



FULL EMPLOYMENT AND JOB GUARANTEE SCHEME¹

1. INTRODUCTION

The New Liberals see the right to work as a human right. As such, it is necessary to create a scheme which treats all Australians equally, with fairness, while respecting human dignity, and which is tailored to each individual's skills, abilities and personal circumstances.

Government economic policy, over the last 30-40 years, has consistently put money into the wrong pockets, benefitting employers over employees and by design, kept a percentage of Australians unemployed. Consequently, these policy decisions have created a vast underclass of citizens who are either unemployed or underemployed, or who, whilst in full-time employment, are still living below the poverty line.²

The New Liberals will put in place a policy which seeks to create full employment for all Australians who are seeking a job. For the citizens who are unable to be employed, then safety nets will be established to ensure that no-one lives below the poverty line.

Our job guarantee scheme (**the JGS**) will be a public option for jobs. It will be a permanent, federally funded, and locally administered program that supplies voluntary employment opportunities on demand for all who are ready and willing to work at a living wage. While it is first and foremost a jobs program, it has the potential to be transformative by advancing the public purpose and improving working conditions, people's everyday lives, and the economy as a whole.

2. THE PROBLEM OF UNEMPLOYMENT

We define full employment as a situation where any person of legal working age who wants to work is able to obtain employment at a living wage and decent working

¹ The New Liberals are indebted to the work of Pavlina R. Techerneva, especially *The Case for a Job Guarantee* (Polity Press, Cambridge, 2020) and *The Job Guarantee: Design, Jobs and Implementation* (Levy Economics Institute, Annandale-on-Hudson, 2018)

² https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

conditions. This includes but is not limited to new entrants in the labour market, people in “hidden unemployment” who are not normally counted in the official statistics, and individuals who are employed involuntarily in part-time working arrangements or other forms of precarious work.

Unemployment is:

- **A monetary problem:** It is a consequence of business cycles dynamics and profit seeking firms’ behaviour, as well as the State’s inadequate management of the currency and the monetary system;
- **A situation that cannot be remedied by private firms:** The private sector is unable to produce *and* maintain tight full employment over the long run;
- **A problem by design and a public sector failure:** Unemployment is a problem created by concrete policy measures. Governments over the last 30-40 years have chosen an explicit policy of keeping a percentage of Australians in involuntary unemployment. It is the opportunity to call time on “trickle-down” economic policy. We believe in fairness and designing policies that ensure money finds its way to the pockets of all working Australians; and
- **A moral failure:** Unemployment has been used as the main bulwark against inflation and economic instability and is considered a “necessary evil.” The idea that some people will necessarily lose their jobs and livelihoods in the fight against other economic ills is a profound, and unnecessary, moral failure on the part of the government and the economics profession.

By contrast:

- **Our JGS offers:** a superior policy option to the current approach, and one that is macroeconomically sound and humane. It pays to employ the unemployed, preventing and reducing the outsized costs of unemployment, supporting the production of valuable public goods, and investing in and empowering people, planet, and community.

3. OBJECTIVES OF THE JOB GUARANTEE SCHEME

Policy purpose:

To provide decent jobs at decent pay on demand to all individuals of legal working age who want to work.

Policy objectives:

- To guarantee a basic human right, as outlined in the United Nations Declaration of Human Rights;
- To institute a public option for work, i.e., an employment safety net;

- To create job opportunities in close proximity to the unemployed;
- To create suitable work opportunities for people of varied skill levels;
- To serve the community’s needs;
- To establish an effective minimum wage for the economy as a whole;
- To operate as an “employment buffer stock” in stabilizing the business cycle;
- To stabilise inflation by using the JGS’s buffer stock mechanism and minimum wage feature;
- To serve as a preventative policy that inoculates against the vast economic, social and political costs of unemployment;
- To be used as an institutional vehicle for addressing other social ills—e.g., environmental concerns, care needs, urban blight, etc; and
- To put people and their needs at the forefront of public policy, in order to empower and support them.

4. KEY PROGRAM FEATURES

- **A living wage:** The JGS will offer a living wage (**LW**), which we define as 60% of the median wage. As the median earnings for a full-time Australian worker are \$1,714 per week based on ABS data³, a living wage would be \$1,028.40 per week or \$53,476.80 per year. As such it will set a de facto minimum wage, as private sector employers who wish to retain employees will have to meet the LW;
- **Permanent but voluntary:** The program will be wholly voluntary and will offer permanent full-time employment. Those who choose not to take advantage of the JGS, will still be able to access unemployment benefits designed as safety nets to keep them above the poverty line;
- **Local:** The program will take the contract to the worker, creating jobs where the unemployed live;
- **Targeted:** By design, the program will create the greatest number of jobs in communities with the greatest number of unemployed people, who are facing multiple other social deprivations;
- **Federally funded, locally administered:** Since it is an employment safety net, the program will be funded by the federal government, but primarily administered by local and municipal governments, not for profits and/or social enterprises, and cooperatives. Our program will have no profit incentive;

³ <https://www.abs.gov.au/AUSSTATS/abs@.nsf/0/7F76D15354BB25D5CA2575BC001D5866?Opendocument>

- **Community Jobs Banks:** The program will serve as a repository of various employment opportunities. It will not displace existing public sector work;
- **A safety net and a transitional jobs program:** As a safety net, it will give opportunities to anyone who wishes to work at the LW, irrespective of their labour market status or situation;
- **Matching jobs to people's context:** It will meet people where they are in terms of ability. It will provide suitable, useful work opportunities, designed to be appropriate for the education or skill level of the applicant. We will offer free childcare to help caregivers, single parents and 'stay at home' parents' participant in the program;
- **Provides working day options:** The JGS will also offer part-time and flexible work arrangements, as needed, for caregivers, students, etc;
- **Invests in people:** It will offer training, education, and apprenticeship opportunities, and will guarantee the LW whilst training. We will achieve this by investing and improving the current TAFE system.
- **Invests in communities:** The JGS will aim to match unfilled community needs with unemployed or underemployed people who could work to meet them;
- **Invests in the public good:** It will separate the offer of employment from the profitability of employment. Projects will be created to serve community needs, rather than prioritising whether the projects are deemed "profitable" in the narrow sense; and
- **Invests in the environment:** The program will focus on addressing environmental concerns.

5. BENEFITS

- **Full employment:** The program will eliminate involuntary unemployment and drastically reduce the associated human hardships and social afflictions;
- **Living income:** The program will raise the income floor to the LW;
- **Alternative to bad jobs:** It will displace "bad" labour practices and help to eliminate "bad" jobs. If the public employment option offers a decent job at decent pay, employers who pay poverty wages and/or offer difficult working conditions would have to match the JGS pay and conditions to retain workers;
- **Inflation stabilisation:** The program will serve as a superior inflation control and macroeconomic stabilisation tool. Since the JGS's primary objective will be to provide jobs to those who want them at all stages of the business cycle, it will have an inherent countercyclical mechanism which is superior to current inflation and macroeconomic stabilisation methods. When times are buoyant, employees will tend to move out of the JGS to better paid public and private sector jobs. When times are tight, and private and public sector are laying off,

those who lose their jobs will have work in the JGS. Thus, the JGS expands and contracts with recessions and expansions, never allowing individuals and the economy to suffer the consequences of unemployment. As such it continues to stabilise economic growth and prices, using a *pool of employed individuals* for the purpose rather than a reserve army of the *unemployed*. It stabilises the economy by supporting people, communities, and families, and not by rending them “disposable” as in the current paradigm;

- **Health and well-being:** The JGS will improve the physical and mental health of the previously unemployed, as well as that of their spouses and children, and improve children’s educational performance and labour market prospects;
- **Anti-discrimination:** The JGS will not discriminate based on psycho-social barriers to employment such as lack of recent experience, low educational attainment, psychological or physical illness, disability, a history of incarceration, or labour market factors based on a number of factors including ethnicity, race or age. As such it will work to reduce the alarming rate of suicide, mortality and morbidity generated by the current system.⁴; and
- **Economic, social, and environmental benefits:** It will reduce homelessness, recidivism, and economic crimes; increase the availability of public goods and services, which are provided through the JGS program; and invest in the environment, people, and community.

6. SITUATING THE JGS WITHIN BROADER POLICY AGENDA

The JGS is first and foremost a program designed to provide decent jobs at decent pay, but it resides within a broader policy agenda which aims at reducing inequality of opportunity. See *The New Liberals’ Economic Policy* and our *Policies on Education, Health, Homelessness, Law and Justice, Employment and Work Relations, Climate Change and the Environment, Affordable Housing, Safety Nets and Tax*.

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⁴ Redesigning-employment-services-after-COVID-19_FINAL.pdf