Deal quiver.

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Given the spotty economic record and political baggage of entities like the Civilian Conservation Corps during the Great Depression, few are rushing to revive such programs during this downturn. (High Sierra Scenics/istockphoto)

Unemployment, stuck at just under [10 percent](#) now two years into the recession, isn't anywhere near as bad as it was during the Great Depression. Nearly a quarter of the work force was then out of a job. Bread lines curled around street corners, and unemployed veterans, their families in tow, were rebuffed from Washington [by force](#).

Ultimately, the U.S. government was so pressed for response it pursued what's now considered a radical solution. The government, quite simply, hired people. It created the [Civilian Conservation Corps](#), which employed young men laying infrastructure in national parks. It created the [Civil Works Administration](#), which briefly put 4 million people to work constructing roads and bridges. It founded the [Works Progress Administration](#), which at its peak employed more people than the federal government does today (at a time when the American work force was one-third the size it is now).

"If someone had a good idea, something that might possibly be a good idea, it was floated," said [Nancy Rose](#), an economist at California State University, San Bernardino,

and the author of [Put to Work: The WPA and Public Employment in the Great Depression](#).

“They would just try things out. They were desperate to put people to work, to create jobs.”

The problem then may have been worse, but today the fundamental imbalance — too many workers, too few jobs — is essentially the same. The economy is recovering, but the employment hasn’t come back. And in a couple of [scattered corners](#), on the [Internet](#) and in [academia](#), this has prompted a question born out of the Great Depression’s legacy of public employment.

“So why aren’t we doing this?” economist and liberal columnist Paul Krugman [asked](#) on his *New York Times* blog last fall.

If we’re going to spend \$787 billion on a stimulus bill — and another \$18 billion on the latest [jobs bill](#) just passed by Congress — trying to prod the private sector to hire, creating infrastructure orders in need of labor and promising tax breaks to anyone who can connect the two, wouldn’t it be better to just spend all that money hiring people directly?

And why isn’t anyone in Washington talking about this?

Even the New Deal’s biggest supporters don’t claim programs like the CCC ended the Depression. As most historians and economists agree, World War II did.

“I think people also agree pretty much that what the New Deal did do is it helped people get through that period,” said [Neil Maher](#), a Rutgers historian and the author of a [book on the CCC](#). “It helped American people keep food on the table. It helped them maintain hope that things were going to get better. It helped them keep pride about having a job, even if that job was being provided by the federal government.”

The CCC today is cited often as the most popular of the New Deal era programs, and its products — hiking trails, scenic highways and historic lodges throughout the park system — are celebrated 75 years later in a way that less glamorous New Deal projects — sewer systems and [rural outhouses](#) — aren’t.

But in its own time, the program was controversial. Local communities were wary of hosting the camps of young men. Labor leaders worried that jobs would be taken from skilled men and given to CCC “boys.” Others feared the militarization of a generation of young men in a program run by the Army. And business interests who equally targeted the CWA and WPA charged that such public employment programs were inefficient and wasteful relative to the private sector.

Franklin Delano Roosevelt's understanding, though — in a [Keynesian](#) argument often repeated today — was that the private sector could only do so much if people had no money in their pockets. You can offer tax breaks to encourage business to produce goods, but if no one will buy them, what incentive is there to hire workers in the first place?

“You can't force capitalism,” Rose said. “You can't force individual businesses to produce something. They do production for profit, and if they're not going to be able to realize a profit, if they can't sell what they're producing, they're not going to produce it.”

And so the FDR administration put \$25 a month into the hands of the families of CCC workers back home, and it created income for people from manual laborers to artists and writers, in the process also addressing the country's infrastructure and conservation needs.

This dual benefit of the programs — creating jobs and expanding public infrastructure — translates well to today. In 2010, the U.S. badly needs repairs on many of the crumbling projects originally built in the Depression, but so, too, is the country in need of a new wave of infrastructure, with the smart grid, solar panels and wind farms that could undergird a new national economy.

The CCC was partly born out of another environmental catastrophe — the years of soil degradation that fed the Dust Bowl. Three generations later, scientists suggest we're on the verge of a much larger environmental crisis.

“There are not going to be a lot of young people out there who are going to want to dig ditches and plant trees,” Maher said. “But that's not the kind of work we want them to do anyway.”

So why not [try this again](#) today? If critics of the stimulus plan fear taxpayer dollars are being [wasted](#) in a web of private contractors and grantees through whom the money is funneled, wouldn't it make sense to cut out the middlemen and stick workers straight on payroll?

Krugman answered his own question in a single word: Politics.

“The Obama administration is fearful of turning to the New Deal as a model for getting out of this recession,” Maher said. “I think they're very weary of being painted as being even more liberal than they are.”

Obama, for example, has been more likely to cite the [federal highway program](#) of the '50s than the CCC of the '30s when groping for historical analogies to any new national undertaking.

Much of the opposition, though, is also grounded in a [fundamental disagreement](#) over the best economic remedy for recession, a disagreement as relevant today as it was during the Great Depression (and, in fact, that remains alive today in ongoing disputes over FDR's legacy). The New Deal didn't increase the number of jobs in America, critics say, because the people who were taxed to pay for those jobs had less money to spend on the products that were ultimately produced.

“This is a classic case of the [seen versus the unseen](#),” wrote [Jim Powell](#), a senior fellow with the Libertarian Cato Institute. “We can see the jobs created by New Deal spending, but we cannot see jobs destroyed by New Deal taxing.”

A better question for today, then, may be how to tailor ideas like the CCC to an era of bigger government and greater government mistrust. We would need to change the content of the work, the way it's done and who administers it: plant fiber-optic cable instead of trees, employ people in their communities instead of labor camps, turn the reins over to service organizations instead of the Army.

A network of existing service corps may hint at an alternative framework of smaller, diversified, community-based organizations with experienced administrators. Members of the [Corps Network](#), which advocates for 143 nonprofit and public programs doing an array of conservation work, green-energy projects and urban community service, have already received stimulus grants from more than a dozen government agencies.

Interior Secretary Ken Salazar announced in February that he would tap the network to develop a new \$5 million [Bureau of Reclamation Youth Conservation Program](#), with the goal of doubling the agency's youth employment from last year. Interior has earmarked another \$7 million in grants for conservation work on [tribal lands](#).

The Ted Kennedy [Serve America Act](#), signed by Obama last April, expands AmeriCorps and is designed to establish new corps specifically for veterans and clean energy.

The House of Representatives on March 20 passed the [Public Lands Service Corps Act](#), an initially [ambitious](#) bill curtailed by several late [amendments](#).

The dollars invested in all of these projects are modest, but they fit the Corps Network's vision of a [“21st Century CCC,”](#) one that would expand the federal support and participation numbers for groups already doing similar work (including at the [state level](#)).

“What we hope to remind people is that there is no faster way to get money into the economy than to put it into the pockets of somebody between the age of 16 to 24,” said [Judy Karasik](#), the network's vice president for development and communications. “We're not going to solve the unemployment problem unless we solve the unemployment problem of that age group. If they fail to be employed in these years, they will fail to be employed for the next 10 years.”

(This school of thought also says you put money in peoples' pockets faster by giving them paychecks than tax cuts.)

In pushing its ideas, many of which have been stalled behind big-ticket legislative priorities like health care, the Corps Network doesn't shy away from the analogy that seems to make Obama uneasy.

“The CCC was one of the most successful government programs in history,” said [Mary Ellen Ardouny](#), the network's government relations director. “And you're always going to have people who say ‘the government's too big, government services are too big.’ You're never going to convince those people, but those are not the people we'd expect to support our work.”

Maher suggests that another solution, outside smaller, more-targeted corps, would be to marry some of the CCC ethos to market mechanisms that would be more palatable to conservatives. Brazil, for example, plans to use the sale of carbon credits to finance a [reforestation effort](#) on par with the millions of trees planted during the New Deal.

Beyond environmental work, vast new employment could come out of America's next major infrastructure need, the Interstate highway system of the 21st century — universal high-speed broadband. Whether the government employs workers to build this system directly, or through contractors, the impact would be twofold.

“Part of (the New Deal) was an opportunity to actually invest in the country, to build infrastructure that actually set the groundwork for the ascendancy of the U.S. in the 20th century,” said Sascha Meinrath, who advocates for a [broadband plan](#) at the New America Foundation.

Therein may lie a better analogy for Obama, one that evokes not past New Deal-era public programs, but the future of a high-tech and green American economy.