

We can replicate the beauty that came from the Depression



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[The Observer](#), Sunday 8 February 2009

Harry Hopkins, the chain-smoking, high-energy confidant of Franklin Roosevelt, passionately believed in the value of work and the destructive consequences of living on benefit. "Give a man a dole and you save his body and destroy his spirit," he once said. "Give him a job and you save both body and spirit."

And creating and giving work is what Hopkins did, on an extraordinary scale. In 1935, he became director of the Works Progress Administration (WPA), the best-loved and most imaginative of all the New Deal initiatives and one of the most important reasons Roosevelt won the 1936 and 1940 elections. For eight years, the WPA was the biggest employer in the USA, finding work for between 1.9 and 3.2 million people a month. At a time when one in four Americans was out of work, the WPA provided hope, dignity and a reasonable wage.

It left an indelible mark - 650,000 miles of roads, streets and highways, 124,000 refurbished and freshly built bridges and more than 8,000 parks. Slums were cleared, airports built, sports stadiums renovated, electricity taken into the most remote village. There was a step change in the quality and quantity of the US infrastructure.

Nor was that all. Under the "Federal One" projects, the WPA offered jobs to writers, actors, painters, journalists and musicians whose prospects had been devastated by the slump. Burt Lancaster and Orson Welles worked in the Federal Theatre Project, Jackson Pollock and Mark Rothko in the Federal Art Project, Studs Terkel and Saul Bellow in the Federal Writers' Project. Musicians and actors laid on concerts and plays. The government became America's employer of last resort, underwriting its culture and infrastructure alike, in a country laid waste by a financial calamity and credit crunch.

In 2009, Britain's economy is similarly stricken. The worst postwar [recession](#) was between 1979-81. Then, unemployment rose to 5.5% of the workforce and did not materially fall for eight years. The 2008-10 recession is more acute and the recovery is likely to be much more faltering, closer to the early 1930s.

Top American economists Carmen Reinhart and Ken Rogoff report that the average increase in unemployment after credit crunch-induced recessions is 7% of the workforce. If that happens, we can expect one in eight Britons to be unemployed by 2012. If the international outlook darkens or if the measures taken to put a floor under the economy do not work as they should, it could be much worse. Mass

unemployment ranging up 4 million, with the young disproportionately affected, is going to be the story of the 2010s.

It will be this July that the scale of what is happening will hit home: 600,000 young people will leave school and college looking for a job. As many as half may not get work. It is an unfolding social calamity. We know from the early 1980s that youth unemployment scars people psychologically, emotionally and economically and for life. People unemployed in their teens earn 12% to 15% less in their early forties. Harry Hopkins was right; work is fundamental to both body and spirit.

There were great fears in the 1980s that unemployment would prompt unrest and protests, but the impact of generous [redundancy](#) packages and still solid unemployment benefit drew much of the sting. Today, there are already signs that people are going to be less compliant. They have heavier debts, the jobseeker's allowance is a paltry £60.50 a week and redundancy packages are meaner.

Moreover, this recession has been minted in the City by very rich and overpaid bankers. There is going to be a huge demand for fairness. The chief motive for the strike at the Total Lindsey oil refinery over foreign workers was the belief that British workers had been unfairly excluded from opportunity, something that has infinitely more resonance when jobs are insecure and new jobs increasingly hard to come by. There could easily be an ugly vendetta against bankers, foreigners and all things European.

The government is keenly aware of the risks, hence the jobs summit last month. But the activism and ideas are out of kilter with the new reality. The Jobscentre Plus network, with counselling to help unemployed people back to work along with incentives to employers to take on new workers, is excellent, but it is predicated upon labour market buoyancy. There is a proposed national internship programme to help school and college leavers this June, but without compulsion on employers to participate, and serious funding, it will be swamped.

Gordon Brown should immediately establish a British version of the Work Progress Administration to employ up to half a million people, to be engaged in the kind of projects Hopkins devised. In conditions like these, the state must become the employer of last resort. If wages were set at £300 per week, the direct net cost, after saving the jobseeker's allowance, would be around £6bn. Creating part-time work and internships for quarter of a million school and college leavers may cost another £1.5bn. And on top there would have to be funding to pay for the projects on which everyone worked. The total one-year cost could be as little as £20bn, less than has been spent recapitalising the Royal Bank of Scotland.

There will be objections that it is unaffordable, that a debt is being created for future generations and that the borrowing will crowd out private sector activity. With mass unemployment, there is no private sector activity to crowd out. The debt should be seen as an investment - in our people, in our infrastructure and in the avoidance of much misery.

There is work to be done and a growing army of Britons who need to do it for their self-worth and living standards. Our generation could leave a transformed

infrastructure and, maybe, a few British Jackson Pollocks and Saul Bellows. It would be the occasion for a collective effort that could unite us. For Labour, it would be an expression of what it believes in - deploying the state to create a fair society - and a powerful challenge to the Conservatives to back it as "capitalism with a conscience". Roosevelt cemented his political fortunes with the WPA in 1935. Gordon Brown could do the same in 2009.

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