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## The job guarantee: Design, jobs, and implementation

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## Working Paper No. 902

### **The Job Guarantee: Design, Jobs, and Implementation**

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## **ABSTRACT**

The job guarantee (JG) is a public option for jobs. It is a permanent, federally funded, and locally administered program that supplies voluntary employment opportunities on demand for all who are ready and willing to work at a living wage. While it is first and foremost a jobs program, it has the potential to be transformative by advancing the public purpose and improving working conditions, people's everyday lives, and the economy as a whole.

This working paper provides a blueprint for operationalizing the proposal. It addresses frequently asked questions and common concerns. It begins by outlining some of the core propositions in the existing literature that have motivated the JG proposal. These propositions suggest specific design and implementation features. (Some questions are answered in greater detail in appendix III). The paper presents the core objectives and expected benefits of the program, and suggests an institutional structure, funding mechanism, and project design and administration.

**KEYWORDS:** Job Guarantee; Unemployment; Full Employment; Living Wage; Policy Design

**JEL CLASSIFICATIONS:** D6; E2; E6; H1; H3; H4; H5; J2; J3; J4

The job guarantee (JG) is a public option for jobs. It is a permanent, federally funded, and locally administered program that supplies voluntary employment opportunities on demand for all who are ready and willing to work at a living wage. While it is first and foremost a jobs program, it has the potential to be transformative by advancing the public purpose and improving working conditions, people's everyday lives, and the economy as a whole.

This working paper provides a blueprint for operationalizing the proposal. It addresses frequently asked questions and common concerns. It begins by outlining some of the core propositions in the existing literature that have motivated the JG proposal. These propositions suggest specific design and implementation features. (Some questions are answered in greater detail in appendix III). The paper presents the core objectives and expected benefits of the program, and suggests an institutional structure, funding mechanism, and project design and administration.

## **I. CONCEPTUAL UNDERSTANDING OF THE PROBLEM OF UNEMPLOYMENT**

For the purposes of this paper full employment is defined as a situation where any person of legal working age who wants to work is able to obtain employment at a living wage and decent working conditions. This includes but is not limited to new entrants in the labor market, people in "hidden unemployment" who are not normally counted in the official statistics, and individuals who are employed involuntarily in part-time working arrangements or other forms of precarious work.

At the macroeconomic level, unemployment is understood as:

- **A monetary problem:** It is a consequence of business cycles dynamics and profit-seeking firms behavior, as well as the State's inadequate management of the currency and the monetary system.
- **A situation that cannot be remedied by private firms:** The private sector is unable to produce *and* maintain tight full employment over the long run.

- **A problem that is best understood as a silent epidemic:** There is a distinct and discernable geographical pattern and propagation mechanism of unemployment, which mimics the behavior of a virus or mass contagion (Tcherneva 2017). Joblessness behaves like a disease and generates large social, health, and economic costs.
- **A problem that is already “paid for”:** The costs of these social and economic ills—both in real and financial terms—are already “paid for” by the economy and society at large.
- **A problem by design and a public sector failure:** Unemployment is a problem created by concrete policy measures (targeting a non-accelerating rate of unemployment [NAIRU], austerity policies). The government has chosen an explicit policy of keeping a percentage of the population in involuntary unemployment (the NAIRU is a policy benchmark). The government is also responsible for supporting the unemployed, i.e., the unemployed are already in the public sector. Government, public institutions, and civil society are not only paying the direct cost of unemployment, but more importantly are already bearing the large associated real costs of unemployment.
- **A moral failure:** Unemployment has been used as the main bulwark against inflation and economic instability and is considered a “necessary evil.” The idea that some people will necessarily lose their jobs and livelihoods in the fight against other economic ills is a profound moral failure of the economics profession.

Unemployment is the failure and responsibility of the public sector and it is already “paid for.” By contrast, the JG offers a superior policy option to the current approach, and one that is macroeconomically sound and humane. It pays to employ the unemployed, preventing and reducing the outsized costs of unemployment, supporting the production of valuable public goods, and investing in and empowering people, planet, and community.

## II. OBJECTIVES OF THE JOB GUARANTEE

### Core Policy Objective of the Job Guarantee

- To provide decent jobs at decent pay on demand to all individuals of legal working age who want to work, irrespective of labor market status, race, sex, color, or creed.

### Additional Objectives

- To guarantee a basic human right, as outlined in the United Nations Declaration of Human Rights and Franklin D. Roosevelt’s call for an Economic Bill of Rights.
- To institute a public option for work, i.e., an employment safety net.
- To create job opportunities in close proximity to the unemployed.
- To create suitable work opportunities for people of varied skill levels.
- To serve the public purpose.
- To establish an effective minimum wage for the economy as a whole.
- To operate as an “employment buffer stock” in stabilizing the business cycle.
- To enhance price stability by using the JG’s buffer stock mechanism and minimum wage feature.
- To serve as a preventative policy that inoculates against the vast economic, social and political costs of unemployment.
- To be used as an institution vehicle for addressing other social ills—e.g., environmental concerns, care needs, urban blight, etc.
- To put people and their needs at the forefront of public policy, in order to empower and support them.

## III. KEY PROGRAM FEATURES

- **Permanent but voluntary:** The program is permanent. It offers employment opportunities in the community to perform socially useful work.
- **A living wage:** It offers a wage-benefit package, establishing a floor to living incomes. The wage in this proposal is \$15 per hour plus benefits.

- **Local:** The program takes the contract to the worker, creating jobs where the unemployed live.
- **Targeted:** By design, the program creates the greatest number of jobs in communities with the greatest number of unemployed people, who are facing multiple other social deprivations.
- **Federally funded, locally administered:** Since it is an employment safety net, and for financial sustainability reasons, the program is funded by the federal government, but primarily administered by local and municipal governments, nonprofits and/or social enterprises, and cooperatives.
- **An “add on” program:** This is a new program that serves as an option to (but does not displace) existing programs. For example, people would have a choice between continuing to receive unemployment insurance (UI) or enrolling in the program. If they choose the former but still have trouble finding conventional private or public sector work once UI benefits have been exhausted, they will still have the option of enrolling in the JG program.
- **Not a workfare program:** The program does not require people to work for their existing benefits (e.g., Medicare, the Supplemental Nutrition Assistance Program [SNAP], Head Start, etc.).
- **Community Jobs Banks:** The program serves as a repository of various employment opportunities. It does not displace existing public sector work. It is authorized as a separate program under the Department of Labor (DOL) and provides employment opportunities on standby.
- **A safety net and a transitional jobs program:** As a safety net, it gives opportunities to anyone who wishes to work at the base wage-benefit package, irrespective of their labor market status or situation. As a transitional program, it serves as a stepping stone to paid work—from unemployment to employment or from JG employment to other forms of private, public, and nonprofit employment.
- **Fits JG jobs to people:** It meets people where they are in terms of ability. It provides suitable, useful work opportunities, designed to be appropriate for the education or skill level of the applicant.

- **Provides working day options:** The JG offers part-time and flexible work arrangements, as needed, for caregivers, students, etc.
- **Jobs for all:** The program does not exclude any individual or group of people who want to work. The design must be sensitive to the needs of special groups such as veterans, at-risk youth, ex-convicts, or people with disabilities.
- **Invests in people:** It offers training, education, and apprenticeship opportunities.
- **Invests in communities:** The JG aims to match unfilled community needs with unemployed or underemployed people who could work to meet them.
- **Invests in the public good:** It separates the offer of employment from the profitability of employment. Projects are created to serve community needs, rather than prioritizing whether the projects are deemed “profitable” in the narrow sense.
- **Invests in the environment:** The program focuses on addressing environmental concerns.

#### IV. EXPECTED BENEFITS

- **Full employment:** The program eliminates involuntary unemployment (as defined) and drastically reduces the associated human hardships and social afflictions.
- **Living income:** The program raises the income floor. It stabilizes incomes at the bottom of the distribution both for workers within and outside the program by establishing a genuine living wage of \$15 per hour.
- **Alternative to bad jobs:** It displaces “bad” labor practices and helps to eliminate “bad” jobs. If the public employment option offers a decent job at decent pay, employers who pay poverty wages with difficult working conditions would have to match the JG pay and conditions to retain workers.
- **Establishes a “labor standard” for the economy as a whole:** Because it guarantees that every person who wishes to work can find a public-option job with a living wage-benefit package, the JG establishes the labor standard that must be met by all employers in the private, public, or nonprofit sectors. Currently 18 percent of workers live in

poverty and 44 percent of homeless people work. The labor standard of the JG ensures that no working person would live in poverty.

- **Inflation stabilization:** The program serves as a superior inflation control and macroeconomic stabilization tool. Currently the pool of the unemployed fluctuates countercyclically. In the US the amplitudes of those fluctuations are especially large and, for a half century now, growth has delivered “jobless recoveries”. Many of those who are left behind either slip into long-term unemployment, involuntary part-time employment, or drop out of the labor force altogether. Since the JG’s primary objective is to provide jobs to those who want them at all stages of the business cycle, it has an inherent countercyclical mechanism that is superior to current inflation and macroeconomic stabilization methods. The JG expands and contracts with recessions and expansions, never allowing individuals and the economy to suffer the consequences of unemployment. As such it continues to stabilize economic growth and prices, using a *pool of employed individuals* for the purpose rather than a reserve army of the *unemployed*. It stabilizes the economy by supporting people, communities, and families, and not by rending them “disposable” as in the current paradigm.
- **Improves income distribution:** This is achieved in three ways: 1) the JG raises incomes at the bottom faster than incomes at the top; 2) the JG supports labor income, thus improving the distribution between labor and capital; 3) the JG improves the within-labor income distribution, by supporting the income and employment opportunities of the lower-skill, less-educated worker and those who currently experience shorter job tenures, longer and deeper spells of unemployment, and poorer prospects of re-employment.
- **Disrupts vicious labor market cycles:** It breaks the above-mentioned vicious unemployment and income cycles experienced by those at the bottom of the income distribution.
- **Cure:** The JG improves the physical and mental health of the previously unemployed, as well as that of their spouses and children, and improves children’s educational performance and labor market prospects.
- **Prevention:** The program reduces suicides and mortality of JG workers, as well as the so-called “deaths of despair,” due to an overall improvement in labor market conditions.

- **Economic, social, and environmental benefits:** It reduces homelessness, recidivism, and economic crimes; increases the availability of public goods and services, which are provided through the JG program; and invests in the environment, people, and community.

## **V. SITUATING THE JG WITHIN A BROADER POLICY AGENDA**

The JG is first and foremost a program that provides decent jobs at decent pay, but it resides within a broader policy agenda. A comprehensive policy reform that aims to address income insecurity must incorporate other forms of nonwage income support. These would include expanding Social Security and Disability benefits, reducing the retirement age and working week, and instituting a federal-level paid family leave. Furthermore, while the JG will go a long way to reducing individual and household poverty, an anti-poverty agenda ought to also include a universal child allowance policy, universal childcare, free school lunches, and a public healthcare option, to name a few.

## **VI. PROGRAM DESIGN AND IMPLEMENTATION**

The above features and aims represent the core of the JG proposal. Program objectives and specific design features would be reevaluated and adapted to observed structural and institutional changes in labor market and other economic conditions. Indeed this blueprint does not and cannot provide a one-glove-fits-all proposal. Any JG program must be suited to the cultural, developmental, institutional, and macroeconomic context for the country that contemplates adopting it.

### **1. Short- vs. Long-Run Design and Operation**

A JG implemented today will be different from a JG that operates over the long run.

If a JG program were launched today, in conditions of mass hidden unemployment and strong pent-up demand for decent well-paying jobs, the program might grow to 16 million workers (see

FAQ in appendix III). Once the program is up and running, it will improve *private* sector employment conditions and the overall health of the economy; at that point the program will settle to a smaller size (likely, anywhere between 2 percent and 10 percent of the labor force). Indeed the size of the program will largely depend on private sector employment dynamics.

Employing everyone who is ready, willing, and able to work today is a more challenging task than making employment offers to newly unemployed people once the program has been running for a while.

Given the existing long-run labor market problems, collapse in the labor force participation rate, large pent-up demand for stable and well-paying full-time jobs, a JG could swell to 11 to 16 million people (Dantas and Wray forthcoming), which would be approximately 7–10 percent of the labor force. Experience with large-scale jobs programs of this sort (e.g., Argentina’s *Plan Jefes*, which employed 13 percent of the labor force)<sup>1</sup> indicates that they can be up and running in a relatively short period of time. It also suggests that the program would provide a large boost to private sector activity, generating strong GDP growth and private sector employment. Fullwiler’s (forthcoming) simulations corroborate this expectation. He finds that the JG raises real GDP by \$313–560 billion per year and permanently adds up to four million net new *private* sector jobs. These simulations do not account for the cyclical effects. In Argentina, for example, the JG pool began shrinking steadily as the economy expanded (Tcherneva 2013).

## **2. The Superior Policy Option: Hiring the Unemployed**

The policy choice before us is the following—we either have a buffer stock of unemployed people or a buffer stock of employed people. That is, either we continue under the status quo, where the pool of unemployed people expands and shrinks with recessions and expansions, or we allow the JG’s pool of employed people to shrink and expand countercyclically. Since unemployment is already “paid for” in real and financial terms, diverting these financial and real resources to running the JG program is a far superior option to the status quo. Furthermore, with the JG in place, which is inherently a countercyclical employment policy, the economy can

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<sup>1</sup> *Plan Jefes* was explicitly modeled after the job guarantee proposal developed in the United States by a team of scholars, several of whom are affiliated with the Levy Institute.

operate at a higher level of non-inflationary output than with mass unemployment (i.e., than with an unemployed buffer stock).

The size of the program will depend on private sector employment dynamics, as well as on its popularity. If society prefers larger private sector employment and a smaller JG labor force, other macroeconomic measures can be employed (e.g., investment subsidies, tax cuts, mission-oriented finance) to shrink the pool of JG workers further. But if the program proves to be a much more desirable policy option than many poorly paid private sector jobs, it may initially be quite large, until those private sector firms meet and exceed the pay and employment conditions of the JG.

Because the program operates countercyclically by creating full employment at all stages of the business cycle (recession or expansions), it stabilizes *total employment*, meaning that private sector employment will not fluctuate as violently as it does today. In sum, *once the program is in place*, economic fluctuations will be reduced—meaning that employment in the JG will also be more stable.

### **3. Preparedness Response: Community Jobs Banks**

The proposal here is to design the program as a comprehensive preparedness response. A period of planning will be required to design community job banks—these will warehouse the “on-the-shelf” jobs that can be supplied to the jobless on short notice. For this purpose, the planning period will include soliciting and identifying project-executing organizations that would serve as providers for those job opportunities.

Designing the JG as a preparedness response can be modeled after the Center for Disease Control’s (CDC) Strategic National Stockpile (SNS)—the nation’s largest stockpile of essential pharmaceuticals and medical supplies in case of emergencies. The SNS is designed as a supplement to local preparedness efforts. As the CDC website explains: “When state, local, tribal, and territorial responders request federal assistance to support their response efforts, the stockpile ensures that medicine and supplies get to those who need them most during an emergency. Organized for scalable response to a variety of public health threats, the repository contains enough supplies to respond to multiple large-scale emergencies, simultaneously.”

To be able to respond adequately to public health threats, the government maintains warehouses throughout the United States that can distribute vaccines, medication, and other supplies to the local areas in the event of emergencies.

Similarly the JG can be designed as a detailed local preparedness response to joblessness, using some of the existing institutional infrastructure (more below).

The job guarantee will maintain a repository of jobs and places of work—via the Community Jobs Banks—that can quickly accommodate new entrants into the program and let them go without disruption should they find alternative employment. The ability to absorb or shed employees is not a unique challenge for the JG. Indeed every labor market segment within the private, nonprofit, or public sectors deals with new entrants and job leavers on an ongoing basis.

Furthermore, the creation of jobs relatively quickly need not be a tall task either. Experience has shown that large-scale employment programs can be up and running in a matter of a few months (e.g., the New Deal programs in the United States and Argentina's *Plan Jefes*). Such programs, however, have often been implemented as emergency measures. If the JG is designed as a preparedness response, a lengthier period of assessment, design, and planning is needed for its long-run success. Once such a program is in place, finding work for any additional entrants is a much easier task by comparison. A fair amount of experimentation may be needed initially, as well as continual evaluation to improve program performance over the long run.

#### **4. Preventative Features**

Because part of the JG program will fluctuate countercyclically, expanding when private employment shrinks and shrinking when private employment expands, it will ensure by design that mass unemployment does not develop and accelerate as rapidly as it does under the status quo. It thereby restrains the contagion effect from an initial onset of private sector mass layoffs and serves as a preventative tool. While it will not eliminate business cycle swings, it will attenuate them. Furthermore, by securing tight full employment it will help prevent many of the existing social costs of unemployment (for more, see Tcherneva 2017).

## **5. Program Budget and Funding Mechanism**

The primary challenge is to design a budget that not only ensures the program's long-run sustainability, but also one that accommodates normal countercyclical fluctuations and large swings in enrollment, should those unexpectedly arise.

Unemployment behaves like an epidemic, developing rapidly and unexpectedly and spreading with the distinct pattern of a contagion effect. Simultaneously, it inflicts large social and human costs (Tcherneva 2017). Therefore, the proposed funding mechanism here is, in part, modeled after disaster and emergency relief in the United States.

For example, each year Congress would pass base appropriations for the management of the JG program. Because the actual level of joblessness over a given year is unknown—much as it is with large-scale disasters or smaller, localized events—the funding would have to fluctuate with need. This can be accomplished in two ways: 1) the base appropriations can be adjusted as needed using the Budget Control Act, which permits some increases in discretionary spending; and 2) unexpected annual increases in JG funding can be provided through supplemental appropriations bills that offer funding not subject to spending caps or budgetary controls.

This is the model currently used for disaster and emergency relief. Since natural disasters have intensified, the base budget has proven inadequate, necessitating very large supplemental appropriations that can be vulnerable to abuse. By contrast, the JG tames unemployment fluctuations and stabilizes employment patterns, which suggests that it will not be as reliant on supplemental appropriations as disaster and emergency relief.

The base appropriation budget will initially be estimated to fund a sizable program. To employ 11–16 million people at \$15 per hour plus benefits equal to 20 percent of wages (allowing for material costs set at 25 percent of labor costs), the direct program expenditures would be about 1.3 percent to 2.4 percent of GDP (and the net cost of the JG program would vary from 0.8 percent to 2 percent of GDP, see Fullwiler [forthcoming]). This is less than what the US government spends annually on elementary and secondary education. In subsequent years, the budget will be calculated as a rolling average of actual funding from previous years. If the JG induces higher level of private sector employment and settles down to a smaller size over the

course of several years, then the budget would reflect those changes and the reduced need to fund such a large program.

Adjustment in the base appropriations and supplemental appropriations are nevertheless necessary because mass layoffs can occur for any number of reasons. The main reason is that private sector profits as a share of GDP fluctuate over the business cycle, which in turn produce fluctuations in private sector employment rates. To serve as a genuine buffer stock, the budget for the JG must fluctuate in a similar fashion.

Adjustments in base and supplemental appropriations are also needed for extreme circumstances. For example, the global financial crisis—to the dismay of many economists—resulted in almost a million unemployed individuals per month in early 2009. A standby jobs program would have provided alternative employment opportunities to the unemployed, thus remedying labor market condition much faster than what we experienced. One estimate suggest that if the American Recovery and Reinvestment Act budget funded a JG program instead, it could have created 20 million living-wage jobs, wiping out unemployment altogether and launching a strong jobs-led recovery (Tcherneva 2009). Since financial crises, geopolitical shocks, and other events may unexpectedly generate sudden mass layoffs, the JG budget would need to increase accordingly to provide needed funding quickly.

Furthermore, disaster events such as hurricanes Harvey and Irma significantly impact local employment rates and demand a discretionary increase in jobs assistance, similar to other discretionary increases in disaster relief funding.

Indeed, current law already provides funding for those who have lost their jobs due to natural disasters. However, it does not provide the employment opportunities, which the JG will supply.

Congress can appropriate an employment relief fund (ERF) as a supplement to the DOL's budget. The US DOL works with state labor department agencies and their local offices to disburse the payments for wages and materials associated with program management, similar to the way it currently disburses UI payments.

Just as it is with disaster relief, DOL offices, as well as the Presidency, can issue disaster unemployment declarations that would make additional funds available if there are sudden and acute mass layoffs in a particular area. As discussed above, such a program already exists on the books and can be incorporated into the JG budget. This is the Disaster Unemployment Assistance program, which provides unemployment benefits to those who have become unemployed as a direct result of a presidentially declared major disaster.

If funding for the entire JG program cannot be provided through the Stafford Act of 1988 (Robert T. Stafford Disaster Relief and Emergency Assistance Act), a modern unemployment emergency relief act can be passed for the purpose.

## **6. Administrative Agencies and Project-Executing Organizations**

### *Department of Labor*

It is proposed that the JG be under the jurisdiction of the DOL, as it is with UI. Similar to UI, states would participate in the program's administration.

Congress appropriates funding for the DOL's ERF. As explained above, the specific method of funding allows the DOL budget to fluctuate countercyclically in a manner consistent with hiring everyone who needs work throughout the business cycle.

The DOL supplies the general guidelines for the kinds of projects it will authorize under the JG program. Municipalities, in cooperation with community groups, conduct assessment surveys, cataloging community needs and available resources. In consultation with the DOL, municipalities and One-Stop Job Centers create Community Jobs Banks—repositories of types of work and places that can offer employment opportunities to the unemployed on demand (more below).

In addition to providing funding to specific agencies, the DOL makes "requests for proposals," indicating that it will fund employment initiatives by community groups, nonprofits, social entrepreneurial ventures, and the unemployed themselves for projects that serve the public purpose. Grants are approved contingent on: 1) the usefulness of activities performed, as

measured by their social impact, 2) creation of employment opportunities for the unemployed, and 3) no displacement effect of existing workers.

### *States, Municipalities, and Community Groups*

States and municipalities assist in the administration of the program. They help in the disbursement of funds and are responsible for the design and implementation at the local level. As discussed above, they conduct community assessment surveys and design the Community Jobs Bank. The involvement of citizens, local community groups, and other stakeholders that represent public interests can ensure that the program enhances participatory democracy in the decision-making process of designing, managing, and funding the projects.

### *One-Stop Job Centers*

The JG need not reinvent the wheel in terms of administrative infrastructure. Local unemployment offices have already been rebranded as local job centers, also called One-Stop Career Centers or American Job Centers. They are already charged with providing many services to the unemployed, from the actual payments (UI checks) to job-search assistance, referrals, training, GED completion, resume building, English as a second language, instruction in math and reading, and other one-on-one services, such as stress management and financial planning.

These unemployment offices can become genuine employment offices by also offering employment opportunities on demand through the JG. Due to chronic job shortages, current attempts to match unemployed workers with employers are largely ineffective. While some outfits may do better than others, in the absence of readily available and abundant job opportunities, going through an unemployment office can often be a stressful and even punitive experience. While they offer some training and education services, at the macro level, training tends to serve the function of shifting people along the unemployment line.

These outfits can become fully functional One-Stop Job Centers and provide the needed JG employment opportunities, while continuing to assist the enrollees with training, education, and transitioning to private sector employment opportunities. Under the JG program they essentially become the hubs for the local jobs bank that link interested individuals with JG positions.

### *Public Institutions, NGOs, and Social Enterprises*

These are the project-executing organizations. As discussed above, during the design phase of the program, a series of organizations can be identified that will supply opportunities on demand. Others can be added over time. The job opportunities with these organizations are “inventoried” with the Community Jobs Banks/job centers.

Once the unemployed have been registered at the One-Stop Job Centers, they are provided a menu of work options with the project-executing organizations.

Identification of project-executing organizations is contingent on the general guidelines provided by the DOL, which are in turn informed by the mission statement of the JG. The types of work/jobs that will be performed, as well as the organizations that will employ the unemployed, will be contingent on what is defined as the “public purpose.”

### *Participatory Democracy*

One of the aspirations of the JG program is to foster a process whereby jobs and projects are proposed and managed from the bottom up—i.e., via direct input of community members and other stakeholders. Because it is a locally based program that targets the needs of the community and its members, the program lends itself to broad participation of constituents in its design and operation.

Indeed, for its long-term success, participatory governance is likely a prerequisite. There are many models and real-world experiences that can inform a design that incorporates citizen engagement, public decision-making, and local institution building. For example, participatory budgeting can ensure that municipalities rely on citizen input about the local projects that require funding and involve them in the budgeting process itself. Experience with participatory budgeting shows that it significantly improves the effectiveness and results of local social programs.

It may be considered desirable for the federal government to provide only 85 percent of all the funding, requesting that nonprofits, municipalities, and other social enterprises participate with some resources. These can take the form of physical resources, e.g., some of the materials or

facilities where the work will take place can come from the project-executing agencies. This arrangement could create local stakeholders and additional buy-in from states and communities.

Because the program aspires for citizen input, because it drastically reduces the threat of unemployment, because it puts pressure on punitive labor practices in the private sector, because it establishes a labor standard for pay and working conditions, and because it focuses exclusively on investing in the public good, it can be an institution with profound democratizing tendencies, and a conduit for transformative change in the workplace, people's everyday lives, and the economy as a whole.

## **7. Types of Jobs: “National Care Act”**

Large-scale jobs programs are often identified with large-scale infrastructure projects. And while it is vital to rebuild the nation's infrastructure as a matter of national priority, it is difficult to fluctuate infrastructure investment with changes in the business cycle. Furthermore, infrastructure jobs are often high skill and predominantly male. Therefore they are not always suitable for running the JG as an ongoing long-run program for all that provides employment opportunities to the least-skilled and most marginalized groups in the labor market.

Working to address looming environmental challenges can generate millions of public service jobs for years to come. There is a lot of “invisible” environmental work that is labor intensive and can be done by people of various skill levels. This work must be performed on an ongoing basis and could provide the needed job opportunities, without competing with the private sector. Establishing and fortifying our nation's infrastructure to prevent, mitigate, and withstand the impact of intensifying hurricanes, tornadoes, fires, and floods requires immediate action and a large labor force. And if a large infrastructure program is attempted alongside the JG, the latter will likely be smaller and it will continue to guarantee job opportunities to those who cannot work on infrastructure projects.

Infrastructure alone is not a particularly reliable method for employing all of the unemployed who are scattered across the country. Many of them live in communities that may not need levees or fire prevention efforts, and yet experience multiple other deprivations, such as limited access to healthy food or care for the young and elderly, to name a few.

The proposal herein is to design the JG as a “National Care Act” that will help fill those needs gaps. With input from community groups, ideally emerging from a participatory decision-making process, localities and municipalities can determine the specific jobs that will be performed under the JG along the following three strategic objectives:

- a) Care for the environment;
- b) Care for the community; and
- c) Care for the people

#### *Care for the Environment*

A revival of FDR’s Tree Army and the formation of a 21st century Civilian Conservation Corps (CCC) would create JG jobs in close proximity to the unemployed. Since all communities have acute environmental needs, the camp-based CCC model from the New Deal is not appropriate or desirable. Instead, jobs will be created where the workers live.

The Community Jobs Bank will include a list of monitoring programs, rehabilitation programs, and public investment programs. The jobs will tackle: soil erosion, flood control, environmental surveys, species monitoring, park maintenance and renewal, removal of invasive species, sustainable agriculture practices to address the “food desert”<sup>2</sup> problems in the United States, support for local fisheries, community supported agriculture (CSA) farms, community and rooftop gardens, tree planting, fire and other disaster prevention measures, weatherization of homes, and composting.

#### *Care for the Community*

Communities are best rebuilt from within. Many communities throughout the United States experience urban blight, poverty, and crime. The JG can employ existing best practices to mobilize the human potential within a community to revive it and make it more resilient.

Jobs can include: cleanup of vacant properties, reclamation of materials, restoration of public spaces, and other small infrastructure investments; establishment of school gardens, urban

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<sup>2</sup> A food desert is an urban area that lacks affordable or high-quality fresh food.

farms, co-working spaces, solar arrays, tool lending libraries, classes and programs, and community theaters; construction of playgrounds; restoration of historical sites; organization of carpooling programs, as well as recycling, reuse, and water-collection initiatives, food waste programs, and oral histories projects.

### *Care for the People*

The JG aims to support individuals and families, filling the particular need gaps they may be facing. Projects would include: elderly care; afterschool programs; and special programs for children, new mothers, at-risk youth, veterans, former inmates, and people with disabilities. One advantage of the JG is that it also provides job opportunities to the very people benefiting from these programs. In other words, the program gives them agency. For example, the at-risk youth themselves participate in the execution of the afterschool activities that aim to benefit them. The veterans themselves can work for and benefit from different veterans' outreach programs.

Jobs in these projects can include: organizing afterschool activities or adult skill classes in schools or local libraries; facilitating extended-day programs for school children; shadowing teachers, coaches, hospice workers and librarians to learn new skills and assist them in their duties; organizing nutrition surveys in schools; and coordinating health awareness programs for young mothers.

Other examples include organizing urban campuses, co-ops, classes and training, and apprenticeships in sustainable agriculture, and all of the above-mentioned community care jobs, which could produce a new generation of urban teachers, artists and artisans, makers, and inventors.

All of the above-mentioned tasks are already being done in one form or another. And all of them are in short supply. What is needed is more helping hands and a budget to employ them. That is the function of the JG. In other words, the JG can benefit from already-existing best practices in these areas and simply scale-up the production of these public goods and investments in human capital.

## **8. Project Examples**

### *Example 1*

The city mobilizes able-bodied men and women with varied skill levels for a massive cleanup of vacant lots, focusing on rehabilitation and reclamation of materials. Disabled individuals, who may have difficulty with physical work but have basic computer skills and wish to work, create a database documenting the cleanup efforts, cataloguing the reclaimed materials, and offering office-based logistical support. At-risk youth help with park cleanup and apprentice with local construction companies in building, painting, and landscaping skate parks and basketball courts. The city undertakes greening projects and rehabilitation of abandoned public spaces.

### *Example 2*

A former coal mining community experiences city blight, mass unemployment, and a high incidence of health problems. The JG organizes a comprehensive program for restoring the natural environment using the abandoned coal mine, based on existing best practices (e.g., in some Appalachian areas in the United States). Abandoned mines are filled with water to create man-made lakes. The work involves construction of infrastructure that directs rivers into the empty craters—work that is suitable for the skill level of the unemployed miners. Others are employed in a mass reforestation effort to plant appropriate tree species that restore the ecosystem, stem soil erosion, and reintroduce important lost wildlife to the region. The municipalities organize food insecurity, water quality, and malnutrition surveys. They launch a comprehensive community garden program.

### *Example 3*

Local CSAs propose to organize and build community gardens throughout the city. They employ local unemployed residents to setup and run the gardens. Produce is distributed to members, sold in local farmers markets, or delivered free of charge to low-income families. In addition to building community gardens, the CSA employs people to build greenhouses and aquaponics operations, and run classes for adults and youth related to sustainable agriculture. Local CSAs can offer full- and part-time work opportunities and flexible working arrangements.

#### *Example 4*

A local green nonprofit institute has extensive experience in creating, protecting, and expanding the network of public trails. On short notice it absorbs anyone available to work on trail maintenance and repair. In addition, the nonprofit works on removing invasive species from local areas. The species removal necessitates soil erosion prevention efforts, all of which need to be staffed on an ongoing basis. The institute also runs an eel and herring monitoring program.

People with different skill levels are employed to perform the different tasks—most of the above do not require much, if any, training or experience. Workers with higher skills can assist in creating maps, documenting the species, and performing research as needed. The nonprofit also offers courses, seminars, and hands-on experience for youth and adults in environmental conservation. It also provides flexible working arrangements for those with child or elder care responsibilities.

#### *Example 5*

A local artist collective employs painters, actors, musicians, and stagehands to run year-round productions for the community. They organize school outreach programs, run summer camps, and offer free art and music classes and literacy-through-the-arts courses for special needs youth. They collaborate with local schools in offering art enrichment programs.

#### *Example 6*

The local public schools enroll in the Community Jobs Bank and provide a list of “shelved” projects and programs that can be staffed with JG workers. Some schools would like to expand their playgrounds, and repaint and weatherize their facilities. Others would like to offer a greater variety of afterschool activities. Most need teacher’s aide to assist with low-performing students, lesson plan preparation, and in-class activities.

The tasks require various degrees of skill and experience. New labor market entrants, such as college students who are having trouble finding a job, enroll as teacher’s aids through the JG program. They gain valuable training and hands-on experience, should they wish to go in the field. Former stay-at-home parents who are ready to return to work assist in running new



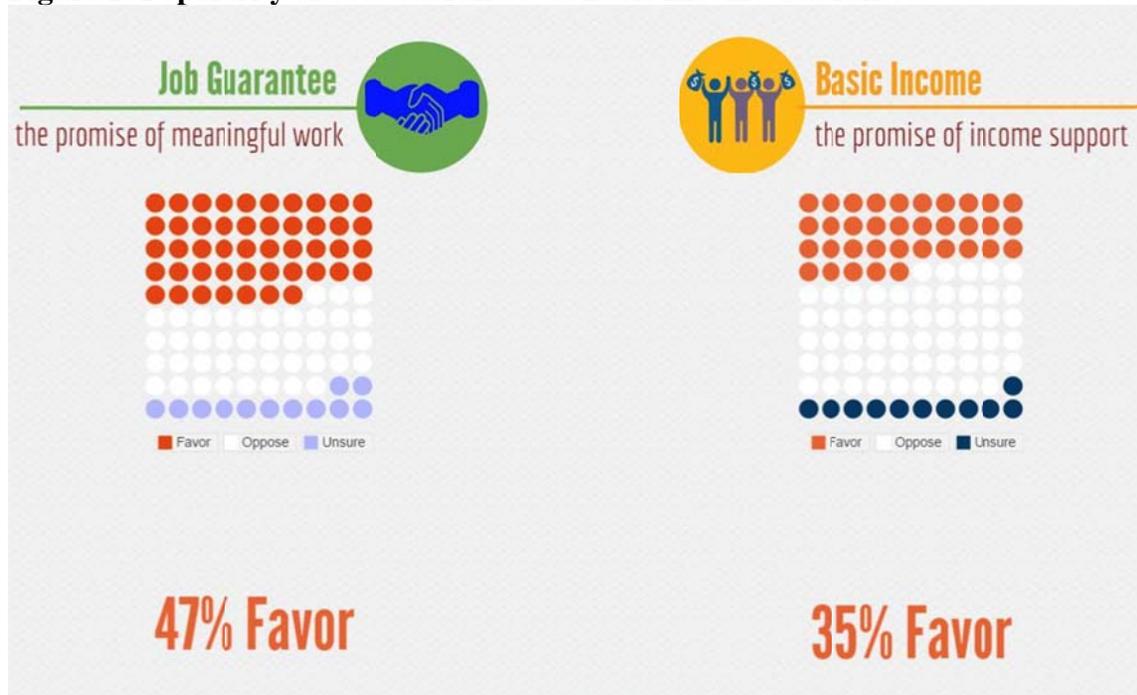
They also found that the JG is very popular with young and low-income voters, and especially voters of color. The program is also more popular with Republican low-income voters than with wealthy Democratic voters. Furthermore, 58 percent of people who voted for Obama but later voted for Trump supported the idea. Data for Progress modeled state-level support for the JG and found that there is strong support in deep-red states as well: West Virginia (62 percent support), Indiana (61 percent), Kansas (67 percent), Mississippi (72 percent), and Georgia (71 percent). Though these results may seem surprising, these are also states with higher-than-average unemployment and poverty rates where the JG can make a big impact.

In recent months, support has also come from more conservative and centrist corners (e.g., see *New York Times* op-eds by Kevin Hassett and Robert Rubin). Though the rationale for a JG is seeping into the popular discourse, it is important to stress that these programs are “job guarantees” in name only. They resemble much more closely workfare programs or simply traditional large-scale infrastructure programs, which lack most of the JG features outlined above, as well as its democratizing potential. While infrastructure is sorely needed, as this document makes clear, the JG is much more than a program for infrastructure investment.

One of the earliest introductions to the program in the popular press was a *Rolling Stone* magazine article featuring five economic reforms Millennials should support (including the job guarantee, universal basic income, land value tax, large-scale sovereign wealth funds, and state public banks).

When YouGov’s poll based on the article surveyed the popularity of each proposal, the JG emerged as the leader by a wide margin. The program that came in second was universal basic income, even though the author (astutely) advocated it as a policy of universalizing the very popular Social Security program. Still, basic income trailed the JG by 12 percent (figure 1).

**Figure 1: Popularity of Job Guarantee vs. Basic Income Guarantee**



**Source:** YouGov US poll; available at <https://today.yougov.com/news/2014/01/09/poll-results-guaranteed-jobs-and-basic-income/>

The JG garnered support from 47 percent of the population at a time when the program was largely unknown to the public, yet only 12 percent of respondents were unsure about its merits.

Over time, however, other surveys showed that a majority of people supported the JG, employer of last resort, and other government employment programs. A 2013 Gallup Poll (Jones 2013) reported that 72 percent to 77 percent of respondents supported government employment programs and job creation *laws* that would employ the unemployed (figure 2).

**Figure 2: Support for Government Employment Programs and Job Creation Laws**

	March 2–3 % Vote “for” (gov’t spending not mentioned)	March 4–5 % Vote “for” (gov’t spending mentioned)
A federal government program that would (spend government money to) put people to work on urgent infrastructure repairs.	77%	72%
A federal job creation law (that would spend government money for a program) designed to create more than one million new jobs.	75%	72%

Source: Jones (2013)

Another study (Page, Bartels, and Seawright 2013, 57) found that 68 percent of the general public believed that the government should “see to it that everyone who wants work should find a job” and 53 percent supported the idea of the government itself providing jobs to the unemployed as a last resort, which is consistent with the Civis Analytics poll discussed above. Unsurprisingly, relatively few high-income households supported these policies (figure 3).

**Figure 3: Support for Government Job Creation and Employer of Last Resort Policies**

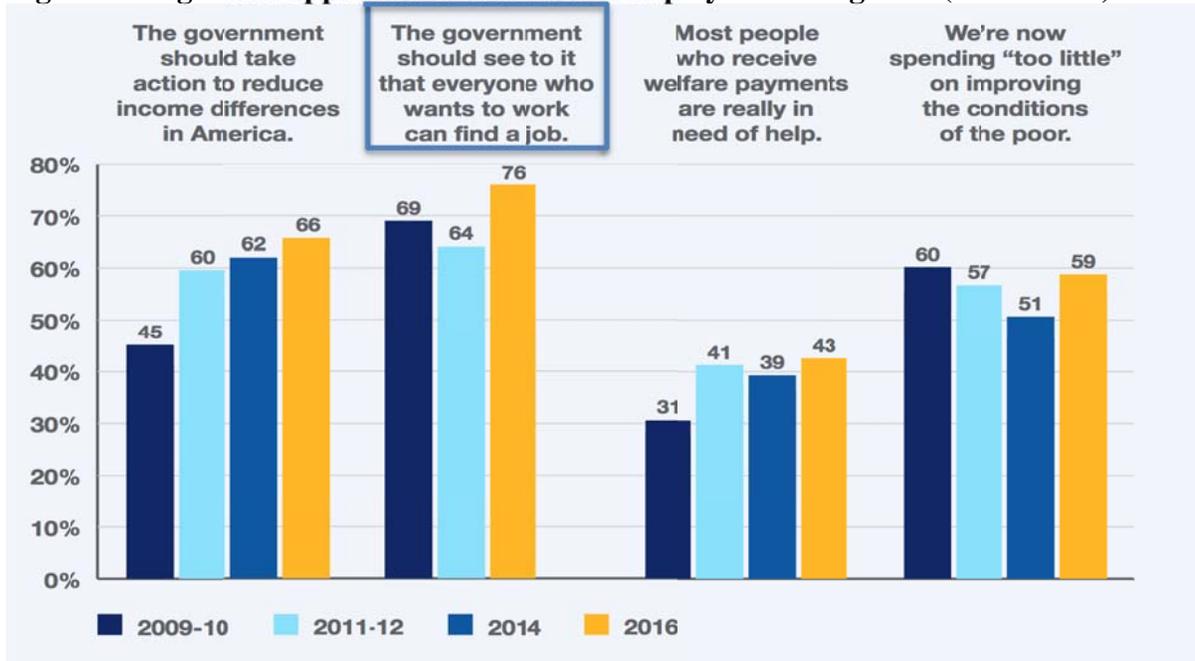
	% of general public in favor	% of high-income households in favor (top 1%)
The government in Washington ought to see to it that everyone who wants to work can find a job.	68%	19%
The government should provide jobs for everyone who cannot find a job in private employment.	53%	8%

Source: Page, Bartels, and Seawright (2013)

Finally, the longstanding “Kinder Houston Area Study,” by the Kinder Institute for Urban Research, found that support for such programs *increased* over the years since the global financial crisis. Since 1989, the Houston-area survey had asked whether “the government should see to it that everyone who wants to work can find a job” and consistently over 64 percent of respondents supported the idea. Immediately after the crash (in 2009), that number edged up to

69 percent, but by 2016, 76 percent of people believed that the government should be responsible for ensuring that everyone who wants a job has one. Furthermore, such a policy is more popular than other income redistribution and poverty-reducing measures (figure 4).

**Figure 4: Regional Support for Government Employment Programs (in Houston)**



**Source:** Kinder Houston Area Survey, Institute for Urban Research. Available at: [www.thearda.com/Archive/Files/Analysis/HOUSTON/HOUSTON\\_Var224\\_1.asp](http://www.thearda.com/Archive/Files/Analysis/HOUSTON/HOUSTON_Var224_1.asp)

In sum, a majority of Americans support not only government employment programs but employer of last resort and JG programs in particular. The JG is an idea whose time has come.

## VIII. CONCLUSION

Many social problems are solved via direct measures. When the problem is lack of education, the government guarantees access to public education; when the problem is lack of retirement income, the government guarantees retirement income (Social Security); when people lack food or shelter, government programs provide food or shelter. Most of these (once very successful) programs have been under pressure for a while: they have been underfunded and/or reformed with eligibility criteria that are often punitive. Still, they provide a safety net, in the absence of

which poverty and destitution in the United States would be much higher than it is today. Yet, when it comes to jobs, we do not have a similarly direct approach.

When someone needs a job, the right response is to provide a job, not simply a pittance of unemployment insurance or a training program. The JG provides (directly) what people in the labor market need. It is a public option for jobs. And just like we have public options for primary education and retirement income, we require one for jobs.

Before 1935 there was no retirement and disability safety net in the United States. Today government direct spending on Social Security (Old Age Survivors and Disability Insurance) is over 4 percent of GDP. In 1965 we expanded the safety net to include Medicare and Medicaid and direct spending on these programs is another 4 percent. By comparison, the JG is a much smaller program, yet it guarantees a crucial component of the safety net that is still missing—one that strengthens individuals, families, and communities, creates essential public goods, and provides a superior countercyclical stabilizer to the economy.

This paper provides one blueprint for operationalizing the JG proposal. The principle that guides this design is that the JG has to be a program available to all who wish to work at a base, living wage, the work has to be meaningful to the workers and the community, and the budget must be flexible in order to accommodate fluctuations in layoffs over the business cycle.

Since unemployment is largely invisible, the enormous social costs it produces are also hidden and not normally accounted for by conventional macroeconomic policy. These costs are already borne by society and produce large, negative, and seemingly intractable externalities. Therefore, supplying jobs for their own sake is a worthy goal in and of itself. However, the blueprint offered herein suggests multiple ways in which the JG can improve the public good as well as the lives of the unemployed, their families, communities, and the economy in general.

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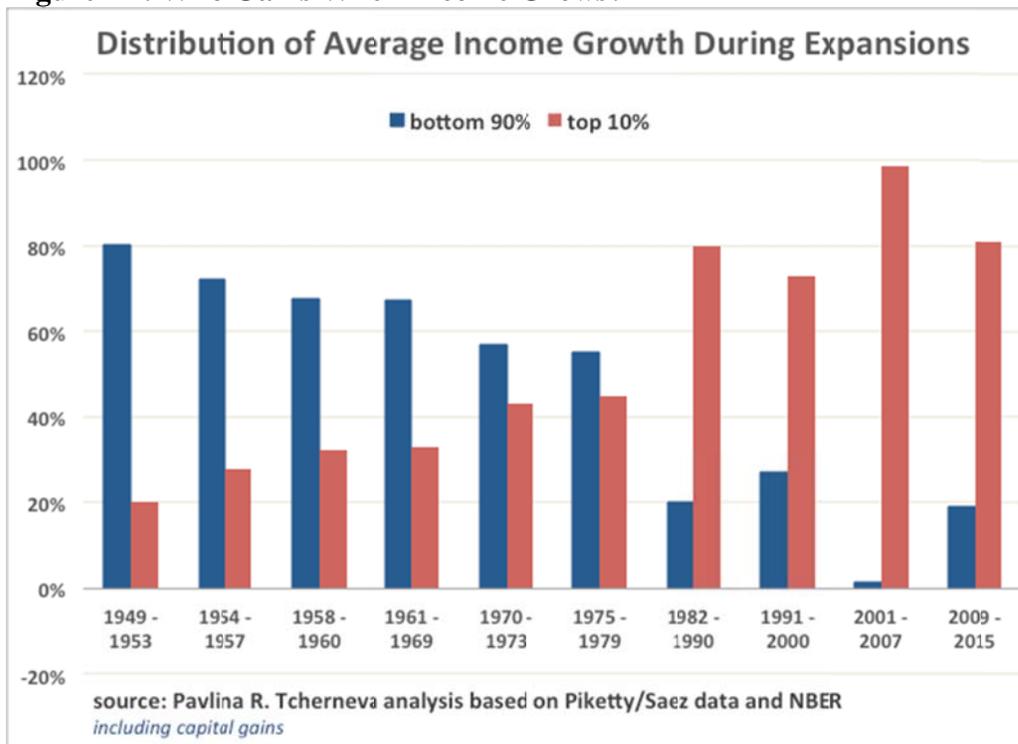
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## APPENDIX I: JOB GUARANTEE AND INCOME INEQUALITY

A rising tide, the saying goes, lifts all boats. This has not been the case in the United States for several decades. In the postwar period known as the Golden Age, when the economy grew, most US families took the biggest (albeit shrinking) slice of that growth. That changed in the 1980s, when real average income for the bottom 90 percent of households barely grew during each expansion (figure A1). Worse, average real income in 2015 (the latest available data) was the same as it was in 1997. At the same time, health and education costs have more than doubled, while good jobs with decent pay remain in short supply. By contrast, incomes of the wealthiest 1 percent and 0.01 percent of households have grown handsomely (figure A2). Economic growth no longer means shared prosperity.

**Figure A1. Who Gains When Income Grows?**



**Figure A2. Income Inequality**

<b>Real Average Income (incl. capital gains)</b>	<b>Bottom 90%</b>	<b>Top 10%</b>	<b>Top 1%</b>	<b>Top 0.01%</b>
1997	\$ 35,514	\$ 248,768	\$ 965,414	\$ 15,255,645
2015	\$ 35,233	\$ 302,102	\$ 1,257,846	\$ 24,507,997

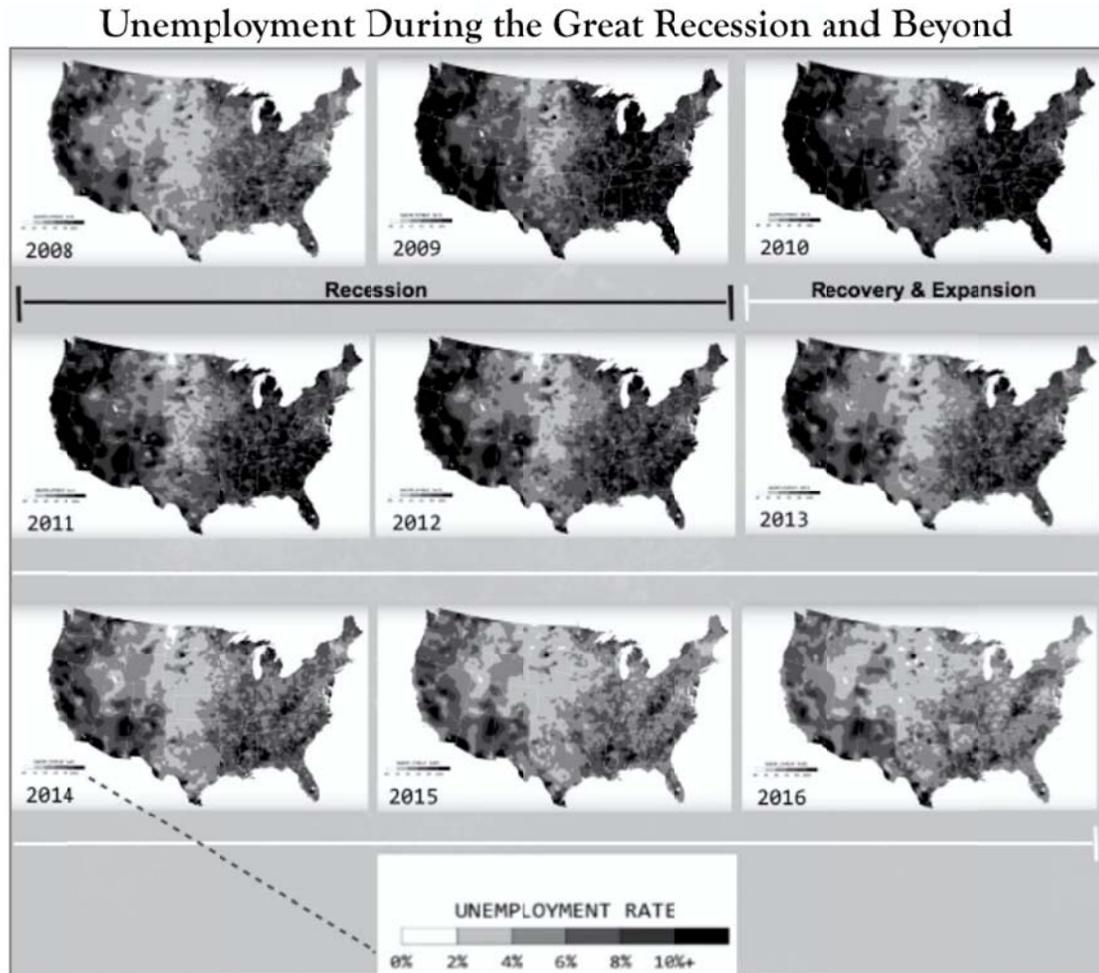
**Source:** Piketty and Saez (2016 [2003])

The job guarantee (JG) makes important strides towards reducing income inequality, though it is by no means a panacea to the problem. It ensures full employment, thereby prioritizing labor income from work. As such it raises the floor by ensuring that no one falls below an income of \$15 per hour plus basic benefits. It offers decent jobs at decent pay to everyone who needs one, thus helping precisely those individuals and families who experience long and deep spells of unemployment and who juggle several part-time jobs to make ends meet.

Due to its “bubble up” effect on the economy, the JG indirectly improves incomes of other workers who are at the bottom and middle of the income distribution. Because it eliminates jobless recoveries and ensures that growth becomes a result of proemployment policies (compared to the current situation, where jobs are supposed to be a consequence of growth but in reality we end up with jobless recoveries), it changes the predistribution of income by favoring income from work, as opposed to income from speculative financial activities (for example). As noted, for a more equitable distribution of income, much more than the JG will be required—especially policies that reduce excessive incomes at the top of the income distribution. However these policies are not a prerequisite for passing and running the JG.

## APPENDIX II: UNEMPLOYMENT—A SILENT EPIDEMIC

**Figure A3: Chronic Unemployment**



**Source:** Bureau of Labor Statistics and [flowingdata.com](http://flowingdata.com)

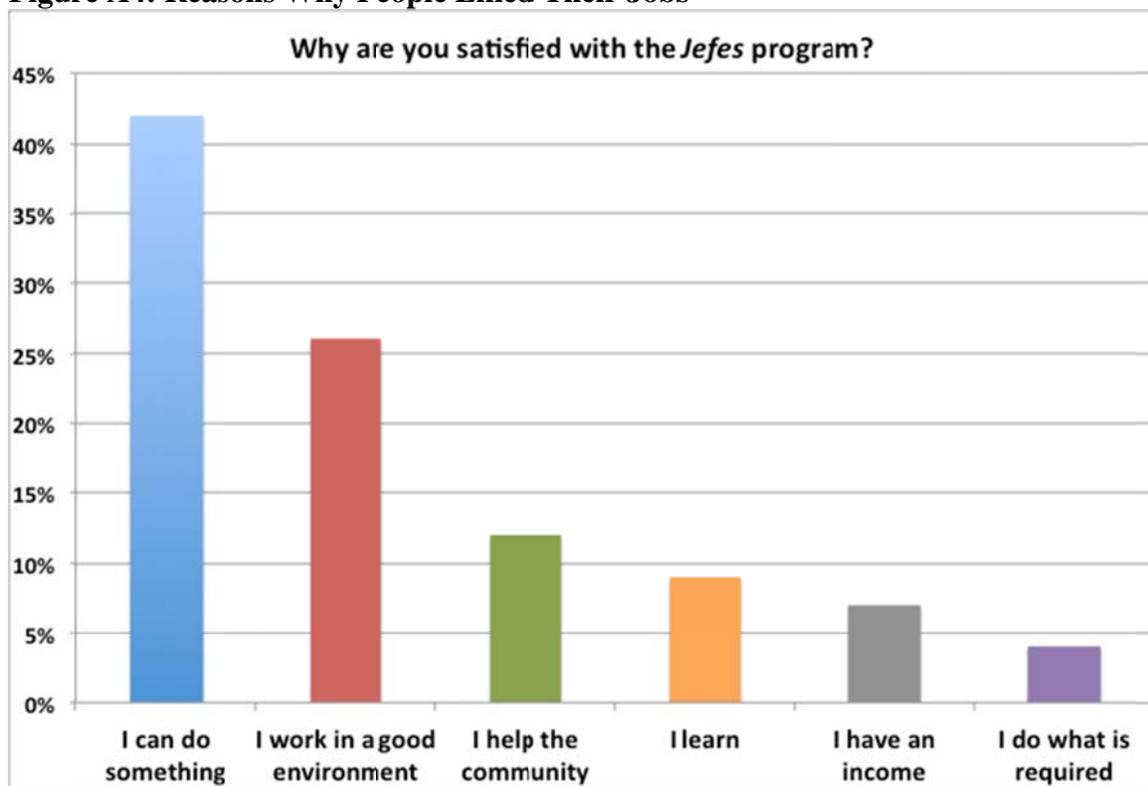
Unemployment spreads like a disease. Though the Great Recession officially lasted only 2 years and the economy began recovering in 2010, many communities across the United States lived with depression-level unemployment rates for many years. And in some areas, double-digit unemployment is the norm even in strong expansions.

And just like a disease, unemployment inflicts enormous economic and social costs on people and the economy. It increases mortality and suicide rates. It causes “deaths of despair”—that is the pain, distress, and social dysfunction that emerged from the loss of stable blue-collar work that started in the 1970s and continued well after the Great Recession. It produces a permanent

loss in a person’s lifetime earnings and inflicts multifaceted physical and mental health problems on the unemployed, but also on their spouses and children. It is linked to crime, urban blight, poverty, homelessness, and other social ills. Estimates indicate that the US economy foregoes \$0.5–\$10 billion of output *per day* due to mass unemployment. The list of social, economic, political, and financial costs is long—costs that society already bears.

Research shows that 85–90 percent of the unbearable costs of unemployment are nonpecuniary, meaning that interventions based on income support alone will be inadequate. Having a job for most people means much more than just having an income. *Plan Jefes* in Argentina, which was modeled after the JG proposal in United States, shows that for participants, income is the second-to-last reason why they enjoyed working in the program (Tcherneva 2013).

**Figure A4: Reasons Why People Liked Their Jobs**



Source: Ministry of Labor, Argentina

The JG is a crucial preventative tool for fighting the unemployment disease. First, it never allows unemployment to develop and accelerate rapidly as it does under the status quo. As a result, it fundamentally changes spending patterns by drastically reducing economic insecurity.

It creates the greatest number of jobs in communities with the highest levels of unemployment. It helps protect against the social ills stemming from joblessness. In other words, the JG not only stops the contagion effect from unemployment in its tracks, but also thwarts the social and economic costs of unemployment. It is, in a sense, a method of inoculation.

## APPENDIX III: FREQUENTLY ASKED QUESTIONS

### 1. How many people will the program employ?

Program employment will vary with the business cycle and employment trends in the private sector. The job guarantee (JG) is expected to attract people who are involuntarily unemployed or work part time for lack of full-time work.

In December 2017, there were:

- 6.6 million people officially unemployed;
- 4.9 million people working part-time but wanting full-time work;
- 5.9 million people who wanted to work but were not counted in the official statistics.<sup>3</sup>

That is, at least 16.8 million people who wanted but were unable to find stable, well-paid work. In addition, there are full-time workers who may wish to enter the program who earn less than \$15 per hour and are unable to support themselves and their families.

A detailed analysis by Dantas and Wray (forthcoming) models the program take-up by the unemployed, part-time workers, and the working poor. They estimate that if the JG were in place in 2017Q4, 11 million to 16 million people would have enrolled in the program.

These numbers provide an upper bound of potential JG workers at that point in the business cycle (2017Q4). As a practical matter, and depending on how the program is phased in, not all will enter the program since the JG provides a strong boost to growth and private sector employment.

Using the Fair macroeconomic forecasting model, Fullwiler (forthcoming) estimates that the implementation of a very large program that employs between 11–16 million people will permanently increase *private* sector employment by up to 4 million jobs and *real* GDP by \$313 billion to \$560 billion a year. As the economy adjusts to operating at higher level of noninflationary output (compared to the current situation when the economy operates with

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<sup>3</sup> See <https://www.bls.gov/web/empst/cpseea38.htm>

permanent unemployment), millions more will transition to the private sector. The above estimates *do not* include this cyclical adjustment. In an upswing, the program will shrink.

Additional programs and policies (incentives, subsidies, tax cuts, accelerated training, and private sector job placement) can be utilized if the size of the JG program is deemed too big.

## **2. How much will a JG job pay?**

The proposed JG wage is \$15 per hour with benefits equal to 20 percent of wage costs, which include health insurance, childcare, paid leave, and retirement. In other words, a full-time JG worker will earn \$31,200 per year. Total labor costs including benefits would be \$37,440 per year. Administration and material costs will be set at 25 percent of labor costs.

Any additional overhead or material costs for the operation and execution of JG projects will be absorbed by the project-executing organizations—the nonprofits, localities, and municipalities that employ JG workers. The JG will also offer part-time work options and flexible working arrangements to accommodate students of legal working age, parents, and other caregivers who may wish to work.

Note that the JG wage of \$31,200 is above the poverty threshold for a US family of five, whereas the typical family size in the United States is 3.14 people, and 96.5 percent of all families are comprised of five people or fewer.

## **3. How much will the program cost?**

The JG program is a separate program that pays a living wage. It is not tied to other anti-poverty programs and does *not* require people to work for their benefits. When a person opts to take the JG job, they will no longer receive unemployment insurance (UI) or other anti-poverty assistance, thereby reducing spending on these programs.

As above, a generous JG program that employs between 11–16 million people at \$15 per hour plus benefits will result in a net expenditure of 0.8 percent to 2 percent of GDP (Fullwiler forthcoming). These estimates include expected reductions in spending on other programs such as UI, Medicaid, and earned income tax credits (EITC).

However, these estimates are based on very conservative assumptions regarding potential savings on a wide range of other federal, state, and local programs that are targeted to low-income households. In 2015, for example, the federal government spent \$104 billion on food and nutritional service programs, including \$74 billion for the Supplemental Nutrition Assistance Program (SNAP), \$21 billion for Child Nutrition, \$6 billion for the Women, Infants, and Children program (WIC), \$17.3 billion on Temporary Assistance to Needy Families (TANF), \$50 billion in housing assistance, and \$64 billion on EITC, to name some of the main anti-poverty expenditures. Additionally, total direct spending by states for social services and income maintenance for those on public welfare was \$505 billion (this does not include spending on health, policing, or corrections).

Research indicates that most social problems—from homelessness and child malnourishment, to mental and physical health problems, to certain types of crime—are connected in one way or another to unemployment. For example, the average cost of incarceration in the United States is \$35,000 per year per inmate, which is slightly below the \$37,440 in wages and benefits that the JG provides. In New York State, the cost is \$75,000 per inmate—the equivalent of two JG jobs. And in New York City, it is \$169,000 per inmate per year, or equal to four-and-a-half living-wage JG jobs.

Many of those who are behind bars for economic reasons (i.e., related to the absence of stable well-paid jobs and the associated pathologies unemployment creates) would be better served by taking up a JG job instead. Thus the federal JG program will also be a boon to state finances, causing large-scale savings on incarceration and other anti-poverty measures.

All of these savings are not estimated in the cost calculations above. A more elaborate model will be needed to estimate the reduction in medical expenditures, incarceration costs, and other anti-poverty measures, as well as the positive social multipliers and growth that would result from implementing a JG.

It is conceivable that if we included all social and economic benefits—including reductions in poverty, indebtedness, crime and incarceration, and improvements to physical and mental

health—the impact on the federal government budget would be far less (and the positive impact on state budgets would be larger) than Fullwiler’s (forthcoming) estimates above.

Finally, it is important to note that the real costs of unemployment (in terms of wasted human and physical resources, forgone output, poverty, and other social ills) are the real burden on our communities and future generations—a burden that we already carry. We are already “paying” for unemployment. In financial and real terms, the costs of unemployment today outweigh the financial and real costs of running a JG.

#### **4. Who will pay for the program?**

The program will be federally funded but locally administered. Only the federal government has the capacity to design a countercyclical budget that floats with changes in unemployment. See the discussion in section VI.5 (“Program Budget and Funding Mechanism”).

#### **5. Who will administer the program?**

The program is funded by the Department of Labor (DOL) but is locally administered and managed by states, municipalities, One-Stop Job Centers, nonprofits, and social entrepreneurial ventures (see section VI.6, “Administrative Agencies and Project-Executing Organizations”).

The goal is to match individual community needs with unemployed resources. A bottom-up approach of management and administration combined with participatory decision-making and budgeting will enhance program effectiveness.

#### **6. Wouldn’t the JG create massive new administration and bureaucracy?**

The program is designed to use existing administrative structures as much as possible—One-Stop Job Centers, nonprofits, and municipalities. As discussed in section VI.5, the program can use the same funding channels, currently used to pay UI. It is further proposed that existing unemployment offices (i.e., One-Stop Job Centers) are converted into genuine repositories for work projects.

Since the JG is under a new agency with new program objectives, some additional administrative apparatus will need to be created—a challenge that’s not unique to the JG program, as all essential government programs require administration and management.

However, when a person chooses to enroll in the JG, they do not take up some other types of social assistance. Thus any increase in administrative costs of the JG will in part be offset by reduction in administrative costs of other programs. And since we are concerned with the net employment effect of these changes, should the JG produce a net increase in administration and management, it would also mean a net increase in employment.

#### **7. Where will the jobs be?**

The jobs are in close proximity to the unemployed. The JG takes the contract to the worker. A targeted approach means that the greatest number of jobs are created in the areas with highest unemployment rates. Since unemployment directly and indirectly causes or exacerbates various social problems, these are also the areas with the greatest number of other social deprivations. It is important that the jobs are in close proximity to the unemployed, to allow the JG to help fill those social-needs gaps and serve as a program that inoculates against other social ills.

#### **8. What types of jobs will the JG workers do?**

The JG can be designed as a “National Care Act” that addresses the environmental and care needs of communities across the United States. The program can act as a preparedness response, providing jobs to the unemployed on-demand in monitoring, rehabilitation, and investment projects that serve the public good.

The JG is a crucial step toward answering FDR’s call for an Economic Bill of Rights, which means that social, economic, and environmental justice are at the heart of the program. Thus, the JG can take the form of a Green New Deal that prioritizes disaster prevention and preparedness, community renewal, and food desert relief, to name a few. It will support the arts by providing music, theater, and other art initiatives. It will offer youth apprenticeship programs, child and elder care, and special needs programs for veterans, at-risk youth, and former inmates. For details and examples, see section VI.7 (“Types of Jobs: ‘National Care Act’”).

**9. Wouldn't the JG displace existing forms of public sector work?**

The JG is authorized as a new program, under a new agency. Its primary objective is to provide work to the unemployed at a living wage in projects that enhance the public purpose.

As a new program, the JG aims *not* to replace existing public sector work. In other words, the Food and Drug Administration cannot lay off its food and drug inspectors and transfer them onto the JG payrolls. A library or a school cannot lay off its librarians and teachers and rehire them through the JG.

However, because the JG aims to enhance the public purpose, it can provide teachers' aides to alleviate the burdens teachers face in the classroom. It can also offer and staff activities before and after school that currently do not exist in the school curriculum. If it becomes evident that these teachers' aides are much needed and must be staffed on an ongoing basis, they should be transitioned out of the JG program and moved to traditional school district employment.

**10. How do we distinguish between regular public sector work and JG jobs?**

See question 9. While the JG has a noncompeting clause (i.e., it is not supposed to do work that is currently being done by the private sector, nor should it displace public sector employees), it has to be recognized that there will always be some overlap in the type of work done by the three sectors (private, public, nonprofit). For example, landscaping and garbage collection are done by municipalities, private firms, and nonprofits alike. Yet there are many public spaces that still require mass cleanup and rehabilitation, either because private firms have no profit incentive to do it or because municipalities and nonprofits do not have the financial resources to address those needs.

The JG can serve as a complementary program that employs people to work in environmental cleanup and rehabilitation projects.

**11. Can we place JG workers with private contractors?**

As a rule, no, but this is subject to some exceptions.

Since the JG's primary objective is to provide jobs to the unemployed on-demand by enhancing the public purpose, private firms will not be acting as project-executing organizations. The JG helps fill the needs gaps in the community by liaising with public sector and nonprofit institutions alike and is not run as a for-profit program. However, apprenticeship programs can be designed in cooperation with private firms to help young men and women gain specific technical skills and transition into these types of private sector jobs.

**12. Why do you say that the JG wage is the effective minimum wage and labor standard for the economy?**

The JG serves the function as a "public option for work" because it is open to all, irrespective of income or labor market status. Whatever work and pay conditions it offers will become the standard for the economy as a whole. Under special circumstances someone may prefer lower-paid private sector work, but as a rule the proposed JG wage (\$15 per hour, plus benefits) will become the effective minimum wage. There is some empirical evidence that illustrates this effect (Tcherneva 2013).

The JG strengthens a family's working options. Why juggle two part-time jobs under duress to make ends meet if there is a well-paid, full-time JG work opportunity. Furthermore, because some of the benefits the JG provides are very popular (e.g., guaranteed health insurance), many people may flock to the program to get them. If firms wish to retain these workers, they will need to match not just the pay, but also the benefits and working conditions that the JG establishes.

There is an important argument to be made in support of providing universal healthcare (and other benefits), irrespective of one's employment status. But in the absence of such a policy, incorporating health benefits into the JG wage-benefit packages is an expedient way of achieving near-universal coverage. Whatever wages and benefits the JG provides will be the minimum standard for the pay conditions throughout the economy.

**13. Why do you say that this program is a better countercyclical stabilizer?**

When the economy enters a recession (on average, every seven years in the United States), firms lay off workers en masse. Government spending automatically increases, including on UI, TANF, and other anti-poverty programs. Other government programs attempt to grow the economy, such as tax or interest rate cuts, and subsidies or other incentives to private firms. While government spending always increases countercyclically in recessions, since the 1980s it has failed to produce strong job growth in recoveries. Jobless recoveries have become the norm.

With the JG in place, as companies lay off workers in recessions, these same workers can transition directly to the JG. Without the JG, they face uncertain prospects of finding another job, and the meager unemployment assistance they receive ensures that they will curb their spending—they skip shopping trips, restaurant outings, or going to the movies. That ripple effect results in additional laid off workers—servers, cash register operators, movie ticket attendants, and many more. In a sense, one unemployed person throws another one out of work.

The JG stops and prevents this vicious cycle. When private employment shrinks and workers are laid off, they transition into the JG. The increase in government expenditure on hiring those workers is the very stimulus the economy and the private sector need to recover from the depths of a recession.

Spending patterns are much more stable when someone gets a job (as compared to UI) and the avalanche effect of layoffs is contained. As the economy begins to grow, those workers return to their old jobs or to other better-paying employment opportunities. The program shrinks as the economy expands. Thus the program is a countercyclical buffer, a complement to private sector activity. It expands in recessions and contracts in expansions, thus providing the needed countercyclical stabilization. It is superior to current stabilization methods, because it does not use the unemployed to stabilize growth and inflation, and thus drastically reduces the existing costs of unemployment (see question 15). It makes jobless recoveries a thing of the past by securing true full employment over the long run—in good times or bad.

**14. Why is this program sometimes called buffer stock employment?**

See question 13. A buffer stock program is one that stabilizes the price of a commodity by selling it when its price is rising and buying it when its price is falling.

For example, governments around the world run various full or quasi-buffer stock programs for commodities. In the United States, Section 32 of the Agriculture Act of 1935 authorized the government to purchase the surplus production of various farm commodities. Today the US Department of Agriculture continues to run direct and countercyclical payment programs for eligible commodities. These programs have the effect of ensuring that the price of these commodities never falls below the government-administered price, meaning that the commodities themselves are in a sense “fully employed.” And while we do it for commodities, we do not do it for labor.

The JG is that policy. It buys (hires) the surplus labor (the unemployed) at a fixed price (the base wage), ensuring it is fully employed. When private demand for workers increases, the JG buffer stock shrinks as people transition to private sector employment.

The analogy with farm commodities may be unpalatable, but the macroeconomic mechanism is very similar. For obvious reasons, it is more important to maintain the price and full employment of labor than of soybeans.

**15. Why do you say that the JG has a superior anti-inflationary mechanism?**

There are the only two buffer stock options with respect to inflation control. Either we allow the pool of the unemployed to expand and shrink with changes in economic activity (the status quo), or we devise a long-run program to directly employ the unemployed that does the same. Currently the Federal Reserve uses unemployment to control inflation. The non-accelerating inflation rate of unemployment (NAIRU) is the benchmark policy guide for deciding when to step on the brakes and slow down economic growth. If the Fed deems that the pool of the unemployed has shrunk to “undesirable” levels (put simply, that too many people have jobs), it increases interest rates with the intent to slow down purchasing power, increase unemployment, and thus remove any inflationary pressures that may result from too many people having jobs

and income. This, as the late Nobel Prize–winning economist William Vickrey argued, is the equivalent of economic vandalism.

By contrast the JG expands in recessions (deflationary periods) and contracts in expansions (inflationary periods), serving the exact same function of responding anti-cyclically to changes in aggregate demand that the NAIRU is supposed to serve, except it does it by establishing an above-poverty wage floor, providing jobs for all who need them, producing socially useful output, and reducing the outsized costs of unemployment.

**16. Is the JG a substitute for other fiscal or monetary policies?**

No. See questions 13, 14, and 15. Fiscal or monetary policies are required for other policy objectives, but the JG is a powerful macroeconomic policy tool. It obviates the need for fiscal or monetary fine-tuning that maintains a given unemployment buffer stock and replaces them with an employment buffer stock policy. However, to achieve other goals—such as strategic investments, better income distribution, comprehensive inflation management, financial stability, etc.—different monetary and fiscal policies would be needed.

**17. Why implement a JG? Why not simply add work requirements to existing benefits programs like TANF, SNAP, or, as has been recently proposed, Medicaid?**

As discussed above, unemployment is a persistent problem. There are more people who want jobs than there are jobs available, even in the best of times. Requiring people to work for their benefits is a cruel game of musical chairs. And since the government has already placed work requirements on some social benefits, it is also incumbent on the government to guarantee those job opportunities. In the current policy context the JG is mandatory.

Since the JG offers decent work at decent pay and is open to all, it is a very appealing alternative to existing punitive welfare policies, as it lifts families out of poverty and removes the necessity of applying for these programs.

**18. Isn't the JG just a workfare program?**

No. See question 17. The program is based on the principle of “fair work” not “workfare.” It does not require people to work for their benefits. It is instead an alternative to existing workfare programs.

The JG is “fair work” in the sense that it provides a fair opportunity to any person to secure decent, well-paid employment. It not only provides the needed employment safety net, but also changes the very macroeconomic conditions that people face as they search for a better life.

A JG meets the call of the United Nation’s Universal Declaration of Human Rights and FDR’s Economic Bill of Rights by recognizing that the access to decent work is a basic human right and a precondition to social and economic justice.

**19. Aren't JG jobs just “make work”?**

No. Direct employment programs around the world demonstrate that it is not difficult to find “useful things” to do. These programs have strong positive effects on people, communities, and the environment. For the lasting impact of direct job creation in the United States, refer to this map: <https://livingnewdeal.org/map/>.

While some public projects may fail, as is also the case in the private sector, in general public job creation programs tend to be successful and popular. Not only do these programs fill important needs gaps and make a material impact on communities and peoples’ lives, but they also empower.

The JG removes the existing threat of unemployment, which private firms use in their hiring practices. The JG puts upward pressure on wages at the bottom of the income distribution. It also provides opportunities for cooperative work arrangements. It can socialize some forms of production that are done for profit and demonstrates that people are capable of running and organizing their communities on their own.

Therefore, the challenge these programs face is not that there aren't enough useful things to do, or that they will create make-work projects. The challenge is that, because of their effectiveness,

they tend to run against private interests, which then mobilize and exert considerable outside pressure to underfund and privatize them—a challenge that is serious, though not insurmountable (see question 47).

**20. You have proposed a nonprofit/social entrepreneurial model for the JG (Tcherneva 2014). How can you be sure that enough projects will be proposed by nongovernmental organizations (NGOs) and social-entrepreneurial ventures (SEVs) to provide work for all?**

The JG works as a hybrid program that uses the best practices established by states and localities, NGOs, SEVs, and other public institutions. The DOL and Community Jobs Banks can solicit projects from NGOs, SEVs, and municipal governments, but the final responsibility that enough projects have been solicited and/or designed rests with the new DOL agency created to manage the program.

The DOL will provide guidelines and directives to localities to create enough work for all. The unemployed would register with the One-Stop Job Centers and indicate whether they would like to get UI or to enroll in the JG. If they prefer the work opportunity, they will not qualify for UI.

The One-Stop Job Centers are responsible for providing all types of work to the unemployed. If there are private job openings, they can try to place the unemployed there, or in other traditional nonprofit or public sector work. But if those opportunities are in short supply, the One-Stop Job Centers will also serve as public job banks that will present the unemployed with several public work options provided through the JG program.

The public job banks will already have an arrangement with local schools, libraries, nursing homes, environmental groups, and other community organizations to accept newly unemployed people as trainees, where they can shadow teachers, coaches, nurses, and librarians and assist them with ongoing work until such time when a more appropriate work opportunity may be found for them.

If local project-executing organizations are unaware that there are many more locally unemployed people who need work than the projects they have proposed and designed, it will

be the responsibility of the local One-Stop Job Centers to reach out to various local providers and, in cooperation with the municipality, initiate new projects.

This is one blueprint for the program's implementation. Some trial and error, experimentation, and ongoing improvements will be necessary for the program's long-run success.

This program design achieves true full employment, as per Beveridge's (1944) definition, ensuring that there are "always more vacant jobs than unemployed men [sic], not slightly fewer jobs."

**21. Who is the employer of record?**

The project-executing organizations, i.e., municipalities, localities, local nonprofits, and SEVs. The DOL approves the projects and disburses the payments, as it currently does with UI. If JG workers were classified as federal employees, that would require additional new legislation to allow the new agency to hire millions of people into the program. For this reason, it is proposed that the program is federally funded, but locally administered.

**22. If an NGO hires JG workers along with other NGO workers, who decides whose wages will be paid by the government?**

When project-executing organizations apply for the program and request funding and staffing for new projects, they will need to demonstrate that they are not displacing existing projects or workers. This is a standard practice when firms or organizations get government contracts. One challenge for these employers will be the level of the JG wage. The proposed JG wage is \$15 per hour plus benefits, while an NGO may pay some of its workers \$10 per hour or the federal minimum wage. Thus the NGO will be pressured to raise the wages of their existing employees to match the pay of the JG workers.

This is a one-time wage shift that one would expect to occur throughout the economy as a result of implementing the JG. It will impact not just the hiring NGOs, but also private firms and public institutions that pay under \$15 per hour. This wage effect is a feature rather than a bug of the program. How disruptive it ends up being for these employers would depend on how the JG is phased in. The goal is to establish an effective minimum living wage floor. Note that, had the

minimum wage kept pace with increased worker productivity, it would have been more than \$19 per hour in 2017 (Economic Policy Institute 2017).

**23. What if the JG workers are doing very important work and it is unwise to let them go?**

That people move in and out of jobs (private or public) is not a new phenomenon. The JG is expected to improve people's ability to find employment opportunities, because they are not trapped in forced idleness (unemployment). If we find that some JG projects are absolutely crucial and cannot afford to lose workers, these workers can be moved out of the JG program and incorporated into conventional public sector programs that pay higher wages to retain them.

**24. What if people do not wish to exit the JG program?**

It is possible that some people will find the local, living-wage community job to be their dream job. The JG welcomes them. This may prompt a reclassification of some of these jobs as permanent public service jobs if they continue to serve the public purpose. Suppose that community gardens become an indispensable part of an urban landscape. They may be transitioned to a different program or agency that permanently funds them. Even in this case, community gardens can still serve as project-executing organizations, providing jobs to the unemployed and hiring additional JG workers.

Suppose that other people wish to exit but are having difficulty transitioning to private sector work. The JG will provide them with additional training and education resources, apprenticeship opportunities, and private sector job placement programs.

**25. The needs of the structurally vs. cyclically unemployed are different. Can the JG really create jobs quickly for all?**

From the point of view of the unemployed, it makes no difference if one is structurally or cyclically unemployed. For the architects of the JG program, this distinction may make some sense, though there is considerable overlap between the two categories—many who are laid off during recessions increasingly find it difficult to secure work in recoveries and eventually become structurally and long-term unemployed. The JG is designed with the person and their

needs in mind, thus with respect to the actual operation of the JG, there are several different considerations.

For example, especially soon after program launch, some of the unemployed may fail to enroll in the JG because they are unfamiliar with the program. It is the responsibility of the One-Stop Job Centers (aka, the unemployment offices) to provide the needed information and a menu of job options.

Second, once people enter the program, they may have trouble transitioning out of it, either because they were previously unemployed for a long period of time or because they face other barriers to private sector employment. The JG will be tasked with assisting them with this transition, so that people do not end up staying in the program longer than they hoped for.

Yet others may prefer the JG job option to any other alternatives. The JG welcomes them (see question 25). Finally, if the cyclically unemployed want to enter or exit the JG quickly, they can be placed in jobs that do not cause significant disruption to the work being done. For example, such nondisruptive work could include shadowing teachers, nurses, or librarians or joining ongoing small infrastructure, rehabilitation, or green projects that can easily accommodate extra workers, but will not be shut down if some of them leave. Again, the ability to absorb or shed employees is not a unique challenge for the JG. Indeed every labor market segment within the private, nonprofit, or public sectors deals with new entrants and job leavers on an ongoing basis.

Once the program is in place and has become well-known, cyclically, structurally, or seasonally unemployed individuals may want to avail themselves of the program on regular basis. The program will accommodate them because the JG is designed as a *preparedness response* to joblessness, with preapproved shelved projects and agencies that could execute them should there be a sudden increase in demand for jobs.

**26. Can JG workers be fired?**

Yes. People are paid to work. If they do not show up to work, they will not collect a check. If they threaten the safety of others, they will be let go.

However, when considering this question, it is important to note that the JG is not run for profit. It produces public goods and services. The program's success and individual performance in the program will not be judged by private sector "efficiency criteria." Its reason for existence is fundamentally different—it is to fit jobs to people; to serve the needs of the environment, community, and people; and to enhance the public good. Its purpose is not to minimize costs and maximize profit.

Therefore what constitutes nonperformance in the JG will differ greatly from that of a private firm. A person cannot be fired for doing work that is considered "not profitable." They can be let go for nonperformance, as defined above (e.g., not showing up or safety concerns), but only after they have been mentored and provided ample assistance to be successful on the job. Because the JG fits jobs to the person, it may be that "the match" is not a good one. Then, every effort will be made to move that person to another work opportunity where they can be successful. If external factors impede one's ability to hold onto their JG job—drug or alcohol abuse for example—they can be referred to the necessary rehabilitation programs, which can be provided through the JG itself. The JG is a step toward a more holistic approach to addressing the multiple deprivations many families face.

The point of the JG is to help enhance the public purpose. One component of that public purpose is to find a mechanism for anyone who wants to work to be able to perform and benefit from the JG job.

**27. How do you judge program's success?**

The first criterion of success is whether the program has provided work for all who have shown up to ask for a job at the One-Stop Job Center. Second, has this work been suitable for them, and has it offered training, education, or apprenticeship opportunities (as needed)? Third, have jobs filled specific community needs? How many abandoned lots have been cleaned up and rehabilitated? Has the JG program helped reduce the food desert problem in the United States?

Has it used sustainable agriculture practices? Has it supplied enough quality afterschool activities and care for the elderly? Other efforts will be measured strictly by technical criteria. Have soil erosion and fire prevention methods followed best practices? Has there been sufficient progress made on levee construction/fortification? Program success is again measured by fulfilling public purpose objectives.

**28. If you can fire people from the program, then the threat of unemployment is not eliminated?**

The existing threat of unemployment is eliminated. The JG fundamentally changes the way the labor market works. Tight full employment is secured, a base wage is firmly established, and the existence of a public employment option changes the bargaining power of workers in the most precarious forms of employment—those at the bottom of the income distribution.

Not only is mass joblessness a thing of the past, but conditions in the private sector change, as firms must (at a minimum) match conditions offered by the public option in terms of wages and benefits.

**29. If you can fire people from the program, then it is not a true JG, is it?**

Of course it is. We guarantee access to a public library to everyone. There may be some circumstances when a person is asked to leave the premises, but unless they threaten the public's safety, they are not denied access to the public library the next time they show up.

Another example is public education, which is guaranteed to all children. Sometimes students get into trouble and are suspended or expelled. As a matter of principle (though it can surely be improved upon in practice), we seek ways to help these students—we make referrals and find rehabilitation programs, or connect them with community liaisons and at-risk youth programs to help them stay in school and be successful. Again, while some kids fall through the cracks and much more is needed to help them, this is the principle that underpins public education—that it is guaranteed to all, and that everyone has the right to education.

The same commitment governs most programs that guarantee other rights—not only the right to education and public libraries, but also to postal services, fire prevention, public safety, and

security. The JG offers the same “guarantee.” It is an assurance that no one will be denied access to a job if they need it, just like no one can be denied a visit by the fire department in case of fire. As above, if someone wishes to work but is unable to do so because of mental health issues, for example, the program will look to connect them to other programs that are more appropriate to address that person’s needs. Separately, if individuals want to work but caregiving responsibilities or lack of suitable transportation prevent them from doing so, the JG will aim to alleviate these obstacles by making the appropriate investments.

**30. What about people who do not want to work in the program?**

This is a voluntary program. No one is required to work in it. Nonparticipants would still benefit from the program. People who are outside the labor market benefit from the enhanced public services. Those who only wish to work in the private sector still face better employment opportunities because the JG improves overall economic conditions. And if they cannot find suitable private sector work, they still have the option of enrolling in the JG or in other family and income support programs.

As discussed above, the JG is not a panacea for all social ills. It is best understood as a program situated in a broader policy agenda that would strengthen the social wage and provide other universal benefits that are not dependent on one’s labor market status.

**31. But isn’t this program prone to inefficiency, corruption, and abuse?**

As above (see questions 26–28), the private sector efficiency criteria do not apply here. The question is: Are public schools, blood banks, libraries, and community health centers more prone to corruption, inefficiency, or abuse? Are farms, daycare centers, theaters, and fish-monitoring efforts uniquely susceptible to these problems? It is not clear that they are. Arguably, there are many private sector initiatives more prone to corruption and abuse than these examples.

**32. Won't the JG increase the size of government?**

Not necessarily. Depending on the program's impact on the social costs of unemployment, it could arguably even shrink government.

Most people fear the financial costs of these programs. As discussed in question 1, they are still relatively modest given our bold assumptions about the size of the program: 0.8 percent to 2 percent of GDP. However, that number is rather meaningless unless it is compared to the social benefits derived from these programs.

The JG does aim to increase the supply of public goods, while reducing the outsized social, economic, and political costs of unemployment. Second, our model indicates that it permanently increases GDP and private employment. Finally, the JG moves countercyclically—the stronger the economy, the smaller the program. It will swell in recessions, providing the countercyclical stabilizing force that restores private sector payrolls. As a consequence, the program shrinks with recoveries.

As was discussed above (e.g., question 3), the real costs of unemployment are enormous and already paid for. The physical and financial resources US states dedicate to dealing with incarceration, poverty, poor health, and other social ills are already very large. If the JG has the preventative effects discussed above, it may in fact shrink the size of government and redirect the resources currently used for battling the social ills of unemployment towards the operation of the JG program.

The JG is a “preventative” policy. It is in many ways “cheaper” in real and financial terms than the status quo. In terms of costs, we will do well to focus on the real costs and real benefits from implementing a JG and distinguish them from the financial costs and financial benefits.

**33. People will just get stuck in the JG program and will never leave.**

The primary objective of the JG is to provide decent work opportunities to people who need them. As above, the size of the program will depend on the employment trends in the private sector and other government policies.

If someone wants work and has not found a job through the JG, then the program is “too small” relative to needs and should be expanded. But just like there are always some unemployed people at all phases of the business cycle, with the JG in place, there will always be some people who will be enrolled in the JG, even in the best of times.

**34. Are you saying that the government should employ everyone?**

No. (See questions 32, 33, and 35). The vast majority of employment is in the private sector. The JG does not change that. According to the Bureau of Labor Statistics, in January 2018, 85 percent of all working people were employed in the private sector (profit and nonprofit). The federal government employed only 2 percent of the total labor force; states and municipalities employed the remaining 13 percent. At the same time, the cost of unemployment burdens all, but is predominantly borne by the public sector.

Under the boldest assumptions about the size of the program (see question 1), and depending on how the program is phased in, it is possible that the JG program employs, at its *peak*, about 10 percent of the labor force (that’s essentially equivalent to the existing amount of unemployment and underemployment). The workers would be distributed across states, localities, and nonprofits. In strong expansions, that number would be much smaller, as people transition to other forms of traditional private or public sector employment.

The private sector will remain the primary engine of employment growth. Note that one way or another, unemployment is already “paid for,” so the JG simply ensures that we pay for employment and generate positive social value in the process.

**35. Didn’t the former Soviet bloc have a JG? Isn’t that what you are proposing?**

No, the JG is nothing of the sort. First, the JG operates in market conditions and serves as a *complement* to private sector employment (see buffer stock features in questions 14 and 34). The stronger the private sector labor market, the smaller the JG program. In the former Soviet bloc, under command economy conditions, the government served as the employer of *first* and (in many places) *only* resort. The JG by contrast is the employer of *last* resort and the federal government doesn’t normally do the actual hiring.

States, municipalities, nonprofits, and SEVs are the employers of record. The federal government only pays for the program. Depending on how the program is implemented and how employment in the private sector adjusts, the program would employ a small fraction of the population.

**36. Seems like a daunting task. Can we phase it in and how?**

Historical examples indicate large-scale employment programs can be launched in a short period of time and run quite effectively (see question 37). However, one way to phase in the JG is to implement a youth JG first (see examples of such programs in question 37). There have been many successful programs around the world that show the overwhelmingly positive results of direct employment programs for young people. Such a youth JG can serve as the pilot that can be expanded to different cohorts and eventually to everyone who is of legal working age and wishes to work.

**37. Have there been programs we can learn from?**

Yes. There have been countless direct employment programs around the world—small and large—that we can use as examples. Often these have been targeted or time-limited programs. For example, Argentina’s jobs program was implemented during the serious economic crisis in the early 2000s; it was phased out as the economy recovered. Similarly, the United States created the New Deal jobs programs during the Great Depression to deal with its employment crisis and, like Argentina, shut down those programs when economic conditions improved. On the other hand, over the past decade, India has been running a permanent JG program.

Smaller programs, such as youth employment guarantees and programs for the homeless and ex-convicts, also point to overwhelmingly positive results. The following is a brief discussion:

a) Large-scale employment programs:

*Plan Jefes y Jefas*, Argentina

National Rural Employment Guarantee Act (NREGA), India

New Deal, the United States

- b) Youth employment guarantees:
  - Youth Incentive Entitlement Pilot Projects (YIEPP), the United States
  - Future Jobs Fund, the United Kingdom
- c) Small direct employment programs, the United States
  - Localized programs in distressed communities that serve the homeless and ex-convicts

### **a) Large Employment Programs in the United States and Abroad**

Around the world, there have been large-scale direct job creation initiatives that offer useful insights.

#### ***Plan Jefes y Jefas in Argentina***

Argentina created the *Plan Jefes y Jefas* in the depths of the 2001 economic crisis. It guaranteed four hours of daily work paid at the minimum wage to an unemployed (male or female) head of household. While it was not a universal public service employment program, its significance lies in the fact that it was explicitly modeled after a public service employment proposal developed in the United States by researchers at the University of Missouri–Kansas City (aka, the employer of last resort).

The program grew quickly to two million workers (5 percent of the population and 13 percent of the labor force participated) but it also shrunk as the economy recovered. Though the program was discontinued as the economy recovered, it exhibited key features of the JG proposal that were discussed above—it showed countercyclical features, the *Jefes* wage served as a base wage, it produced valuable public goods and services, and it had significant positive impact on the workers and their families, especially on marginalized communities and on women. Administration and institutional capacity were not obstacles to the program’s speedy launch and operation. The program was up and running within six months after it was signed into law.

#### **National Rural Employment Guarantee Act (NREGA) in India**

As discussed above, the JG is a permanent, universal program that provides jobs to all, in good times or bad. The program in India comes close to such a program. The NREGA guarantees at least 100 days of wage work to each household per year. The program enshrines the right to

paid work into law—a right that has been written into the constitutions of many countries, inspired by the United Nations Declaration of Human Rights, though signatory countries have yet to meet that mandate. India’s program guarantees work by household only, not per individual—as in this JG proposal.

Though the social and economic conditions of India are profoundly different from those in the United States, the significance of NREGA lies in the fact that it has created a rights-based framework for wage employment programs and has charged the government with the legal responsibility for providing employment to those who ask for it.

NREGA, just like the JG, not only guarantees employment on demand, but also aims to create specific productive public assets in communities—wells, ponds, roads, parks, etc.—and provide needed public services, like water conservation, horticulture, flood prevention, drought proofing, and other environmental projects. Apart from NREGA’s documented environmental benefits, the program has reduced the pay gap between men and women amongst the poor and has helped raise wages at the bottom for *private* sector workers.

### **The New Deal in the United States**

In many ways, the New Deal invented the model of large-scale direct employment programs during the Great Depression. An estimated 13 million workers participated in the Works Progress Administration (WPA)—the largest of the jobs programs. As Taylor (2009) argues, the WPA can be credited not only with providing income to its workers, but also with creating the infrastructure that supported the war effort as well as the postwar boom. Indeed, Taylor (2009) argues that the WPA brought the United States into the twentieth century.

In the United States, the New Deal was up and running in four months and, as noted, *Plan Jefes y Jefas* was up and running in six months. These programs were similar in size (relative to the national populations) to the JG program proposed here. And while the JG deviates significantly from these large-scale employment programs, research into each of them has informed this proposal.

## **b) Youth Employment Guarantees**

Experience with direct youth employment programs suggests that they bring important benefits to young people.

### **Youth Incentive Entitlement Pilot Projects (YIEPP) in the United States**

In the United States from 1978 to 1980, the YIEPP guaranteed employment to 76,000 youth. In its short life, the program was especially successful in reducing youth unemployment rates, closing the employment-to-population gap between black and white youth, and improving their ability to transition to private sector employment opportunities. The largest and most drastic employment increases were observed among black youth. Program evaluation documents indicate that, once again, delivering the job guarantee was not stunted by administrative challenges. Indeed, despite some startup difficulties, the program boasted significant managerial success (Farkas et al. 1982).

### **Future Jobs Fund in the United Kingdom**

A more recent youth employment program launched in 2009 in the United Kingdom, the Future Jobs Fund, demonstrated similar results. The program was exceptionally short lived, and was reformed into a workfare program in 2010—from an open-ended job guarantee for youth suffering from long-term unemployment to a punitive program that required them to work for their existing unemployment benefits. Before it was reformed, 43 percent of participants managed to transition to permanent employment within a year. The program enhanced young peoples' specialized and transferrable skills, increased their employability, and enhanced public service work. The program was well targeted (85 percent of jobs created were taken up by 18–24-year olds in long-term unemployment—the most disadvantaged group in the labor market in the United Kingdom) (Ali 2013). Program participants also spent less time on welfare compared to a comparison group. The National Institute of Economic and Social Research called it one of the most successful programs in recent history (Ali 2013).

## **c) Small Direct Job-Creation Programs in the United States**

In the United States, the city of Albuquerque runs a program that gives jobs to the homeless—city vans pick them up from panhandling locations, drive them day jobs, and take them back to a nonprofit hospitality center that connects them with housing, employment, and mental health

services. In less than a year since the program's start, it has created 932 jobs, weeding and cleaning 196 city blocks and removing nearly 70,000 pounds of litter. Within just a few months, more than 100 people have been connected to permanent employment. The mayor of Albuquerque reports that 37 other cities have inquired about the program. Portland, Oregon has a similar program for homeless youth. Programs for youth also operate abroad, e.g., the city of London has a small-scale program that gives the homeless jobs as city tour guides.

Programs that place ex-convicts into jobs stem reoffending and recidivism rates. The Jacksonville-based "Ready4Work" initiative provides jobs, training, family counseling, and mental health and wellness services. Ready4Work reports a 29 percent recidivism rate, (compared to a national average of 50 percent) and a youth recidivism rate of 67.7 percent (Hunt and Dumville 2016).

A Kansas City nonprofit operation gives jobs to at-risk youth, the unemployed, and other residents of one of the poorest neighborhoods in the city, working in farm lots, cottage businesses, a makers' space, co-working spaces, greenhouses, solar arrays, a tool library, aquaponics operations, community gardens, classes, afterschool activities, and other programs. The program has brought about a significant community revival and rehabilitation and a 20 percent reduction in the crime rate.

These are just a few projects of the very many that exist in the United States that focus on providing jobs to the unemployed. They are examples of what the JG in the United States might look like.

**38. Wouldn't the JG workers crowd out many volunteer opportunities?**

Not necessarily. It may enhance volunteerism.

Some people who volunteer today may be doing so in hope of getting a paid employment opportunity. Some may prefer to be paid through the JG. Many others, however, volunteer for personal reasons and the JG does not prevent them from continuing to do so. The school librarian may get an assistant through the JG program, but parents can continue to volunteer during school library book fairs or PTA events.

Volunteering is a key community-building practice, but not a particularly good mechanism for addressing social ills comprehensively and on an ongoing basis. Today many people are overworked and underpaid, juggling several part-time jobs to make ends meet. For them volunteering is simply not an option, even if they wanted to do it. They may not have the time or resources to volunteer. It is possible that the economic security that the JG provides would make volunteering more accessible for many.

**39. Wouldn't JG workers be stigmatized?**

Universal programs that are open to all tend to enjoy greater popularity than programs that target specific groups. While not a panacea to social antagonism and stigma, the JG is a significant improvement over the status quo. Not everyone can or should be expected to work (see question 30). However, many people who currently face punitive eligibility criteria for existing benefits prefer to work. The JG offers them an “out” by providing an opportunity to earn a living income while training, learning, and transitioning to other forms of employment.

For many, the program would level the playing field and provide the economic opportunities they currently lack. Evidence shows that employers are reluctant to hire the unemployed, especially the long-term unemployed. The JG fundamentally changes the worker's odds of success as they seek employment, income, and other economic opportunities.

Evaluation of the US youth guarantee program YIEPP shows that jobs scarcity and discrimination, not lack of motivation or other personal characteristics, were the core reasons for the high unemployment and low employment-population ratios among black youth. Program impact on black youth was drastic as compared to other groups (see question 37).

**40. Will undocumented immigrants be eligible for the program?**

While current law does not permit it, the JG can serve as an effective “path to citizenship” program.

Current federal law limits immigrants—documented and undocumented alike—from accessing various public benefits and programs. However, with additional legislation, the JG can provide employment opportunities to “Dreamers,” protected under Deferred Action for Childhood

Arrivals (DACA). DACA recipients are allowed to obtain driver's licenses, enroll in college, and legally secure jobs, but the JG can ensure that the jobs are actually there. Program participation can be a path to citizenship for Dreamers. Additionally, the program can be opened up to parents of DACA recipients and victims of illegal labor or sex trafficking.

**41. By allowing nonprofits to submit grant proposals for JG projects to the government, aren't you advocating for providing a giant subsidy to religious institutions?**

No. The JG is open to qualified nonprofits. Those will exclude religious entities and political organizations.

A 2014 presidential executive order expanded the prohibition on employment discrimination by the federal government and nonprofit agencies and corporations that receive federal contracts to include sexual orientation and gender. This provision in the Employment Non-Discrimination Act disqualifies religious entities from applying for the program.

**42. Why don't we just give people cash assistance instead?**

Even if UI were increased, other cash assistance programs were strengthened, and a form of basic income guarantee were implemented, people would still want jobs.

Research indicates that the nonpecuniary costs of unemployment (85–93 percent) far outweigh the pecuniary costs (15–7 percent) (Winkelmann and Winkelmann 1995). This suggests that interventions that are based on providing income alone will not be successful. People reap a great many benefits from working; income is but one of them (see figure A4 in appendix II). Decent work at decent pay brings significant mental and physical health benefits, it increases and deepens one's social capital, strengthens educational and labor market outcomes of other family members, and offers institutional support and economic opportunities not available to those outside the labor market, to name just a few.

While there are many good reasons why some people cannot or should not work and why other public policies should be designed to offer them economic security, income assistance does not solve the problem of involuntary unemployment.

**43. Isn't universal basic income (UBI) a better program?**

See answer to question 42. There are many reasons to doubt the effectiveness of UBI programs. The first is that they do not address unemployment and the associated social and personal costs. Experiments around the world show that, even in places where some form of UBI has been implemented, many people still seek but are unable to find paid employment.

Secondly, UBI in and of itself does not guarantee access to needed real resources. Working families today have trouble finding adequate housing, care, afterschool programs, clean public spaces, etc., even if they already have above-poverty incomes.

The JG guarantees both: the income and the public goods and services that are currently in short supply. The JG is a type of guaranteed income, except it guarantees both the income—through public service employment—and the provisioning of the very goods and services communities need.

**44. You are just accepting and reinforcing the current morality of work. Shouldn't we be moving to a post-work society, a world of leisure?**

Work here is understood very broadly as the human economic activities undertaken to secure the social and economic provisioning of individuals, families, and communities. In modern market economies, work has taken the form of a “job,” i.e., paid work that has also become increasingly punitive. This is largely due to the very existence of mass and ongoing unemployment and its impact on labor market dynamics and paid employment.

The modern paradox is that many people want paid work—not just because of sheer necessity, but also because of the many nonpecuniary benefits a job offers. Yet the marketplace has failed to provide what people want—decent work at decent pay.

The JG addresses this paradox by rethinking/reimagining paid work, and by supplying a public option for paid work that is based on social value, public purpose, and empowerment (see question 46).

Reducing the retirement age and the working week are desirable and consistent with the JG. Indeed, since the JG sets the labor standard, if it provides full-time pay and benefits for a 30- or 35-hour working week, then that becomes the standard for the economy as a whole.

As for the vision of a post-work society, this vision is not yet widely shared. Most people still wish to work. In light of the enormous environmental and care challenges we face, the goal of having large swaths of the population opt out of paid work seems to be exactly the wrong approach. As in the words of John Bellamy Foster: “I contend here that the idea of near-total liberation from work, in its one-sidedness and incompleteness, is ultimately incompatible with a genuinely sustainable society. ... [T]he real potential for any future sustainable society rests not so much on its expansion of leisure time, but rather on its capacity to generate a new world of creative and collective work, controlled by the associated producers.” (Foster 2017)

**45. Does the government have the capacity to manage such a large workforce?**

As was discussed in question 37, past programs show that the administration of a large-scale program is not only not an obstacle, but it can also be done quite effectively. Furthermore, the proposal aspires to a true bottom-up design—one that is driven by community job creation organized by states, municipalities, and the nonprofit sector, not the federal government. And where capacity may be lacking for the operation of the actual projects and tasks, part of the JG is to build or fortify existing capacity.

**46. Doesn't technology make jobs obsolete?**

Technology will continue to transform our lives and the way we provision ourselves. Many jobs will (and arguably should) be automated. Still, the majority of the jobs of the future have not been invented yet. As technology makes certain jobs obsolete, it creates the need for new ones. And yet, involuntary unemployment will continue to be a problem.

There is no iron law of technology that requires certain jobs to be performed by computers/robots. Despite the innumerable online university courses, society still pays a premium for high-quality, in-person instruction. Apps, smart boards, and other programs have transformed school curricula, but not the focus on personal contact and interactive learning. Hospice care cannot be done through the television set and personal care is still the norm.

The JG here is conceived as a National Care Act program that focuses on provisioning for the environment, our communities, and people. Technology notwithstanding, we can still find many useful things for people to do.

Finally, robots cannot vote. The adoption of technology is a cultural and political process, as much as it is economic. If the JG deems it important to provide jobs for all who want them, no robot can stand in the way of doing just that.

**47. Isn't Kalecki's (1943) "Political Aspects of Full Employment" the definitive statement on why the JG is not feasible?**

The political obstacles to full employment are historically dependent. The challenge may be considerable, though not insurmountable, as various historical examples indicate.

For many decades in the postwar era, the Scandinavian corporatist model ensured long-run full employment via a social contract that was based on the coordination between corporations, unions, and government, where the government served as the employer of last resort (Ginsburg 1983). Japan's industrial model and active labor market policies had successfully maintained an unemployment rate at or below 2.5 percent for decades in the postwar period. In both cases, the full employment model came to an end with the advent of neoliberal policies in the post-Reagan/Thatcher era. And yet, in 2005, India—a developing country—implemented the largest JG policy in the world (see question 37). While the program faces opposition from corporate interests, it continues to garner a lot of support (Ghosh 2015).

The tumultuous history of the minimum wage in the United States is also instructive about the viability of important labor market policies. Today, every increase in the minimum wage is met with steadfast resistance by private firms, and yet the minimum wage policy is here to stay. Many guaranteed public services enjoy strong support, despite the constant threat of defunding and dismantling them. The case for guaranteed jobs has entered the mainstream conversation.

The task at hand is to articulate the program's economic and social merits. Like other key public policies, the JG may walk a difficult path, but if it is put in place, it will likely become an indispensable employment and macroeconomic program.

**48. Will my taxes go up to fund this program?**

No. One novel design feature of this program is its explicit countercyclical funding mechanism. As section VI.5 of the main text explained, it is essential for the JG to be able to offer jobs on demand at all times, in recessions or expansions. This is necessary not only because it is an employment safety net, but also because it is a key macroeconomic countercyclical stabilizer. Program enrollments swell in recessions and shrink in expansions. It is therefore necessary for the funding mechanism to allow the program's budget to swell and shrink correspondingly.

It is also important to point out that government programs cannot be "prefunded" via tax collections. Program budgets are appropriated ahead of time, allowing the necessary spending to take place. Tax collections are a reflux, after the spending has occurred, and the amount of taxes collected varies with the health of the economy and in precisely the opposite direction to the needs of the program.

In recessions the JG requires increased funding, exactly at a time when tax revenues decline. So raising taxes to prefund the program is not only impossible, but trying to do so will be counterproductive—the income that the government provides to the unemployed needs to be a net injection in the economy, not offset by taking away income somewhere else in the economy.

The task is to allow the budget to float. Since the program always spends neither more nor less than what is needed to hire all people who are in need of a job, spending is, in a sense, at the "right" level because it responds to the needs of the economy.

**49. Is there one final feature of the program you wish to highlight?**

We have the ways and means to hire the unemployed. This proposal aims to do so via a universal public service job guarantee, whose aim is to secure the right to paid work to even the least fortunate among us. The program's task is to raise and establish a floor to pay, below which no working person will ever fall.

While the program is open to all, it does not aim to provide medium- or high-wage work to highly skilled individuals (i.e., unemployed engineers, accountants, managers). They are, of course, welcome into the program should they wish to perform some public service at the base

pay. But since these groups tend to experience shorter spells of unemployment and generally have the assets that allow them to weather them, they would not normally enroll into the JG and/or would be the first to transition out of it. The present concern is with providing a living wage for anyone who wishes to work. By raising the floor and providing a public job option, the JG will go a long way to breaking the vicious employment dynamics at the very bottom of the income distribution—last hired—first fired dynamics, labor market discrimination, and unfavorable prospects for parents and caregivers, to name a few.

The JG fulfills a basic promise—that anyone who is looking for a decent job at a decent base pay will always be able to find such an opportunity.

**50. Makes perfect sense. Why haven't we passed a JG already?**

Good question.