

How a Renewed MEED Program Can Help Solve the Unemployment Problem

Timothy J Bartik, Senior Economist

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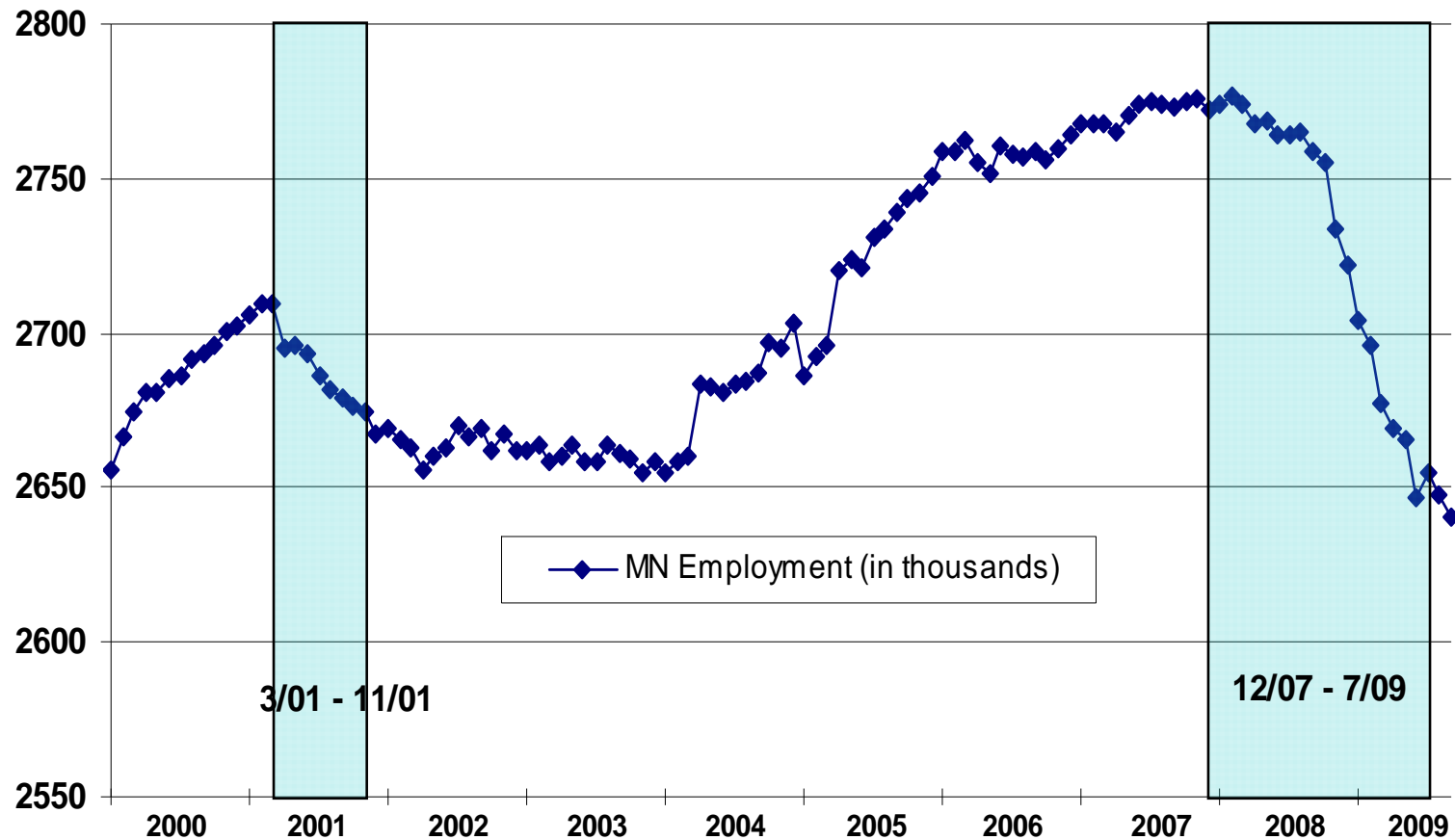
W.E. Upjohn Institute for Employment Research
300 S. Westnedge Ave.
Kalamazoo, MI 49007
bartik@upjohn.org

Presentation at summit meeting on
The Jobless Pandemic: Prescription for a Cure

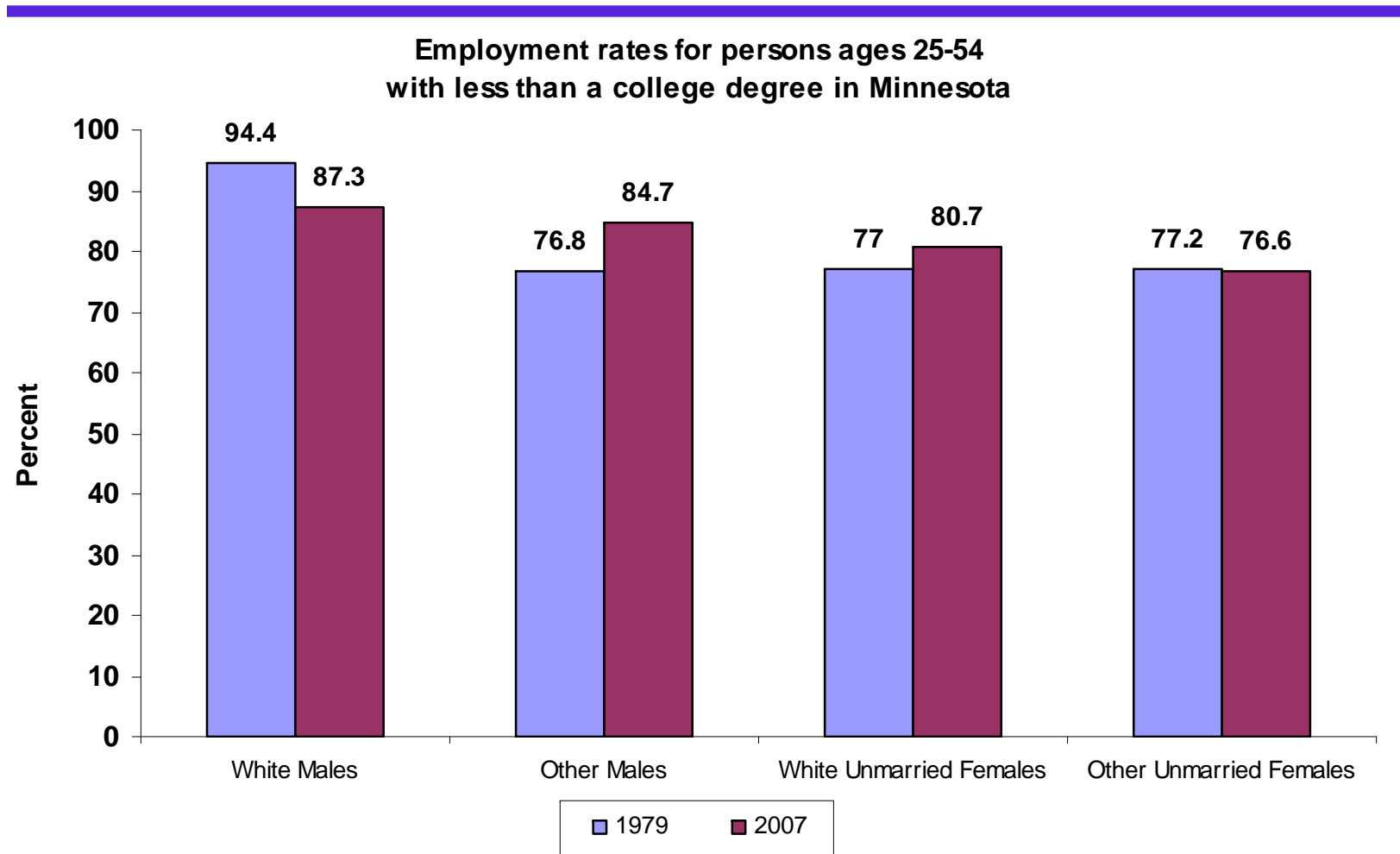
Outline

- Unemployment: both cyclical and **structural**
- Needed: both labor supply and **demand** policies
- Reducing unemployment has **long-term** economic benefits
- Renewed MEED can create jobs **cheaply** for **targeted groups**

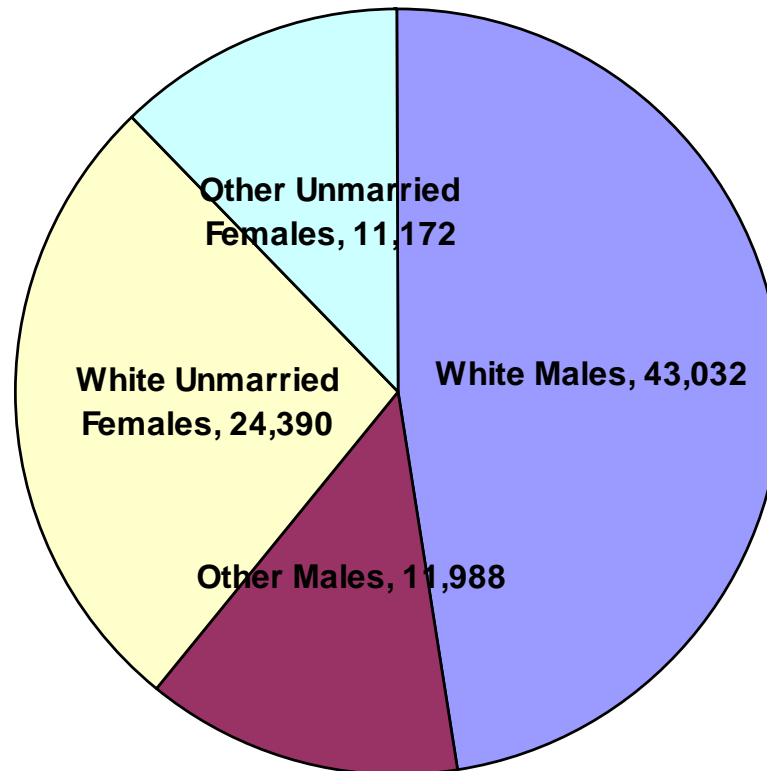
Minnesota: 132,000 jobs lost since December 2007 (U.S. over 7 million)



Structural Unemployment Problems

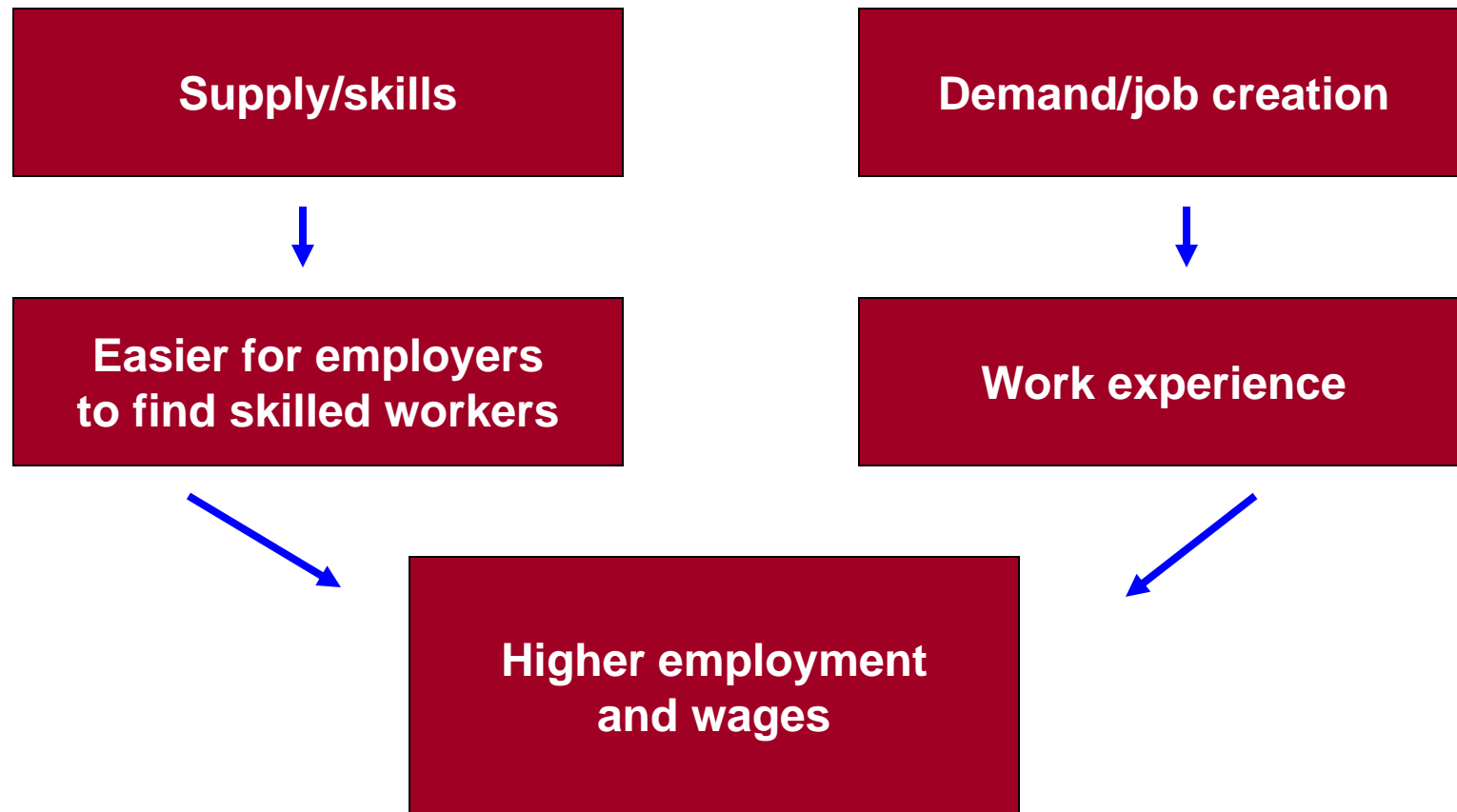


Needed Jobs Prior to Recession to Match 1979 Employment of White Males



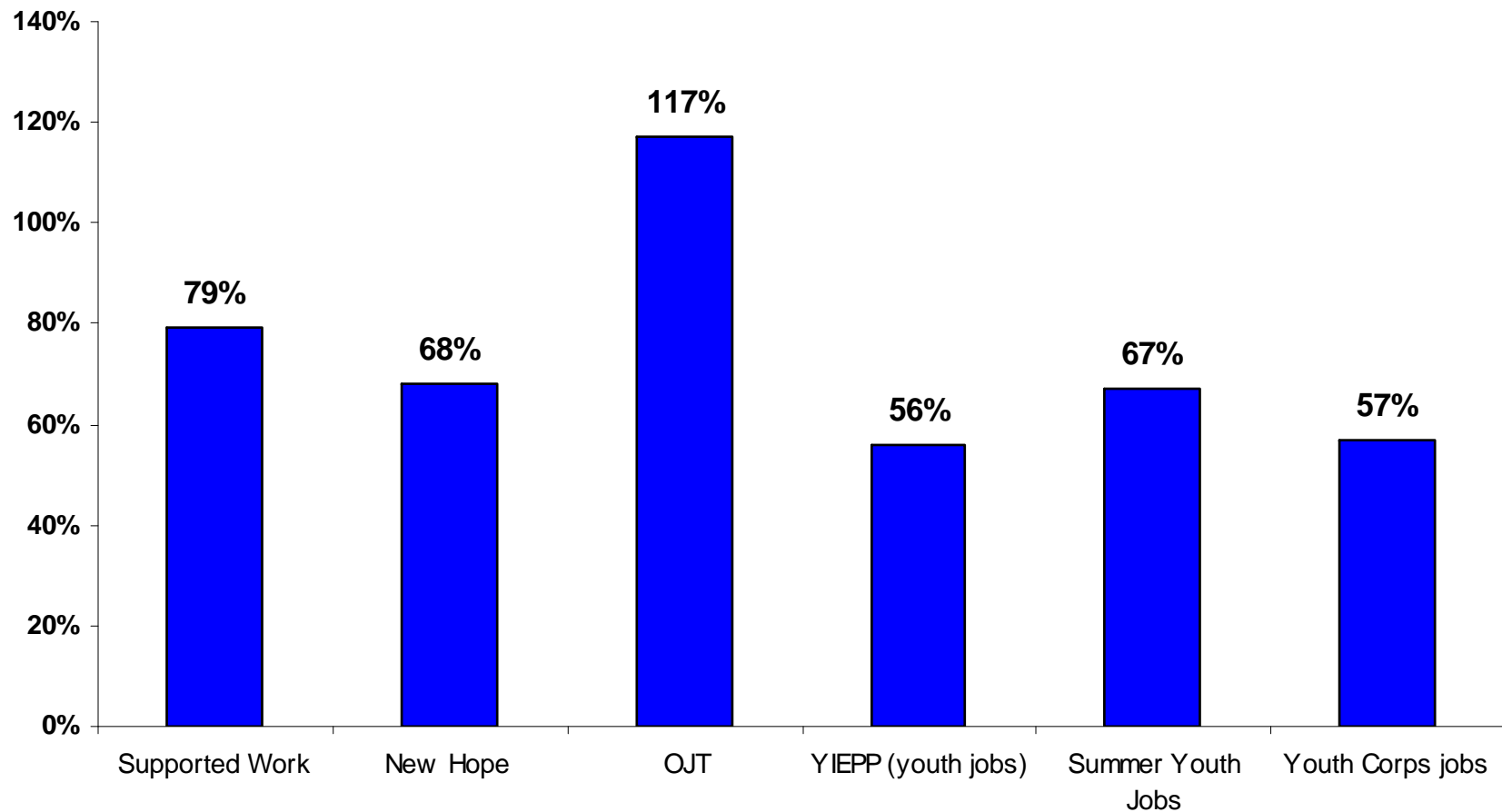
Needed Minnesota Jobs: 91,000; U.S.: 7.8 million

Job Creation Works Better with Both Labor Supply and Demand Policies

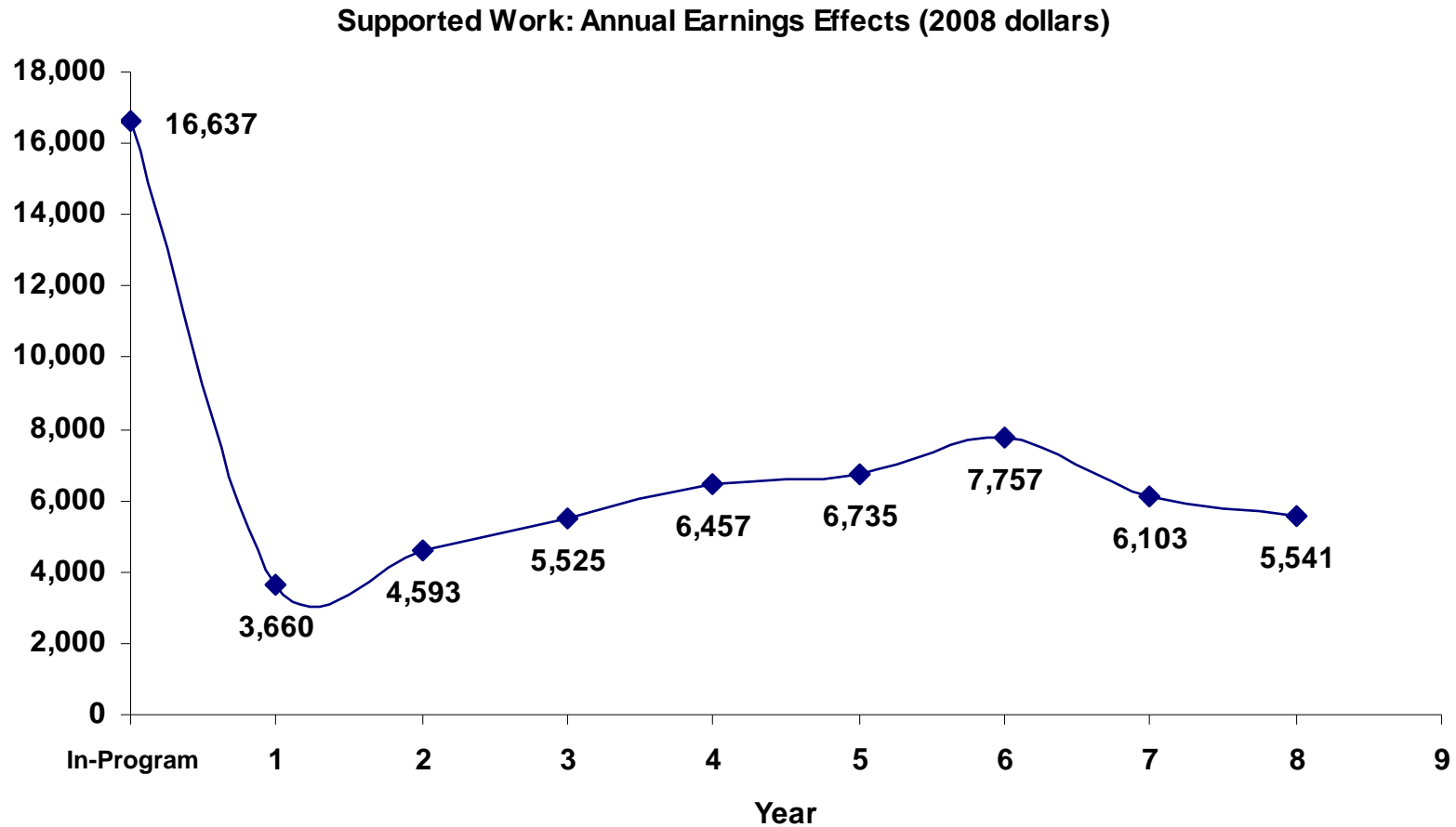


Demand Programs Significantly Increase Individuals' Employment During the Program

In-program Effects on Employment and Earnings of Publicly Supported Jobs Programs, as a Percentage of Jobs or Earnings Subsidized by the Program



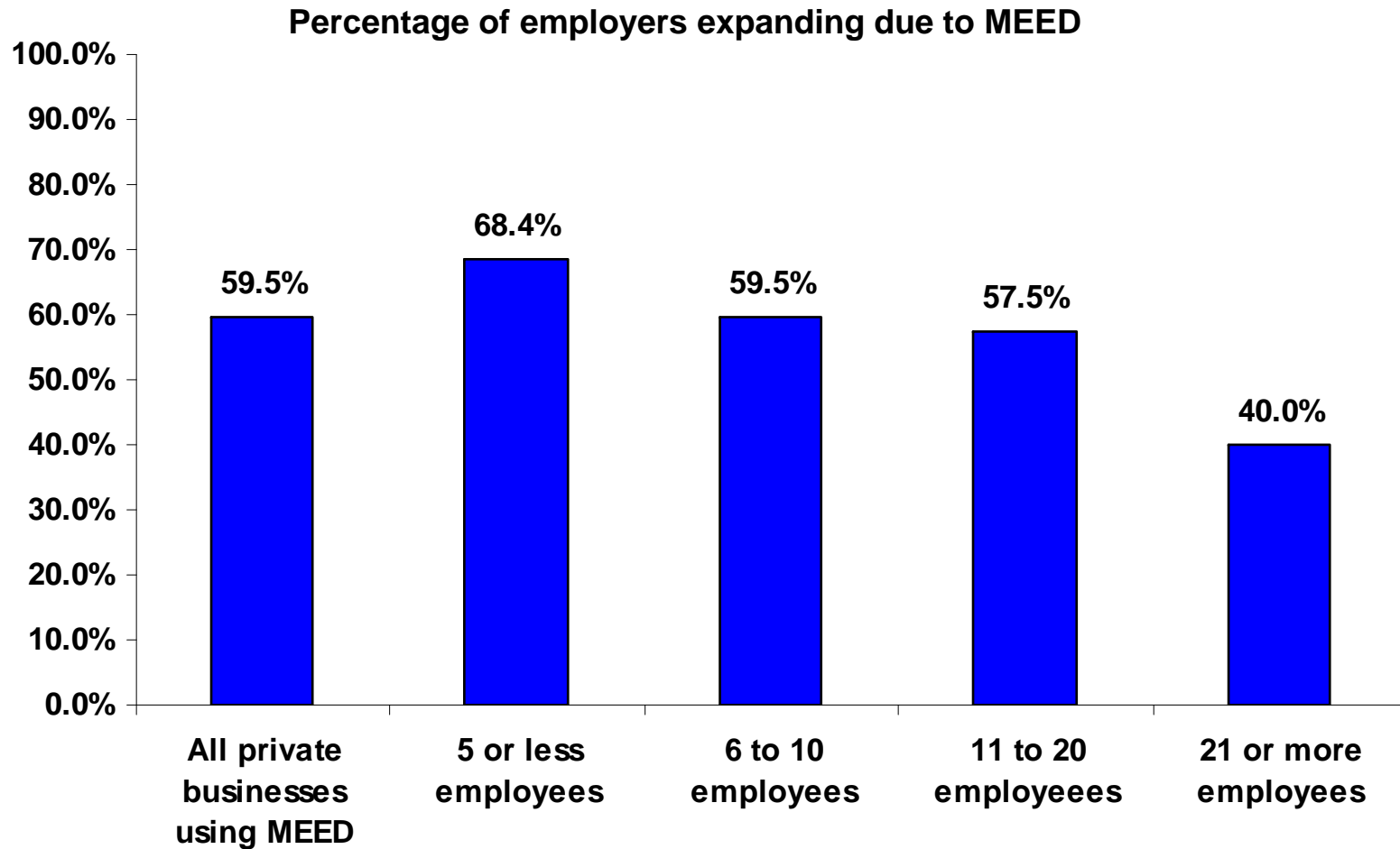
Demand Programs Have Persistent Effects on Post-Program Earnings



Features of 1983-89 MEED Program

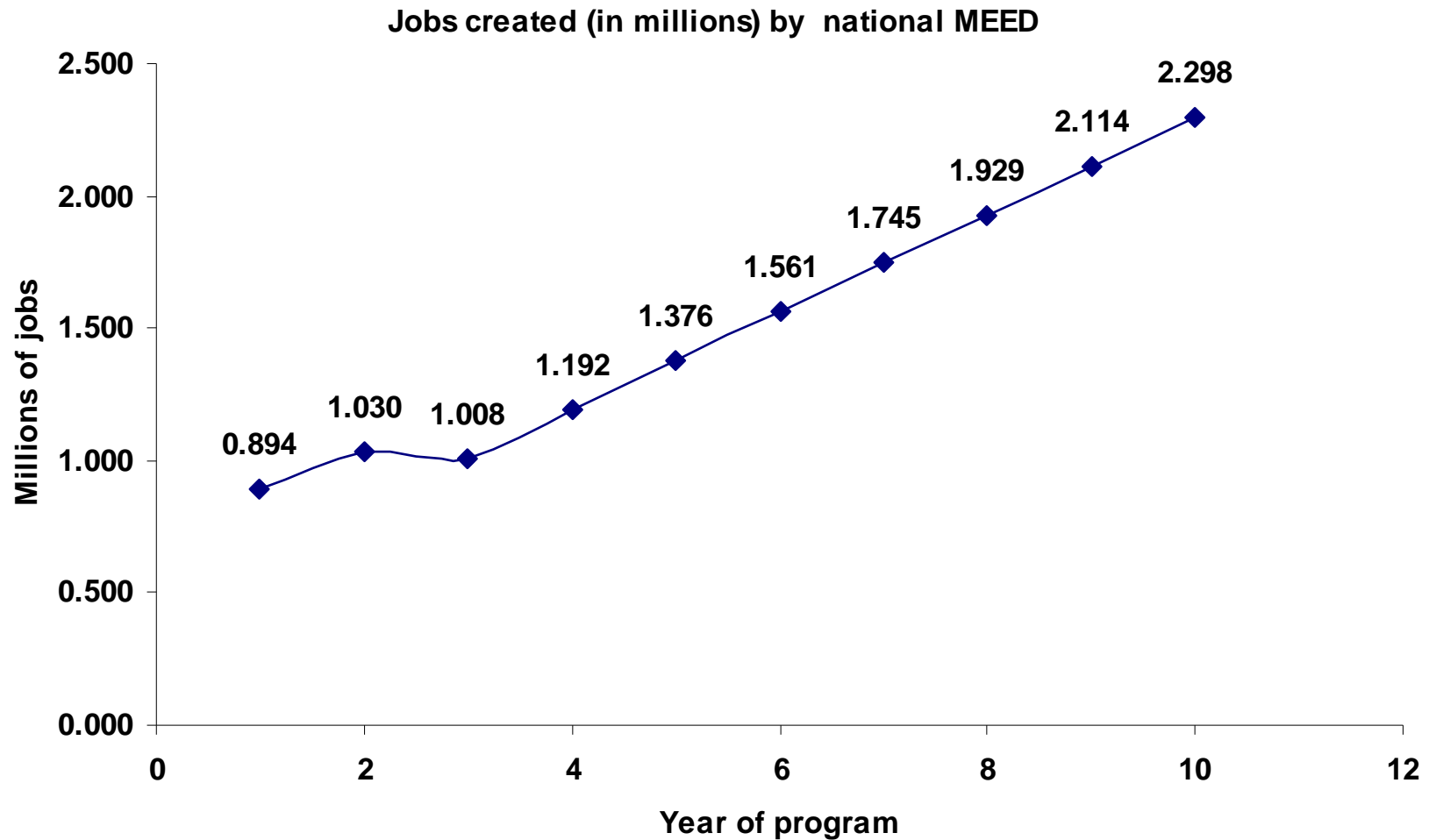
- \$10/hr. (2008 \$) wage subsidy for 6 months
- Private and public
- New jobs, retention requirements
- Agencies match employers/workers
- Included unemployed without benefits, but targeted at more needy
- Small business, export-base
- At peak, equivalent to \$191 million today, 20,000 annual participants; 1.1 million nationally

Results of MEED

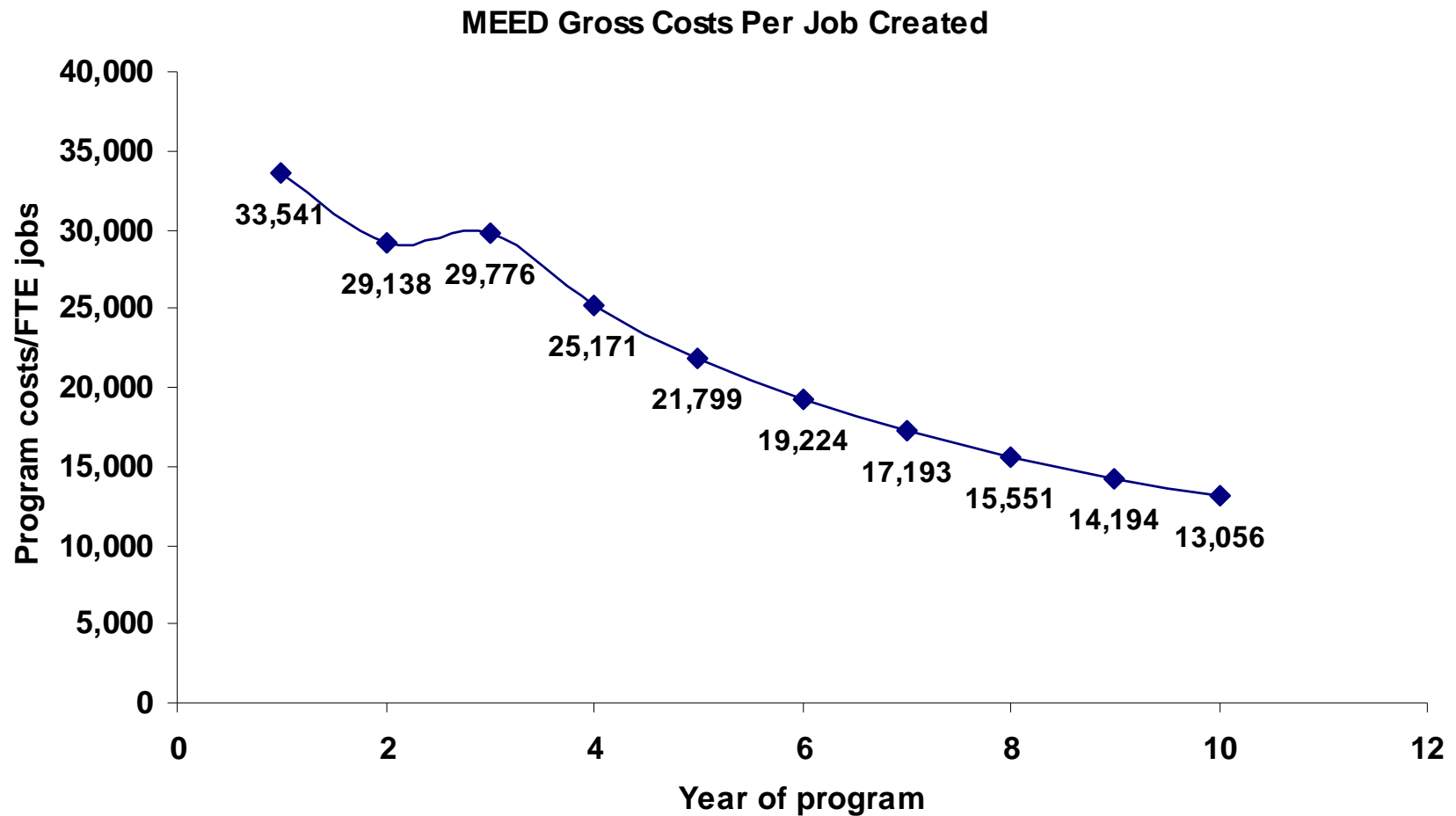


78% of MEED workers completed 6 months plus 60 days

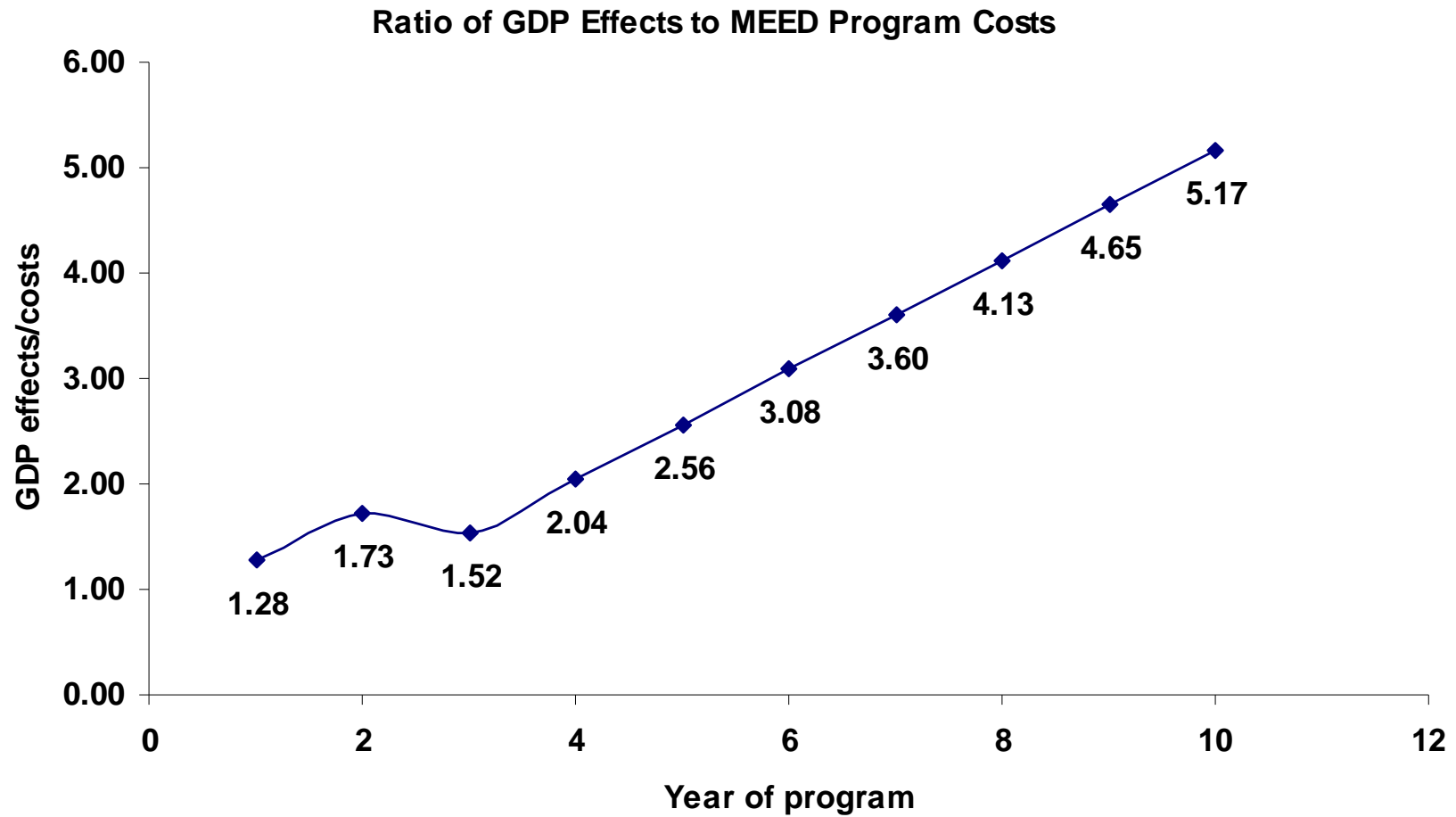
Permanent National MEED Program with 1 Million Job Slots: Effects on Job Creation



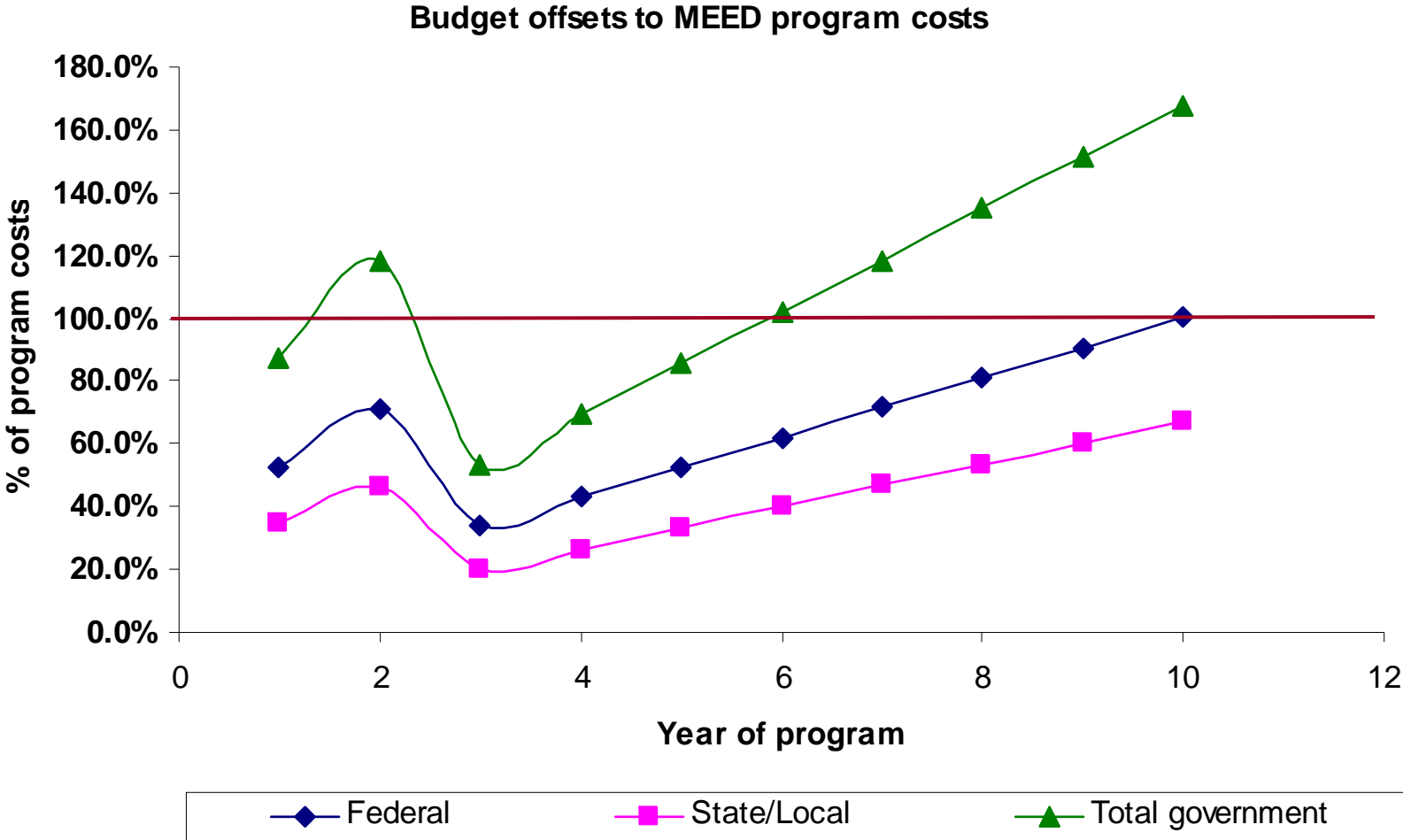
National MEED: Costs Per Job Created



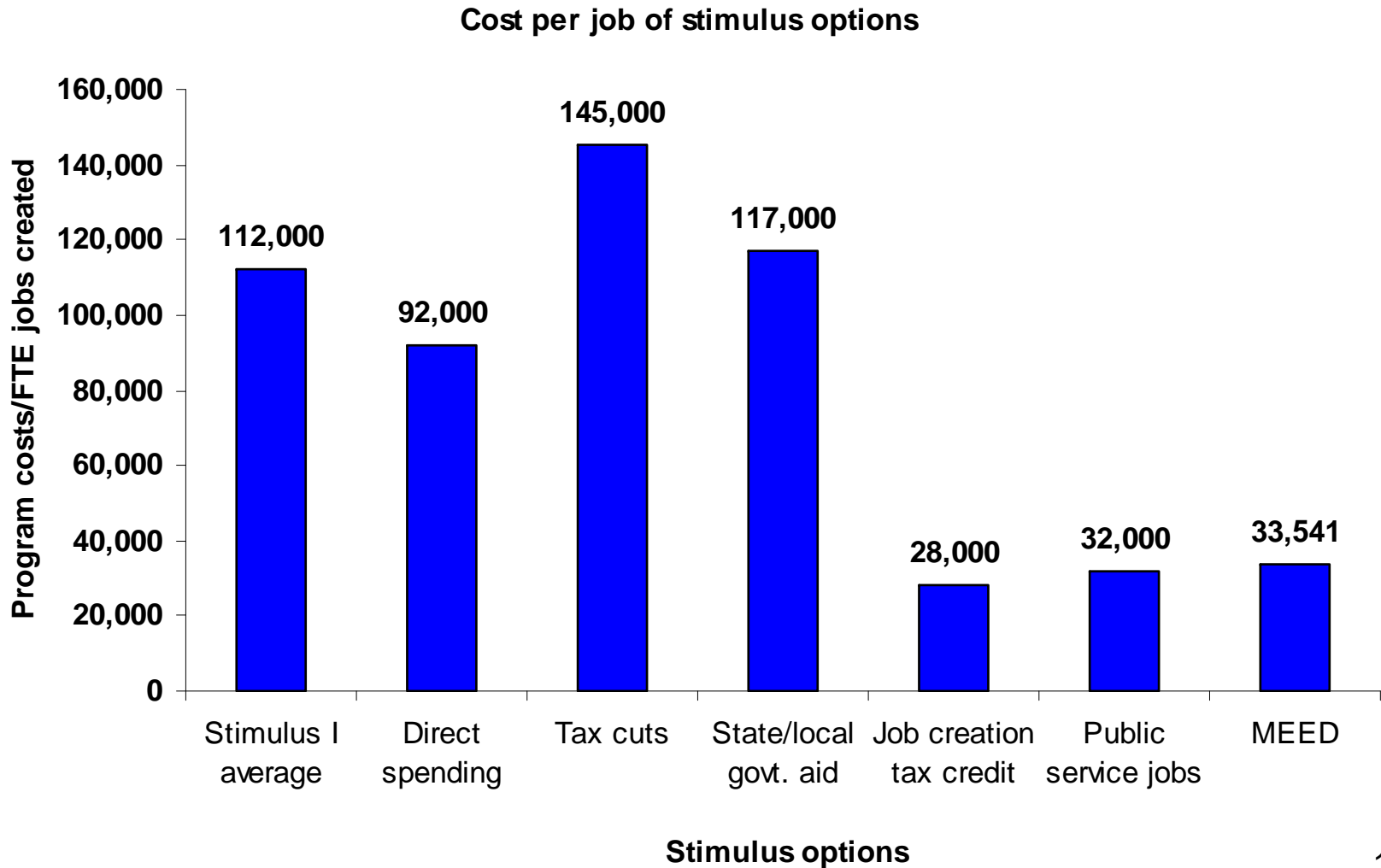
National MEED: GDP Effects



National MEED: Fiscal Benefits



MEED in Context of Fiscal Stimulus II



Conclusion

- MEED is cost-effective way to create jobs for disadvantaged
- Long-run benefits for economy and government budgets
- Favorably compares with and complements other stimulus
- If cannot get full-scale program, consider pilot