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The Job Guarantee: MMT's Proposal for Full Employment and Price Stability

by

Pavlina R. Tcherneva
Bard College and Economic Democracy Initiative

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Levy Economics Institute
P.O. Box 5000
Annandale-on-Hudson, NY 12504-5000
http://www.levyinstitute.org

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Pavlina R. Tcherneva
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Orthodox economic theory presents the policy maker with an impossible choice: eradicate unemployment at the cost of undesirable inflation or keep prices stable by maintaining some level of involuntary unemployment. This is the canon, as embodied in the natural rate of unemployment theory and the Non-Accelerating Inflation Rate of Unemployment (NAIRU). In the mainstream, there is no alternative. Heterodoxy has long criticized the NAIRU and the natural rate, but has not mounted a robust challenge for lack of a clearly articulated policy alternative that can target both goals: full employment and price stability. Modern Money Theory (MMT) has such a proposal – the federal Job Guarantee.

The Job Guarantee (JG) is a permanent, federally-funded and locally administered program, which would provide a voluntary employment opportunity with a living wage and benefits, on demand, to anyone who is seeking such work. It has three key aspects. First, as a permanent feature of the policy landscape, it is a *structural macroeconomic policy* response to unemployment, whatever its causes. As an anti-cyclical economic stabilizer, it creates employment in times of greatest need, such as recessions. As an employment safety-net, it addresses pandemic, technological, or climate-related job losses. The program is also self-limiting, shrinking when other parts of the economy furnish their share of well-paying jobs. As such, it is a policy alternative to the current practice of fine-tuning monetary or fiscal policy around some alleged 'natural' or 'necessary' level of unemployment (i.e., the NAIRU).[1]

Second, the program is a robust labor policy that establishes an economy-wide *labor standard*. By supplying living-wage jobs on demand, it secures the benchmark for wages, benefits, and working conditions for all employment in the economy. This benchmark strengthens the anti-inflationary features of the Job Guarantee, by stabilizing one of the most essential prices in the economy – that of paid work.

Third, the Job Guarantee is the answer to a recurring demand to secure the *right and entitlement* to dignified and well-remunerated employment to any person of legal working age, irrespective of their labor market status, race, gender, color, or creed.[2] It secures the internationally recognized "right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment," as articulated in the Universal Declaration of Human Right (1948) and many a national constitution.

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[1] This feature of the Job Guarantee is what Bill Mitchell has called the nonaccelerating inflation rate of buffer employment ratio, or NAIBER. See Mitchell (1998).

[2] The earliest formal recognition of the 'the right to work' can be found in the French constitution of 1793. It was based on the understanding that, because not everyone was a property owner, the path to a decent standard of living required guaranteeing the right to employment.

Before we elaborate on these and other features of the Job Guarantee, its proposed implementation, and significance for the contemporary policy discourse, we examine how and why the proposal emerges from some concrete theoretical contributions made by MMT.

TAXATION AND UNEMPLOYMENT

Past Job Guarantee proposals have centered on the need to provide economic security (as those during the New Deal) and tackle economic and racial injustice (as during the Civil Rights era). The MMT-informed proposal strengthens the economic case for the Job Guarantee by focusing its analysis on the nature of the monetary system and underscoring two theoretical claims. First, the state plays a role in creating involuntary unemployment through its exclusive power to administer the monetary system (issue the currency and create demand for it through compulsory taxation), and it is these same powers that give it the ability to eradicate it. Second, the state has a unique pricing power that influences price stability in the economy as a whole, and the Job Guarantee policy can be used to enhance it. Thus, full employment and price stability are not competing, but complementary objectives stemming from the state's exclusive powers and privileges to issue the currency, impose taxes payable in that currency, and determine the manner in which it spends it.

MMT argues that taxation is a neglected cause of unemployment. It recognizes that, historically, compulsory taxes owed to the state or some ruling authority (king, priest, pharaoh), have been a mechanism for establishing the state-administered unit of account (Wray 1998). Governing bodies have imposed taxes on their subjects and declared the manner in which they would be settled, giving the community a unit of measure for pricing other debts and exchange values. Taxes were extinguished by delivering the *real* resources the ruling authorities demanded (the physical labor and agricultural production) or the tokens that represented them (clay tablets, debens, Hasienda 'day' coins', tally sticks, etc.)[3]. *The main purpose of taxes was to transfer* real*, not financial, resources from the private to the public domain.*

Taxes retain this function today, though modern monetary systems obfuscate it and create the appearance that they 'finance' the public sector. MMT argues that taxes continue to provision the public sector in terms of real resources by creating a type of monetary unemployment, i.e., by creating the 'need to work' for currency to settle the tax. Today, the long list of nonreciprocal obligations on the population (taxes, fines, fees, licenses, dues, etc.), are paid in the form of state-issued currency. Because the currency is a simple public monopoly, the state does not 'earn' it (nor does it need to) in order to manage the public's economic affairs. But the state still needs real resources (labor, materials, production), which it can then redistribute for the collective provisioning of the community (though, as history teaches us, it does not always do so).[4] The tax system enables this real resource transfer from the private to the public domain by creating *monetary unemployment*—

[3] For more, see Tymoigne & Wray (2005) and Hudson (2018).

[4] This mechanism is available to democratic and authoritarian states alike. That taxes create demand for state-issued currency does not necessitate that the state employ its powers for the common good, as evidenced by many a historical example. MMT has uncovered a key coercive force behind a tax-driven currency that is typically ignored by economists.

the need for someone to earn the monetary instrument (the currency) to extinguish unavoidable taxes, and the desire to sell labor or goods in exchange for that currency. Involuntary unemployment is a situation where one cannot find such an opportunity. As the public sector is the definitive source of the currency, it can naturally choose to employ these very same unemployed resources. Its failure to do so and/or supply the currency in a manner that can choke off this demand amounts to state-sanctioned unemployment.

In other words, while there are many causes of unemployment (often introduced to students as cyclical, structural, and seasonal), the tax-induced monetary unemployment – which is created through the monetary system and the state's taxing power – is almost entirely ignored by economic theory. MMT's understanding of unemployment complements other heterodox critiques of mainstream labor market theory, including Keynes's critique of the second postulate, the Institutionalist rejection of neoclassical marginal productivity theory, or the Radical Political Economy insistence that firms depend on the reserve army of labor to tame wage demands from workers. And while many have argued that unemployment is a monetary phenomenon (notably Keynes and Marx), MMT adds an understanding of how the state-administered monetary system disemploys resources and how they can be redeployed.

When economic orthodoxy normalizes unemployment as a 'natural,' or worse – 'necessary' – phenomenon for economic and price stability, it effectively absolves the policy maker from the responsibility to solve the very problem it has created, despite having every means to do so. For MMT, explicating the exclusive powers and privileges of the state is a precondition for democratizing them, i.e., for deploying the public's money for the public good. One of these responsibilities is producing durable full employment. The second is pursuing price stability, without sacrificing jobs and incomes.

MONOPOLY ISSUER AND THE PRICE LEVEL

In addition to identifying the source of unemployment within the monetary system, MMT also locates the source of the price level within the exclusive powers of the state to tax, issue the currency, and set the conversion rate between the currency and the goods and services for which it exchanges (Tcherneva 2002).

All monopolists set prices. Thus, the monopoly issuer of the currency can set the own rate of money (the interest rate) and the commodity rate of money (what money exchanges for). It is well understood that Central Banks that issue floating and non-convertible currencies can set and control the interest rate. This function of a currency monopolist is part of the conventional policy paradigm. But it is not well appreciated that the same currency monopolist can also determine the prices it pays for the goods and services it purchases. MMT argues, in line with the post Keynesian and Institutionalist traditions, that all prices are administered, but theory (orthodox and heterodox alike) ignores a key price-setter, the currency issuer. Prices paid by government affect the price level in the economy (Mosler and Silipo 2017), and government deficits affect the macro mark-up (Tcherneva

2014). From this point of view, the Job Guarantee has both a price-anchoring feature (it sets the base wage for one key input of production - labor) and a markup-controlling feature (it moves anti-cyclically, offsetting inflationary and deflationary pressures in the economy). Thus, by employing the unemployed at a given wage, the public sector also anchors the value of the currency in labor hours when it establishes the benchmark price for one fundamental price in the economy (that of paid labor).

While the Job Guarantee does not proclaim or aim to solve various sources of inflation, its design does not compromise price stability and indeed enhances it by limiting the inflationary pressures that would emanate from government spending on full employment. This happens via the pricing rule (Forstater and Tcherneva 2004) and anticyclical spending mechanism of the Job Guarantee. Thus, we come full circle to the core theoretical contribution of the Job Guarantee in the MMT project, namely that it rejects the canonical tradeoff between unemployment and inflation in mainstream economic theory, because the very same powers that can eliminate unemployment can be deployed to enhance price stability.

THE NOT-SO-NATURAL RATE OF UNEMPLOYMENT

The natural rate and the NAIRU are at the heart of the modern macroeconomic stabilization paradigm. Monetary policy fine tunes interest rates around the NAIRU, aiming to ensure that unemployment does not dip below it for fear of rising inflation. In other words, central banks have a policy of maintaining a reserve army of labor (Pollin 1998) – an economic dogma that fights inflation on the backs of the unemployed. This policy goal to find the 'correct' level of unemployment, was articulated by Federal Reserve Chairman Jay Powell in 2019, when he argued that "we need to know if unemployment is too low, too high, or just right"[5]. The 'right level' of unemployment (the NAIRU) has been estimated to range from 5.5% in the US to 26% in Spain, and is regularly revised with changes in economic conditions. Yet, in every corner of the world, the actual unemployment rate has bounced around these 'natural' estimates. As Eisner quipped:

> And if unemployment is natural, God has certainly treated his children differently in different times and places. … There is nothing natural or necessary about all this misery, or the damage to the economy. (Eisner 1994)

Unemployment holds a 'special' status in economic theory, compared to other social deprivations. Economists do not speak of the natural rate of hunger, or the natural rate of illiteracy, or the natural rate of homelessness. Whatever the challenges of eradicating them altogether, the policy stance is that they must be eliminated, not maintained at some positive level for the purposes of economic and price stability. Only working people are called upon to serve as sacrificial offerings in the fight against inflation.

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[5] Remarks made at the American Economic Association conference, January 2019.

In an unusual turn of events, Fed Chairman Powell conceded in a 2020 Congressional testimony that the relationship between unemployment and inflation "has broken down". An even more important concession came from Chairwoman Yellen, who argued that the Fed's inflation model may be "fundamentally misspecified," while former Federal Reserve Governor Tarullo stated bluntly that the Fed has "no reliable theory of inflation" (Fleming 2017). None of this has led to a wholesale abandonment of the natural rate/NAIRU, which continues to reside in every mainstream macro model.

Worse, the dogma prevails in theory and in practice. "At the end of the day, there *has to be* a relationship" Jay Powell insisted (2019, emphasis added). Recent Fed transcripts show that Janet Yellen (who was seen as a more dovish Fed chairperson), had in fact argued in favor of slowing down employment growth preemptively in 2015, even as the economy was going through its slowest jobless recovery in postwar history:

> Even if core inflation was still showing no signs of picking up ... we would want to check the pace of employment growth somewhat to reduce the risk of overheating. (Yellen in Condon 2021)

To sum up, while the Federal Reserve has no reliable theory of inflation or the NAIRU, it nevertheless insists on forfeiting jobs for price stability.

By contrast, MMT argues that public policy has both the responsibility and the ability to achieve and maintain both. Only the currency issuer can institute and implement automatic anticyclical economic stabilizers, including an *employment* stabilizer. This is the macroeconomic function of the Job Guarantee.

It is worth pointing out that, while this specific Job Guarantee framework emerges from an understanding of the unique currency-issuing powers of the state, as a real-world policy solution, the Job Guarantee is also available to nations that do not issue or control their currencies. This is because they too will continue to face the outsized costs of unemployment. Whatever the monetary system, the public sector is responsible for the unemployed; it bears the unavoidable real and financial costs of unemployment and related social problems. In a certain sense, paying for poverty and unemployment is already baked into government budgets and the Job Guarantee, as will be discussed below, is a superior policy method for eliminating them compared to conventional methods. A non-sovereign monetary system, however, may face obstacles to achieving and maintaining tight long-run full employment, because the policy space available to do so is smaller than that of monetarily sovereign nations.

The above discussion highlights a core MMT claim: unemployment is a *public* sector failure that only the state can remedy. While unemployment is reproduced in multiple ways, in all cases, it is a situation when someone is willing to work for currency, a demand that only the issuer can ultimately choke off. From here, it follows that the private sector cannot provide employment to all, not only because it runs against the logic of the profit motive, but also because the private sector does not have (and is unwilling to part with) the very means to employ the unemployed (currency), precisely at a time when the problem of unemployed is most acute (in downturns). Furthermore, the logic of the private sector is to minimize its cost of production, including labor costs. Therefore, providing jobs for all who need them is inherently outside the purview of private sector activity. To put it directly, firms are not in the business of hiring every job seeker who comes a knocking.

A STRUCTURAL POLICY, NOT JUST A JOBS PROGRAM

The Job Guarantee is a structural macroeconomic policy that secures full employment and price stability, while addressing the inequities already embedded in the labor market, including the large social and economic costs of unemployment. It is important to make the case *for* the Job Guarantee, even if the NAIRU were abandoned as a policy guide, because the convention (even among labor-friendly economists) is to define 'full employment' as some positive level of involuntary unemployment. This is because conventional policy approaches simply cannot deliver jobs for all.[6] And, even when they aim for low levels of unemployment, they continue to work through the highly-unequal existing labor market mechanisms.

The Job Guarantee is a game-changer for the economy and the most vulnerable workers. It is well understood that official statistics do not capture the true levels of unemployment – especially those experienced by people of color, with disabilities, caregivers, veterans, or in regions of ongoing economic distress. Indeed, the labor market is not a fair game and structural inequities in hiring are exacerbated by the fact that there are not enough employment opportunities for all.

As the COIVID experience showed (Cajner et al. 2020), job losses are not experienced equally either: the lower the wage – the higher the job losses and the slower the recovery in lost payrolls. This is true for garden-variety recessions too. Job losses among low wage workers, who have the least capacity (savings or other assets) to weather a recession, occur earlier, longer and are proportionately greater than those for people at the high end of the income distribution (Tcherneva 2012).

The perennial threat of unemployment is a powerful force of reproducing inequities in the labor market, denying certain workers employment opportunities, eroding wages and benefits for those who work, and growing the precariat. The Job Guarantee helps secure decent employment for all, and especially for the most disenfranchised groups and people facing systemic barriers to employment.

[6] See also Mitchell chapter in this book.

STRUCTURAL FEATURES

Just like the shortest distance between two points is a straight line, the fastest way to eliminate unemployment is to hire the unemployed directly. The Job Guarantee does not eradicate unemployment through stimulus checks, tax cuts, subsidies or incentives, training, education, or other aggregate supply or aggregate demand management policies. Neither does it rely on pro-growth policies that run the economy 'hot', worsen income inequality, and stimulate extractive and environmentally destructive investments. It is a net new job creation program, that hires those seeking employment directly, in areas of social and environmental need. It creates *employment on demand* or what Minsky (1986) called an infinitely elastic demand for labor. The Job Guarantee is not a 'depression solution' or 'workfare' either; it is permanent and voluntary and there are no requirements for participation in exchange for some other benefit. It is an additional program in the landscape of income and training support programs for the unemployed. Since millions of people look for living wage jobs unsuccessfully even during economic expansions, the program aims to ensure that enough employment opportunities are available. The Job Guarantee is not a replacement for any other social assistance or unemployment insurance and there is no requirement for participation.

By design, the Job Guarantee is a *bottom-up policy*. While it provides an employment safety-net to all, it will benefit those at the bottom of the income distribution in particular. By contrast, top-down, pro-growth, pro-investment policies tend to increase demand for the highly-educated, highly-paid and, often, already-employed workers. Top-down policies focus on closing the *output* gap and tolerate jobless recoveries, while bottom-up policies aim to close the *labor demand* gap and produce job-led growth (Tcherneva 2011a).

As noted, a critical macroeconomic feature of the Job Guarantee is that it replaces the NAIRU, or the unemployed buffer stock, with an *employed buffer stock*. In recessions, workers who are laid off from the private sector would find employment opportunities in the Job Guarantee and, should they choose to take them, government spending on hiring would expand in a countercyclical fashion, generating a job-led recovery by design. When private sector demand for workers is restored, private firms would attract them away from the Job Guarantee with better pay and additional benefits. Government spending would automatically shrink, offsetting any inflationary pressures that may emerge from the increased private sector labor demand and spending. The key here is that government spending on the Job Guarantee program is not the source of inflation. Instead, it is a damper on deflationary and inflationary pressures that occur in the private economy.

Such a *countercyclical employment mechanism* is necessary for a market economy, whose perennial feature is the business cycle, and where jobs are dependably the first casualties of those changes. In the U.S., 80 percent of total employment is created in the private for-profit sector, whereas non-profits, states and localities, and the federal government employ the remaining 20 percent, but it is the private sector that experiences the greatest employment volatility. Yet, experience has shown that countries which have achieved tight full employment over the business cycle, either via industrial and lifetime employment policies (as in postwar Japan) or employer-of-last-resort policies (as in postwar

Sweden), do not have the same large fluctuation in overall unemployment. With a Job Guarantee in place, labor markets would be more stable and the program would not have to expand and contract as dramatically as unemployment currently does. Put differently, an economy that has an employment buffer stock is far more stable than one with an unemployment buffer stock. Forstater (1998) has argued that the Job Guarantee would operate with loose labor markets. This does not mean that employment in the Job Guarantee program would fluctuate dramatically; instead, it means that labor flows across sectors would be driven by abundant employment opportunities and not under duress due to job scarcity and economic insecurity.

Another macroeconomic feature of the Job Guarantee is that it establishes a *price anchor* and a *benchmark for all wages* in the economy (Mitchell 1998). As workers would be hired by private employers at a premium above the Job Guarantee wage, the latter becomes the effective minimum wage. While many countries have minimum wage laws, they are not fully effective wage floors, because the wage of the person who seeks but fails to find employment at that wage would still be zero. In other words, working people need both a wage standard (a minimum wage - benefit package) and the guarantee of an available employment opportunity. It is worth noting that the Job Guarantee would secure that labor floor, even if Congress fails to amend the minimum wage law (which is long overdue)[7], but the disruptive effects on the private sector would be minimized if the two policies were passed in tandem.

In the present proposal, the Job Guarantee *wage is fixed but not indexed* to inflation, to avoid creating an automatic wage-price inflation mechanism. This proposal favors one fixed based wage (as opposed to tiered wages) to enhance price stability and prevent competition for workers between the public and private sectors across the wage spectrum. The structural innovation of the policy is to provide an opt-out for workers in poverty paying private sector jobs. To maintain the wage floor at a living level and ensure that workers capture productivity gains, Job Guarantee legislation should require statutory review of the wage-benefit package and mandate increases lockstep with productivity. At the time of this writing (2021), the proposed Job Guarantee wage is consistent with legislative efforts across the U.S. to raise the minimum wage to $15/hr. This level, however, may soon be inadequate to keep a family of four with two working adults above poverty, and the proposal would need to be revised.

To sum up, the *price stabilization* features of the program include, 1) a base wage which is anchored at the living wage level, increased periodically lockstep with productivity gains, but not indexed to inflation; 2) a countercyclical spending mechanism that expands in recessions and shrinks in expansions, 3) spending on hiring that is always at the 'right level', and not more or less than what is necessary to employ the unemployed, 4) full employment without relying on general 'stimulative' aggregate demand policies, which tend to bid up the prices of already employed resources, including high wage workers, 5) an increase in both demand (from the purchasing power of the newly

[7] In the US, as of this writing (2021), the federal minimum wage has not been increased since 2009 and remains at $7.25.

employed) and supply (public goods production), 6) an increase in supply associated with creating the highest primary, secondary, and tertiary effects, compared to other job creation policies, 7) a reduction in existing social and financial costs of unemployment and various anti-poverty measures, and 8) a method for building capacity that alleviates any inflationary pressures across sectors (e.g., providing school bus drivers during a pandemic shortage or deckhands at busy ports).

This proposal is also *complementary* to but distinct from Keynes's proposal of the broader socialization of investment (Keynes 1964[1936]: 378). Keynes argued that two-thirds to three-fourths of total investment can be carried out by public or semi-public bodies or influenced by government with a long-term investment program. Such an approach would considerably reduce the overall volatility in investment, and by extension – of unemployment. However, in and of itself, it would not guarantee tight full employment, which according to Keynes was a cardinal measure for evaluating fiscal policy effectiveness. Even with a broader socialization of investment, Keynes considered it important to achieve full employment via an *on-the-spot employment* program that "takes the contract to the worker" in distressed areas (Tcherneva 2011b). The Job Guarantee is that program. As the proposal herein emphasizes, it is an additional employment relief program and not a replacement for ongoing prevailing-wage public sector work that is part of the broader socialization of investment. The greater the employment in the traditional public sector and the greater the socialization of investment, the smaller the Job Guarantee would be.

A GREEN JOB GUARANTEE: DESIGN AND IMPLEMENTATION

The Job Guarantee is a 'green' proposal. During the Great Depression, President Franklin Delano Roosevelt (FDR) understood that environmental work offers boundless possibilities for job creation in areas that are typically underserved by the private sector. FDR's New Deal programs offered immediate employment relief for millions of people, and the Civilian Conservation Corps in particular supported environmental renewal, improved public lands, planted 3 billion trees, built national parks and hiking trails, created access roads, fought fires, re-seeded grazing lands, built water storage basins, and implemented soil erosion controls – all of which, and more, are still needed today.

It is for similar reasons that the modern Job Guarantee proposal has become a key organizing demand of the environmental movement in the United States. It can help ensure that the green transition is also a just transition of the workforce, as stipulated in the Paris Accord – the multinational landmark agreement on climate change. While a just transition of the entire workforce would require a comprehensive green investment strategy, the Job Guarantee would support the most vulnerable workers in the green transformation with public employment at family sustaining wages.

Recent proposals have argued that a 'green job' is not one that only remediates the environment, but also provides 'care jobs' that invest in communities and people (Tcherneva 2020). As a permanent program, the Job Guarantee would also have key preventative features of the numerous social and economic costs of unemployment. Macroeconomic policies treat unemployment as a structural or cyclical concern and typically prescribe training, education, or 'stimulus' policies to address it. However, if one were to account for the spatial transmission of unemployment from community to community (what can be described as a contagion effect), and all of the accompanying physical and mental health costs, it would be more appropriate to tackle it as a public health – or even epidemiological – concern (Tcherneva 2019).

Unemployment is a social determinant of health that experiences periodic outbreaks, which means that a permanent, targeted, and local Job Guarantee program would benefit communities by helping inoculate against the related social deprivations and costs. The New Deal projects, for example (though not large enough to eradicate unemployment altogether), managed to create employment opportunities in every single county in the United States. The already-existing network of unemployment offices, the so-called American Jobs centers, can help implement the Job Guarantee in every corner of the United States.

Preparedness Response

The structural features of the program suggest a certain program design. To ensure that abundant employment opportunities are available in every community on an ongoing basis, the policy should be designed – not as a crisis response (which is often the case with direct employment measures) – but as a permanent and comprehensive preparedness and prevention program. This can be accomplished by creating community job banks in every county that would supply public service employment opportunities to job seekers on demand. An initial planning period would include identifying project-executing organizations and soliciting project proposals from the community. Think of the preparedness response that informs public health crises or natural disasters, for example. The Center for Disease Control's (CDC) maintains the Strategic National Stockpile (SNS), which is the nation's largest reserve of essential pharmaceuticals and medical supplies to be disbursed in emergencies. The SNS is designed as a supplement to local preparedness efforts, allowing it to respond to multiple large-scale emergencies simultaneously. Similarly, the Job Guarantee can supplement local job creation efforts, by maintaining a stockpile of ongoing projects and opportunities available to job seekers through the already existing network of American Job Centers.

Funding

To accommodate cyclical changes in private sector layoffs and program participation, the program would be best served if it were funded by the federal government out of general revenue. However, funding can also be modeled after disaster relief, using a combination of base and supplemental appropriation. Unlike disaster relief, however, which has become more reliant on supplemental appropriations due to the intensification of climate-related emergencies, the Job Guarantee *mitigates* fluctuations in overall unemployment and would thus depend less on supplemental funding.

Wray et al. (2018) estimate that to employ 11 - 16 million people at $15 per hour with benefits (including material costs set at 25 percent of labor costs), direct program expenditures would range between 1.3 percent and 2.4 percent of GDP, and the net cost of the program would vary from 0.98 to 1.33 percent of GDP. Table 1 shows some of the additional economic effects that were simulated in the report. A sizable program would improve state budgets (reducing their costs on anti-poverty programs), increase GDP by over 2 percent, boost private sector employment by 3.3 - 4.2 million people, without generating any inflationary pressures.

Table 1: Simulating the Job Guarantee: Financial costs, economic benefits

	Low Bound	**High Bound**
Peak Job Guarantee employment	11.6 million (2022)	15.4 million (2022)
Average Job Guarantee employment thereafter	11.1 million	14.7 million
Peak yearly contribution to real GDP ($2017)	$472 billion (2022)	$593 billion (2022)
Average contribution to real GDP thereafter	$440 billion	$543 billion
Peak increase in private sector employment	3.3 million (2023)	4.2 million (2023)
Average increase in private employment thereafter	2.93 million	3.65 million
Increase in inflation	peak 0.63 percent (2020)	peak 0.74 percent (2020)
	declining to 0.11 percent	declining to 0.09 percent
Improvement in state budgets	$35 billion	$55 billion
Average direct spending on the Job Guarantee	$409 billion (2020-27)	$543 billion (2020-27)
Average net budgetary impact	$247.5 billion	$340 billion
Net budgetary impact as percent of GDP	**0.98 percent of GDP**	**1.33 percent of GDP**

Source: Wray et al. (2018).

The program's budget could be calculated as a rolling average of actual spending from previous years and a forecast of the employment situation in the following year. If the Job Guarantee produces a permanently higher level of private sector employment and settles down to a smaller size over the course of several years, the budget would be reduced to reflect those changes. Using supplemental appropriations would continue to be necessary, because mass layoffs can occur for any number of unforeseen extreme events, including financial crises, pandemics, geopolitical shocks, and climate related job losses. Current U.S. law already provides funding for those who have lost their jobs due to natural disasters, but it does not provide the missing employment opportunities. The Job Guarantee can fill this gap, while also helping to rebuild affected communities. Funding for the program can also be provided to states via a General Revenue Sharing program, as proposed in

Galbraith et al. (2020), that would allow for a fiscal equalization at the national level, by directing federal funds to state and local governments who would enjoy wide discretionary use.[8]

Administration

The program can be administered through the Department of Labor (DOL), which would work with state agencies and local offices to disburse payments for wages and materials for approved projects, similar to the way it currently disburses unemployment insurance payments. The DOL would also supply the general guidelines for the kinds of projects it would authorize under the Job Guarantee program. Municipalities, in cooperation with community groups, would conduct assessment surveys, cataloging community needs and available resources. In consultation with the DOL, municipalities and the American Job Centers would create the above-mentioned community jobs banks—the repositories of employment opportunities.

In addition to providing funding to specific agencies, the DOL would make requests for proposals (RFPs) that would fund employment initiatives by community groups, cooperatives, nonprofits, and social enterprises for projects that serve the public purpose. Grants would be approved contingent on: 1) the creation of new employment opportunities for the unemployed; 2) no displacement effect of existing workers; and 3) the usefulness of activities performed as measured by their social impact.

States and municipalities would help administer, design, and implement the program. The involvement of citizens, local community groups, and other stakeholders that represent the public interest could ensure that the program enhances participatory democracy in the decision-making process of designing, managing, and funding the projects.

The existing One-Stop Career and American Job centers are already charged with providing many services to the unemployed, from the actual payments (unemployment checks) to job-search assistance, referrals, training, GED completion, resume building, English as a second language classes, instruction in math and reading, and other one-on-one services, such as stress management and financial planning. With the Job Guarantee, they could also provide the needed employment opportunities and become genuine employment offices, while maintaining existing training, education, and private sector job placement programs. Without the Job Guarantee, however, people would continue to shuffle in and out of the unemployment line.

Public institutions, cooperatives, non-profits, and social enterprises could execute the projects. Organizations from the solidarity economy that currently provide essential services on a volunteer basis could be properly staffed with a paid workforce. Project-executing organizations would follow the guidelines provided by the DOL, which would be informed in turn by the mission statement of the Job Guarantee to serve the wider public purpose.

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[8] As the authors point out, such a program existed in the United States from 1972 to 1986.

Participatory Democracy
The Job Guarantee program can foster economic democracy by prioritizing jobs and projects that are proposed and managed from the bottom up—that is, via direct input from 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.

Participatory governance would help create durable local assets, as in the case of India's Mahatma Gandhi National Rural Employment Guarantee program (MGNREGA), the largest job guarantee in the world. There are many models and real-world experiences that incorporate citizen engagement, public decision-making, and local institution building. Participatory budgeting can ensure that municipalities incorporate citizen input in the budgeting process itself. Experience with participatory budgeting shows that it significantly improves the effectiveness and results of local social programs.

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

Types of Jobs: "National Care Act"
Large-scale job creation programs are often mistaken for large-scale infrastructure projects. And while it is vital to invest in a nation's infrastructure as a matter of national priority, such infrastructure investment should not be scheduled around fluctuations of the business cycle. Building schools should be done on as-needed basis, not as an anticyclical policy. Similarly, it would be irrational to build bridges only when the economy is in a recession or, conversely, to discontinue a high-speed rail project on the grounds that the economy is growing. In addition, infrastructure jobs are often high-skill and predominantly male, thus not always suitable for all jobseekers. Large scale infrastructure is not a particularly reliable method for addressing the spatial aspects of unemployment. Jobseekers may live in communities that do not need levees or fire prevention efforts, but may experience multiple other deprivations such as poor access to healthy food or childcare care.

The proposal herein is to design the Job Guarantee as a "National Care Act" that would help fill many social and environmental needs gaps. With input from community groups, localities and municipalities could begin to develop public service employment opportunities in the following three areas: 1) care for the environment; 2) care for the community; and 3) care for the people. A green Job Guarantee that targets environmental and social concerns could create many different kinds of public service employment for years to come, both in large- and small-scale projects, including physical and social infrastructure.

A 21st century Civilian Conservation Corps (CCC) would help address acute climate-related problems in every community and would aim to prevent, mitigate, and withstand the impact of intensifying hurricanes, tornadoes, fires, and floods. The Job Guarantee would include, monitoring, rehabilitation, and public investment programs. It could tackle soil erosion and flood control, administer environmental surveys, launch species monitoring, park maintenance and renewal programs, remove invasive species, support sustainable agriculture practices, and work to eliminate food and public health deserts in the United States. It could launch mass rural and urban reforestation projects, local fisheries, community supported agriculture (CSA) farms, community and rooftop gardens, community beekeeping projects, fire and other disaster prevention measures, weatherization of homes, and composting.

In addition to the environmental challenges, communities experience social and economic problems connected to urban blight and poverty. Since communities are best rebuilt from within, the Job Guarantee could employ existing best practices from the solidarity economy to address them. Projects could include vacant property cleanup, reclamation of materials, and restoration of public spaces. They could build school gardens, playgrounds, urban farms, co-working spaces, solar arrays, tool lending libraries, alongside training and credentialing programs. They can help run restoration of historical sites, community theaters, carpooling programs, recycling, reuse, and water-collection initiatives, food waste programs, oral histories projects, and more.

The Job Guarantee can help support individuals and families by offering afterschool activities, elderly care, and special programs for children, new mothers, at-risk youth, veterans, former inmates, and people with disabilities. The program could provide employment to the very people benefiting from these programs. Youth could take summer apprenticeships in school weatherization programs and veterans could run veteran outreach programs.

Other projects may include adult education classes, community theaters, extended-day programs for school children. The Job guarantee participants could shadow teachers, coaches, hospice workers and librarians to learn new skills and assist them in their daily work. The program could administer nutrition surveys in schools, coordinate health awareness programs for young mothers, and organize urban campuses, co-ops, classes and training, and apprenticeships in sustainable agriculture. All of these initiatives could foster a new generation of urban teachers, artists and artisans, makers, and inventors.

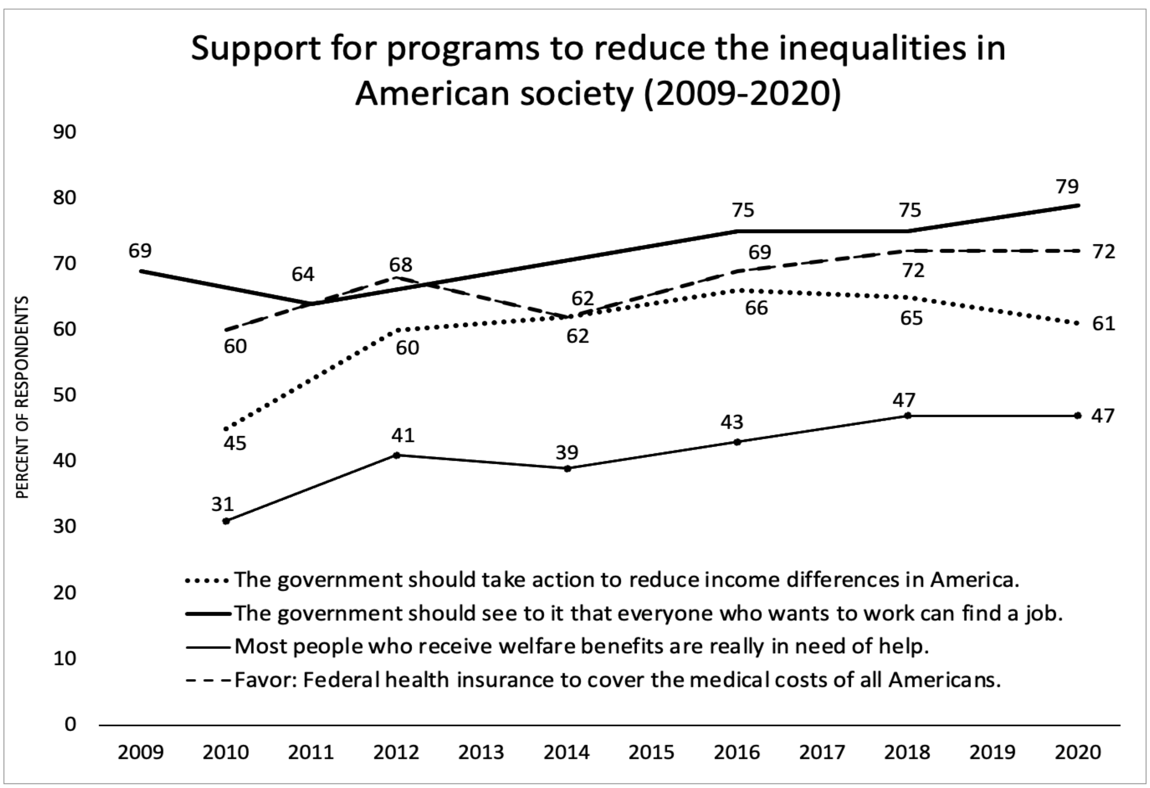
All of the above-mentioned tasks are already being done in one form or another by understaffed and underfunded organizations, or on a volunteer and irregular basis. The Job Guarantee could offer structural support to these local efforts and scale them up to address acute social, environmental, and community needs.

EXPERIENCE AND POPULARITY

There are many large and small programs around the world that could inform the design and implementation of the program. MGNREGA in India, Plan Jefes y Jefas in Argentina, and EPWEP in South Africa, have been implemented with considerable success in developing countries. More recent examples, such as the Youth Guarantee in Brussels, Future Jobs Fund in the U.K., Zero Long Term Unemployment Areas in France, and the Job Guarantee pilot in Marienthal, Austria, provide a blueprint for implementation in the developed world.

The popularity of the Job Guarantee has been increasing in recent years as well. The long-standing Kinder Houston Area Study by the Kinder Institute for Urban Research has been polling since 1989 whether "the government should see to it that everyone who wants to work can find a job," finding consistently support in the mid-60%. Since the 2008 Great Recession, that number has steadily increased, reaching 79% in 2020 (Figure 1).

Figure 1. Support for programs to reduce the inequalities in American society



Source: Kinder Houston Area Survey (2009-2020).

A 2013 Gallup Poll (Jones 2013) found that 72 to 77 percent of U.S. respondents supported government employment and job creation *laws* that would employ the unemployed (Table 2).

Table 2: Gallup Poll: Americans widely back government job creation proposals

	March 2–3 percent vote "for" (gov't spending not mentioned)	March 4–5 percent 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)

With the election cycle in the U.S., when several Democratic presidential hopefuls endorsed the policy during their 2018 campaigns, the program's popularity increased further. Data for Progress found majority support among likely voters (McElwee et al., 2018) with over 70 percent support in deep Republican states such as Mississippi and Georgia.

Internationally, a UK YouGov poll in April 2020 found 72 percent support for the Job Guarantee with a double-digit advantage over Universal Basic Income (Table 3), while an April 2021 poll in France found that 79 percent of voters supported a federal Job Guarantee (with 70-80 percent support from conservative parties). Similarly, a 2018 Indeed survey in the US found 56 percent support for the Job Guarantee in the US, compared to only 28 percent support for Universal Basic Income (Kolko 2018).

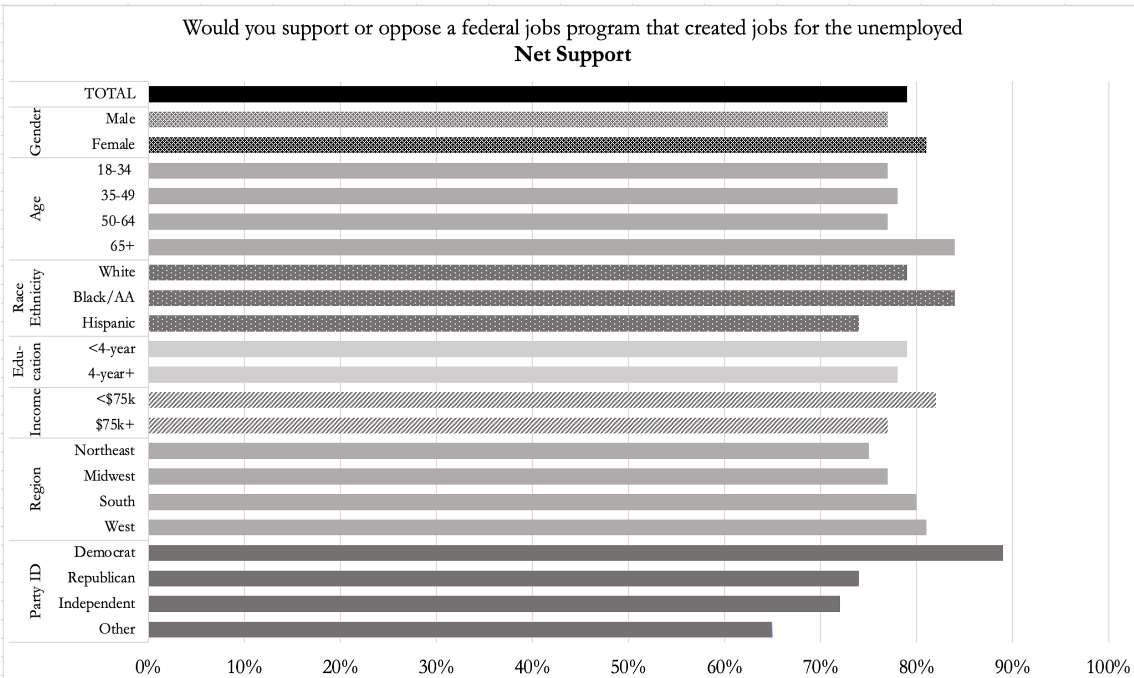
Table 3: YouGov Poll, UK: Support for a job guarantee has a double-digit lead over UBI

	Job guarantee	Universal basic income
Support	72%	51%
Oppose	6%	24%
Neutral	13%	15%
Unsure	8%	9%

Source: YouGov, UK (2020)

The pandemic intensified support for the program further. A Harris-Hill Poll from July 2020, showed 79% support among all respondents, spanning demographic, partisan and gender lines (Figure 2). More recently, in March 2021, a stunning 93 percent of U.S. respondents supported a national employment and training initiative that creates paid work for the unemployed as a component of post-pandemic recovery efforts (Porter 2021).

Figure 2: Support for a federal Job Guarantee across demographic groups, 2020



Source: Harris/Hill, July (2020).

On the legislative front in the U.S., Congresswoman Pressley unveiled the 2021 Federal Job Guarantee Resolution (H.Res.145), building on the historic advocacy of Civil Rights leaders. The Job Guarantee is also a signature component of the Green New Deal Resolution (H. Res. 109, S. Res. 166), which calls for "guaranteeing a job with family-sustaining wage, adequate family and medical leave, paid vacation, and retirement security to all people of the United States." Additionally, the Green New Deal for Cities, Towns, and Tribal Nations Act (H.R. 2644), the Workforce Promotion and Access (WPA) Act (H.R. 1388), Civilian Climate Corps for Jobs and Justice (H.R. 2670 and S. 1244), and the Thrive Act (H.R. 2919 and S. 1525) all include funding for public service employment.

Internationally, in September 2021, the largest party in Scotland adopted the Job Guarantee as a signature policy, while the Greens in Australia successfully introduced a Job Guarantee motion in Parliament at the same time. Whether policy makers make substantive steps toward passing such a policy in the near future remains to be seen but it is notable that, when polled, the Job Guarantee enjoys strong bipartisan support.

CONCLUSION
It is no accident that formal demands to secure the right to work can be found at least as far back as the late 18th century. The changes that intensified the commodification of labor and the increasing reliance of working families on wage work created a new form of economic insecurity, one linked to the absence of paid employment. The public also began to question the role of the sovereign, who could tax but did not answer to the people. The idea that the power of the authority was sustained by the people, implied the reciprocal obligation to secure some basic social and economic rights, including the right to work (see for example, the French Constitution of 1793).

MMT zeros in on this ongoing failure of the sovereign the meet this basic charge. It examines the role of the state in administering the monetary system, to tax and determine how taxes will be paid, to issue and maintain a monopoly over the currency, to receive labor and resources in exchange, and to possess pricing and spending powers to eradicate unemployment.

For MMT, the central question remains: will the current policy paradigm continue to tolerate and justify the existence of unemployment as an inflation fighting tool in the face of a clear alternative that can eliminate it while enhancing price stability? Will we continue to embrace fiscal policies that prime the pump, without an explicit commitment to guarantee employment access to all jobseekers? The Job Guarantee alternative not only achieves full employment and price stability, but does so by securing a basic labor standard for the economy as a whole, while delivering on the recurring demand to secure the right to employment to all. MMT helps clarify how an impoverished understanding of the monetary system, and the myths surrounding government spending, debts and deficits, have continued to serve as a bulwark against a more just, inclusive, and sustainable economic policy paradigm.

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