

## Notes and Communications

### *A Survey of Full Employment Advocates*

The goal of full employment once occupied a central position in the agenda of progressives, including those in the governments of the United States and Western Europe. For example, “the right to a useful and remunerative job” was the first item in Franklin Roosevelt’s Economic Bill of Rights (1944/1950). The “right to work” was also recognized as a human right in the Universal Declaration of Human Rights (United Nations 1948; Harvey 1989; 2002). It was widely accepted at the time that this goal translated into an achievable and sustainable unemployment rate of 2 to 3 percent (Beveridge 1945, 21, 127-128; Clark 1949, 14).

In many countries in Western Europe, this goal was largely achieved. For a number of decades after World War II, unemployment was below 3 percent – often substantially. This was not the case in the United States. Although the achievement of full employment was a prominent goal of the Democratic Party throughout this period, rates below 4 percent were achieved only in the immediate post-war years and during the Korean and Vietnam wars. An example of the rise and fall of full employment as a progressive policy goal is its status in Democratic Party platforms – from a central position to complete disappearance in recent decades (Harvey 2007; Mucciaroni 1990; Weir 1992).<sup>1</sup>

The stagflation of the 1970s weakened the faith of policy makers both in the achievability of full employment and in Keynesian demand management, the strategy on which progressives had relied since the 1940s (Harvey 2007; Mucciaroni 1990; Weir 1992). Moreover, since unemployment affects both the level of social need and the availability of resources to meet it (Ginsburg 2000; Goldberg 2000; 2002), the viability of the welfare state was also called into question.

The emergence of inflation as a primary concern of public policy brought a shift in focus from full employment to price stability and a tendency to redefine full employment itself. Rather than a job for all, it came to mean an unemployment rate believed to be consistent with price stability. This was invariably higher than the rate

earlier associated with full employment. Various tagged by conservative and mainstream economists as “the natural rate of unemployment” and/or the “nonaccelerating inflation rate of unemployment” (NAIRU), this policy goal was used interchangeably with “full employment” and dominated the economic policy debate (Ginsburg 1983; 1991).

Mass unemployment at various levels is now a fact of life in a number of Western European countries that had earlier attained extremely low rates of unemployment. Although the United States achieved rates of 4.2 percent in 1999 and 4.0 percent in 2000, since then unemployment has been higher. Indeed, there is reason to believe that full employment in its original meaning is no longer a policy goal and that it has been redefined. For example, Janet L. Yellen, President and CEO of the Federal Reserve Bank of San Francisco, recently expressed a widely-shared view when, with unemployment at 4.7 percent, she said that “the economy is now operating in the vicinity of ‘full employment’” (2006, 2).

Are progressives also less committed to full employment and inclined to redefine it? Have the likely advocates of full employment changed their attitudes? Do they still consider full employment desirable or achievable? Is it still a top priority? If advocates are less committed to the goal that once held such a prominent place among progressives, then the prospect of reducing and sustaining unemployment at a very low level is indeed dim. The same is also true of restoring a firm foundation for the welfare state. For these reasons, we decided to probe the views of likely advocates of full employment and those still nominally committed to it.

Our methodology was straightforward. We e-mailed a brief, open-ended questionnaire to presumed full employment advocates asking their current and past views concerning some questions that interested us. Most respondents came from the membership rolls of the U.S.-based National Jobs for All Coalition (NJFAC), the Euromemorandum Group, and the Columbia University Seminar on Full Employment, Social Welfare and Equity.<sup>2</sup> Of the 50 responders, 27 were European (from 12 different countries), five were Australian, two Canadian, and the remaining 18 were from the United States. Most respondents were economists, with a scattering from other disciplines. Respondents were overwhelmingly white men.

### ***Defining Full Employment***

Respondents expressly rejected definitions of full employment based on the maintenance of price stability and did not consider the levels of unemployment currently deemed acceptable by policy makers to constitute full employment. The two most frequently cited elements in respondents’ definitions were the availability and quality of jobs.

Consistent with the findings of Spanish economist Mirren Etxezarreta (1999), nearly all respondents defined full employment as the availability of a job for everyone who wants one, but there was no commonly expressed operational meaning of that principle. Fewer than a fifth of our respondents included statistical definitions of full employment, and those that did cited different values.

The following illustrates the range of definitions:

- . . . when so-called “at risk” workers – ex-felons, welfare leavers, etc. – can have a reasonable chance of gaining full-time employment. Operationally, I think this is when national official unemployment rates are between 3.5 and 4.0 percent.
- . . . as a situation where there are at least as many job openings as there are persons seeking employment, probably calling for a rate of unemployment, as currently measured, of between 1 and 2 percent.

Thus, although respondents agree that full employment should be conceived in terms of job availability rather than price stability, they differ as to how that principle should be translated into more specific economic policy goals.

The other common element in their definitions of full employment is job quality. The most frequently mentioned requirement was adequate pay. Requirements that were also mentioned include: that jobs be appropriate to the skills and preferences of workers; that workplace benefits like child care be available; that adequate income be provided for those unable to work; that the jobs be freely chosen and that they not be “precarious,” “contingent” or “marginal”; that the work be socially useful; that union rights be ensured; and, that workers not have to “start from the beginning every time they change their job or are sacked.”

The promotion of standards such as these – what the International Labor Organization (ILO) refers to as “rights at work” – has always been closely associated with full employment or the “right to work” (ILO 1998). In the decades following World War II, higher wages and rising labor standards were seen as complementary to full employment, rather than components of it.

Perhaps today’s full employment advocates include quality standards in their definitions of full employment because it is no longer widely assumed that achievement of full employment is consistent with rising wages and improving labor standards. Today’s advocates may want to distinguish themselves from neo-liberals who argue that the way to combat joblessness is to lower labor costs by curbing labor standards and rights.

Do the respondents think their own views have changed? Just about half (26 of 50) replied that their definition of full employment has not changed. The rest reported that their conception had expanded to include one or more of the quality standards – most frequently a living wage.

### ***The Perceived Benefits of Full Employment***

Not surprisingly, respondents uniformly stated that the achievement of full employment is desirable. Many of the benefits they attribute to it go beyond the obvious economic ones. As one European economist commented:

Good work is an essential factor for the material, social and psychological well-being of every individual. Full employment makes full use of the creative and productive potential of

society, and it is beneficial for the public budgets. Full employment is also a factor of democratic stability: it strengthens the positions of workers and employees against the power of capital. Unemployment, on the other hand, contributes to political instability because it strengthens xenophobia, the extreme right and even fascist currents.

Another emphasized the role of full employment in promoting social integration: “A workplace is not only a source of income but the place where people are connected to other people, where they can feel themselves to be part of the society.”

Some respondents qualified their support for full employment by characterizing it as desirable only under current economic arrangements or as transitional to a more humane one:

Yes, these are direct quotes except for those added in brackets ; that’s why they were indented

- Full employment . . . is a step to confront capitalism’s dehumanizing reality, and to move forward toward comprehensive societal transformations aimed at liberating people from domination and exploitation, and advancing alternative work and production systems conducive to full human development.
- [It is desirable] as long as a job is essential both to economic survival, social usefulness and thus social status.
- [It is desirable], but people should have greater flexibility over how much work by, for example, introduction of a Basic (or Participation) Income.

### ***Is Full Employment a Priority?***

More than half – 30 of the 50 respondents – rated full employment their top priority or included it in an unranked list of top priorities. Another 11 cited it as a priority but not their most important one.

In explaining the importance of the full employment goal, some respondents emphasized its potential contribution to the achievement of other societal goals – such as gender and racial equality, more egalitarian distribution of income and wealth, eradication of poverty, promotion of democratic participation in the economy, strengthening of social welfare and improved international relations.

For those respondents who did not list full employment as their top priority, the goal that most frequently trumped it was environmental sustainability, which was not even an issue when full employment was conceived. Other priorities included peace, race and gender equality, democracy, and a guaranteed income.

***Is Full Employment Achievable?***

Most respondents believe it is. About three-fifths of them gave an unqualified “yes” to the question, “Do you consider full employment, as you define it, achievable?” Only a few (4) said “no,” and the remainder gave a qualified, “yes.” These responses are sensitive to the respondents’ own definitions of full employment and must be interpreted accordingly. For example, the respondent who defined full employment operationally as between 3.5 and 4.0 percent, answered, “Yes, since it did occur in 1999-2000.” We do not know whether this respondent would agree that full employment is achievable if it required a lower unemployment rate. On the other hand, most respondents had a more demanding definition of full employment and nonetheless believed it achievable.

Despite agreement on feasibility, there was a lack of consensus concerning the policies for achieving full employment. Some proposed the use of direct job creation by government. Others advocated “good fiscal and monetary policies.” Another cited the Swedish model “that combines . . . macro policies to maintain an adequate level of aggregate demand for labor and micro policies to maintain a labor market that is both flexible in the good sense, while maintaining workers’ rights.” Work time reduction was mentioned by at least nine of the respondents, mostly Europeans, and one participant thought that full employment could be achieved “thanks to the introduction of a new welfare policy based on basic income.” Two others believed protectionism was needed, along with other measures.

Differences of opinion were also expressed concerning particular strategies. While one respondent considered full employment achievable because the government could function as an employer of last resort, another thought persons employed in such jobs should not be considered fully or decently employed because the jobs would have to be lower in pay to avoid competing with the private sector. Another respondent viewed government job creation as essential for the achievement of full employment but not if it were conceived as the creation of “last resort” jobs. Instead, this respondent advocated the creation of “a comprehensive public service dedicated to employment.” Others withheld endorsement for a particular full-employment strategy by suggesting that a combination of policies be adopted. Still others emphasized the political changes rather than the economic policies that would be required to achieve full employment.

Among the minority of respondents who responded in the negative or with a qualified yes to the achievability question, the most frequently expressed view was that full employment is technically possible but politically out of reach. The relative powerlessness of workers was mentioned by a number of respondents in explaining this view. Others cited the political power of the opponents of full employment or the absence of a popular political movement in its favor. A smaller number felt that full employment was incompatible with capitalism and that a transformation of the economic system would be required to achieve it, while others mentioned technological innovation as a barrier.

Given the current concern over globalization (Ginsburg et al. 1997), we were surprised that it was scarcely mentioned as a barrier to full employment. Although one respondent did call for “remov[ing] tax incentives that promote off-shoring,” globalization was conspicuous mainly by its absence.

### ***Conclusions***

This survey had three major findings that can inform efforts to reinstate full employment as a goal of policy makers. First, our results demonstrate both continuity and change in the way current advocates define full employment. On the one hand, the goal itself is conceived in much the same way that it was in the decades immediately following World War II – as a guarantee of decent employment for everyone who wants it. The primary change in this vision is the special emphasis on the “decency caveat” – that full employment must include a commitment to rights *at* work as well as the right *to* work. Perhaps this is to distinguish progressive policies from those of neo-liberals whose recipe for full employment is to lower pay and weaken job standards.

Second, the respondents to this survey share a commitment to a broad vision of the full employment goal as a job for everyone who wants one, but they tend not to define the goal operationally. Previously full employment was widely considered to be an unemployment rate in the 2 to 3 percent range. That might still be the case if it were more widely known that even with an unemployment rate in the 4 percent range many people are without jobs, working part-time involuntarily and without the living wage that most advocates consider integral to full employment. For example, in 1999, when the official U.S. unemployment rate was 4.2 percent with 5.9 million persons unemployed, there were, in addition: 3.4 million workers who were employed part-time because they could not find full-time jobs, 4.2 million non-job-seekers who wanted a job and approximately 16.7 million who worked full-time, year-round for less than the meager four-person poverty level – a total of 30.2 million persons (Ginsburg and Ayres 2000).<sup>3</sup>

Third, our survey shows a similar lack of consensus concerning the nature of the economic policies needed to achieve full employment. Some respondents felt that capitalism must be replaced in order to achieve full employment. Others proposed institutional reforms such as a shorter workweek, community control of investment policies or social welfare measures like a basic income guarantee that would reduce the need for wage employment. Still others advocated macroeconomic measures, possibly supplemented by active labor market policies like those pioneered by Sweden (Ginsburg 1983). Finally, some favored the use of direct job creation by government as a means of reducing or countering the inflationary tendencies that led to the collapse of the simple Keynesian strategy in the 1970s. One implication of these findings is the need for careful study and comparison of the effectiveness of each of these strategies. The results could lead to greater consensus on the policies more likely to achieve full employment.

Finally, respondents generally identified political barriers as more important than economic barriers to the achievement of full employment. What is lacking is a consensus on the means of overcoming political barriers. Since most respondents were economists, subsequent study should tap the knowledge of other social scientists with more knowledge of the political process, particularly social movements (Goldberg and Collins 2001).

This modest survey indicates that while the full employment vision is alive and well among its proponents, advocates do not necessarily agree about the policy measures needed to achieve their goal. Nor do they agree about how to define it quantitatively. We would hope that further research and discussion of these two points of disagreement would enable advocates to speak with a common voice in progressive policy debates. With such specificity and consensus among its advocates, full employment might regain its former prominence in the reform agenda.

### Notes

1. The complete text of the party platforms of all major presidential candidates (from 1840 to 2004) can be accessed at the website of the American Presidency Project at <http://www.presidency.ucsb.edu/index.php>.
2. Information about these three can be found at <http://www.njfac.org> (National Jobs for All Coalition); <http://www.memo-europe.uni-bremen.de/euromemo/indexmem.htm> (Euromemorandum Group); and <http://www.columbia.edu/cu/seminars/> (Columbia University Seminar on Full Employment, Social Welfare and Equity). The National Jobs for All Coalition has developed a comprehensive, updated vision of full employment (Collins, Ginsburg, and Goldberg 1994).
3. Every month, when the Bureau of Labor Statistics (BLS) announces the official unemployment rate, the National Jobs for All Coalition website carries those figures plus the measures of unemployment and underemployment that are omitted by official figures. Also included are BLS-estimated job vacancies that are invariably less than one-third the number of job seekers. See <http://www.njfac.org/jobnews.html>.

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