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Article

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The Federal Job Guarantee

The private sector has never adequately dealt with persistent and deep earning inequalities, worker vulnerabilities, and barriers to social mobility. In fact, it can be argued that the private sector's employment practices are a major source of all of these social problems. Even in times of economic expansion, there are never enough private sector job openings to match the number of job seekers.

Fifteen percent of all employed Americans hold public sector jobs, either at the federal, state or municipal levels. In the absence of those jobs, the United States would be in a perpetual unemployment crisis. Far too often, those who work in the private sector lack a quality job. For instance, 44% of the homeless have a job, unfortunately however, their wages are inadequate to afford shelter. Forty percent of workers in America are employed in insecure, "contingent" jobs, and almost half (44%) of workers earn less than \$15 an hour. Over the last 45 years, virtually all of the economic gains from increasing productivity have gone to the elite, while real wages have remained roughly flat for the vast majority of workers.

To remedy this, we have been long-time advocates of the permanent establishment of a federal job guarantee to eliminate working poverty and involuntary unemployment. Our plan constitutes a genuine *public option for employment* that enables existing workers, particularly those confined to the low end of the labor market, to bargain and obtain higher wages, greater benefits and better working conditions. The job guarantee would offer a permanent, viable alternative to low pay, low benefits and poor working conditions for all Americans. It would produce a structural transformation of the American labor market and the American economy.

Momentum for such a dramatic step is building. U.S. Senator Cory Booker released a bill co-sponsored by Senators Kirsten Gillibrand, Jeff Merkley, Elizabeth Warren and Kamala Harris to establish a pilot program to provide grants to states and localities to fully implement job guarantee programs. Senator Bernie Sanders is going even further; his office is close to the release of a bold, transformative, full-scale federal job guarantee bill.

The idea of a federal job guarantee is neither new nor radical. President Franklin D. Roosevelt's State of the Union address in 1944 introduced an Economic Bill of Rights. He stated that "the American Revolution was incomplete" and that a new set of rights were needed – economic rights. The first "article" of his proposed second Bill of Rights was the *right to employment*. Ten years before Roosevelt, Huey Long's 1934 "Share Our Wealth Plan" declared that the United States should use public works to ensure that "everybody [is] employed." After Roosevelt, Rev. Martin Luther King Jr. demanded immediate "employment for everyone in need of a job."

Recent polling data reveals robust majority American support for a job guarantee. This majority holds across all 50 states and across all racial groups, even when presented as a Democratic Party proposal to be financed by taxing all persons with incomes above \$200,000.

Persistent and embedded joblessness is particularly pronounced for blacks, Latinos, the disabled, recent military veterans, non-college educated adults, women and the previously unemployed – all of whom are subjected to discrimination in the workplace. For example, over the past 45 years, the black unemployment rate has remained roughly twice as high as the white rate, regardless of comparable levels of educational attainment.

Ultimately, incorrectly framing the central problem of inequality and racial disparity as deficiencies internal to the poor and blacks themselves leads to a policy focus on rehabilitation of the family, particularly the black family. Herein lies much of the rationale for austerity policies

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– if behavioral modification is the central issue, why fund government agencies and programs which, at best, misallocate resources to irresponsible individuals and, at worst, create dependencies that further fuel irresponsible behavior? As a result, incentives and sanctions are deployed to coerce or discipline the underclass. Instead of acting to eliminate poverty, social policy seeks to manage putatively “bad behavior” with the intensification of punitive tactics.

The local implementation of the “Fight for \$15” living wage is a break from the “disciplining the poor” rhetoric and indicative of a more constructive strategy. But it is not sufficiently bold. It will not reach those workers who remain unemployed or who are out of the workforce altogether. Nor will a living wage law address the volatility of work hours associated with increasingly precarious conditions for American labor.

The Trump administration’s jobs and infrastructure plan uses tax incentives and deregulation to “cajole or bribe” the private sector – which is already earning record profits – to provide more jobs and resurrect the nation’s infrastructure. This approach leaves workers susceptible to the fickle contingency of “trickle-down” employment and unstable contingent work. Related and similarly inadequate plans include stimulus and job creation programs that offer time-limited assurance of a publicly subsidized job that may be administered through the for-profit or nonprofit sectors. Such plans are not transformative; they would do little to enhance the bargaining power of those already employed. Moreover, the benefits of these programs would not be activated until a worker is confronted with unemployment and poverty. In contrast, the federal job guarantee that we envision will be structured to enable workers to experience continuous employment and not suffer exposure to poverty in the first place.

Various job creation programs are often designed to complement, rather than compete with, the private sector. As a result, these programs *de facto* subsidize low-wage, for-profit work, while a universal public option for employment would raise the floor on compensation across all jobs. For the private sector to hire any workers under a federal job guarantee, businesses would have to offer wages, benefits and working conditions that would at least match the conditions for employment offered by the public option.

The non-profit sector also has been proposed as a means to administer publicly sponsored jobs. However, programs that administer jobs by way of a subsidy to non-profits invariably will raise partisan political concerns over which non-profits are permitted to receive funding. The decision will lie at the whim of the political party in office.

Our plan for a federal job guarantee, administered by a permanent National Investment Employment Corps under the aegis of the U.S. Department of Labor, would provide assurance of a direct source of employment for *all* workers. It would structurally shift the U.S. economy away from low-wage work towards more moderate and high-wage jobs. Moreover, it would provide the best buffer against employment transitions due to automation and technological change.

Our proposal is far more extensive than local job training or search-assistance programs, which do not guarantee employment. Many skill-building and workforce development initiatives leave intact a host of structural barriers to employment. Our plan would include apprenticeships and on-the-job training.

A federal job guarantee would also mitigate the personal and familial costs of mental health issues and other stressors faced by the unemployed. The unemployed themselves often say that they would rather be paid to work than receive unemployment compensation. Dignity is multifaceted, and while it is not limited to work, everyone should have a right to work with the dignity of decent compensation and safety. A federal job guarantee would reverse the rising tide of inequality for all workers by strengthening their labor market bargaining power and by eliminating the threat of unemployment once and for all.