

# Lessons of the Great Depression of the 1930s: Create Jobs by Executive Order

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*On May 6, 1935, with the country in the midst of the Great Depression, and with indirect efforts to create jobs having not moved the needle of unemployment rates, President Franklin D. Roosevelt signed Executive Order 7034 and appropriated \$4.8 billion for the Works Progress Administration (WPA). The WPA put millions of Americans to work constructing buildings, painting murals to decorate them, and performing plays for audiences that had never before seen a dramatic production. In the process, many were saved from poverty and starvation and the economy began to revive.*

Although Congress, as part of the New Deal, had appropriated money specifically for relief, FDR decided to use the money for a direct jobs program by issuing a Presidential executive order. This Executive Order described the agencies to be involved in the program, its structure and procedure for application and allocation of jobs.

The WPA was quickly implemented. By March 1936, 3.4 million people were employed and an average of 2.3 million people worked monthly until the program ended in June 1943. During its existence the WPA employed more than 8,500,000 different persons on 1,410,000 individual projects, and spent about \$11 billion. The average yearly salary was \$1,100, a living wage at the time. During its 8-year history, the WPA built 651,087 miles of highways, roads, and streets. It constructed, repaired, or improved 124,031 bridges, 125,110 public buildings, 8,192 parks, and 853 airport landing fields.

Today our infrastructure is crumbling, and loss of revenue is forcing many cities and states to cut basic services. About 15 million people have become unemployed since the crisis hit in late 2008; a million and a half of them are construction workers. The need for a direct jobs program is either as great, or even greater than during the Depression.

But, in light of the election results, is such a program possible? Can the President directly create jobs by executive order? The answer is a resounding yes. Remember when the Emergency Economic Stabilization Act of 2008, which created the \$700 billion Troubled Assets Relief Program (TARP) was passed, one of the purposes was to preserve homeownership, and promote jobs and economic growth.

Much of the TARP money has been repaid and the administration refers to the profit on the payments. If one assumes an average cost of one job is \$50,000, 6 million jobs could be immediately created for \$300 billion. 12 million jobs could be created for \$600 billion. Because this is already appropriated money, Congressional Republicans could not block it.

This direct job creation would be bold. It would also be highly stimulative. It would not add to the deficit because it is already appropriated money. Furthermore, one third of it would come back immediately in taxes, and more importantly, the growth in demand from this number of added jobs would expand private sector job growth and grow the overall economy.

This bold program would contrast markedly with prior stimulus bills, which were indirect and whose effects have been too slow to manifest themselves. The posture of the Republicans during the last two years has been to prevent the President and Congress from taking bold steps to intervene in the economy to directly create jobs. Then they used the Administration's failure to take bold steps to create jobs to say the "stimulus did not work." They turned the very TARP bailouts they supported into a rallying cry against government intervention in the economy to help people and they characterized as "socialism" any government initiatives such as health care. They decried deficits and opposed any sane tax policies to get the deficit going in the other direction.

By keeping progress in job creation slow and blaming the administration for lack of jobs, the high expectations for the Obama administration became deflated. The loss of jobs exacerbated the mortgage crisis, and banks have been encouraged to foreclose rather than restructure mortgages despite the opposite being explicitly called for the Emergency Stabilization Act.

The people who voted for Obama in 2008 voted for the promised hope and change. Many developed buyer's remorse when what they got a set of policies which protected Wall Street at the expense of Main Street, big business at the expense of workers, and made unnecessary compromises with the right. The so called "enthusiasm gap" created by Republican obstruction and Administration timidity, produced such a deflation in people's morale that it acted as an effective form of voter suppression. The election results can be explained in this fashion.

Some have said that it makes no sense that the voters would go in a more rightward direction because the Obama administration was not "left" enough. But the fact is the Obama administration failed to deliver change and also failed to make the case for progressive policies. The election of Democratic incumbents meant only more of the same. And only 9 million of the 23 million young people who voted in 2008, came out in 2010. This undervote made the difference.

Abraham Lincoln once said: "You can fool some of the people all of the time, and all of the people some of the time but you cannot fool all of the people all of the time." What happened in this election was the right wing was able to fool enough of the people enough of the time to make independents join with rabid right wingers, while at the same time suppressing the progressive electorate.

This country has a lot to do to get its economic house in order. It is heavily dependent on the financial services industry which only promotes speculation and unregulated bubbles. It is largely controlled by the defense industries which have promoted two and possibly more wars. It is beholden to the extractive energy industries, whose owners are funding the "tea party," thus putting environmental amelioration on indefinite hold. And it is more and more influenced by the prison industrial complex which promotes hostility to immigrants, and takes resources from education and other vital areas. For the last 30 years it has relied on anti-union and anti-worker policies, which has forced the hemorrhaging of high paid

manufacturing jobs to low cost countries and driven down wages for U.S. workers which can no longer be papered over with unsustainable debt.

The President cannot solve all these problems overnight, but with a stroke of a pen he can use already appropriated money to create millions of good green jobs, and move down the road to recovery much faster. Any opposition to this from the Republicans will expose their hostility to anyone but the richest members of society, and give the progressive movement ammunition to take the offensive.

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