Should degrowth embrace the Job Guarantee?

Blake Alcott*

University of Leeds, School of Earth and Environment, 8038 Zürich, Switzerland

ABSTRACT

Degrowth should consider the right to work — a Job Guarantee (JG) — as a way of making a smaller economy more just and socially sustainable. Economic shrinkage in richer countries is accompanied by increased unemployment, a bad enough problem in itself but also a barrier to voters’ acceptance of the degrowth path. Since being out of work is distinct from being poor, anti-poverty income policies should be approached separately. The JG is one of several paths to full employment, including reduced working time. This essay only briefly mentions some real-world JG programs and some technical objections. The main suggestion is to move employment from being a matter of economics, particularly economic growth, to being a political right. A right to work is necessarily effective and would avoid sacrificing the ecological and social goals of degrowth on the altar of full employment.

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1. Epigraphs

If a man has no chance of obtaining work he is in a desperate position, not simply because he lacks an income but because he lacks this nourishing and enlivening factor of disciplined work which nothing can replace… The very start of Buddhist economic planning would be a planning for full employment, and the primary purpose of this would in fact be employment for everyone who needs an ‘outside job’: it would not be the maximisation of employment nor the maximisation of production.


I got a job working construction, for the Johnstown Company. But lately there ain’t been much work, on account of the economy.

— Bruce Springsteen, The River.

2. Introduction

In environmentally over-developed countries needing to degrow, institutions are such that recession increases unemployment. To make a smaller economy more socially sustainable, as well as to make the degrowth project more attractive to voters, the problem of potentially large-scale joblessness therefore deserves attention. Of course the goal of full employment is a worthy one even ‘in the best of times’ — in a growing economy — and the solution here singled out has indeed a respectable pedigree among left-wing critics of the mixed economy: the Job Guarantee (JG).

This essay — not a full-length academic work but rather a piece of advocacy — defines employment conventionally as work for which payment is received for goods and services provided. However, the unemployment problem is not the income problem and I assume that society provides financial assistance to the poorest or even that a guaranteed income (GI) is in place. Those who opt against paid work are free to ‘work’ creatively for themselves or others. Rather, the focus is entirely on the individual and social values of producing and earning, socially embedded and with some sense of individual achievement and contributing to society (Karst, 1997, pp. 532–543).

That joblessness is distressing for many people is attested not only by the underrated method of introspection but by empirical meta-analyses (Veenhoven, 1994; Murphy and Athanasou, 1999) and happiness studies (Argyle, 2001). The balance between work and free time gets disturbed, one is a burden on society, and feelings of uselessness arise. Social stresses range from sub-lower-class exclusion to higher alcohol consumption (Wray, 2007), perhaps epitomised by Karst’s observation that “Shrinking employment
opportunity at any level is a seedbed for racial and ethnic scape-goating" (1997, p. 529).

I am controversially urging degrowth research to take people the way they are, whatever sea changes in attitudes towards ‘work’ may be worth pursuing, and whatever the mixture of socialism and capitalism turns out to be. I believe we should start with the values and institutions of our given societies even if many in the degrowth movement find them pathological. Firstly, these are the voters we must convince, and secondly, the number of years remaining for a managed, humane transition to a smaller economy preclude waiting until deeper attitudes have been changed. In a world where ‘the economy’ is virtually synonymous with ‘jobs’, how can degrowth present itself as a job-killer? 1

A final obvious caveat: JG cannot causally help shrink the materially rich economies; this requires policies addressing high material and energy throughput itself, be they resource caps or taxes, technical changes in equipment and infrastructure, fewer goods demanded by greener consumers, or population reduction. Sometimes working time reduction is seen as a means of preventing the economy from exceeding sustainable scale (Spangenberg, 2010), but this is not relevant to JG. The employment challenge is instead how to distribute an already limited amount of paid work justly.

3. What is the Job Guarantee?

Article 23.1 of the Universal Declaration of Human Rights states: “Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.” (UN, 1948; Shklar, 1991) A guarantee means the right to paid work, no longer contingent on the growth rate and employer-employee details of a given economy. An unemployed work force would for instance no longer be an instrument serving either structural flexibility or low interest rates. Job guarantor is the state or ‘employer of last resort’ (ELR). 2

The type of goods and services produced by ‘guaranteed’ jobs is not restricted to public goods, presently unpaid services or ‘green’ infrastructure. Whether the state would produce in presently private economic branches would have to be negotiated with workers and businesses in these fields, but some degree of socialisation of production might result. Concerning wage rates the only assumption is that the wage, with or without GI, is at least a socially-defined minimum (Wray, 2007, pp. 10, 18) – superceding minimum-wage laws and counting fears of inadequate wages expressed by Tinbergen (1956, p. 192) and Sawyer (2005, p. 256). Otherwise, contracts would be standard, there being for instance no assumption that the ELR is a ‘soft touch’ – the “freedom to fire” (Gordon, 1997, p. 832) should be incorporated, especially since financial support for the non-working is assumed. A considerable literature treats these three issues as well as inflationary danger and anti-cyclical fiscal policy (e.g. Mitchell, 1998; Sawyer, 2003, 2005; Mitchell and Wray, 2005; Wray, 2007; Harvey, 2008).

A right, as a strong claim on society, can only be something the honouring of which can cost something. Think of basic education, criminal justice, national defence, the amenities of public space and basic health care: nobody expects these activities to ‘pay their own way’, and neither must JG. However, fretting about ‘how to finance’ JG often misses the point that the goods and services could and should generate revenue for the ELR. They could be sold on the market, or booked as public goods (benefits), perhaps including ones presently falling to voluntary and charitable efforts (Gordon, 1997, p. 831) Cost-benefit analysis of JG would book administration and physical overhead as costs covered by normal taxes, but would count on the benefits side income support payments no longer necessary (Karst, 1997; Forstater, 1998; Harvey, 2008) Yet even benefits must not be quantified: in the words of Karst, “What I value most in the state’s employment of these [mentally impaired] people is not that the parks are clean and pleasant, but that the workers are afforded the dignity of work. This is not a market calculation; rather, it is an evaluation that gives weight to the inclusion of a group of Californians in our community” (1997, p. 563).

4. Real-life attempts at JG

The United States’ experience during the 1930s with the Works Progress Administration, on which an enormous literature exists, fell short of a right to work but did offer a huge number of public-sector jobs (Harvey, 2008) Most countries of the Soviet bloc knew the right to a job, but I have no competence to describe or evaluate that experience. Since however practically all countries that today stand under the degrowth imperative function much less socially, comparisons must be cautious. Hopefully, though, degrowth researchers who lived in the Soviet bloc will subject JG to the hard test of its fairness over against non-JG jobholders, the prospect of a huge socialised sector, and more.

Three present-day trials, in Switzerland, India and Argentina, can be briefly mentioned. In Zürich, where I lived for 36 years, the city government offers a subsidised job to any jobless person who wants it and whose unemployment insurance payments have ceased. Obligatory for these long-term unemployed is a 4-week course to assess work capability. Some employment is by bespoke ‘social firms’ partly under state ownership and some is in the extant private sector, employers in all cases paying a part-wage. As of June 2008, 30% of people targeted by the program were working at 531 jobs delivering goods and services. It is only a few years old and is complementary to traditional policies of re-training and job placement (Zürich, 2011).

A similarly small scheme, moreover embodying only a de facto but not de jure right to work, is the UK’s alliterative ‘welfare-to-work’ program. It pays private companies such as Working Links for instance £1500 per person successfully guided back into paid work (Guardian, 2010). About 13,000 people per year over the last decade have been so placed, and one has the right to join the program. There can in such schemes be ‘leakages’ such as non-additionality, replacing current employees, and corruption (Wray, 2007, pp. 7, 14, 34).

In the Indian State of Maharashtra the National Rural Employment Guarantee Act of 1965 (expanded in 2005 to include all of India) enabled for instance in 1984–1985 the hiring of 600,000 rural workers for traditional public works. A study of the program claimed it has universal support because it stems the flow of migrants to cities and furthers political peace generally and concluded: “Employment becomes a political as well as an economic issue, and the articulation of political demands becomes a means of securing a livelihood.” (Ceheverri-Gent, 1988, p. 1304) Wray notes however that this scheme, like the similar Argentinian Plan Jefes de Hogar program, is open only to certain poor people, while he himself advocates universalism. (2007, p. 10) A detailed evaluation of the Argentine experience is in Tcherneva and Wray (2011).

5. Other paths to full employment

Assuming a JG scheme is workable — the proof is in the pudding — one argument in its favour is that it by definition reaches its goal:
it is a direct policy, its effectiveness, if you will, guaranteed. In contrast at least five indirect policies can be identified: 1) economic growth; 2) deficit or anti-cyclical spending; 3) job training and brokering; 4) working time reduction (WTR); and 5) a laissez-faire labour market.

1) Growth of production and consumption will raise the number of jobs under present mixed systems unless work-hour productivity outstrips labour supply. Neither the actual success nor the theoretical merits of this path are relevant because, in the absence of any decoupling of throughput from the quantity of goods and services, it contradicts the essence of degrowth.

2) When needed, governments can raise their borrowing, or drawdown reserves, to hire people for public tasks, deemed necessary when the jobless rate rises above some determined level. That is, a certain ‘frictional unemployment’ caused by structural change or geographical relocation of production is traditionally accepted as is an even higher unemployment rate when the goal of price stability or the interests of powerful employers are simultaneously pursued. (Karst, 1997; Sawyer, 2003, 2005; Mitchell and Wray, 2005) See Forstater (1998) for an attempt within the JG tradition to resolve the need for full employment with the need to avoid rigidity in the labour market detrimental to economic efficiency. This path thus does not necessarily lead to, or even strive for, full employment, and specific programs are by nature ad hoc.

3) Most rich countries offer job training and brokering as a sort of public service, whether paid out of unemployment insurance funds or general taxes. They have at best dampened unemployment, and do not regard jobs as a right. Some of this is compatible with JG, but what JG/ELR is not is stop-gap. Small programs such as the Sheffield or Newcastle Employment Bonds in the UK, or huge ones such as the U.S. Works Progress Administration in the 1930s, are cut from a different cloth – fire-fighting instead of fire prevention; they are non-universal, temporary and usually dripping with free-market rhetoric.

4) In degrowth research the idea of each person’s working fewer paid hours over his or her lifetime, theoretically increasing the number of employed, attracts deserved attention (Spangenberg, 2010) and accepts unemployment as a real personal and social nuisance. (nef, 2010; O’Neill et al., 2010) One real application of this is the famous French 35-hour week, which an extensive literature exists. It does not specifically treat paid work as a right, yet the pure maths show that full employment must be the consequence. Like JG, many questions of program design must be tackled, but unlike JG, policing a ‘black market’ is needed. Comparing the pros and cons of the two schemes is ripe for degrowth research.

5) Although a conceptual minefield, please consider that in theory a totally libertarian, laissez-faire labour market would result in work for all due to the tried and trusted laws of supply and demand: lower price (wages) raises demand to meet supply. Minimum wages, much less somewhat higher ‘living wages’, as well as barriers to self-employment, would be abandoned. (Rothbard, 1983, pp. 21, 43; Hayek, 1984, pp. 16–19) While no purely laissez-faire economy has ever existed (except usually

3 JG is compatible with a separate, parallel unemployment insurance program.

4 It is doubtful that degrowth should worry about economic efficiency, which can surely be left to economic actors within the prescribed scale limits.

5 Evaluation of such programs moreover consistently ignores the opportunity costs of such investments, or in Frédéric Bastiat’s (1850) clearer formulation: what is not seen as well as what is seen.

6. Job policy as politics, not economics

Once the goal becomes the just distribution of working hours rather than the maximisation of their quantity, full employment has moved from the economic to the political realm. I believe this is an effective answer to the ubiquitous opinion in press, politics and academia that growth is necessary ‘for jobs’. The JG moreover locates full-employment policy at the extreme end of politics, as a right derived from psychological and historical values in most European societies which treat independence (for both men and women) and earning (as opposed to receiving) as central to social standing, distinguishing workers both from slaves and the idle rich (Shklar, 1991, pp. 85–100).

Viewing work radically as a social rather than an economic question means it is no longer necessary, for instance, to defend ‘green’ policies in terms of their employment effects – arguing based on econometric models that investment in renewable energy, equipment efficiency or public transportaion ‘creates’ more jobs than are lost in the fossil-fuel sectors. (Huetting, 2010) Environmental policy appraisals would no longer have to include not only effects on energy consumption, greenhouse gases and energy security but also on ‘employment’ (Infras, 2003). Or as Green Parties everywhere dubiously argue, there is allegedly no conflict between environmentalism and the economy.

Similarly, one group of JG advocates argues for the Buffer Stock Employment method of hiring through deficit spending: “Unemployment arises because the budget deficit is too low. It is always a macroeconomic problem.” (Mitchell, 1998, p. 553) The ‘buffer’ idea subordinates employment policy to booms and busts. On the other hand, the group’s website reports exhaustively and usefully on the political right to a job (Coffee, 2010). Sawyer likewise, while raising the key question of the differences between JG and traditional pump-priming, only marginally enters this political realm of discussion, talking moreover in terms of “cost of job loss” in terms of income and lost output rather than psychological or social stress (2003, p. 394).

An argument in favour of JG is that since it is defined legally it is directly successful, as opposed to the five alternative, indirect paths outlined above. In general, once a goal is set why don’t we first research straightforward approaches rather than indirect measures of uncertain effectiveness? The same issue arises when we weigh proposals to reduce economic scale: we can start with what works, by definition and by legal rather than economic means, such as natural-resource caps or taxes, instead of oblique approaches such as resource efficiency, ‘sustainable consumption’, population reduction or renewable technologies (Alcott, 2010).

This discussion becomes clearer, moreover, if we don’t confute the issues of income and work. They can be mentioned in the same breath if a ‘decent’, perhaps subsistence amount of purchasing power is contingent upon a job, i.e. in the absence of ‘welfare benefits’ as in many poorer countries. The single Millennium Development Goal #1, Target #2, thus calls for “full and productive employment and decent work for all”, mainly to alleviate “extreme poverty’’. JG cannot replace the welfare safety net because some people are 1) unwilling or 2) unable to work or 3) personally unsuitable as employees (Wray, 2007). Guaranteed job and guaranteed income are distinct, yet our customary way of thinking regards poverty as part and parcel of job loss.
The broad lesson is Tinbergen’s rule that at least in the first analysis the number of policy "instruments" should be equal to the number of policy "targets", and he in fact illustrated this by means of the two targets “full employment and monetary equilibrium” (1956, pp. 55–56, 63–68). Unfortunately the advent of ‘Keynesian’ anti-cyclical spending did cause the problem that financing jobs could be inflationary, and the tendency grew to conflate just these two goals. A case of their intermingling, if not their conflation, is in fact the debate between Sawyer (2003, 2005) and Mitchell and Wray (2005) over JG. The lesson for us now, though, is that being involuntarily idle poses different problems than being poor, each deserving separate policy instruments.6

7. More pros and cons

The best presentation of JG I have found offers a summary of the argument up till now:

The UN World Summit in 2005 and the ECOSOC Ministerial Declaration of 2006 stressed... that employment can no longer be considered a derivative of economic policies... An ELR is a direct job creation programme that provides employment at a basic wage for those who cannot otherwise find work. It is not meant to be an emergency programme or a substitute for private employment, but rather a permanent complement to private sector employment... No other program can guarantee access to jobs at decent wages (Wray, 2007, pp. iv, 1).

He rejects Keynesian pump-priming and covers issues like potential conflicts with labour unions, the possible stigmatisation of ELR jobs, decentralised administration and earmarking the program to ‘good’ public works.7

Several additional arguments for JG can be culled from the literature. In its role as employer society would gain increased say over the type of goods and services delivered. A high demand for JG jobs might bring socialisation of some recently privatised public services such as post offices or railroads. Job security would remove fear of job loss in the same sense that compulsory pension schemes offer a relaxed view of old age. Greater self-confidence in normal jobs means one could more easily quit obnoxious employment and/ or employers (Mitchell, 1998, p. 551).

In a challenge to the proposals of Wray and Mitchell, Sawyer argues for traditional or “mainline... public-sector employment programs” when “private sector demand is inadequate to generate [high] levels of employment.” (2003, p. 882; 2005, p 257) Jobs are thus for him not a right; programs can come and go. In his words, JG has at least seven major weaknesses:

1) Are there enough jobs, enough things to do, suitable for Job-Guarantee jobs?
2) Do such jobs match the skills of the unemployed — or would the job-takers be overqualified and thus ‘underemployed’?
3) Could jobs be offered in the places where the unemployed is?
4) Are the types of work really of public value, i.e. would they be productive enough in the usual sense to warrant their cost? Would they prolong ‘structural’ obsolescence?
5) What effect would low ELR wages have on similar jobs in the private sector?

6) What becomes of capital investments and administrative staff when, in boom times, such jobs are not in demand?
7) What would a JG program cost? (2003, pp. 882, 884, 891, 894)

Mitchell and Wray (2005) replied to these objections, eliciting in turn a response from Sawyer (2005), followed up by Wray’s manifesto for the ILO (2007). I find these criticisms by Sawyer salient,8 but dealing with this degree of detail is beyond the scope of both this paper and my expertise. A few political comments might nevertheless be worthwhile.

All three authors write of a “buffer stock” of labour, close to the related “industrial reserve army”, concepts with histories that seem unnecessary for this discussion. JG’s insistence on the right to work is after all designed to counter exactly these dangers of disciplining workers by fear of unemployment. Also, should labour productivity fall as a result of extreme job security, degrowth should to some extent be able to live with this. On the other hand the effect of JG on wages of similar height in the non-JG sector seems a serious question, perhaps answerable only by experience. Finally, there seems no good answer to the fear that JG jobs would carry low social prestige — a stigma — except that being on the dole is also stigmatised.

Open questions, if not criticisms, concern JG’s relation to the “maintenance economy” which cares for both the natural world and our social relationships and “where the ‘wage’ of the work is its very product” (Jochimsen and Knoblauch, 1997, p. 109; also Karst, 1997, pp. 562–569; nef, 2010, p. 16). Also needing attention are gender differences in perceptions of ‘work’, including the commodification of (traditionally female) house and voluntary work and the general societal preconditions for conventional paid work. (see Mellor, 1997, pp. 131–132, 134–137) Finally, where does the clearly socialist JG stand in relation to minority degrowth thought advocating action less reliant on national government and that rubs shoulders with a more localist anarcho-libertarian tradition (Bookchin, 1991, pp. 54–62, 82–86)? Perhaps JG or other institutions protecting social rights would be better at sub-national level, say in communities between 200 thousand and 2 million people.

8. Conclusions

This paper is a tool for further research in three ways:

1. It gives a working knowledge of the Job Guarantee — a definition and its place in relation to other policies with the same aim.
2. It identifies important theoretical literature and some cases where JG has been practiced.
3. It treats full employment as an example of an area deserving separate conceptualisation, namely the social marketing of degrowth — how to increase its acceptance among voters. We are after all always faced with the threat: economic growth, or else!

Work is both fun and irksome, good and bad, wish and duty. Its social psychology includes identification with a skill, a relatively broad social network and assuming responsibility for one’s

6 Similarly, when high ‘eco-taxes’ on fuel are opposed because they burden the poor, the answer is rather to simultaneously employ anti-poverty policies rather than abandon the environmental ones.
7 Wray is associated with the Center for Full Employment and Price Stability at the University of Missouri, Kansas City.
8 One can on the other hand answer some of his more minor criticisms, e.g. that a JG worker can simply leave the job without notice (2003, pp. 892, 896; 2005, pp. 256, 260), or that the system must be able to create jobs on short notice (2003, p. 883); work contracts would be normal, and unemployment insurance would offer the ELR time to react. The specter of ‘punitive workforce’ (2005, p. 256), as well, addresses income support issues rather than the problems of those who want to work.
sustenance. It seems at most a half-truth, therefore, to say that what we ‘really’ want is the wage, not the work (Shklar, 1991, pp. 91–93).

Since economic shrinkage means less resource depletion and pollution, it in turn means lower affluence at any given population level. Social peace and sustainability are thereby threatened. In decoupling jobs from economic growth the Job Guarantee addresses, and by definition solves, one such social problem. Resistance to planned degrowth is moreover lowered when a policy is in place guaranteeing all who want to work a paid place in production.

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