

30 million Americans are unemployed. Here's how to employ them.

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Pavlina Tcherneva, *vox.com*, 4 mai 2020



CORONAVIRUS, EXPLAINED

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In the last six weeks, there were a staggering 30 million unemployment claims in the US — unprecedented at least since the Great Depression, possibly in the country's history.

The flood quickly overwhelmed America's already rickety unemployment system. The underfunded patchwork of different offices, laws, and procedures across states has meant wide disparities in who receives benefits and how much. Overall, less than a third

of the unemployed received their benefits in March. Surveys indicate these failures are ongoing.

For many of America's unemployed, already so close to the financial edge, failure to receive benefits will mean food insecurity, skipping medications, or losing a home, with accelerating social costs in depression, domestic abuse, drug abuse, suicides, and sickness. In the US, unemployment is allowed to metastasize into something much worse.

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Christina Animashaun/Vox

That is one reason some economists and activists on the left — including the authors of the Green New Deal resolution — have advocated for a federal job guarantee. It would be better, they argue, if all those unemployed people could be slotted into public service jobs. They could maintain their incomes, their homes, and their health.

In US politics, a job guarantee was seen as hopeless lefty radicalism as recently as a month ago. But the shock of the virus has opened the conversation to bigger ideas. As unemployment spirals into a range of social pathologies, history is catching up to economist Pavlina Tcherneva.

Chair of the economics department at New York's Bard College, Tcherneva studies macroeconomics and full employment and has been a key figure in the emergence (or reemergence) of Modern Monetary Theory, the newly popular idea that the only limit on the spending power of federal governments (at least governments that print their own currency, like the US) is inflation. It argues, contra the scarcity mindset of fiscal austerity, that we *can* have nice things.

(Tcherneva is also responsible for a graph that went viral on Vox back in 2014.)

Pavlina R. Tcherneva, director of the economics program at Bard College, research associate at the Levy Economics Institute, and expert at the Institute for New Economic Thinking.

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Marta Jara/Wikimedia

In July, Tcherneva's new book is coming out. It's called *The Case for a Job Guarantee*, and as the title indicates, it makes the case for a federal program that ensures a job for anyone who wants one. When she began making this case in her academic work, with unemployment at 4 percent, she was dismissed as a fringe figure. Now, as unemployment rockets past 20 percent, toward 30, she sounds more like a prophet.

I reached Tcherneva by phone on April 30 to talk about a job guarantee, how it would work, what it would mean for the larger economy, and why it's necessary even if other safety net policies like a universal basic income are already in place.

Our conversation has been edited for length and clarity.

David Roberts

How long has the idea of a job guarantee been around, and what is it exactly?

Pavlina Tcherneva

A job guarantee is the idea that people who want decent work should be guaranteed that opportunity. It is a public option for a basic, decent job with basic living wages and basic benefits.

The idea has been around for a while. You can find it in the [UN Declaration of Human Rights](#). Even before that, labor movements pushed for the right to guaranteed employment in various forms. The idea was resurrected, at least in the popular discourse, during the civil rights movement.

Around the world, you see various forms of large-scale employment programs for the unemployed, but a job guarantee is different. It is a missing piece of the safety net. When you think about how we provide the safety net for other things — we have a problem with retirement security? Guarantee retirement income. There's food insecurity? Guarantee food. A problem with shelter? Guarantee shelter.

Granted, we can do much, much better in all of these areas. But you realize: We don't think about jobs that way. When people are missing a job, we don't guarantee a job. We tell them, "go get some training, here's a little bit of unemployment insurance, help yourself." We don't have the same way of thinking about this one fundamental aspect of people's economic security.

David Roberts

You say the program would be structured in a distributed way, through local organizations. What would it look like exactly? If I'm an unemployed person and I want a job, what is my experience of this program?

Pavlina Tcherneva

It's not the federal government coming in to your town and saying, "Hey, we're gonna build a bridge." That's not what we're talking about.

We're talking about a kind of infrastructure. Some of it already exists, unemployment offices that could be converted into jobs banks. There would be a program that solicits proposals from the community — from municipalities and localities, but also nonprofits. They can come forward with projects and say, "look, we're doing this important work, but we're understaffed and underfunded. We would like to staff these projects." The idea is to create a bottom-up model.

So if you are unemployed, you go on the website of the local job center or walk into the office, and you can leave with a list of employment options, public-service opportunities you'll be able to access locally.

The buck will ultimately have to stop with the Department of Labor or the federal government, because the goal is to create enough projects for all who want work. So if for some reason there aren't enough proposals at the local level, there's got to be some sort of mechanism to encourage that process, or even create some federal programs.

David Roberts

That seems like a level of administration that is way beyond what the infrastructure is capable of today.

Pavlina Tcherneva

I hear this all the time: "But how would you do it?" I think it's the wrong litmus test. People have to first understand why it is required and important.

We don't have the same litmus test for other programs. We believe that public education is a basic right. Does it work well everywhere? No, of course there are poorly run schools. Do we say we should scrap them because they are an administrative nightmare? We don't do that. And it's the same idea for various other programs. We see that unemployment insurance is broken — Florida seems to be denying claims, etc. Are we saying scrap unemployment programs? We're not.

"The buck will ultimately have to stop with the Department of Labor or the federal government, because the goal is to create enough projects for all who want work" The reason I talk about this nonprofit, bottom-up model is because nonprofits are already trying to fill the gaps left behind by the government and the private sector. There are lots of social needs that tend to be provided through nonprofits. There's so much environmental work that is done because it's important; it doesn't have a commercial return. So what I'm suggesting is we scale up those efforts and we use those providers locally to create employment opportunities.

There are programs for ex-convicts, for example, that lower recidivism rates. There are models out there. You don't necessarily have to reinvent the wheel.

David Roberts

Whatever standards the federal government sets for these guaranteed jobs in terms of wages and benefits will end up serving as national minimums, right? Can you say a little bit about that aspect of a job guarantee?

Pavlina Tcherneva

It's going to be the minimum for the whole economy, so what is the appropriate wage level? I'm proposing \$15 [an hour], which may well be inadequate. We might want to do \$17, just because our minimum wage is so pitifully low. So that becomes the effective federal minimum wage; cities and municipalities could pass wage ordinances and pay more if they wish.

What would be the basic minimum benefits? Well, Social Security is one we all agree on. I would much prefer that there is universal health care that is not tied to a job, but if somebody is working, they absolutely should have health care. The other is paid leave — the US is the only major country that doesn't have paid leave.

We can expand what a good job looks like. In Europe, there is a conversation around a reduced workweek. We did the 40-hour workweek during the New Deal, but it was a compromise, even back then. Thirty hours was very popular. So we could say that 32 hours is a full week, with benefits, and then that would slowly become the acceptable norm.

David Roberts

So we should acknowledge, when we pass a federal job guarantee, we are passing a whole bundle of progressive policies, including job, wage, and safety standards. There's a lot packed in there.

Pavlina Tcherneva

But think of the comparison. In the '30s, the kind of reforms we passed were truly radical. Imagine a country without Medicare and Social Security covering millions and millions of people. Imagine a world without minimum wages or working-week hours. That's radical.

What we're doing is making sure these benefits cover everyone. They've been eroding for such a long time, we need to strengthen them. In the context of what we have done in this country, this is actually not that radical.

President Roosevelt signs the Social Security Act in 1935.

[Wikipedia](#)

David Roberts

What kind of work or work projects could accommodate large numbers of people constantly coming in and leaving? How do you deal with that?

Pavlina Tcherneva

It is an unfortunate misconception about the program.

When you look at how unemployment behaves in the US, it's volatile. It shoots up, comes down. I think that's what people are thinking — that's what will happen to this program. They're going to be flooding the program and then exiting en masse.

But the program will actually stabilize these fluctuations. There are reasons unemployment feeds on itself. If you have this kind of preventative program, where people trickle into other employment rather than unemployment, their spending patterns are stabilized, so you have smaller fluctuations in the private sector. We see this in countries that have active labor-market policies, that do a lot more public employment than we do.

The employment situation doesn't have to be this way.

David Roberts

So the idea is that, currently, if someone becomes unemployed, they stop spending, and their lack of spending causes other people to become unemployed. You get a spiral. And you're saying you could eliminate that spiral by putting people in other jobs so they don't stop spending.

Pavlina Tcherneva

That's right.

An argument I've been making for a long time is that unemployment spreads like a virus, if you look at it geographically, how it ripples through communities. One unemployed person costs somebody else their job, and on and on and on. That brings all the social costs and social problems that come with the loss of livelihood.

Because our safety net and our protections are weaker, because our labor targeting policies are weaker, we have a lot more of this infectious process going on.

If you have the certainty of a living-wage job around the corner, how would you spend compared to the uncertainty of finding a job and when that job is going to come?

David Roberts

You can still envision circumstances — after an extended virus lockdown, say — where you could get a huge influx of people into the program.

Pavlina Tcherneva

Yes, absolutely. How much better would we have been in addressing this if we had the infrastructure in place? We would already be putting people on the front lines to be dispatchers, to take calls, to do wellness checkups for the elderly. Now we have to start from scratch. I should say, though, we have seen in other countries where there are huge bouts of unemployment that you can get these programs up and running in a short period of time.

The other thing I want to say is, why is it a problem for the public sector to absorb workers like the private sector constantly does?

"An argument I've been making for a long time is that unemployment spreads like a virus, if you look at it geographically, how it ripples through communities"

One big confusion is that people think the job guarantee is going to replace some must-do, ongoing, critical programs. But we are not replacing EPA inspectors or FDA inspectors, who have to be there at all times. If you have a care project — environmental care, community care — you could add a lot more hands, a lot more people to shadow teachers or nurses to do on-the-job training. These programs can be a buffer that absorbs unemployed people, and then, as they are ready to move on to better jobs, they leave.

In recessions, social needs become more acute. We need extra helping hands for the food kitchens or the homeless shelters. It is the nature of the job guarantee that whenever there are more needs, there are more people to do them. Essentially it is a coordinating mechanism.

David Roberts

So the amount of people available to do socially beneficial jobs rises alongside the need for those jobs.

Pavlina Tcherneva

In general, that's right. How many restaurant workers are out of work right now, and how many soup kitchens are there? You have restaurants trying to convert themselves into food outlets for hospital workers or the homeless. We could have an institutional structure that designs these projects and staffs them.

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Cars line up at a food distribution center for more than 2,500 families needing help in Los Angeles, California.

Genaro Molina/Los Angeles Times via Getty Images

David Roberts

One question that comes up a lot around a job guarantee is how is it not just a universal benefit that requires work to access it, i.e., workfare? Wouldn't it be better just to give people money through a universal basic income or other mechanism? Why should their value as humans be tied to their labor productivity?

Pavlina Tcherneva

Unemployment insurance and food stamps should be reformed to get rid of work requirements. It's completely insane: Right now, we require people to work for their benefits, but we don't guarantee the opportunity to work. It's upside down.

The job guarantee says, do you want a job? Come on in, you can get it now. If you don't want it, and you want unemployment insurance, if you want food stamps and housing assistance, if that is the better option for you, by all means. The job guarantee is an option. It's an add-on program.

There are different philosophies that guide this and workfare. Workfare is predicated on punishment. People have to demonstrate they are deserving of whatever pittance the government is giving them. The job guarantee says the opposite: If you wish to work, it is the government's responsibility to guarantee a dignified minimum option.

A job guarantee is not going to be a panacea. It's just a program for those who wish to work. A lot of people will say that choice is not truly free because they don't have alternative support or income guarantees. The way I talk about it is, you are going to supplement the job guarantee with other benefits for those who cannot work, and basic income is part of that.

But I see basic income a little bit differently from a lot of folks who say, "just send me the check and let me be." What we need is not just a check, we need to access certain things to make our lives better. If I get a check but I can't get housing, what good is it? If I get a check but I can't buy health insurance, it doesn't help me.

So for me, a basic income would include aggressive Pell Grants, improved Social Security, much more generous benefits for caregivers at home, a universal child allowance — it's not just income, but universal services.

David Roberts

So you don't see cash as fungible with those public goods.

Pavlina Tcherneva

No. In fact, the power structures in this world are such that cash doesn't really afford you all the things people think it could afford you.

There's an allure to this solution, send everybody a check. It's very easy to do that. But what we are trying to do is provide people a decent life. Doing things for the community that are centered around care and rehabilitation is one way to do that.

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There's a magical thinking behind [UBI], that somehow if you get income, the market will provide what you need. We already know the market doesn't provide what you need, even for people with income! You can still have a middle-income job and not be able to find affordable child care. That's the problem.

For me, UBI is a false promise. And also, very dangerously, it is always used to eliminate the rest of the welfare programs that are much more targeted.

David Roberts

I'm sure you've heard this a million times, but what about the moral hazard argument? If you have this package of public benefits that can enable people not to work, who is ever going to use the job guarantee? Or if you're guaranteeing the job, why will people work hard at them rather than just coast and draw a check?

Pavlina Tcherneva

A lot of people say this is like old communism, you're going to create an underclass of lazy people. What you want to compare, though, is what mass unemployment does to people. It's mass unemployment that creates all sorts of pathologies.

There's just this vilification of folks who are on the lower rung of the employment ladder. And it's becoming very clear that that is wrong. Until yesterday, economists were talking about sanitation workers as the unproductive workers, but it turns out, we can't live without them.

Think about the people who experience the most abuse and exploitation, who are holding on to private-sector jobs because they don't have an option. People working in unsafe conditions because they don't have an option. The job guarantee would put pressure on those firms to match [federal] standards.

Jobs are not a lefty idea. When you survey it, they are far more bipartisan than basic income. I think we're painting them as lefty liberal ideas, but they're just the next step in social progress.

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Amazon, Whole Foods, Instacart, and Shipt workers protest on May 1 against the failure of their employers to provide adequate protections.

Valerie Macon/AFP via Getty Images

David Roberts

The conservative knock on the minimum wage — and even more so on a job guarantee — is that it will drive small businesses under if they are forced to pay higher wages. By creating these de facto federal minimum job standards, you are competing with private businesses. Do you risk hurting the overall economy?

Pavlina Tcherneva

The question is, what's going to be the overall impact on your life? It's possible that you have to pay higher wages. But is your business going to be better off if all the folks who don't have jobs today have them? Of course! We've modeled this: GDP goes up by \$500 billion, permanently, and private sector employment increases permanently by 3 to 4

percent. There is a positive multiplier effect.

David Roberts

People have jobs, therefore they have money, therefore they spend money, therefore business and employment increase. That's the mechanism?

Pavlina Tcherneva

Yes. The comparison always has to be: What is your life now under the system of mass unemployment? What are your profits now under a system where there's neglect in your community? If your community has jobs and people with stable income, your business is going to do better. Your cash registers are going to be ringing.

The second thing is, we've seen with large employment programs how quickly they kickstart the economy. You don't have these jobless recoveries; you have a pro-employment recovery, a stable recovery.

David Roberts

Explain how unemployment is being used today, in macroeconomic terms.

Pavlina Tcherneva

Employment has this unique place in our thinking. We say there is something called "natural unemployment." Nobody says there's a natural rate of homelessness or a natural rate of poverty. We don't say 5 percent of children should not have access to public education.

David Roberts

And we don't get worried when 96 percent of children are getting educated.

Pavlina Tcherneva

Exactly. "Oh, it's too much!"

But this is exactly what happens with unemployment. We say the NAIRU [non-accelerating inflation rate of unemployment, or "natural" rate of unemployment] is 5 percent. Because if, God forbid, too many people have jobs, they'll be able to spend in the economy, and that might cause some prices to go up. Also, God forbid, wages might start rising, and that will increase costs for firms, and more prices will go up. Inflation looms ahead, so you've got to throw a few people out of a job.

I'm exaggerating, but that really is behind this idea of "stepping on the brakes" when unemployment gets too low.

David Roberts

Why has that fear of inflation persisted for so long? We haven't had serious inflation in decades and none is on the horizon.

Pavlina Tcherneva

I'll tell you, this is *Groundhog Day*. In about 10 years, somebody is going to tell us that the shock to the labor market was so big that the natural rate [of unemployment] became permanently higher. I've seen this ever since I became an economist. It's really a justification of the inability of the policymaker to resolve the problem. You just label it "natural."

Economists understand that this crisis has been a massive deflationary shock. But they're still worried about a surge in inflation, at least over the medium term.

<https://t.co/cSXlIXcMjM>

— Lisa Abramowicz (@lisaabramowicz1) May 3, 2020

David Roberts

Doesn't preserving some unemployment out of fear of inflation also structurally shift power in the economy to employers? That doesn't seem like a coincidence.

Pavlina Tcherneva

You put your finger on it. All of the problems people have with the job guarantee are about power relationships. We want to allow firms to pay poverty wages; we don't want workers to demand higher wages; we don't want people to have a choice, so they work under duress, beg and crawl and grovel to employers.

Labor has taken a beating since the New Deal. So the job guarantee will definitely restore some of its power, though again, as I say, we have so much more work to do; this is just the beginning.

The job guarantee is a counter-cyclical policy that doesn't rely on people losing their livelihoods. It just says, okay, we understand private firms will lay people off, but we have an employment safety net that will capture them and help them transition to other employment opportunities.

The comparison is between the job guarantee and the unemployment counter-cyclical stabilizer. Take your pick: It's either going to be employment or unemployment.

David Roberts

Walk me through how [the job guarantee] works as a counter-cyclical stabilizer.

Pavlina Tcherneva

We have a slowdown in economic activity. All of these housing developments, they're not selling. So the developer is laying off a whole bunch of construction workers. Where do they go? Well, there's a project here replacing lead pipes. We can hire them.

Lowe's is also not doing so well, they're not selling as many cabinets. So some of those folks are losing their jobs. But we have local projects doing weatherization — come on in.

The infrastructure is there to take some of those folks losing their jobs and provide opportunities as they need them.

Then the economy starts growing. Now, people are renovating again, conditions are improving. Private firms are accelerating economic activities and job postings. So [the jobs bank] is helping place folks. It's the coordinating mechanism where people can return back to the old employer or find better employment opportunities. You can think about young people apprenticing, then stepping into better-paid jobs.

These flows that happen in and out of jobs, they're not unique to the job guarantee. It's the private sector that's going to determine how many people get private-sector jobs.

It's a type of [government] budget, right? It's a budget that goes up with unemployment and shrinks with the reduction in public payrolls when the economy recovers. It is a much more robust counter-cyclical stabilizer and a much more disciplined way of spending than our current system.

David Roberts

If you want the jobs to be green or restorative, how do you enforce that at every one of thousands of local job centers? How do you ensure the jobs are oriented toward some sort of national purpose?

Pavlina Tcherneva

Let me just say this: In my ideal world, I would like the job guarantee to be as small as possible. I'd much prefer a robust public sector, public functions staffed adequately, and then a smaller job guarantee program.

I don't want overcrowded schools or crumbling infrastructure. But that spending is not counter-cyclical. You don't stop building a bridge because the economy's growing, or build another one because of a recession.

At least in the New Deal, the jobs were always green; it was public service dedicated to improving the environment, whether soil renewal in the Dust Bowl or fire prevention.

David Roberts

How much was the [New Deal-era] Civilian Conservation Corps work about conservation versus just being work that was plentiful and didn't require much skill so it could absorb a lot of people?

Pavlina Tcherneva

It was definitely a type of experimentation. Because we had so many millions of people unemployed, they had to find creative ways of putting them to useful work. That will be also the task for the job guarantee — it doesn't matter who you are, if you want a job, we will find a way. Environmental work happens to be quite amenable to this. You want to do species monitoring, which is very important for the health of the Hudson River? You need a fish net; we will tell you what to look for and what to write.

I think this whole idea of an unproductive or unskilled person is not terribly useful. You could create useful jobs for anyone who comes along if that was the commitment. There are so many things that are neglected because of decades of austerity starving the public sector.

David Roberts

Are there extant models that we can look to here? Any country with a federal job guarantee?

Pavlina Tcherneva

Not a full national version right now. The only country that has a legal right to a job is India, and it's not universal, it's only for rural families. What's interesting is that it's a legally enforced right that is surviving under a very conservative new government. And even though it's going to be under pressure — all of these [job guarantee] policies are always going to be under pressure — it is now an institution that people have the ability to fight for.

I was able to study [a job guarantee] in Argentina that was modeled after work I had developed with some colleagues at [the University of Missouri-Kansas City]. They put the policy in place as an emergency measure when they had 25 to 30 percent unemployment, similar to what we have now. They didn't really pay good wages, but what was interesting is how it was organized — from the bottom up. It was community groups that decided what kind of projects they would have. The economy recovered very quickly and stayed with high growth rates for quite some time.

When you do these policies as crisis-response policies, you guarantee their untimely death. They will be phased out. People will say, well, we're not in the crisis anymore, forget about the unemployed, let them figure it out.

But if you put them in place as a legally codified right, then you have an institutional structure to work with and improve upon.

Japan has had an industrial policy that has guaranteed employment to virtually everyone. They used to have between 1 and 2 percent unemployment, in the post-war period all the way through the 1970s. And they are holding on to this much more labor-

targeted approach even today. It's not quite the same thing as a guarantee. It's more of a social acceptance or understanding.

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People walk past shops in a residential neighborhood in Tokyo, Japan, on May 4.

Charly Triballeau/AFP via Getty Images

Suicide rates are highly correlated to unemployment in Japan. And not just in Japan, but across the Western world, unemployment increases mortality. This is a shortcoming of basic income, because research on employment shows that a lot of these costs are non-monetary: the loss of social capital, depression, all these other things. Income alone doesn't solve this. You also have to empower people in other ways.

If you account for all the costs we already pay, it's far more bang for the buck to just give somebody a job.

David Roberts

Has anyone made the argument that a job guarantee would fully pay for itself, through all these knock-on social and economic benefits?

Pavlina Tcherneva

There are so many costs we can't fully model, the social multipliers that bring about thriving communities, so it's possible. But again, it's very important to say this should not be a litmus test. Nobody says scrap the education system because we don't have a good measure of whether it pays for itself.

David Roberts

Well, not nobody.

Pavlina Tcherneva

I know, I know. But it's an institution. It's very hard to get rid of; we fight for it because it's assumed to be guaranteed.

Social Security was declared bankrupt the first year it was passed; 78 years later, it's still being attacked. But people defend it. They love it. They stand behind it.

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President Roosevelt and Harry Hopkins, head of the Works Progress Administration, at the White House in 1942. WPA provided jobs and income to Americans during the Great Depression. It was dissolved in 1943.

Corbis via Getty Images

When FDR did the [Works Progress Administration] projects, his conservative budget director told him, listen, if you reauthorize this pilot program, you may never be able to get rid of it. It has become so popular with people that folks are beginning to see the right to a job as a genuine right. And FDR didn't reauthorize it.

That is a lesson to be learned. If you're going to do these things, fight tooth and nail to make them permanent. Create the institution. And then improve.

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