Full Employment Revisited

Essays on THE ECONOMY, PEOPLE AND FAIRNESS

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Framing the Fight for a Job Guarantee: Defining Full Employment as the Realization of the Right to Work

By Philip Harvey

The Problem with Full Employment

Among economists, advocacy of the job guarantee strategy is strongly associated with the goal of achieving full employment. But what does that goal mean? The truth is that the meaning of full employment has become so blurred in public policy discourse over the past several decades—in the work of both progressive and conservative economists—that it no longer serves to communicate the distinctive character of the policy goal that job guarantee advocates seek to achieve.

The role played by conservatives in muddying the full employment goal is clear. Opposing the efforts of progressives to define full employment in terms of adequate job availability (Beveridge, 1945: 18), conservatives have consistently argued that its achievement must be understood as practically constrained by the inflationary effects of the macroeconomic measures progressives advocated to achieve the goal (Rees, 1954: 39-49; Phelps, 1967, 1968; Friedman, 1968). This battle culminated in the wake of the inflationary recession of the mid-1970s with the widespread acceptance (by new Keynesian as well as monetarist and new classical economists) of the Non-Inflationary Rate of Unemployment (NIRU) (Modigliani and Papademos, 1975) or the Non-Accelerating Inflation Rate of Unemployment (NAIRU) (Tobin, 1980) as a practical measure of achievable full employment.

Since then, even progressive economists have tended to conceive of full employment in terms of what they believe the policies they advocate can achieve rather than as a policy goal insuring the availability of decent work for everyone who wants it. Paul Krugman (2009) equates full employment with 5% unemployment. Jared Bernstein and Dean Baker (2003) have referred to the 4% unemployment of the late 1990s as "at or close to full employment." Robert Pollin (2013) says we would be "doing very well" to achieve 3.5% unemployment. Joseph Stiglitz, who passionately endorses the goal without ever defining it, conceded in a brief exchange with me following one of his talks (Stiglitz, 2001) that he conceived of full employment in terms of price stability rather than job availability and had the "low 3s" in mind (Joseph Stiglitz, personal communication Nov. 3, 2001).

*56This 3 to 5% range is markedly higher than the 2% unemployment level most progressive economists equated with the achievement of full employment when
they first embraced the goal in the 1940s (Clark et al., 1949: 11-13). Moreover, the historical record shows pretty conclusively that when labour demand is adequate, the unemployment rate falls below 2.0%—as it did in the United States during the last three years of the World War II, in Japan and a number of European countries during the 1950s and 1960s, in Sweden as recently as the late 1980s, and as it still does occasionally in local labour markets.

So even if we limit our definition of full employment to the views expressed by progressive economists, it could mean anything from 2% to 5% unemployment. Moreover, in addition to the minimization of unemployment, most full employment advocates condition their definition of the goal on the satisfaction of a variety of other conditions relating to wage and benefit levels, working conditions, equal employment opportunity, and environmental sustainability (Goldberg, Harvey & Ginsburg, 2007).

The problem with this state of affairs is that the fuzziness of the full employment goal allows for a similar fuzziness in the standards by which progressives have come to judge the adequacy of the policies they promote to achieve the goal. It is hard to think coherently about what is needed to achieve full employment if the goal itself lacks clear definition.

Is there a solution to this problem? I think there is—because of the historical connection that exists between the full employment goal as it was originally conceived by progressives in the 1940s and the goal of securing the right to work recognized in international human rights law. By embracing this connection and expressly identifying the achievement of full employment with the realization of the right to work, progressives can simultaneously achieve precision in their definition of the goal, clarity regarding the range of policies required to achieve it, an intelligible set of standards for judging the success of those policies, and a more powerful normative framework for promoting the economic and social policies they advocate.

**Full Employment and the Right to Work**

As early as 1934, New Deal social welfare planners in the United States advocated the use of direct job creation to guarantee the availability of remunerative employment for all job seekers:

*57Since most people must live by work, the first objective in a program of economic security must be maximum employment. As the major contribution of the Federal Government in providing a safeguard against unemployment we suggest employment assurance—the stimulation of private employment and the provision of public employment for those able-bodied workers whom industry cannot employ at a given time (Committee on Economic Security, 1935).*


During World War II, President Roosevelt led a concerted effort to frame these goals in human rights terms—most notably in his 1941 (four freedoms) and 1944 (second bill of rights) speeches (Roosevelt, 1950, v. 10: 32-42; v. 13: 40-41). At the same time, Keynesian economists were gaining traction for their advocacy of the "full employment" goal articulated in Keynes’s *The General Theory.*

Given the concurrent popularization of these two characterizations of what appeared to be the same goal in practical terms, it is hardly surprising that the achievement of full employment came to be viewed as synonymous with the realization of the right to work, and that the practical meaning of both goals was understood to mean labor market conditions like those that existed in the United States during the last three years of the World War II when the national unemployment rate averaged 1.7% and employment opportunities were spread more widely than they ever had been before in the nation’s history.

In this context, the achievement of "full employment" via the macroeconomic policies advocated by Keynesian economists appeared to be a simple, almost magical means of securing the "right to work" advocated by President Roosevelt. Thus, when President Roosevelt called on Congress to give effect to the “right to a useful and remunerative job” proclaimed in his proposed "Second Bill of Rights," the unsurprising response of progressives in Congress was to push legislation that equated Roosevelt’s goal with the achievement of full employment via a straightforward application of Keynesian fiscal policy (Bailey, 1950: 159-178).

When American progressives stopped talking about the right to work following Roosevelt’s death and the end of World War II, they didn’t think they were abandoning the goal. They saw themselves as pursuing it under the less politically contentious banner of full employment. Ironically, this corresponded with a simultaneous embrace of Roosevelt’s “rights talk” on the international level. *58* When the newly-established United Nations took up the task of drafting an international Bill of Rights, the resulting document—the Universal Declaration of Human Rights (United Nations, 1948)—fully incorporated the economic and social entitlements Roosevelt had advocated in his 1941 "Four Freedoms" speech and his 1944 "Second Bill of Rights" speech.

It is this historical linkage between the achievement of full employment and the goal of securing the right to work proclaimed in the Universal Declaration of Human Rights that I believe job guarantee advocates should reassert. First, it would provide both badly needed clarity concerning the meaning of full employment and an authoritative affirmation of the goal. Second, it is particularly well suited for designing and administering policy interventions that rely on direct job creation to achieve full employment. Third, the normative appeal and political force of rights based claims speak strongly in favour of
reasserting the link between the goal of achieving full employment and that of securing the right to work. Before elaborating on these points, however, a brief discussion of the nature of international human rights law may be helpful in reassuring economists who feel hesitant to embrace an argument that is grounded on normative claims that are not a conventional part of their discipline’s discourse.

**Human Rights as Aspirational Law**

We normally think of law as the rules of conduct that governments not only proclaim but also enforce, or at least attempt to enforce. Human rights law is different. Its distinguishing characteristic is its aspirational nature—the fact that the rules it proclaims may not be enforced (as of yet) in practice. What it does is set goals.

Human rights are a form of aspirational law by means of which humans establish goals for themselves concerning the kinds of species they are committed to becoming (a species that respects these rights) and the kind of societies they are committed to creating (the kind of societies that secure and protect these rights) (Harvey, 2004: 723).

The road from aspiration to realization is always a long and rocky one. It typically begins with spontaneous protests against existing law or against a perceived injustice that is tolerated or encouraged by existing law. At this initial stage, people who assert a human rights claim are likely to be ignored, and possibly persecuted by defenders of the status quo. Their claims gain power only if they are embraced and fought for by growing numbers of people. *As this process unfolds, emergent human rights claims typically achieve progressively more authoritative recognition over time. At first the right is asserted in protest manifestos, then in the platforms of advocacy organizations, and ultimately in documents that bear some stamp of formal legal acceptance. Still, the formally recognized right may remain an unenforced aspiration, contradicted by the behavior of the very people who have nominally affirmed it. The American Declaration of Independence, drafted by a slave owner, proclaimed that "all men are created equal" 87 years before slavery was ended in the United States, 178 years before segregated schools were outlawed, and still African American are not treated as ed.

Why refer to unenforced human rights as a species of law? The answer lies in recognizing that the oppositional character of human rights law encompasses not just the way in which human rights come to be formally recognized, but also the way in which they finally come to be enforced. The struggle to win formal acceptance of a human right claim is simply a way station on the road to its realization as an enforced entitlement. In the end, this process (if successful) leads to the right being afforded at least partial protection via the ordinary mechanisms of the law, but before that occurs, and for aspects of the right that remain aspirational, the enforcement of human rights law depends on extrajudicial activity. South Africans did not rely on courts to enforce their right to equality. Their battle was mainly fought in the streets. It was their protest activity, buttressed by the support of people around the world who came to support their cause, that finally
succeeded in enforcing their internationally recognized entitlement to equal civil and political rights. Moreover, their struggle continues, with the realization of their equal economic and social human rights remaining a purely aspirational goal.

The Universal Declaration of Human Rights was drafted in full knowledge of the aspirational character of the rights it proclaimed and the distance humanity would have to travel to realize those rights. That is why the document calls not just on governments to enforce the rights it enumerates, but on “every individual and every organ of society” to participate in the process of winning those rights.

THE GENERAL ASSEMBLY proclaims THIS UNIVERSAL DECLARATION OF HUMAN RIGHTS as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of Member States themselves and among the peoples of territories under their jurisdiction (United Nations, 1948).

*60 The preamble's reference to "every individual and every organ of society" certainly includes economists and associations of economists. That being the case, the question economists should ask is not whether they should acknowledge the rights proclaimed in the Universal Declaration, but how they can most usefully serve the goal of securing those rights. This is especially true of the right to work, since it clearly addresses the realm of their expertise. More specifically, economists who do not define full employment in a manner synonymous with securing the right to work should feel obligated to acknowledge that the full employment goal they propose to achieve falls short of that objective, and that other measures are needed to achieve it.

Defining Full Employment as the Realization of the Right to Work

The right to work is expressly recognized in Article 23 of the Universal Declaration of Human Rights, but it draws meaning from a number of other articles as well. The most important of these are reproduced in Box 1. I have previously suggested that the right to work defined in these articles has four dimensions or attributes: quantitative, qualitative, distributive, and scope (Harvey, 2007).

The quantitative dimension requires that enough suitable jobs be made available to provide freely chosen employment for everyone who wants it. The qualitative dimension requires that these jobs satisfy certain conditions of decency relating to wages, working conditions, and other attributes of the employment. The distributive dimension requires that all workers be afforded equal substantive access to employment opportunities. The scope of the right requires that persons engaged in non-waged forms of socially useful work be accorded rights equivalent to those of as wage workers, even though the form in which those rights are secured may differ.
**BOX 1**

**Universal Declaration of Human Rights**

**Article 1**

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

**Article 2**

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

**Article 22**

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

**Article 23**

(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

(2) Everyone, without any discrimination, has the right to equal pay for equal work.

(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and to join trade unions for the protection of his interests.

**Article 24**

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

**Article 25**

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

(2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.
Translating these attributes of the right to work into operative standards and developing the metrics required to monitor a society's performance in securing them is a challenging undertaking, but the Universal Declaration provides considerable guidance for the performance of this task. Moreover, much of the factual information required to undertake such an inquiry is already available because each of the attributes of the right to work I have identified is the subject of significant, ongoing scholarly investigation by virtue of their independent importance in the progressive reform agenda. After all, it is because of that importance that the right to work was defined as including these attributes. What the Universal Declaration adds to this long tradition of inquiry and advocacy is an authoritative statement that these attributes are constitutive of a human right that governments, with the active support of “every individual and every organ of society, have an obligation to strive to secure.

**Configuring the Direct Job Creation Strategy to Secure the Right to Work**

As noted above, advocacy of the right to work in the 1940s provided strong normative support for the efforts of Keynesian economists to promote a macroeconomic strategy for achieving full employment. *62On the other hand, the Keynesian strategy’s direct contribution to securing the right is limited to its quantitative dimension, and that incompletely. In contrast, the direct job creation strategy is well suited to address all dimensions of the right to work.

That being the case, there is good reason for job guarantee advocates to keep all four dimensions of the right to work in mind when configuring direct job creation proposals. Their Keynesian predecessors concentrated on the bottom line of aggregate job availability because it was the only aspect of the right to work the policies they advocated could address. Job guarantee advocates are not so constrained. The tendency for progressives to define full employment in a way that includes other aspects of the right to work—whether or not they have ever heard of the Universal Declaration—argues strongly for an express incorporation of the standards that define that right to work in the design of direct job creation programs.

For example, direct job creation programs should allocate employment opportunities in a way that satisfies the needs of job seekers down to the individual level. It also means they should offer individual job seekers a range of employment opportunities, so participants are not only guaranteed a job, but "free choice of employment." It means the jobs offered unemployed job seekers should include meaningful opportunities for advancement and self-improvement, consistent with the right of everyone to the “free development of their personality.” It means workers in direct job creation programs should be provided "just and favorable remuneration” and that this remuneration should be supplemented by “other means of social protection" to address special needs. It means the jobs should provide paid leave time, including "periodic holidays with pay"; and that program workers should enjoy the full range of labour law protections that other workers do, including the right to "form and to join trade unions for the protection of [their] interests."
It also means, of course, that the program should model best practices with respect to the resolution of workplace disputes and the prevention of all forms of employment discrimination in keeping with the “equal . . . dignity and rights” of all persons.

The role of direct job creation programs in helping to secure these rights for workers outside the program should also be carefully considered. The means chosen to secure various aspects of the right to work for program participants should be suitable for general application, and program eligibility standards should be administered in a way that puts pressure on private sector employers to adopt program standards or better.

**Rights Based Policy Discourse**

In addition to the planning advantages of embracing the right to work framework, job guarantee advocates would also gain a more robust normative foundation for the advocacy of their policy proposals. Non-parochial, i.e., genuinely public policy discourse in liberal democracies is dominated by just two types of argument—those grounded on claims of collective self-interest and those grounded on rights-based claims.\(^5\)

Debate over the permissibility of various types of employment discrimination tends to be dominated by rights-based policy argument. Debate over the proper response to recessions tends to be grounded on claims of collective self-interest. As these examples illustrate, both types of policy argument can be powerfully influential, but when conflicts arise between them, rights based claims are usually recognized as taking precedence. This is true even for policies grounded on the perceived self-interest of a large majority of the population. Indeed, it is precisely in those circumstances that rights-based arguments display their unique power. This is the principle underlying the increasingly accepted democratic practice of subjecting properly enacted legislation (i.e., legislation that serves the perceived self-interest of a majority of a society's members) to nullification if it is found to violate recognized human rights.

We also see evidence of the practical power of rights-based claims in the support they have furnished to progressive reform movements over the centuries. It's hard to think of a successful social reform movement that has not relied crucially on rights-based claims to motivate its supporters, direct its efforts, and undermine opposition to its goals. Nor is the strength of this relationship between progressive reform and rights-based claims accidental. They are symbiotically linked to one another due to the aspirational character of human rights claims and the manner in which they emerge, are tested, and gain support over the course of long historical battles against injustice, cruelty, and societal indifference to human suffering.

Human rights claims are powerful not because governments are naturally responsive to them. They often are not. Nor are they powerful because courts can be relied upon to protect them in the face of concerted governmental opposition. While that sometimes happens, courts tend to be careful to limit their confrontations with government, since they depend on governments to enforce their decisions. Courts must consider whether it is helpful to the rule of law to push a government harder than it is willing to be pushed. The reason human rights claims are powerful, even when courts are weak, is because of their ability to both justify and motivate opposition to abuses of power, to embolden the voiceless to speak
and the powerless to protest.

This does not mean that interest-based norms play a secondary role in public policy discourse. Most public policy decisions do not raise human rights issues. When that is the case it is entirely appropriate for those decisions to be based entirely on considerations of collective self-interest. Human rights concerns play a prominent role in only a minority of policy disputes, but when they are implicated, their influence can be profound.

Economists are understandably hesitant to hitch their wagon to unenforced human rights claims. It sounds too overtly normative and therefore unscientific. For progressive economists though, I believe the potential rewards are worth the risk. The formal recognition accorded economic and social human rights in documents like the Universal Declaration provides a normative foundation for their scholarship that is not only more congenial to their political goals but is more easily communicated to the public, more likely to elicit non-elite public support, and more easily justified philosophically than the ultimately utilitarian norms embedded in neo-classical economic analysis.

I also believe that progressive economists can easily accommodate the more complex normative framework mandated by international human rights law. All they need do is recognize that the goal of their work is instrumental in character—to design socio-economic institutions and policies capable of fully securing the economic and social human rights recognized in international law at smallest sacrifice to the preference-satisfaction norms in terms of which collective self-interest has come to be defined in contemporary economic thought (Harvey, 2004: 703-709; 2002: 364-371).

For job guarantee advocates, the advantages to be derived from an express embrace of the human rights framework are even greater. It would permit the rehabilitation of the full employment goal as a policy objective with broad popular appeal and genuine normative bite. It would provide clear normative guidance in designing job guarantee proposals and in assessing the strengths and weaknesses of job guarantee experiments. Furthermore, it would make it easier to mobilize and sustain public support for job guarantee proposals while holding out the possibility that this support might someday flower into a social movement capable of securing the right to work everywhere in the world.

References


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*Notes*

1 William Beveridge’s often cited 3% estimate was not out of line with this consensus, since he included not only frictional unemployment (which he estimated at 1%) but also seasonal unemployment and unemployment attributable to fluctuations in international trade in his estimate (Beveridge, 1944: 127-129).
They used the term “maximum employment” to describe their policy goal because the term “full employment” had not yet been coined by Keynes and popularized by his followers. That awaited the publication of The General Theory a year later. Similarly, they used the term “employment assurance” to emphasize that they viewed the job-creation strategy they were proposing as a form of social insurance. As I go on to explain, it wasn’t until the war years of the early 1940s that the New Dealers, following Roosevelt’s lead, reframed the purpose of their social welfare policies as the fulfillment of the human rights of the beneficiaries of those policies.

For a fuller discussion of this history, see Harvey (2013).

Increasing the level of employment may insure the availability of enough jobs in the aggregate to provide work for everyone who wants it, but it will not, by itself, eliminate job shortages in local labour markets or for particular types of labour.

Historically, of course, there is a third type of policy argument that has played a far more prominent role in shaping public policy in the past and still plays a predominant role in some societies. This third type of policy argument consists of appeals grounded on long-standing cultural traditions—especially religious traditions—or the particular interests of a ruling elite. However, in liberal democracies this type of policy argument has an inherent tendency to lose its power over time, a victim of the principled acceptance of cultural diversity and political pluralism that characterizes those societies. This may take considerable time, of course, since the achievement of genuine political equality and the acceptance of genuine cultural diversity takes much longer than their nominal recognition in principal. Still, over the long run, policy arguments that are not based on an ideology with universal appeal have an inherent tendency to lose their legitimacy in non-parochial policy debate. Appeals to specific cultural traditions and/or elite interests may still influence public policy due to the power of particular interest groups; but to the extent the members of such groups feel either the need or the desire to reach out to other groups in advancing their policy arguments, they will feel compelled to seek common ground. In a genuinely democratic, culturally diverse society this common ground is found in policy arguments based on a commitment to universal human rights and/or the collective self-interest of humankind in general.