

**Question: Imagine you have the opportunity to implement one, single policy to make Australia a more equal society. What policy do you choose?**

If climate change is the greatest existential threat to life on earth, then *unemployment* is the greatest threat to the *quality* of life on earth. We live in an age of great contradiction. Our labouring efforts have created more wealth and abundance that we could ever have fathomed; yet, our working lives are characterised by unpredictable, temporary, and precarious employment. For the first time in statistical history, *less than half of employed Australians work in permanent full time jobs*<sup>1</sup>. Hobbes may have believed that life outside of society was “solitary, poor, nasty, brutish, and short”<sup>2</sup>. But today, for a whole generation of young Australians, life is “anxious, precarious, ever-changing, temporary, and long”. In times like these, it is easy to see why some progressives are turning towards the lycium-like thread of the Universal Basic Income (U.B.I.) as a saviour for our (seemingly) end-times. But much like Gilgamesh’s journey to Utnapishtim, the UBI will not be “*the end of work. That which you seek, you will never find. For when the gods created man, they let work be his share*”<sup>3</sup>. This essay will propose something much more radical than a UBI; something that really will *Change the Rules* and create a more equal society. It will argue for *Full Employment via a Federal Job Guarantee*.

This will be done in two sections: *part one* focuses on why work and full employment matters; and *part two* presents the policy proposal for a Federal Job Guarantee. In doing so, this essay will unpack the consequences of full employment conditions, and demonstrate how a Job Guarantee forges the structure for a *real* “fair go” for all Australians.

### **PART ONE: *Why Full Employment Matters. Labour, Meaning, and Bargaining.***

*‘Work has no intrinsic meaning. Its meaning is produced by the culture in which it is performed.’*

Charlie Fox, ‘Working Australia’

Our lives are dominated by the ideology of work. From the youngest age, we are inducted into its hypnotic rituals. It begins in the family with the division of time into ‘play’, ‘napping’, and ‘eating’. Then it is regimented into the class structure and school timetables<sup>4</sup>. It’s enforced with iron necessity by our basic sustenance needs, it’s embodied in the culture we consume<sup>5</sup>, and we are even socialised to its rhythmic pattern on the working-weekend. Perhaps most mysteriously of all, we cannot imagine a world without the structure of work and its vicissitudes in

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<sup>1</sup> T. Carney & J. Stanford, (2018) ‘The Dimensions of Insecure Work: A Factbook’. The Australian Institute: Centre for Future Work. (available at [https://d3n8a8pro7vhm.cloudfront.net/theausinstitute/pages/2807/attachments/original/1528337971/Insecure\\_Work\\_Factbook.pdf?1528337971](https://d3n8a8pro7vhm.cloudfront.net/theausinstitute/pages/2807/attachments/original/1528337971/Insecure_Work_Factbook.pdf?1528337971))

<sup>2</sup> T. Hobbes, (1660) *Leviathan*, Chapters XIII–XIV.

<sup>3</sup> The “wisdom” Gilgamesh gains is not in finding what he sought out to find; but in recognising his mistake in believing in the search itself. The original quote is that “Life, which you look for, you will never find. For when the gods created man, they let death be his share, and life withheld in their own hands”. Standard Tablet Version, Tablet X. trans. Andrew George.

<sup>4</sup> For an exposition of the process class formation in childhood and school, see chapter 7 and chapter 8 in R.W. Connell, (1977), ‘Ruling Class, Ruling Culture’, Cambridge: Cambridge University Press.

<sup>5</sup> For a theory of how the culture industry reinforces the ideology of the capitalist mode of production, see: T. Adorno, (1991), ‘The Culture Industry’, New York: Routledge; and H. Marcuse, (1964), ‘One Dimensional Man’, USA: Beacon Press.

our dreams<sup>6</sup>, and the effects of this socialisation stay with us all our lives. The very division of time into distinct periods of *work-time* and *leisure-time*, although arbitrary<sup>7</sup>, nonetheless generates for us a sense of order, purpose, and meaning<sup>8</sup>. We are the bearers and replicators of this *need to work*<sup>9</sup>. Our very identity - and consequently how others identify us - is forged by the kind of paid work we happen to perform. “So, *what do you do for a living?*”

In the 21st Century, one of the most traumatic experiences an individual can go through in their life is the shattering experience of *involuntary unemployment*<sup>10</sup>. It may seem paradoxical, but in developed countries, ‘unemployment is a far bigger health hazard than work’<sup>11</sup>. In terms of ‘a negative effect on happiness [and well being]...unemployment is one of the things [that has the] highest impact, along with serious illness and divorce’<sup>12</sup>. Furthermore, a lack of secure employment (including underemployment) is strongly correlated with poverty and social isolation<sup>13</sup>. Those relying on the unemployment benefit, “Newstart”, have a poverty rate of at least 55%<sup>14</sup>. Additionally, Mitchell, Watts and Wray note that unemployment and underemployment is correlated with “*a loss of current natural output and income, feelings of a loss of freedom, skill loss, psychological harm, reduced life expectancy, loss of motivation, racial and gender inequality, and a loss of social values and responsibility*”<sup>15</sup>.

The devastating psychological, socio-economic, human capital, and societal effects of unemployment and underemployment cannot be overemphasised. The reality is that structural unemployment has been a fact of life since the 1970’s recession<sup>16</sup>. This cannot be attributed to unemployed workers’ lack of motivation to find employment. In fact, the evidence suggests that “*even if the financial necessity to work was removed, only a*

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<sup>6</sup> For an exploration of how ideology is related to our cognition and how it “define the boundaries” for thinking about any other political alternatives, see S. Žižek, (2008), ‘The Sublime Object of Ideology’, London: Verso.

<sup>7</sup> The way we think about time - especially into subdivisions of minutes - is a relatively new phenomenon.

The way most humans thought about time changed with the advent of industrial capitalism; this is best exemplified by the need of the state and business to coordinate railway times and create train timetables.

See: E.P. Thompson, ‘Time, Work Discipline, and Industrial Capitalism’ in chapter six of E.P. Thompson’s (1993) *Customs in Common*, London: Penguin Books.

<sup>8</sup> This accounts for the sense of directionless and *ennui* that many new-foundly retirees experience.

<sup>9</sup> For a theory of how ideology is reproduced and reified in society, see: L. Althusser’s (1940) ‘Ideology and Ideological State Apparatuses’, in L. Althusser (1984) ‘Essays on Ideology’, London: Verso, 1-61.

<sup>10</sup> By “involuntary unemployment” we mean unemployment/underemployed caused by a lack of effective demand for labour. For a technical definition and how the demand for labour (and hence employment) is driven by shifts in aggregate demand, see: Keynes’ definition in the ‘General Theory’, chapter 2 and chapter 19 and especially his definition of “involuntary unemployment” 15-17, and 289. J.M. Keynes (1967), ‘The General Theory of Employment, Interest and Money’. Basingstoke, Edinburgh: Macmillan.

<sup>11</sup> L. Svendsen, (2016), ‘Work’, New York: Routledge, 72.

<sup>12</sup> Ibid. *Beyond Blue* is increasingly taking the issue of involuntary job loss as a major cause for anxiety and depression. See their ‘Taking care of yourself after losing your job’ booklet (available at:

<http://resources.beyondblue.org.au/prism/file?token=BL/0373>)

<sup>13</sup> ACOSS & UNSW, (2018) ‘Poverty in Australia Report’, 56. (available at:

[https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS\\_Poverty-in-Australia-Report\\_Web-Final.pdf](https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf))

<sup>14</sup> Ibid, 30. *It’s 67%* when the 60% of the medium poverty line is used..

<sup>15</sup> W. Mitchell, L. Randall Wray, and M. Watts, (2019), *Macroeconomics*, London: Red Globe Press, 291.

<sup>16</sup> Since the 1970’s, successive Australian Governments have used unemployment as a buffer stock to avoid aggregate demand pressures fueling an inflationary spiral (around 5%). Such policies are sometimes called a ‘Natural Rate of Unemployment’ or a ‘Non-Accelerating Inflationary Rate of Unemployment’. For a politics and economics of post 1970’s unemployment, see: W. Mitchell & T. Fazi (2017), ‘Reclaiming the State: A Progressive Vision of Sovereignty for a Post-Neoliberal World’, London: Pluto Press.

*minority of workers' would choose not to work*<sup>17</sup>. We see this phenomenon paralleled in the booming volunteering industry. Volunteering Australia, the peak body for volunteer organisations, estimates that the value of volunteers' labour-time in 2010 was worth around \$200 Billion AUD<sup>18</sup>. In terms of raw hours, in 2014 the ABS found that 31% of Australian adults participated in voluntary work, contributing to 743 million hours to the community over the previous year<sup>19</sup>. Clearly, with so many people voluntarily participating in unpaid labour<sup>20</sup>, there must be something in their labour that is intrinsically valuable to them and their community. Furthermore, it is a powerful real-world indication that the reason for unemployment is not an unwillingness to work. Yet, despite an apparently flourishing volunteering economy, we nonetheless have involuntary unemployment and a "working poor"<sup>21</sup>. For many young Australians today entering the workforce, *this* is the reality they face; they are - as one report put it - *a generation stalled*<sup>22</sup>.

Australia is facing an unemployment crisis. On February 2017, underemployment in the youth labour force reached its *highest levels in 40 years* at 18%<sup>23</sup>. And it's not just the young. *At least 14% of the labour market is underutilised*<sup>24</sup>. In other words, 14% of willing workers in Australia are left behind. Because of the precarious nature of the labour market, job vacancies aren't just competed for by *jobless* workers. Factoring in unemployment, underemployment, and "hidden unemployed", there are approximately *15.71 job seekers competing for every 1 job vacancy*<sup>25</sup>. The problem of "joblessness" is an increasing concern for older Australians (between 50-64) too. Coupled with the grim reality that those relying on Newstart as a sole source of income *have a poverty rate of at least 55%*<sup>26</sup>, clearly something has gone terribly wrong, and millions of Australians are unjustly suffering for it.

What we need is more jobs. The current policy framework of "work first" and "activation-style" labour market programs (aimed at make people more 'employable'), simply isn't working<sup>27</sup>. As Hyman Minsky argued, "any public policy that favours education and training over job creation puts the cart before the

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<sup>17</sup> The classic introduction the literature is P. Blumber, (1968) 'Industrial Democracy: The Sociology of Participation', London: Constable.

<sup>18</sup> Volunteering Australia estimates the value of a volunteers labour time to a figure equal to a wage of \$27.45 per hour. See: <https://www.volunteeringaustralia.org/wp-content/uploads/VA-Key-statistics-about-Australian-volunteering-16-April-20151.pdf>

<sup>19</sup> See: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4159.0.55.004>

<sup>20</sup> A factor not considered here is the relationship between volunteering and Work for the Dole like activities.

<sup>21</sup> For a classic definition of the working poor, see: B. Ehrenreich, (2001) 'Nickel and Dimed: on (not) getting by in America', New York: Holt Paperbacks.

<sup>22</sup> See: Brotherhood of St Lawrence, (2017), 'Generation Stalled: Young, Underemployed and Living Precariously in Australia', (available at:

[http://library.bsl.org.au/jspui/bitstream/1/9409/1/BSL\\_Generation\\_stalled\\_young\\_underemployed\\_2017.pdf](http://library.bsl.org.au/jspui/bitstream/1/9409/1/BSL_Generation_stalled_young_underemployed_2017.pdf)).

<sup>23</sup> Ibid, 2. See also their regular updates on youth labor market available at:

<https://www.bsl.org.au/advocacy/youth-employment/youth-unemployment-monitor/>

<sup>24</sup> AUWU & PerCapita, (2018), 'Working It Out: Employment Services in Australia', 41. (available at <https://percapita.org.au/wp-content/uploads/2018/09/Working-It-Out-FINAL.pdf>).

<sup>25</sup> <https://unemployedworkersunion.com/job-seekers-v-job-vacancy-data/>

Estimates of the current job seeker to job vacancy ratio vary, but even the most conservative estimates agree that there are substantially more job seekers than job vacancies. For introduction to the debate compare the ABS labor market and job vacancy reports and Professor William Mitchell's work on the inadequacy of ABS reports to accurately reflect the concrete reality of the Australian labour force (available at <http://bilbo.economicoutlook.net/blog/?cat=15>)

<sup>26</sup> ACOSS & UNSW, (2018) 'Poverty in Australia', 30. *It's 67%* when the 60% of the medium poverty line is used..

<sup>27</sup> See: AUWU & PerCapita, (2018), 'Working it Out'.

horse and is unlikely to succeed”<sup>28</sup>. If the problem is “job shortage”, then all these policies do is “redistribute unemployment within the unfortunate group who are blamed for their joblessness”<sup>29</sup>. What is required is a Paradigm Shift<sup>30</sup> in employment policy, re-orientating ourselves towards policies aimed at direct job creation<sup>31</sup>.

Unsurprisingly, the relationship between Australia’s unemployment crisis and inequality is very strong<sup>32</sup>: it is correlated with inequalities of age, region, generation, gender and race<sup>33</sup>. But the lack of job vacancies and adequate (permanent) full time employment doesn’t just affect those who are unemployed and underemployed, it drastically affects those in *paid work* as well. The interrelationship between inequality, the quality of life, and the supply/demand for labour has been a dominant theme in Australian history<sup>34</sup>. Just as politically-conscious unionists have known<sup>35</sup>, when there is an oversupply of labour and a lack of effective demand for it, the result is unemployment *and* unfavourable bargaining conditions. This brings us to the ultimate nature defining the relationship between Labour and Capital: the distributional conflict over real income. The greatest power employees have is the *ability to withhold their labour*; to threaten to put down tools, go on strike, and halt the production process. Simultaneously, however, the greatest power employers have is the *threat of the sack*; the threat of dismissal and the cessation of wages. But what exactly can the role of the unemployed in the production process be?

Unemployed workers effectively function as a ‘Reserve Army of Labour’<sup>36</sup> - a back-up, shifting pool of the labour force readily available to work, but structurally unemployed. The most important role this Reserve Army plays is to serve as a *downward pressure* on workers’ wage aspirations and demands<sup>37</sup>. The

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<sup>28</sup> Quoted in Mitchell et. al. (2019), 293. [my emphasis].

<sup>29</sup> Ibid, 293.

<sup>30</sup> That is, a fundamental change in the basic concepts and practices embodied in the current employment policy paradigm, represented in the “activation” and “work-first” approaches. See: T. Kuhn, (1970), ‘The Structure of Scientific Revolutions (2nd, enlarged ed.)’. Berkeley: University of Chicago Press.

<sup>31</sup> Historically, strategies for addressing the problem of “joblessness” have fallen into three key approaches: “Behaviouralist” (the problem lies with the people who are unemployed), “Structuralist” (e.g. skills mismatch), and “Job Shortage”. The Job Guarantee is of the latter, recognising “job shortage” as a the chief reason for our current systemic macroeconomic problem. See: Mitchell (2019), ‘Macroeconomics’, 293.

<sup>32</sup> See: S. Hail, ‘Economics for Sustainably Prosperity’, 219-253. ACOSS & UNSW, (2018), ‘Inequality in Australia’, (available at <https://www.acoss.org.au/wp-content/uploads/2018/07/Inequality-in-Australia-2018.pdf>) and (2018) ‘Inequality in Australia: Supplementary Report’. For the relationship of minimum wage and unemployment, see: D. Richardson & R. Dennis, (2014) ‘Income & Wealth Inequality’, Australian Institute, (available at: <http://www.tai.org.au/sites/default/files/PB%2064%20Income%20and%20wealth%20inequality%20FINAL.pdf>)

<sup>33</sup> Mitchell et al. ‘Macroeconomics’, 291.

<sup>34</sup> Of the key contributing factors to the end of the convict transportation system (and also the reason for its slow death) was the effect that the supply of cheap convict labour was having on the labour market. A prominent force in the Abolitionist movement was the joint effects of the labouring migrants and emancipists. They were perfectly aware of the severity that the over-supply of convict labour was having on their wage demands. See: C.M.H. Clark, (1978), ‘A History of Australia IV: The Earth Abideth For Ever 1851-1888, Victoria: Melbourne University Press, 194-51; and R. Hughes (1987), ‘The Fatal Shore’, Great Britain: Pan Books, 561-603

<sup>35</sup> See: I. Turner (1983), ‘In Union is Strength: A History of Trade Unions in Australia 1778-1983’, Singapore: Nelson.

<sup>36</sup> The concept of the unemployed as a *reserve army of labour* as an inherent dynamic of the capitalist organisation of production is developed in K. Marx, (1990) ‘*Capital: Volume 1*’, trans. Ben Fowkes, London: Penguin Classics (especially Chapter 14 & Chapter 25).

<sup>37</sup> See: P. M. Sweezy (1968), ‘The Theory of Capitalist Development’, New York: Monthly Review Press; E. Mandel (1968), ‘Marxist Economic Theory’, trans. Brian Pearce, London: Merlin Press (two volumes).

psychological and socio-economic *need* for work is a immensely powerful force in spurring desperation in unemployed workers to take any viable job<sup>38</sup>. However, the profit motive of employers to keep the costs of labour low is not the only factor here. Interestingly, there is a strong case to be made that it isn't even the most determinative issue at hand, despite the fact that our economy tolerates labour wastage accounting to billions of dollars in lost potential output (among other social and economic loss)<sup>39</sup>. One of the political consequences of full employment is illustrated by Stuart Macintyre in his book *Winners and Losers*: “hitherto the existence of a pool of unemployed had exerted a *salutary discipline* on the workforce but under full employment this discipline would disappear”<sup>40</sup>. If we think about this issue from the perspective of those who profit from *maintaining high levels of inequality*, then:

“Even though profits would grow under ‘a regime of permanent full employment “the sack” would cease to play its role as a disciplinary measure’, and the social [& economic] position of the boss would be undermined while the ‘self assurance and class consciousness of the working class would grow.’<sup>41</sup>

Therefore, if we take the task of creating a more equal society seriously, then we need to pursue policies that secure full employment. As Randall Wray notes, “it has long been recognised that full employment is an important tool in the fight for equality”.<sup>42</sup>

## **PART TWO: *Jobs, Not Welfare. Full Employment & A Federal Job Guarantee.***

In the first part of this essay, we stripped down and wrestled with *why* full employment matters<sup>43</sup>. For the final section of this essay, we will propose a policy solution aimed at keeping that question at bay.

“*I have a Job for You*”. As simple as that sounds, that is the essence of a Job Guarantee (JG). The “I” being the government acting as an Employer of Last Resort, offering a job to anyone who is willing to work and cannot find work elsewhere. The “guarantee” is twofold: *guaranteed employment* and

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<sup>38</sup> The great example of this is demonstrated by the conservative, unemployed *Bendigo Ratepayers and Citizens Association* in the Great Depression. The members of which would willingly - without any coercion - go out and do free labour to demonstrate their “willingness to work”. Their genuine desperation to gain paid employment, put enormous pressure on the local paid workers’ when they attempted (and failed) to negotiate returns to pre-depression wages. See: C. Fox, (2000), ‘Fighting Back : the politics of the unemployed in Victoria in the Great Depression’, Melbourne University Press, Carlton South, VIC.

<sup>39</sup> See: CoffEE & Jobs Australia, (2008), ‘Creating Effective Local Labour Markets: A New Framework for Regional Employment Policy’, Centre for Full Employment and Equity 226; and W. Mitchell, S. Cowling & M. Watts , (2003), ‘A Community Development Job Guarantee’, Centre for Full Employment and Equity, 9 [my emphasis].

<sup>40</sup> S. Macintyre ‘Winners and Losers’, Sydney: Allen & Unwin, 86 [my emphasis]; and also J. Plaford & D. Kirsner (eds), (1972), ‘Australian Capitalism’, Victoria: Penguin.

<sup>41</sup> M. Kalecki (1942), ‘Political Aspects of Full Employment’, 325-6. available at [http://pluto.msc.huji.ac.il/~mshalev/ppe/Kalecki\\_FullEmployment.pdf](http://pluto.msc.huji.ac.il/~mshalev/ppe/Kalecki_FullEmployment.pdf)

<sup>42</sup> L. Randall Wray (2015), ‘Modern Monetary Theory: A Primer on Macroeconomics for Sovereign Monetary Systems’, London: Palgrave Macmillan, 223. See also: ACOSS et al. ‘Inequality in Australia’ & ‘Supplementary Report’.

<sup>43</sup> Throughout this essay, I have used the shorthand “full employment” for simplicity sake. But full employment is not actually 100% employment. *Full Employment* is really (1) an expression of commitment by the Government to develop and enact policies that aim at achieving the highest level of employment possible, restricted only by the real resource limits of an economy; (2) a recognition of the unavoidable reality of “frictional unemployment” or unemployment during job-to-job transitions; and (3) proactive government policy making that is specifically aimed at maximally reducing “cyclical unemployment”, or ending involuntary unemployment that arises due to a failure in aggregate demand.

*guaranteed income*. However, this is not “Work For the Dole”. No one is forced to take up a job in the Job Guarantee and, most importantly, these are *paid jobs* at a socially acceptable minimum wage (necessary for workers’ to enjoy an adequate social and material existence). The JG is an unconditional public sector job offer, and is based on the assumption that the private sector can never create effective demand for labour<sup>44</sup>. The *raison d’etre* of which is to ensure that there is no involuntary unemployment in the economy. However, a JG is not “an emergency policy nor a substitute for private employment, but rather would become a permanent complement to private sector employment”<sup>45</sup>.

The JG functions as a ‘buffer stock’ to ensure full employment and price stability<sup>46</sup>. This ‘buffer stock’ (i.e. the totality of jobs/workforce in the JG) works in a symbiotic fashion with the flows of the Business Cycle. As Mitchell et al. put it, ‘*the buffer stock of jobs is designed to be a fluctuating workforce that expands when the level of private sector activity falls and contracts when private demand for labour rises*’<sup>47</sup>. Of course, there is always a level of frictional unemployment, or job-to-job transitions, as workers’ leave the JG for the private sector or the traditional public sector (and visa versa)<sup>48</sup>. To ensure price stability, the JG never competes with the private sector for employment. However, because of the buffer stock of paid JG jobs, it creates pressure for the private sector to *at least match its offer* of a socially acceptable minimum wage, with reasonable work conditions to encourage the JG workers’ to leave their JG job for a private sector job. What this concretely translates to, is that the JG acts as a positive pressure on the private sector to ensure that working conditions are *at least minimally better* than in the JG. Exploitative workplace practices (like wage theft and workplace bullying), would likely see a reduction under a JG. Additionally, by reducing the over-supply of labour and creating jobs to meet effective aggregate demand, workers in the private sector (or the traditional public sector) are in a *much better position to effectively bargain for wages*. But what sort of jobs would exist under a JG?

There are four rules of thumb<sup>49</sup> used when thinking about what kind of jobs might exist in a JG. Firstly, the jobs under a JG need to be either low-skilled or inclusive enough to those who would most benefit from a JG (e.g. unemployed youth and long-term unemployed, etc.)<sup>50</sup>. Secondly, they should not substitute for existing private or government employment. Thirdly, the work should be socially necessary, culturally appropriate, and meaningful to the community. A perfect antithesis to this, is the useless ‘rock breaking’ relief work done by the unemployed in 1840’s depression, in order to prove their ‘willingness to work’ in return for subsistence rations<sup>51</sup>. Fourthly, the jobs should be ‘green’: either environmentally sustainable or carbon neutral. There is a growing body of literature<sup>52</sup> researching what kinds of jobs might be done under

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<sup>44</sup> W. Mitchell & T. Fazi (2017), 330-1.

<sup>45</sup> Mitchell et al., ‘Macroeconomics’, 295.

<sup>46</sup> For the purposes of this essay, we will not be unpacking the function of the JG as a price stabiliser. See: L. Randall Wray, (2015), ‘Modern Money Theory’, Chapter 8 for a discussion of it.

<sup>47</sup> W. Mitchell, S. Cowling & M. Watts, (2003), ‘A Community Development Job Guarantee’, Centre for Full Employment and Equity, 10 [my emphasis]. Available at: <http://www.fullemployment.net/publications/reports/2003/CDJG.pdf>

<sup>48</sup> But this not would likely not make up more than 1% of the labour force. See: S. Hail (2018), ‘Economics for Sustainable Prosperity’ Binzagr Institute for Sustainable Prosperity: Macmillan, 231-232.

<sup>49</sup> These rules are adopted from my reading of various Job Guarantee authors. Particularly, Mitchell & Fazi (2017).

<sup>50</sup> Mitchell & Fazi, 233.

<sup>51</sup> See: S. Garton, (1990), ‘Out of Luck’, Chapter 1 & 2.

<sup>52</sup> A good starting point are the research and working papers done by Centre for Full Employment and Equity at the University of Newcastle (<http://www.fullemployment.net/index.php>).

a JG, and what kind of necessary work can be immediately accomplished under a JG<sup>53</sup>. A 2008 survey conducted by CoffEE & Jobs Australia identified the following:

*Home support workers; green environmental and construction workers' (reforestation, sand dune stabilisation, river valley erosion control etc.); garden labourers; teachers' aides; tourist officers; assistants in libraries/museums/galleries; caretakers; community development officer; community art officers; sports development officers; working in non-for-profits etc*<sup>54</sup>.

One of the most powerful and crucial aspects of a JG “lies in the fact that it offers an opportunity for radically *rethinking the very concept of work*”<sup>55</sup>. The work offered in a JG will depend not only on what sort of work needs to be done, but also on what work the community desires. But how would a JG be organised? How would local communities have any say in subtle workings of the Canberra machine? The manner in which a JG is organised is dependent on precisely what *kind* of JG is being implemented. There are different kinds of JGs depending on its targets and aims<sup>56</sup>. In this essay, we have argued for a *Federal Job Guarantee* offering work to anyone who wants it, with the aim of securing full employment. A Federal Job Guarantee would be an integral part of a deliberate Commonwealth Government strategy to secure Full Employment<sup>57</sup>. (For an outline of how a Federal Job Guarantee might be administered, see: Appendix “Figure 1”). Now, this brings us to nagging question of finance. The vast majority of Job Guarantee proponents are subscribers to a growing macro-economic school called Modern Monetary Theory (MMT)<sup>58</sup>. The basic premise of MMT is the recognition that sovereign governments differ from households or firms when it comes to money. Governments that have sovereignty over issuing their own currency are *currency issuers* not currency users<sup>59</sup>. The major insights of MMT are the following: (1) a State that is the sovereign issuer of its own currency is never revenue - or solvency -constrained; (2) the function of taxation is *not* to raise revenue for government spending but to manage inflation by reducing private firms and household spending-power; (3) there is nothing intrinsically good or bad about government deficits/surpluses. What all this means is that *we can always afford to secure full employment*. The economist Steven Hail, estimates that a JG offering 700,000 jobs at \$40,000 a year (plus super and benefits) “would start at 2% of GDP (or less) and fall over time, including capital and administrative costs”<sup>60</sup>. For those unconvinced of MMT and work within the mainstream understanding of government sectoral balances and finance, there’s no need to worry. A Job Guarantee would pay for more than just itself. Modelling of a Federal Community-Development Job Guarantee (CD-JG) done by CoffEE found,

<sup>53</sup> See: P. Gregg & R. Layard, (16 March 2009), ‘A Job Guarantee’, London School of Economics, 2; and CoffEE & Jobs Australia, (2008), ‘Creating Effective Local Labour Markets: A New Framework for Regional Employment Policy’.

<sup>54</sup> CoffEE & Jobs Australia, (2008).

<sup>55</sup> Mitchell & Fazi, (2017), 233.

<sup>56</sup> E.g. a regional specific JG, a youth and long-term unemployed JG, etc. Some of the cousins of the JG include: the Argentine “*Jefes de Hogar*”, the Indian “*National Rural Employment Guarantee*”, and the “*Youth JG*” in Europe.

<sup>57</sup> Perhaps outline in a White Paper similar to the 1945 “Full Employment in Australia” White Paper. See: HC Coombs,(1994) ‘From Curtin to Keating: the 1945 and 1994 White Papers on Employment’, North Australia Research Unit: Australian National University.

<sup>58</sup> The following exposition of MMT can be found in the works of L. Randall Wray, William Mitchell, Warren Mosler, Stephanie Kelton, and others.

<sup>59</sup> L. Randall Wray. ‘Modern Money Theory’. x

<sup>60</sup> See Steven Hail’s (2018) article for Independent Australia, available at:

<https://independentaustralia.net/politics/politics-display/a-job-guarantee-a-better-cheaper-alternative-to-the-greens-ubi.11486>

That to implement the CD-JG Proposal “at a national level would require an estimated net investment by the Commonwealth of \$3.27 billion per annum”. The results of which, “national output would rise by \$7.71 billion; private sector consumption would rise by \$2.38 billion; and an additional 68.9 thousand jobs would be created in the private sector.<sup>61</sup>”

Furthermore, through a combination of diligent analysis of ABS unemployment specific statistical data (esp. *where* unemployment occurs) and consultation with local councils and communities, an interesting dynamic emerges. A well implemented JG “would lead to the right amount of net government spending in the right locations”<sup>62</sup>. Where JG-funding is most evidently needed, there would be a vivid indicator in a region with a high level of labour underutilisation. The level of security and stability the JG could provide is one of its most attractive features in creating a more equal society.

### CONCLUSION

What we have been arguing for is to secure full employment through the implementation a Federal Job Guarantee (JG) to create a more equal society. A JG would reduce the inequality that results from involuntary unemployment; create an equitable floor for a socially acceptable minimum wage; greatly reduce poverty; create more equitable bargaining conditions between Labour and Capital; help reduce unemployment that disproportionately effects marginalised and vulnerable groups<sup>63</sup>; reduce the inequalities experienced by those who have substantial barriers to work; address regional inequality; let alone the psychological and societal benefits. A great (Green) New Deal is currently on the playing table in the U.S.A and Aussies should take opportunity to double down first: with our own *Green Fair Go*.

#### Appendix: How a Federal Job Guarantee might be administered



Figure 1: (sourced from Steven Hail’s 2019 lecture on a Job Guarantee<sup>64</sup>)

<sup>61</sup> See: W. Mitchell, S. Cowling & M. Watts , (2003), ‘A Community Development Job Guarantee’, Centre for Full Employment and Equity, 11.

<sup>62</sup> S. Hail, ‘Economics for Sustainable Prosperity’, 232.

<sup>63</sup> Particularly, racial and ethnic minorities, and single parents . L. Randall Wray, (2015), 223.

<sup>64</sup> Available at: <https://www.youtube.com/watch?v=AOYTfNBw310>