



## Why the U.S. Federal Government Needs to Guarantee Jobs for All Willing Workers

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Guaranteeing all Americans jobs with full time hours and adequate pay would be the most effective way for the U.S. government to fight poverty and reduce social inequalities.

Unemployment is one of the strongest predictors of poverty. Even though the United States has an array of social insurance programs in place, some 43.1 million people still live in poverty. Public programs have reduced poverty rates by nearly half in recent decades, but most assistance goes to those with jobs. Millions of people get insufficient help because they are unemployed, while others cannot find full-time work even during economic upturns. And many labor full-time in jobs that do not pay enough for them to escape poverty.

These ills do not affect all groups equally. Because of systematic social discrimination, many sets of workers – such as recent military veterans, ex-offenders, and racial and ethnic minorities – face unusually high levels of joblessness. Unemployment rates for black workers are consistently twice the rates of white workers – and this gap is found even among workers with more education. Recent black college graduates experience an unemployment rate of 9.4 percent, compared to a 3.7 percent unemployment rate for white college graduates. A federal job guarantee could help address all of these chronic problems.

### A Longstanding Aspiration

This is not a new idea. It has been part of the American conversation at least since 1934, when Louisiana governor Huey Long put forth his Share Our Wealth Plan. According to Long, the United States should use public works to ensure that “everybody [is] employed.” Similar calls came from other politicians, ranging from Franklin Delano Roosevelt’s Economic Bill of Rights to George McGovern’s proposals during his 1972 presidential bid. Civil Rights leader Martin Luther King also pushed for immediate “employment for everyone in need of a job.” A job guarantee was, in his view, preferable to his second-best option of “a guaranteed annual income at levels that sustain life and decent circumstances.”

### Guaranteeing Federal Jobs through National Investment Employment Corps

We propose the enactment of legislation guaranteeing every American over the age of eighteen a job provided by the government through a National Investment Employment Corps. Establishing this corps on a *permanent* basis would eliminate involuntary unemployment and mitigate poverty by ensuring full employment in the United States. For all Americans who cannot otherwise find employment, the federal guarantee would provide jobs at non-poverty wages. Pay would start at \$11.56 an hour, equivalent to \$24,036 per year, which equals the current poverty line for a family of four. This wage level would be indexed to inflation in order to maintain workers’ purchasing power over time. The guaranteed employment program would allow for varied wages based on workers’ previous experience and education, and promotions would be possible within the National Investment Employment Corps. Across all employees, we estimate that the average yearly wage rate would be approximately \$32,500.

To provide reasonable compensation to keep employees out of poverty, benefits would also be guaranteed. At this time, we estimate that an additional \$10,000 would need to be spent annually for each full-time worker to provide adequate health insurance and retirement benefits. Since workers would be public employers, the insurance offered would be comparable to current health insurance plans offered to civil servants, including members of Congress. Other fringe benefits would also be available to workers, including paid family and sick

leave and one week paid vacation for every three months worked. For years, U.S. politicians of all stripes have said that no one who works a full time job should live in poverty. In reality, working poverty has persisted throughout American history. But a federal job guarantee would end such poverty.

## **A Transformed Labor Market**

The guaranteed federal jobs program we envisage would fundamentally transform the current U.S. labor market by greatly altering power dynamics between labor and capital. A federal job guarantee would function as a *de facto wage floor*, because private employers would have to offer wages and benefits at least as enticing as the federal government to attract workers. Recently, America has seen extensive public support for increases in the minimum wage, as in the Fight for \$15 campaign. Most Americans say that workers deserve a more reasonable wage floor – a minimum rate of pay that helps ensure that workers earn a living wage rather than a poverty wage. But as long as the labor market does not generate jobs for all people who would like to work, the effective minimum wage is \$0 in country without a job guarantee.

What would those in the federal jobs program do? Many socially beneficial tasks could be undertaken by workers in such a program. The American Society of Civil Engineers has assigned the United States a D+ rating for the state of its infrastructure, where shortfalls in investment have lowered employment rates and reduced business sales and incomes for American families. A new federal guaranteed jobs program could employ workers to repair bridges, maintain roadways, and update power grids. Among additional possibilities, services such as high quality childcare, education, and elder care could be likewise be expanded.

## **The Broad Benefits of a Federal Job Guarantee**

Positive impacts from the new federal program we recommend would be immediate and broadly distributed. A Federal Job Guarantee would of course help the unemployed and ameliorate joblessness, a key predictor of poverty. Employer discrimination would have less impact on vulnerable social groups, and “working poverty” would be remedied once and for all. Moreover, reverberations would reach far beyond the poor. As workers became less fearful of job loss, they would become emboldened to push for better pay and working conditions. Unionization drives and other efforts to improve labor condition would help workers in general gained bargaining power in a more balanced labor market. Rising inequality might finally be reversed – revitalizing American democracy and the national economy in countless ways.