Letters

Toward a *New* New Deal: The Targeted Job Guarantee

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To the Editors:

In recent years, there has been growing concern with rising inequality, inadequate job growth, and what appears to be a "new normal" of chronic economic stagnation. Many have pointed their finger at robots that are taking away our jobs, and suggested the basic income guarantee as a solution: just pay people for not working and their income will provide the demand necessary to keep the robots humming along. I have been struck by the similarity to the debate between Malthus and Ricardo, in which Malthus praised consumption by the unproductive rentier class, while Ricardo argued that producers might as well just set fire to their output as to pay rentiers to consume it.

Gertrude Goldberg's article, "Employment or Income Guarantees: Which Would Do the Better Job?" in *New Labor Forum*, fall 2016, made an excellent case for a job guarantee, which would provide jobs to all those who want to work. Not only do they get income but also a range of other benefits including enhanced feelings of self-worth and social inclusion. Society benefits from their productive labor, and there are important macroeconomic effects because employment in a full employment program (and, hence public spending) would be strongly counter-cyclical. The labor pool in the program would reduce hiring costs for private firms as participants build a work history.

However, Goldberg brought up a potential political liability: "Big Government." Roosevelt's New Deal jobs programs were highly centralized, which was appropriate for an economy in a desperate economic crisis and with large sections of the country underdeveloped. If we were to adopt a nation-wide job guarantee (paying a uniform minimum wage) in a *new* New Deal, however, it would make sense to decentralize and thereby increase involvement by state and local government as well as community groups. Jobs would be directed where they are needed. Projects would be designed to meet the needs of the community. Proposals would be submitted by local governments and not-for-profits and would go through several layers of approval: local, regional, state, and federal. Management of the projects would be local, but evaluated by regional, state, and federal committees.

Wages of program workers would be paid by the federal government (directly to bank accounts associated with social security numbers), with limited federal funding of additional project expenses (perhaps limited to 25 percent of the wage bill, to cover materials and administrative costs). Continued federal support would depend on evaluation of the success of the projects. Assessment would include benefits to participants as well as to the community.

The program would be phased in as quickly as projects are approved and begun. Applications by job seekers would be forwarded to project directors; employment in the beginning might be by lottery—until a sufficient supply of jobs has been created. If there are an insufficient number of jobs, the call for project proposals can be extended to state and federal governments—until the number of job openings exceeds the number of job seekers (the measure of full employment indicated by twentieth-century British economist William Beveridge).

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