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Glickman: Crawling out of the Great Recession

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THE GREAT Recession has cost the nation more than 7 million jobs since the downturn began in late 2007. Unemployment reached 9.8 percent last month and will go to double digits this year. Worse, the rate of underemployment is nearly 18 percent: underemployment includes those working fewer than 35 hours a week because they cannot find full-time jobs and those who have given up looking for work. Long-term unemployment, people jobless for more than six months, has reached five million. Things have not been this bad since the Thirties.

Some claim that the recession is "over" because production is increasing and jobs are declining by less than earlier in the year. In other words, "things are less bad" than they were last winter.

This will not bring joy to the 15 million Americans without work. Worse, many economists, myself included, believe that this will be a "jobless recovery," like the last two recessions. The Congressional Budget Office estimates that jobs won't return to their 2005 peak until 2014. That is too long for the unemployed to wait to get back to work.

What can we do in the meantime? The stimulus plan — the American Recovery and Reinvestment Act — passed earlier this year is only beginning to save jobs and generate new ones. Through funds to the states to prevent layoffs of teachers and public safety officials, ARRA has saved as many as 250,000 jobs a month. Things will improve slowly as the rest of the stimulus funding is spent, according to the Economic Policy Institute.

Conservatives say that ARRA has failed; they are wrong. We will continue to see slow improvement — too slow for me, but improvement just the same. Be patient, America.

New Jersey was pulled into the morass by the national recession and by the collapse on Wall Street. It finds itself in the middle of the pack of states in terms of unemployment (the state's unemployment is the same as the nation's) and job loss.

These are not good statistics, but not surprising, since New Jersey's fate is tied to the national economy.

The state has put a lot of its own stimulus funds into road and school construction, principally

in low- and moderate-income districts, where there is greatest need. The U.S. Council of Economic Advisors predicts that ARRA will eventually create or save about 100,000 jobs in New Jersey. But, this will take more time.

Many economists believe that the original stimulus plan fell far short of the amount needed to push the economy back to near full employment. The combined effect of the near collapse of the world financial system, the attendant credit crisis, plant closings and related problems demanded a stimulus of at least twice what ARRA supplied to meet the gap between what the economy is producing and the amount it needs for anything close to full employment.

However, Congress did not want such a big bill.

An "ARRA II" is politically unlikely. Without a more classic Keynesian stimulus — which I believe is the best direction — what can we do to repair the safety net that has been so badly shredded?

Here are some ideas that don't require a huge amount of money and can be done quickly because they build on existing programs:

- The feds should give a hand to the long-term unemployed by extending unemployment insurance benefits. The House and Senate have passed slightly different extensions of benefits of at least 13 weeks. These are both good bills that should be enacted quickly. Similarly, extensions for COBRA (health benefits) and food stamps would also help suffering families.
- We need to increase public service jobs that improve the quality of life, especially in communities suffering from particularly high unemployment. We did it successfully in the Depression and in the late Seventies with considerable success and at relatively low cost. This could put as many as a million unemployed people back to work at decent wages.
- ARRA provided money for roads and other infrastructure. More is desperately needed, with smaller amounts of stimulus funds. We could fix up many schools and provide them with broadband access. New Jersey and some other states are ready with backlogs of needed projects.
- ARRA helped save thousands of state and local government jobs, but most of that money will soon run out. Moreover, cutbacks by these governments would hurt the entire economy by countering the positive effects of ARRA.

Teachers and police officers who lost their jobs affect our families and neighborhoods. In addition, these folks spend less at local restaurants and shops, leading to additional further job loss. In contrast, a renewal of spending for such purposes would be helpful.

These measures would be useful and are simple, consisting of several relatively small efforts to bring needed relief.

It is important that states and localities get involved in working with Congress and the Obama