

# Why We Need a Federal Job Guarantee

[jacobinmag.com/2017/02/federal-job-guarantee-universal-basic-income-investment-jobs-unemployment](http://jacobinmag.com/2017/02/federal-job-guarantee-universal-basic-income-investment-jobs-unemployment)

Mark Paul, William Darity Jr, Darrick Hamilton, *Jacobin*, April 2, 2017



Women march for jobs in New York, 1933. Library of Congress

Universal basic income (UBI), an annual government-sponsored payment to all citizens, has been gaining traction across the American political landscape. [Andy Stern](#), former Service Employees International Union president, believes the program will counteract the “acceleration of technology” that he thinks will likely create “work but not reliable jobs or incomes.” On the Right, the American Enterprise Institute’s Charles Murray [argues](#) that we should replace the “entire bureaucratic apparatus of government social workers” with a UBI.

Other heavy-hitters agree it’s worth discussing. [Robert Reich](#)’s recent video calls on the government to provide a minimum payment for every citizen. President Obama [told \*Wired\*](#) that the United States will have to debate UBI and similar programs

“over the next ten or twenty years.”

The renewed attention makes sense: UBI would cover workers who, thanks to technological progress, have lost their jobs. One often-cited report tells us that 47 percent of all jobs are at risk of being automated. Yet existing social insurance programs are insufficient. The current array of programs — such as unemployment insurance, the earned income tax credit, and the Supplemental Nutrition Assistance Program — help many Americans, but over forty-three million people still live below the poverty line. Children are among the most vulnerable, with nearly half living at or near poverty.

The UBI represents one way to fight increasing deprivation. But another potential intervention — the federal job guarantee (FJG) — might be a far more promising demand.

A job guarantee is not a new idea. It has been part of the American conversation at least since populist governor Huey Long put forth his Share Our Wealth Plan. In 1934, he argued that the United States should use public works to ensure “everybody [is] employed.” These calls were echoed by politicians from Roosevelt in his Economic Bill of Rights to George McGovern during his 1972 presidential bid. Martin Luther King also stumped for a job guarantee, demanding immediate “employment for everyone in need of a job.” He saw “a guaranteed annual income at levels that sustain life and decent circumstances” as the second-best option.

Here are five reasons to agree with him.

## **1. A job guarantee means fewer poor Americans.**

---

A job guarantee would reduce poverty more quickly and provide more benefits than a UBI. To ensure a sufficient income, we argue for a FJG that would pay a minimum annual wage of *at least* \$23,000 (the poverty line for a family of four), rising to a mean of \$32,500. This would eliminate the “working poor” for full-time working households. In addition to the wage, workers in the FJG program would receive health insurance and pension benefits in line with those that all civil servants and elected federal officials receive.

In comparison, many of the UBI proposals promise around \$10,000 annually to every citizen (for an example, see Charles Murray’s proposal here). On the one hand, this plan would break the link between employment and money. But it does so at *half* the rate that would be available under the FJG, not even considering lifesaving benefits like health insurance.

## **2. The robots haven’t taken over yet. We still need workers.**

---

The dangers of imminent full automation are overstated: there is little evidence that companies are largely replacing human workers with robots. As Dean Baker explains,

If technology were rapidly displacing workers then productivity growth — the rate of increase in the value of goods and services produced in an hour of work — should be very high, because machines are more efficient. In the last decade, however, productivity growth has risen at a sluggish 1.4 percent annual rate. In the last two years it has limped along at a pace of less than 1 percent annually. By comparison, in the post–World War II “Golden Age,” from 1947 to 1973, productivity grew at an annual rate of almost 3 percent.

No doubt, stable and high-paid employment opportunities are dwindling, but we shouldn’t blame the robots. Workers aren’t being replaced by automatons; they are being replaced with other workers — ones lower-paid and more precariously employed. Nevertheless, technology, and globalization, have struck fear into American workers.

Not because they are by nature a raw deal, but because the balance of forces over the last few decades has been skewed so dramatically in the favor of capital. Technology, nor globalization, need have negative employment effects on workers — but they certainly can. It’s time to get the rules right, and ensure workers are provided the dignity of a job. A federal job program would solve the real problem, while UBI would simply treat a side effect.

### **3. A FJG could build an inclusive economy.**

---

Conventional wisdom holds that people dislike work. Introductory economics classes will explain the disutility of labor, which is a direct trade-off with leisure. Granted, employment isn’t always fun, and many forms of employment are dangerous and exploitative. But the UBI misses the way in which employment structurally empowers workers at the point of production and has by its own merits positive dimensions.

This touches on a heated debate on the Left. But for now, there is no doubt that people want jobs, but they want *good jobs* that provide flexibility and opportunity. They want to contribute, to have a purpose, to participate in the economy and, most importantly, in society. Nevertheless, the private sector continues to leave millions without work, even during supposed “strong” economic times.

The workplace is social, a place where we spend a great deal of our time interacting with others. In addition to the stress associated with limited resources, the loneliness that plagues many unemployed workers can exacerbate mental health problems.

Employment — especially employment that provides added social benefits like communal coffee breaks — adds to workers’ well-being and productivity. A federal job guarantee can provide workers with socially beneficial employment — providing the dignity of a job to all that seek it.

The FJG would also act as a de facto wage floor — private employers will have to offer wages and benefits at least as enticing as the federal government to attract workers. There has been extensive public support for recent increases in the minimum wage, such as the Fight for \$15 campaign, demonstrating that most Americans believe workers

deserve a living wage. Fighting for a higher minimum wage is an important step to ensure that workers are compensated a living wage rather than a poverty wage, yet let us not forget that the effective minimum wage in this country without a UBI or a job guarantee is \$0. This must change.

Finally, some argue that a “skills mismatch” explains why some workers remain unemployed. While we reject that narrative, a well-designed FJG will nevertheless include a training element to build workers’ skills and a jobs ladder to create upward mobility in the workplace.

All of these elements will build an inclusive economy that provides good jobs for all. The UBI, in contrast, could subsidize bad jobs — allowing low minimum wages and lack of benefits to persist.

#### **4. Federal jobs could provide socially useful goods and services.**

---

During the Great Depression, the Works Progress Administration (WPA) and Civilian Conservation Corps (CCC) were public employment programs designed to put Americans back to work after the national unemployment rate reached 25 percent. These programs, implemented under the Roosevelt administration, provided socially beneficial goods and services that benefited all Americans. Some of our national parks — Zion, Glacier, and Shenandoah — received substantial work contributions from employees of the federal jobs programs. The Blue Ridge Parkway was a federally funded and staffed infrastructure program.

A new federal job guarantee could undertake similarly bold and much-needed public-works projects.

The American Society of Civil Engineers gave the United States a D+ in infrastructure and prices necessary repairs at \$3.6 trillion. This lack of investment has lowered employment rates, cost businesses sales, and reduced incomes for American families. Make no mistake, these are government choices. They could choose instead to hire unemployed workers to repair bridges, maintain roadways, and update power grids.

Likewise, Bill McKibben just called for us to “declare war” against climate change. With climate change being perhaps the largest threat to our well-being, bold action is needed. The job guarantee program would create the capacity to do just that. Professor Robert Pollin of the Political Economy Research Institute calls for scaling up the transition to a green economy, which would create millions of new jobs along the way. He and his colleagues estimate what a Green New Deal would look like, and find that a transition to a green economy would amount to an estimated \$200 billion in investment annually, resulting in a drop in “US emission by 40 percent within 20 years, while creating a net increase of 2.7 million jobs.” In part, this is due to the labor-intensive nature of energy efficiency and other “green” investments.

Additional services, when combined with a FJG, would save average American

households thousands, if not tens of thousands, a year. According to the Economic Policy Institute, for example, tuition-free and universal child care and education — staffed by FJG workers — would trim an average of \$22,631 annually from families' budgets in expensive places such as DC while saving households in places like Arkansas a more modest \$5,995 on average.

To be sure, a UBI would free up time to volunteer, to care for sick relatives, or to start small businesses. Additionally, the UBI would finally provide greater financial freedom to those that choose to stay at home and engage in care work — disproportionately provided by women. However, the FJG has the ability to provide high quality services, such as child care and elder care, that would greatly reduce the care burden, providing more choice while building on the current social safety net.

## **5. It'll stabilize the economy.**

---

A FJG would bring us much closer to actual full employment, not the neoclassical full employment that subjectively allows for some optimal frictional unemployment. Most contemporary economists rely on the non-accelerating inflation rate of unemployment (NAIRU) to calculate this less-than-full full employment artificial statistic which functions as a disciplinary tool of the bourgeoisie, but this, according to Roger Farmer is “an idea past its sell-by date.”

By full employment, we mean simply that everyone seeking a job gets one. We'd wager that if you asked the average American what full employment means to them, they'd give you a similar answer — a job for all. Indeed, a plurality of Americans will also tell you they support a FJG.

The UBI would likely still leave a substantial segment of the population in poverty. As Belgian philosopher Philippe Van Parijs, one of the most prominent UBI advocates, acknowledged, even a large payment through the UBI won't necessarily secure a comfortable living for all citizens. How about those without jobs, or those who earn below subsistence wages? Of course, a UBI coupled with a non-poverty wage option and strong unionization could seriously combat poverty. The UBI would eliminate the effective minimum wage of \$0 currently offered in the United States, though it would fail to provide adequate employment for all that demanded it — a crucial shortfall of such a program.

A FJG is a sounder mechanism to combat structural inequalities, for instance through closing the persistent unemployment gap experienced by stigmatized groups who face continued discrimination. (Note, since 1972 unemployment has average double digits for black workers and has *never* fallen below 7 percent — a level that is only reached during times of economic crisis — for white workers).

Further, the FJG will have a strong macroeconomic stabilization effect. During economic downturns, it would expand and hire more people; it would then shrink during economic boom periods as people move from public to better-paying private

employment. Pavlina R. Tcherneva, a leading voice on the FJG's macroeconomic effects, argues that policies like the UBI have no counter-cyclical features. Thus, when the economy takes a downturn — say as it did in 2007 — basic incomes provide no automatic stabilizers to right the sinking ship.

This is good for the economy as a whole. Rather than expanding the unemployment insurance rolls during economic busts, the FJG would put folks to work and moderate the business cycle. Federal workers' paychecks will increase demand, which will increase economic growth. Many economists agree that today's secular stagnation — insufficient demand — is contributing to continued "lackluster" growth after the Great Recession. Only modest upticks in growth for the foreseeable future will come if we continue the status quo.

Finally, as a less costly program a FJG might be easier for a future left government to enact. Some estimate that basic income could easily cost more than \$3 trillion each year, while others say it will only come to \$2.7 trillion. The FJG, on the other hand, will cost orders of magnitude less. Even if we conservatively guess that fifteen million unemployed workers need jobs, funding the FJG would take about \$750 billion.

We want to build an inclusive economy. The FJG will build an economy that serves the working class more efficiently and effectively than the UBI.

The benefits will be immediately and broadly distributed. The FJG will directly target the unemployed — remedying a key predictor of poverty. By providing universal employment, it will also counteract employers' systematic discrimination against ex-offenders, recent military veterans, and certain racial groups. Furthermore, through providing a guaranteed job, workers will be emboldened to take new actions in the private sector. This could be just the policy to reinvigorate the labor movement, spurring unionization drives to improve working conditions. These benefits will result in the federal jobs raising beneficiaries and their families above the poverty line. The UBI can make no such guarantee.

Not only would a federal job guarantee bring justice to the millions who desire work, but it would also address the long-standing unjust barriers that keep large segments of stigmatized populations out of the labor force.

Finally, it would reverse the rising tide of inequality for all workers. By strengthening their bargaining power and eliminating the threat of unemployment once and for all, a federal job guarantee would bring power back to the workers where it belongs.