

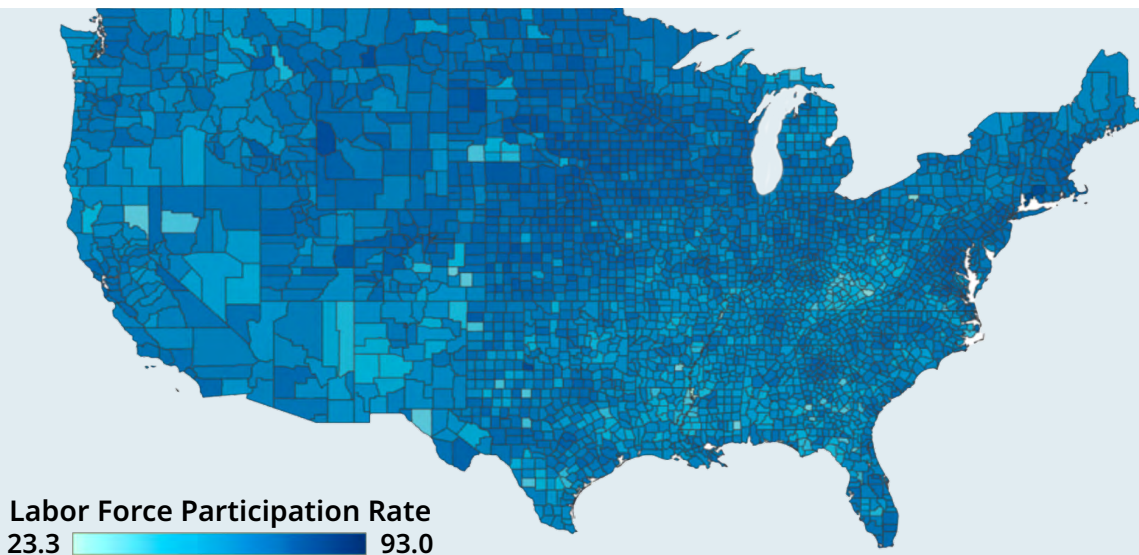
THE HIDDEN UNEMPLOYMENT PROBLEM:

40% OF AMERICANS ARE JOBLESS. FEWER THAN HALF HAVE FULL-TIME JOBS.

Official statistics on the US labor market mask a deep, structural insufficiency: **fewer than half of American adults have full-time jobs, and 40% don't work at all.** The disparity between haves and have-nots, those who successfully navigate accelerating change and can contribute meaningfully to the economy vs. the many tens of millions falling further and further behind, is greater now than ever.

This New Inequality is a fundamental driver not only of record high income inequality, but of polarizing trends in the labor market, our economy, and our politics. Job opportunity is surprisingly scarce, and its distribution is starkly uneven. Maps showing U.S. employment and labor force participation rates by county are a veritable mosaic of inequality, ranging from 93% participation in some counties to just 23% in others, and getting progressively worse over time.¹

LABOR FORCE PARTICIPATION RATE BY COUNTY 2022



Source: U.S. Department of Labor, Women's Bureau

THIS ROUGHLY CORRELATES with Changemaker Density Rate (CMDR) data tracking how many people in a given county are changemakers navigating accelerating change vs. how many aren't. In 2020 the (pre-covid) ratio of per cap-

ita economic output in counties with low vs. high changemaking density was 21 to 79. Average life expectancy for people in low-changemaking counties was four years shorter than in high-changemaking counties.

Such disparities are relatively recent and growing fast; they were almost nonexistent a generation earlier. But they're examples of the compounding, metastacizing effects of long-standing, unequally distributed joblessness.

If this sounds unfamiliar, it's because government statistics tend to obscure it. Officially, U.S. unemployment is low (around 4%) while wage growth appears healthy, outpacing inflation after the pandemic. Yet the reality is that many tens of millions are jobless, while many millions counted as employed are working just a *few* hours a week and just scraping by. **In fact, fewer than half of American adults have full time jobs.**²

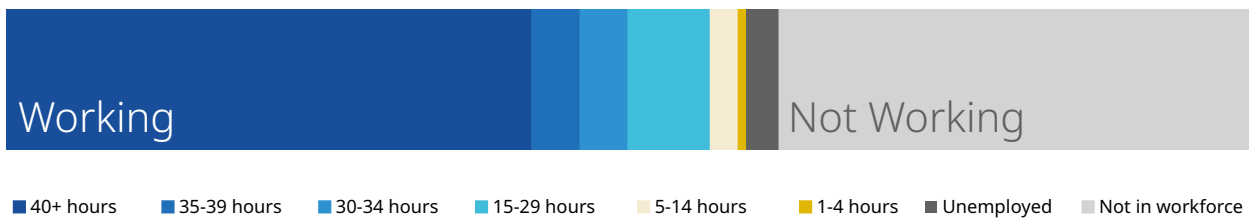
To demonstrate this requires some simple arithmetic: Of 278 million American noninstitutionalized adults, today 102 million are considered

outside the workforce – close to an all-time high – meaning they don't work, but the Bureau of Labor Statistics (BLS) doesn't count them as unemployed. Add them to the roughly 7 million who are officially unemployed and **the total number of jobless is 109 million -- 40% of adults.**³ Of the 164 million who do have jobs, 27 million work only part-time or seasonally.⁴ In total, 137 million Americans – half the adult population -- are either jobless or working less than full time, some as little as one hour a week, which the BLS still counts as "employed."

Adding up the hours these 137 million Americans don't work reveals something startling: **in the aggregate American adults as a whole work little more than half time** (i.e. about 55% of the person-hours in the potential *workforce, based on a 40-hour week*).⁵ **A productive, inclusive society ought to do better than this.**

IN AGGREGATE AMERICAN ADULTS WORK ONLY ABOUT HALF TIME

55% of potential working hours are being worked | **45%** of potential working hours are not being worked



Source: Bureau of Labor Statistics

While millions don't work or work less than full time by choice or due to physical limitations, it's also true that **many tens of millions would choose to work, or work more hours, if they had more job opportunity.** Wanting and needing to work while lacking job opportunity breeds frustration, cognitive dissonance, and negative health and societal impacts. On the other hand, when job opportunities become widely available, more people choose to work, which brings cognitive, health, and societal benefits.

For example, when job openings and labor demand soared during World War II, women entered the workforce and seniors came out of retirement to fill available jobs. After the War senior employment declined until the 1980s.⁶ But polls have consistently shown most seniors regret retiring⁷ -- and not just because money gets tight. Many miss the sense of purpose and social/emotional benefits they get from working. Today one in four Americans over 50 don't ever plan to retire,⁸ and of the 58 million seniors

ages 65 and up, 33 million (57%) want to continue working in some form.⁹ But only 11 million (19%) are actually in the workforce,¹⁰ leaving a gap of two-thirds of seniors who want jobs but don't have them. To close that gap and extend opportunity to all seniors who want to work, we'd need to create about 22 million more jobs.

The disability movement's central goal is independent living, which requires a job. But for the over 70 million Americans with disabilities, employment lags far behind their desire for work and behind the general population. Although a small percentage are unable or may not choose to work, most want jobs.¹¹ Yet only 22.5% have them.¹² For people with disabilities just to reach parity with the employment-to-population ratio of Americans generally (itself artificially depressed by payroll taxation) would require over 25 million more jobs.¹³

Similarly, it would require many, many tens of millions more jobs to meet the unmet need and demand for work among youth, women, people of color, legal immigrants, and people who have previously been institutionalized. The official number of unemployed (roughly 7 million) is probably less than 10% of the real need for jobs.

Imagine what would happen if we met that need. Many tens of millions of Americans who have been denied work would be able to contribute to the economy. Economic output and sustained growth would shoot up. Dependency costs borne by families, communities, business, and government would fall sharply. So would illness, health care costs, crime, fear, and loneliness.

But in the meantime, massive, unequally distributed joblessness continues to undermine our communities and tear at our social fabric. This isn't just an American problem; these are global trends.

Fortunately, there is a way out of this trap, which Get America Working! champions: shifting the tax burden off employing people, and onto materials, energy, land, and pollution.

THE TAX SHIFTING SOLUTION: CREATING JOBS AT THE SCALE OF THE NEED

THE MOST BASIC AND FAR-REACHING choice economies make is between people and things -- how they price labor utilization vs. using natural resources. Payroll taxation artificially distorts the relative price relationship between the two, making hiring more expensive and using things relatively cheaper.

Since we have relied for many decades on ever growing payroll taxation, which now raises \$1.7 trillion annually, the distortion is severe. To correct it, Get America Working! proposes phasing out payroll taxes, which would lower tax-inflated hiring costs by 17%,¹⁴ and replacing the lost revenue with non-labor taxes on resource consumption and pollution, raising those costs by 13%.

Taken together, this two-part tax reform would create a relative price shift making hiring 30% less expensive than it was in comparison to using things -- a giant price signal shouting HIRE!

This would stimulate job creation much more powerfully than cutting payroll taxes alone. Dollar for dollar, payroll tax shifting is the most effective thing government can do to create jobs-- much more effective, for example, than infrastructure spending.¹⁵ Get America Working! estimates it would result in roughly 50 million new, permanent, full-time equivalent jobs.¹⁶

Payroll tax shifting is a fiscally responsible, market-driven, budget-neutral, "free" stimulus, powerfully boosting employment without creating deficits or raising net taxes one dime. It's an enactable, fundamental tax reform, a new framework that transcends the old, outmoded framework of employment taxation dating back to the Depression.

Payroll tax shifting creates no bureaucracies. No one picks winners or losers. Instead, it harnesses the power of the market to bring jobs and foster growth using a simple price signal. To send it, the political process can choose from a range of more than 20 non-labor replacement taxes. In various combinations and at modest rates, they can generate multiples of the \$1.7 trillion in revenue that payroll taxes raise today.

This is a change whose time has come. Payroll taxation has become by far the largest and most regressive tax most Americans pay. Payroll tax revenues ballooned from 1-2% of the federal budget in the mid-1930s to nearly 36.6% last year. This growth imposed a huge drag on employment while effectively subsidizing aggressive exploitation of natural resources. The resulting mass joblessness and structural imbalances in our economy are overdue for correction.

Today, with 40% of American adults not working at all and many more working only part-time, mass joblessness is dividing our politics, damaging our health, weakening workers' bargaining power, and greatly undercutting economic growth, while increasing costs for families, communities, and governments. It disproportionately hurts seniors and youth, women, people with disabilities, people of color, and people who have been institutionalized. It exacerbates inequality, widening the gap between those who can contribute to and benefit from the economy and those who can't.

Tax shifting would undo the damage simply by rebalancing the tax burden, correcting longstanding tax distortions in the labor market, and sending a simple but powerful pro-employment price signal. This would take the brakes off labor demand, bringing an estimated 50 million Americans back into the workforce.

With so many more Americans working, dependency costs would fall, economic growth would accelerate, the tax base would grow. Since higher

employment means better health, lower health-care costs, faster economic growth, and a higher worker-to-beneficiary ratio, Social Security and Medicare financing would improve (non-labor tax revenues could be earmarked to fund entitlements the way payroll taxes are now). Our nation's fiscal health would become robust.

Other OECD countries have demonstrated that way. In the early 2000s, seven European countries took steps to shift the tax burden from labor to non-labor items, which raised green tax revenues and boosted both employment and conservation.¹⁷ Most recently, the ExTax Project proposed to shift more of Europe's tax burden from labor to resource consumption to incentivize hiring and conservation.

The U.S. can do this too. We can shift payroll taxes, unwind mass joblessness, and confer huge benefits across society. There's a giant potential alliance waiting to come together around this Big Idea consisting of many tens of millions of sidelined Americans, all who care about them, and all who incur the costs of mass joblessness. Getting them to look past outdated policy mindsets and see the opportunity of this new framework is a powerful fulcrum for deep social change. That's the job Get America Working! and our allies have taken on.

ENDNOTES

- 1 [Women's Bureau](#), U.S. Department of Labor, Labor Force Participation Rates by Sex, State and County accessed April 2025
- 2 [Bureau of Labor Statistics \(BLS\)](#), Employment Situation Summary accessed April 2025
- 3 [BLS Table A-6](#), Employed and unemployed full- and part- time workers by sex and age, seasonally adjusted accessed April 2025
- 4 [BLS Table A-8](#), Employed persons by class of worker and part-time status accessed April 2025
- 5 [BLS Table 19](#), Persons at work in agriculture and nonagricultural industries by hours of work accessed April 2025
- 6 [Social Security Administration Office of Research, Evaluation, and Statistics](#), "The Increasing Labor Force Participation of Older Workers and its Effect on the Income of the Aged," Social Security Bulletin, Vol. 72, No. 1, 2012
- 7 [e.g. Business Insider](#), "We Heard from 1,000 Older Americans: Here Are Some of Their Biggest Regrets," October 20, 2024
- 8 [AARP Financial Security Trends Survey](#), January 2024
- 9 [T. Rowe Price](#), "Unretiring: Why Recent Retirees Want to Go Back to Work," March 26, 2024
- 10 [Pew Research Center](#), "The Growth of the Older Workforce," December 14, 2023
- 11 [Forbes](#), "People With Disabilities Want To Work — But It's Complicated" by Andrew Pulrang, October 29, 2023. See also Center for American Progress, "Removing Obstacles for Disabled Workers Would Strengthen the U.S. Labor Market," May 24, 2022
- 12 [BLS](#), "Persons With a Disability: Labor Force Characteristics—2023," February 22, 2024
- 13 **Based on a general employment-to-population ratio of 60.1%.**
- 14 [Employers](#) and employees pay 7.65% in federal payroll taxes, totaling 15.3%, including 12.4% for OASDI (Social Security) and 2.9% for Medicare. Additional state and municipal taxes typically raise the grand total payroll tax rate to 17% or higher, but these additional tax rates depend on where a taxpayer lives and works. Some states don't levy payroll taxes. For those that do, the formulas are complex, with some cities or industries getting exempted. Cities and states may raise or lower their PRT rates as politics shift.
- 15 [Testifying before the Joint Economic Committee of Congress in 2010](#), then Congressional Budget Office Director Doug Elmendorf said, "Policies... such as reducing payroll taxes for firms that increase payroll or boosting aid to the unemployed, would have the largest effects on output and employment per dollar of budgetary cost." It's also important to note that the other side of the tax shift, replacing payroll tax revenue with equivalent non-labor taxes, would create many more jobs than cutting payroll taxes alone.
- 16 [This is a rough calculation](#) based on economist Daniel Hamermesh's estimate, discussed in *Dream of a Nation: Inspiring Ideas for a Better America*, that cutting payroll taxes 10% could raise US employment 3%. By extension, zeroing out payroll taxes might raise employment as much as 30%. With about 136 million Americans employed full-time currently, a 30% increase would translate into about 40 million full-time equivalent (FTE) jobs. But tax shifting, where payroll tax revenues are completely replaced with equivalent non-labor taxes, would have a much stronger job creating effect than cutting payroll taxes alone. Theoretically, it could double it. Practically, modeling this effect is complex and more research is needed to quantify it accurately. But as a conservative estimate illustrating the power of tax shifting, we predict it could create some 50 million FTE jobs, and potentially many more.
- 17 [Association of Chartered Certified Accountants \(ACCA\)](#), "Tax as a force for good: Rebalancing our tax systems to support a global economy fit for the future," December 2018.