

Completing the Roosevelt Revolution: *Why the Time for a Federal Job Guarantee Has Come*

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The views expressed in this paper are solely those of the author(s) and not necessarily those of the Binzaqr Institute for Sustainable Prosperity.

Discussions of the ‘politically possible’ remind me of a favorite saying: “Argue for your limitations, and sure enough they’re yours.”

At a time when austerity dominates the political discourse, ambitious proposals such as the Job Guarantee and the Employer of Last Resort (Tcherneva 2012) may seem unworkable.

And yet, surveys show that support for the Job Guarantee proposal is widespread. Recent Gallup Poll (Jones 2013) reported support ranging from 72 to 77% for government employment programs and job creation laws to employ the unemployed.

Next, suppose that on Election Day you could vote on key issues as well as candidates. Would you vote for or against -- [RANDOM ORDER]?

	March 2-3 % "Vote for" (gov't spending not mentioned)	March 4-5 % "Vote for" (gov't spending mentioned)
A law that would lower tax rates for businesses and manufacturers that create jobs in the United States	79	n/a
A federal government program that would (spend government money to) put people to work on urgent infrastructure repairs	77	72
A federal jobs creation law (that would spend government money for a program) designed to create more than 1 million new jobs	75	72

March 2-3, 2013, and March 4-5, 2013

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Another study (Page, Bartels and Seawright 2013), found that 68% of the general public believed that the government should “see to it that everyone who wants work should find a job” and 53% supported the idea of the government itself providing jobs as a last resort (ibid, 57).

The Job Guarantee’s time has come.

- It secures a basic human right
- It tackles at least three key sources of “economic violence and injustice”—unemployment, precarious work, and poverty wages
- It is good for families, the economy, the environment, and our communities

This policy note discusses aspects of the Job Guarantee proposal that are less understood.

I. The Job Guarantee is *Not* Big Government

A common misconception of the Job Guarantee (JG) is that it is a large and unpredictable program, echoed by Bruenig (2015):

“The size of the workforce on the JG will greatly differ across the business cycle ... Because the JG workforce should theoretically turn over a lot and shrink a lot, work valuable over the long run is ruled out.”

The concern is that the JG (aka the Employer of Last Resort) will be a very large and volatile program that is difficult to administer, not only because it has to handle many millions of unemployed people at any given time, but also because it needs to go through very large swings (trying to create millions of new jobs in recessions for the jobless, but being unable to complete its projects as these millions of people go back to private sector in expansions). This is largely incorrect.

1. JG stabilizes employment

The JG will fluctuate—it will grow in recessions and shrink in expansions. But a permanent JG will be relatively small and will oscillate comparatively little, because it stabilizes economic conditions, private spending, profit expectations and, more importantly, employment. The amplitudes of the economic volatility we observe today will be much smaller, *precisely because the JG tackles all the vile consequences of mass unemployment* on private sector spending and expectations, and on people and their communities. The JG is also good for the private sector and ensures more stable and plentiful *private* sector employment, because it guarantees that domestic demand never collapses as much as it does today with mass unemployment.

2. JG is a *preventative* program, not just a cure

Unemployment is like a virus, it spreads through the economy if nothing is done to check it. And the best ‘cure’ for someone who wants a job—is a *job*, not a handout. But the JG is not just a cure. It is also prevention.

Every unemployed person today puts another one out of work, but the Job Guarantee reverses the process: employing one person creates work for another.

Today, 20 million people want decent work at decent pay. If we launched a JG now it would surely balloon quickly. And only a bold program aiming to generate millions of jobs today would ensure a rapid return to true full employment. But a *permanent* JG would not need to employ tens of millions of people (+/-), because *mass* unemployment becomes a thing of the past.

The JG will always be there to provide voluntary employment for a pool of people (small relative to today's unemployment numbers)—who have difficulty finding private sector jobs or have been rendered 'unnecessary' by private firms. It's one thing to support a family on an unemployment insurance check, and a whole different thing to replace lost private sector income with a living wage income from the JG in a job that does something useful (more below). In this sense, the livelihood of those participants is not disrupted as much as with unemployment, and does not cause the large ripple effect of layoffs through the economy we see today due to collapsing demand.

In other words, *it is easier to prevent the development of mass unemployment, than to eliminate it once it has developed.*

3. JG breaks the vicious cycle at the bottom of the income distribution

People from different social stations experience different employment situations—the highly-skilled and highly-educated face virtually no unemployment, or relatively short stretches of joblessness. They are *hired first and fired last*. But even when they are unemployed, their safety net is much stronger because of more generous employment benefits, severance packages, savings, and other sources of wealth.

But for those at the bottom of the income distribution, life is very different—precarious income and employment, longer periods of unemployment, shorter job tenure, and fewer prospects for accumulating wealth or building a nest egg. The vicious employment cycle is *fired first-hired last*. The JG by design captures those who are most vulnerable.

4. The JG changes the economic odds for poor and middle class families

Imagine two candidates applying for a job: one has 9 months of experience in a JG reforestation and soil renewal of project and the other – 9 months of unemployment. Which applicant would the prospective employer hire? Chances are – the one with the job. And indeed, research shows that, employers consider 9 months of unemployment to be the same as 4 years of lost work experience (Eriksson and Rooth 2014).

The JG changes these odds. It gives people the chance for a better life by providing an opportunity to work in a meaningful public service project—something welfare checks are not able to do.

5. JG addresses income inequality and drives a stake through current power interests

Guaranteeing access to a living-wage job lifts incomes for the most vulnerable families in the economy – a key step to reversing income inequality in the US (Tcherneva 2014). And the threat of unemployment at the bottom of the income distribution is considerably weakened.

The JG redefines what kind of work is “useful”—public stewardship, environmental renewal and sustainability, community development and, importantly, investment in people, are recognized as important and valuable tasks, worthy of public support.

The JG establishes a standard for a decent pay package. It is like the minimum wage, only better—everyone gets it and more (what good is the minimum wage to an unemployed person?). Private firms must match that minimum standard and pay extra when they need to hire those workers.

But let’s have no illusions: ‘captains of industry’ will fight the program tooth and nail, as Kalecki (1943) warned and Roosevelt experienced. Yet FDR’s success (and that of Harry Hopkins, Eleanor Roosevelt, and Frances Perkins, among others) in improving labor market conditions through New Deal programs remains unmatched in our history.

The Job Guarantee is the next step in completing the Roosevelt revolution.

6. JG is the missing piece from the social safety-net

In advanced economies, basic needs are generally solved by direct means:

- When the problem is retirement income insecurity – we provide retirement income (e.g., social security).
- When the problem is food insecurity – we provide food.
- When the problem is homelessness – we provide housing.
- But when the problem is joblessness, we do not provide employment. We provide a handout, a training program, a college loan – everything but an actual job. The Job Guarantee institutes an important component of the overall safety-net: a *job* safety-net.

II. Much Needed Public Works are Clumsy Countercyclical Tools and Do Not Provide Jobs for All

The task before us is to provide a decent job at decent pay for everyone who wants one. Many progressives seem to think that conventional public works are better suited as countercyclical stabilizers or job creation policies. Bruenig (2015) echoes this sentiment by recommending that a “targeted Public Works approach...can be ramped up and down cyclically as needed.” This proposal seems paradoxical, since earlier in his piece, he argues that capital-intensive projects do not fluctuate easily with the business cycle. And that’s exactly right.

We either need to replace the Tappan Zee bridge or not. A high-speed rail system is either a good idea or not. Rain or shine, recession or expansion, the work has to be done. These projects cannot fluctuate because they are essential, strategic, and capital-intensive. They are much needed programs, but they are *not* cycle-stabilizing policies. And they cannot guarantee an employment opportunity to the last person who has not found a decent paying job, but wants one. Only the Job Guarantee can.

But low capital intensity projects are in *great shortage*, can vary with the mood swings of the economy, and are not make-work.

III. More Things Need To Be Done Than There Are People To Do Them

The private sector is simply not in the business of satisfying unmet basic needs or providing employment for everyone. But once most basic needs are met, will there be enough work for the JG participants to do? The answer is “yes.” Is there a limit to the ways we can serve one another?

Even if we mobilized everyone who wanted to work in a private and public initiative, there would still not be enough manpower to do all the things that we sorely need—especially concerning the environment.

Consider one example from the Hudson Valley in NY. The Hudson River and local parks and preserves are struggling with several invasive species (water chestnut and zebra mussel), which are fundamentally altering the ecology of the estuary and the natural habitat of the Valley. And while community volunteers and non-profits have been hard at work preserving and restoring the Valley, one crucial thing is missing: large-scale funding and many, many more helping hands.

Learning to identify the invasive plants and removing them is mostly done by community members and school groups on a volunteer basis. Other area projects include eel and herring monitoring, building hiking trails, cleaning parks, removing trash—all low-cost, low-tech, and high-labor-intensity tasks that bring many environmental and social benefits. And they literally only require gloves, fishing nets, and rakes. The work is flexible and year-round.

And this is just one example that that can provide jobs to thousands of unemployed people from the entire Hudson Valley on an ongoing basis for decades to come. In Tcherneva (2014b), I discuss how the JG can solve the “food desert” problem.

Take another example: the city of Newburgh, perched on the Hudson River banks, which was once the jewel of modern technological achievement as the first electrified city in the United States, showcasing the glory that electrification would bring the nation and the world. (Electrification--the offspring of private ingenuity brought to our doorsteps, courtesy of large-scale government investment). Today, Newburgh’s housing stock – a rare collection of historical architecture – is crumbling and requires restoration and preservation. After years of neglect and severe austerity, the city is slowly turning a corner mostly because of impressive community revitalization efforts. However, unemployment remains a pressing problem. What is needed is large-scale funding and many, many more helping hands.

Most communities throughout the US can benefit from countless ongoing public service, environmental, after-school and care projects. And the unemployed need the restoration of their human worth.

Good intentions rarely stand in the way of good economic policies—but lack of conviction and political will do. When it comes to the Job Guarantee, we can also use a bit of imagination.

The conversation is already changing about what is politically possible. Placing the Job Guarantee front and center of a progressive policy agenda is what the economy, the environment, and the people sorely need.

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