



The Experience of Employment Reforms and Unemployment Reduction under US President W. J. Clinton

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Annotation: The article discusses the ways and methods of solving the problem of unemployment and reforms in the field of employment during the reign of US President W. J. Clinton

Key words and phrases: employment, unemployment, private sector, new jobs, human capital, vocational training, employment regulation mechanisms.

Introduction.

During his two periods in office, W. J. Clinton managed to implement a number of socio-economic reforms. One of the most successful was in employment and unemployment. The creation of new jobs has led to a fall in the unemployment rate has led to a reduction in persons living below the poverty line; labor productivity increased and the size of nominal and real wages increased.

Even during the election program of the presidential elections in 1992, the leader of the "new democrats", W. J. Clinton, in a package of reforms in the social sphere, raised the issue of unemployment, for the solution of which a number of legislative initiatives were developed, which in the future laid the foundation for success in this area and exactly:

- 1) adoption of laws on fair guarantees of jobs, through the conclusion of collective labor agreements;
- 2) improving the quality of the activities of state authorities through close contact with trade unions and public bodies;
- 3) to increase the purchasing power of ordinary Americans, a gradual increase in hourly wages;
- 4) review and, if necessary, cancel tax breaks for producers who close their production at home and open or expand it outside the country, while increasing the number of unemployed;
- 5) oblige employers by adopting laws obliging employers to deduct 1.5% of the wage fund for advanced training and professional training of their employees;

These and a number of other additional programs were "successfully implemented, and their funding, despite the resistance of the conservative Congress, increased from year to year"¹.

If in 1992 the number of unemployed in the United States was 9.6 million, then thanks to programs aimed at reducing unemployment, in the first 17 months of the work of the Democratic administration “allowed to create 3.4 million new jobs in the public and private sectors”². Not unimportant factor in solving the task was to stimulate each state in solving the issue of unemployment. So in the second term of his presidency, W. J. Clinton achieved

the adoption by Congress of the federal law “On the responsibility of each state for self-sufficiency and increasing the competitiveness of the population”, which legalized “the transition of recipients of various benefits to labor sources of income (from welfare to workfare). These steps were aimed at motivating unemployment benefit recipients to look for work to improve their material well-being. W. J. Clinton and his administration, on the basis of their own "economic philosophy", left behind the "neo-Keynesianism" the concept of the social function of the state, but introduced an innovation - to implement it through deficit-free financing. It was expressed as follows: “the state should supplement the labor market, since the market functions better in an institutional environment that determines the rules of free competition”³.

By the end of his second term as president, W.J. Clinton believed that about 75% of the US national wealth he created was in "human capital". This, according to many researchers, “investment in the “human factor” was a decisive condition for stable economic growth in the United States, and the economic content of the “social contract” is to stimulate the growth of the country's national wealth”⁴.

The adoption of the law ("The Workforce Investment Act") investment in labor in 1998 under W.J. Clinton and entered into force in June 2000, was aimed at "providing citizens with the necessary information for better orientation in the labor market and selecting the most appropriate training course”⁵.

If during the famous historical "Great Depression" the government of F.D. Roosevelt assumed such functions as increasing the production of large businesses, fixing prices, creating jobs in the public sector as a result of which - "in the 90s, approximately 2 million federal employees”⁶.

Main part

But the economic reform in the area of employment under the administration of W. J. Clinton was aimed at increasing employment, primarily in the private sector. “As a result of the reforms carried out by the Democrats, the share of economically employed Americans rose from 60% in previous decades to 66.6% in 1995”⁷.

Like the Democrats, the Republicans had their own views on solving the problem of unemployment. The "new liberals" of the Democratic Party, represented by W. J. Clinton, advocated an expansion of social reforms, the core of which was an emphasis on investment in "human resources." Консервативное правое крыло республиканской партии, ратовало за сокращение социальных расходов и налогов видя в этом одним из выходом сокращения безработицы.

The active social policy of the state in the field of education has become one of the factors providing an extremely high qualification level of the US workforce.

One of the slogans of the administration of W. J. Clinton was to emphasize the education of the American population, which should become a permanent function throughout the life of an individual. The result of these strivings was that by the end of the second term of government and the implementation and implementation of a systematic technological revolution, “expenditures on education at the turn of the 20th-21st centuries reached almost 7% of GDP”⁸. As a result of these transformations, “at that time, 90% of those employed in the economic sphere had completed secondary education, and 56% had higher education (including incomplete education). During the 1990s, over 80% of young

people of the relevant age group studied in higher education institutions”⁹.

Information technology has influenced the changing nature of work and employment in the 1990s in the United States. Interprofessional or such professional specialties have received great advantages, the carriers of which will be able to provide themselves with employment in the sector of the economy while avoiding applying for unemployment benefits. Based on this, the human factor in the economy during the administration of W. J. Clinton becomes a priority.

To do this, both at the federal and state levels, a number of defining packages were developed, which included:

- establishment of priority directions in social policy;
- determination of the main mechanisms for their implementation;
- development of a legal basis in labor relations and social security;
- financing from the budget of funds for training and retraining;
- reforming the administrative mechanisms for regulating the sphere of employment in order to increase the competitiveness of able-bodied citizens in the labor market, etc.

The administration of W.J. Clinton made the most of the tools that allowed for the regulation of employment and unemployment. One of the instruments of influence were: tax incentives, which gave direct economic benefits to employers from the increase in social services¹⁰.

Such a policy, in turn, put the worker in a situation where wages become a profitable source of income compared to social benefits. “On the basis of such a mechanism, more than 800 social security programs were implemented during the reform period”¹¹.

Even in the first period of his reign, in 1996, the administration of W. J. Clinton managed to pass through Congress the law "On Personal Responsibility and Employment Opportunities" aimed at removing various legislative or other obstacles to the implementation of social reforms, this significantly affected the results of the implementation of social programs.

This said law facilitated “the implementation of employment programs with other federal employment and training programs”¹².

In turn, it should be noted the resistance on the part of employers and working personnel in relation to the law “mandatory recruitment of participants in assistance programs, and the lack of required specific qualifications”¹³. This was explained by the fact that in order to comply with this law, it was necessary to hire people with low qualifications or with other qualifications. The financial costs of training or retraining were assigned to the employer, which naturally was not to their liking.

Nevertheless, in a number of states the implementation of the above law was carried out very fully.

Since the administration of the State of Utah, the social program of "essential employment" was implemented more successfully, as it met with support from the public and business circles, both large, medium and small businesses.

In another state, such as Minnesota, in a number of other states, a category of poorly educated women, especially unmarried women with children who did not graduate from high school and with no work experience, was given “the opportunity to receive vocational training and also start their own business. For some time, after they started working, they retained the right to benefits. At the same time, they could receive loans to run their own small businesses”¹⁴.

Already in the first period of the administration of W. J. Clinton, a number of states with a high level of unemployment began to implement a number of social programs in the field of employment. So in the state of Missouri, since 1993, they began to implement a social program of “transferring social benefits recipients to earned income”, by raising wages 2-3 times with the support of a number of ministries like agriculture, health and social services, this unexpectedly led to a reduction in welfare recipients and at the same time the number of unemployed.

It should be noted that, according to the above-mentioned law, for recipients of benefits who began to work, the law retained the right to use medical services under the federal Medicaid program.

After some time, a social study was conducted through a survey of opinions and results of ongoing social programs in the field of employment.

So it turned out, for example, in the state of Kansas City in 1996, among working from among the former recipients of benefits, only 20% of those interviewed remained in their jobs, while receiving additional “subsidies from funds allocated for programs to help families with dependent children and “food stamps”, and 80% of those surveyed took non-subsidized jobs. The average pre-employment benefit these workers received was \$3.07 (per hour) and the average hourly wage was \$7.59.”¹⁵

The success of the social program as “stimulating the self-sufficiency of the population” was also indicative in the state of Ohio, “where by 28%. decreased recipients of social benefits for 1992-1996. The remaining 46% chose the “employment and training opportunities” program, while for one year they retained the right to receive earnings and benefits”¹⁶.

According to statistics from various social ministries, as a result of the implementation of the unemployment program, “every year, about 1 thousand recipients living on welfare found jobs with pay from 8 to 11 dollars per hour, that is, 1.5-2 times higher than the minimum wage established by at the federal level at \$5.15 an hour”¹⁷.

According to the law “On Personal Responsibility and Employment Opportunities”, which provided for the obligation of recipients of social assistance to work. Based on this, “Food Stamp Recipients (aged 18-50 and no dependents) were required to work an average of at least 20 hours per week, followed by an increase in the minimum working time to 30 hours per week by the year 2000, and engage in vocational training. Thus, in the United States, a kind of implementation of the principle “who does not work, he does not eat” or “he who is able to work must find a job” began.

In 1992, financial spending on employment and retraining programs was \$228.5 billion; in 2000, it was already \$231.6 billion of total civil spending. Based on this, “in 1992, the unemployment rate was 7.5%, and by 2000 it was 4.0%, this was a record low in the second half of the twentieth century”¹⁸.

According to a report by the Department of Health and Human Services, in order to stimulate employment and reduce the “dependency spirit” of citizens, “benefit payments were limited to up to 5 years, in addition, able-bodied American citizens were required to start working within 2 years”¹⁹.

In order to successfully implement social reforms on the ground in the old ways of the administration of W. D. Clinton, despite the obstacles of the Republican Congress, the powers of the states were expanded, that is, at their own discretion, use federal funds for aid purposes. For example, in 1997, the states received the right to control the distribution of

funds from the federal budget.

It should be noted that, in turn, the states, in order “to receive their share of federal funds, had to appropriately allocate from their budgets up to 75% of the amount of funds they spent on assistance programs for families with dependent children, urgent assistance, and employment assistance. and vocational training”.

Thanks to the implementation of such social policies, the state budget saved approximately “55 billion dollars, most of these saved finances were spent on creating new jobs, training and retraining programs, tax credits for those who switch from benefits to wages, which was carried out during WJ Clinton's second term in office”²⁰.

W. J. Clinton, in each of his annual messages to Congress and in private speeches on the subject of employment and receiving benefits, called on all able-bodied Americans to be responsible for their material self-sufficiency, and state administrations to turn "social security checks" into wages for working people in the private sector. In addition, the US administration, represented by W.J. Clinton urged business leaders to step up their job-creation efforts and to shift relief recipients to labor sources of income.

As studies have shown, from “1993 to 1996 there were record years in reducing the number of recipients of social assistance, in the future, based on such successful indicators, a course was taken to reduce the number of recipients of benefits by another 2 million people by 2000, but this task was completed in 1999 ”²¹.

Thus, in order to carry out his reforms in the welfare system throughout the entire period of W.J. Clinton, the following areas of reform were built;

- more precise distribution and functioning of social programs in the field of assistance to disabled and elderly citizens;
- both at the federal and state levels, the expansion of programs in the field of employment for citizens who are able and willing to work;
- implement a policy of attracting both large and medium-sized private companies to social employment and welfare programs.
- reforming the economic and legal foundations of state social security.

It is with the administration of W. J. Clinton that “the shift from the traditional social policy of the state, based on the redistribution of funds for the purpose of assistance, to the development of a strategy that provides a real expansion of the availability of jobs, educational, information, medical and social services for American workers” begins. ²².

In his last speech to Congress as President of the United States, W. J. Clinton, the State of the Union reaffirmed “the US government's commitment to an active employment and unemployment policy, shifting the focus of the welfare system from providing social benefits to creating the necessary conditions for the full use of the labor, intellectual, entrepreneurial potential of able-bodied citizens with simultaneous support from the state of pensioners”.

The positive results achieved in the domestic social economy, such as in the field of the federal budget, the decline in inflation, the reduction of poverty, the administration of W.J. on a national scale, which testifies to the strengthening of the role of state regulation of socio-economic processes”.

Drawing conclusions, it can be noted that “since 1993, the Democratic administration has set one of the central issues in domestic policy to develop a mechanism for creating new jobs in order to reduce unemployment.” If in “1992 there were 9.6 million unemployed in the United States, which was 7.5% of the entire labor force of the country”²³.

As a result of the support and approval of the 103rd Congress of the program to

overcome unemployment, only “during the first months of the implementation of social packages in the field of employment, the administration of W.J. Clinton created 3.4 million new jobs in the public and private sectors”²⁴.

CONCLUSION:

To summarize, the main results of the W. J. Clinton administration in the field of work, employment and unemployment were the following:

1) the development of adapted social programs to modern American society with its constantly changing requirements and, most importantly, to the demand in the labor market;

2) implementation of state programs aimed at stimulating both large and medium-sized entrepreneurs to implement their initiatives to solve employment, retrain the able-bodied based on those required for their own business, create additional jobs by introducing tax incentives, lower rental payments, etc. ;

3) increasing hourly wages for the needy segments of the population, providing social insurance both from the state and from the employer, tax benefits for low-paid categories of workers;

4) decentralization of social support programs and involvement of potential recipients in the development and implementation of social assistance.

During the 8 years of the presidency of W. J. Clinton, the issue of solving the problem of unemployment was practically completed²⁶. If we talk about the entire period of his stay in the White House, W. J. Clinton created 23 million new jobs²⁵.

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