



Private Troubles vs. Public Policy

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There's little doubt that between now and the November elections, all we are going to hear about is our high unemployment rate and jobs, jobs, jobs. And during times like these, I can't help but think about the late C. Wright Mills. Mills was a Texan and one of America's most influential sociologists. His 1959 classic, *The Sociological Imagination*, should be required reading for both policy makers and those who aspire to be.

One of Mills' fundamental concepts was both the distinction and connection between one's "private troubles" and societal "public issues." For example, Mills would argue that if you come home one day to learn that your teenage daughter is pregnant, that's your private troubles. But if 25 percent of the teenage girls at your daughter's high school are pregnant, it's a public issue. In other words, at some point we cross a threshold and come to understand that for some issues, we are dealing with more than personal failings; and therefore the solutions need to be structural and societal. And I couldn't help but think of Mills during the summer-long debate regarding the extension of unemployment benefits to workers who are categorized as the long-term unemployed.

Those who opposed the extension of benefits regularly cited two reasons. The first reason was that if Congress wished to extend these benefits they should identify a mechanism to pay for it. That certainly makes sense to me. But other voices opposed the extension suggesting that allowing unemployment benefits to expire was precisely the medicine needed to get the long-term unemployed off the couch and on to a payroll. How anyone can be immune to the fact that the national unemployment rate is still above 9%; that there are currently 5 applicants for every job opening; or watch on the nightly news the thousands of unemployed Americans lining up at job fairs all across the country is beyond me. And right here in Mankato, the *Free Press* reports that we are still losing jobs; and have yet to participate in the recovery that other area of Minnesota have experienced. Using Mills' framework, I guess they still view being unemployed as one's private troubles instead of a public issue.

But allow me to give you one more reason for extending unemployment benefits that may not have been emphasized to date. That being, in many ways it is a more direct and effective jobs stimulus than any of those that have been proposed to date. Let me explain.

As every business person knows, there are two commonly used figures that summarize the health of a business: the "top" line and the "bottom" line. The top line reflects the demand for the goods and services a business produces and/or sells. A growing top line means that demand for your products is increasing. The bottom line takes into account the sales reflected in the top line, but also factors in the costs of production and delivery. So the bottom line more accurately reflects the business's net income.

Both figures are extremely important, but top line growth is much more important when you are trying to stimulate job growth. Government tax credits or the relaxation of regulations may in fact help improve the bottom line and help businesses be more profitable. But increased business income does not motivate business owners to hire more workers. Rather, the primary event that motivates business owners to create more jobs is a significant and sustained increase in sales (the top line). If factory orders or showroom sales increase to the point where the business cannot meet this growing demand with their existing workforce, they hire more workers. It's often that simple.

Returning to the issue of the unemployed, one could suggest that providing the extension of benefits not only keeps households afloat during tough times; but because unemployed workers are typically cash-strapped, funds paid in unemployment benefits will quickly be reinvested back into the local economy as families pay for rent, utilities, groceries, gasoline, clothing, etc. In other words, it helps directly increase the top line of local businesses; supports local

demand and improves the chances of local job growth. As noted earlier, programs comprised of tax breaks and incentives for business owners will help reduce business expenses and improve their bottom line; but if it doesn't increase business sales, it won't serve to create any new jobs.

So how long do we continue to extend benefits to the long-term unemployed? Well if Mills were alive today he might suggest that if you are unemployed and the unemployment rate is under 6 percent, that's your private troubles. But as long as the unemployment rate hovers close to 10 percent it's a matter of public policy.

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