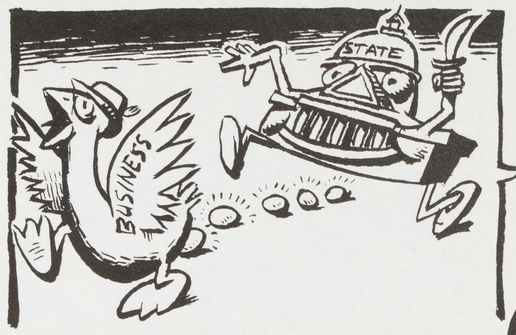
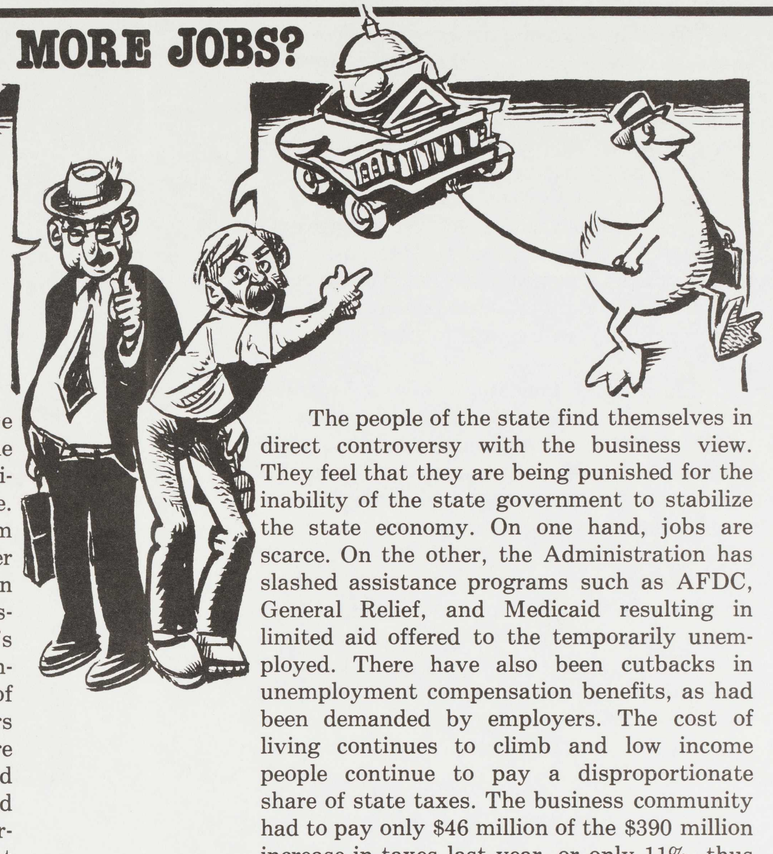
WHY AREN'T THERE MORE JOBS?

It has become increasingly clear that Massachusetts cannot wait for a new expansion of the national economy, or for large scale Federal spending. On July 7, 1976, President Ford vetoed a $3.95 billion employment bill that would create government-financed public works jobs and provide other financial assistance to local governments. Massachusetts would have received nearly $58 million under this measure and would also become eligible for grants for public-works projects. In a nutshell, Mr. Ford's stand is that the most effective way to create jobs is through policies encouraging the growth of the private sector through tax reductions and tax incentives for construction of new plants and equipment. It can be assumed that regardless of what happens on the national level, Massachusetts, if it is to thrive, must develop its own economic plan which will be able to guide public and private investments into the needy areas of the state.





What are the major problems that are plaguing our state? Business believes that the state and the Governor are decidedly anti-business. Their taxes are *too* high, they argue. The percent of state revenue that comes from corporate taxes is higher here than in any other state. According to the Federal Reserve, in 1973, revenues derived from business in Massachusetts amounted to 23.8% of the state's total, compared with 19% for the nation. Environmental regulations stifle the growth of business in Massachusetts, profit-makers argue. The state regulations are far more stringent than the federal regulations and corporate leaders complain of redtape and delays. The consumer, business claims, is overprotected. In addition, business argues that the generous unemployment compensation benefits in the state are too high, too costly, too liberal. In their view, unemployment compensation supplies no incentive for the unemployed to seek work. Employers are no longer willing to pick up the tab. The result of all these arguments is a threat by business to pick up shop and move out of the state. Sometimes, they follow through on the threat. With them go jobs.

The people of the state find themselves in direct controversy with the business view. They feel that they are being punished for the inability of the state government to stabilize the state economy. On one hand, jobs are scarce. On the other, the Administration has slashed assistance programs such as AFDC, General Relief, and Medicaid resulting in limited aid offered to the temporarily unemployed. There have also been cutbacks in unemployment compensation benefits, as had been demanded by employers. The cost of living continues to climb and low income people continue to pay a disproportionate share of state taxes. The business community had to pay only $46 million of the $390 million increase in taxes last year, or only 11%, thus shifting the additional tax burden from state corporations to Massachusetts residents. People cannot afford to pay or sacrifice any more to encourage private businesses to stay in Massachusetts and create jobs.

CAN SOMETHING BE DONE?

The Commonwealth has attempted to alleviate the job crisis. It has not only failed but in some instances escalated the problem as well.

The last Administration developed three programs which were geared toward job creation. It was assumed by the Administration that if business were given a tax break, they would have more cash to expand their number of employees. Five hundred dollar tax credits for private industry, the first of these programs, produced no new jobs in the state. The tax credit also reduced state revenue to pay for job training or other employment programs. Secondly, emphasis was placed on stimulating the tourist industry. Jobs within the tourist industry are perfect examples of secondary or subemployment. This means that they are low-waged, unstable, seasonal, and do not provide the worker with upward mobility. In other words, experience in the tourist industry does not provide a worker with credentials to work at other jobs. Thirdly, the Administration provided revenue bonds to public industrial development corporations. Because these corporations had to sell bonds to private businesses such as banks, they were unwilling to endanger their credit rating by lending or investing with the small businesses which could not get loans from private lenders. The state, therefore, ended up giving money to private firms who were economically solvent and needed no assistance.

In short, the Commonwealth weakens its tax base by giving tax credits away, encourages the development of "deadend" jobs and supports private high-profit enterprises. None of these approaches to the employment problem leads to improvement of the situation. The present Administration is conducting a massive public relations campaign to convince business that Massachusetts government will cooperate with them and do what they ask.

Solutions to this economic crisis in our state are not simple. *YES*, we need to increase the supply of primary jobs in the state but *NO*, we cannot afford the huge cash incentives that business claims are needed for them to increase the supply of jobs. To deal with the economic problems of the state, we should begin to look at various ideas and programs that can create alternative avenues to solve our state economic crisis.

This issue paper represents the first of many. It is the hope of the Social and Economic Opportunity Council that this introductory piece, as well as specific topic papers that follow, will familiarize us all with the relevant issues involved in developing solutions to the employment crisis in our state. It is essential that we come together and talk about these issues; learn about them, debate them, and collectively develop a People's Platform to rejuvenate Massachusetts by creating new employment and stable commerce and industry. Hearings will be conducted by the SEOC across the state during the month of August. These papers will identify some of the problems and possible solutions to our economic dilemma. They by no means represent all the issues involved nor do they limit the options the Council and the hearing participants will consider. It is the hope of the Social and Economic Opportunity Council that through these hearings new solutions and alternatives will be introduced.