

POLICY BRIEF

June 2023

"Markets undersupply the public goods that are needed for the greening of the economy and for a thriving care economy, and governments have too little public revenue to invest in creating the jobs needed for these transitions. It is against this background that the introduction of a jobs guarantee is proposed."

Olivier De Schutter,
Report on the job guarantee to the
UN Human Rights Council, June 2023



The employment guarantee as a tool in the fight against poverty Strengthening the right to work and meeting unsatisfied social needs

What is an employment guarantee?

Under an employment guarantee, the State acts as an employer of last resort, meaning that any individual able and willing to work would be entitled to paid public employment. The policy aims at achieving full employment while contributing to income security, work experience, and skills development for the participants and strengthening the bargaining position of workers across the economy. It can offer a pathway out of poverty and a means of providing services that are currently undersupplied by the market.

The idea is not new. In the United States, public employment was part of the New Deal response to the depression of the 1930s. Public employment schemes have been a widely used strategy to address mass unemployment in low- and middle-income countries, including in Ethiopia, India, and South Africa. Such schemes have often prioritised infrastructure creation, but programmes in the labour-intensive sectors of care, education, and culture have now become more common.

The right to work is a human right: the International Covenant on Economic, Social and Cultural Rights, as well as the International Labour Organisation's Employment Policy Convention and the Sustainable Development Goals all include commitments to "full and productive employment." The employment guarantee would make what is presently a mere policy objective for governments into an obligation of result: to provide decent work to all individuals able and willing to work.

The global employment paradox

Too few people have jobs...

Underemployment is a persistent problem worldwide. Many people are jobless or can only work part-time.

- › Globally, 473 million people want employment. An additional 470 million people will be looking for work in developing countries by 2035.
- › Economic growth alone will not suffice. Automation may in fact result in strong growth going hand in hand with net job losses.
- › Unemployment significantly increases the risk of poverty. Globally, only one in five people who are unemployed receive cash benefits. Even in high income countries, only half of unemployed people receive cash benefits; in low-income countries, the share is just 0.8%.

...but important societal needs are not being met.

Many societal needs remain unfulfilled, and much work needs to be performed to meet them.

- › The greening of the economy and the growing care economy (care to dependent persons, education, and healthcare) will require substantial workforces.
- › As the Special Rapporteur has [highlighted in an earlier report](#), ecological transformation to meet the Paris Agreement on Climate Change and biodiversity objectives will require the creation of many new jobs.
- › The ILO has shown that the health, education and care capacity needed to meet the SDGs in 45 countries representing 60% of global population will require 117 million additional jobs.

What are the benefits?

- › Access to decent work **supports social inclusion**: it allows individuals to gain self-confidence and a sense of purpose.
- › An employment guarantee **raises the bar of labour standards** by giving precarious workers a fall-back option, strengthening their bargaining position.
- › The employment guarantee provides an opportunity for participants to **build skills and training**, thus improving their prospects to find a job after leaving the program or to start successful businesses.
- › An employment guarantee **ensures integration of those most disadvantaged in the labour market**, including those displaced by technological developments and the decarbonisation of the economy, youth, women, and the long-term unemployed.
- › Participants can **build assets and provide goods and services** undersupplied by the market either because they are public goods (like infrastructure) or because their potential beneficiaries (who may include the less economically fortunate or future generations) can't pay.
- › By creating jobs in times of economic downturn and supporting transition to private-sector or other non-guaranteed jobs in times of growth, an employment guarantee **provides an automatic stabilizer for the economy**.
- › An employment guarantee can **improve resilience to shocks and contribute to social stability** by protecting household income and maintaining economic demand.
- › Where the projects to be supported by public employment are identified by the communities of users, an employment guarantee can **promote local democracy and civic participation**.

How would it work?

Any scheme should take into account local conditions and be co-designed by social partners, civil society and public authorities in a way that addresses key questions of eligibility, pay, and duration.

- › **Eligibility may be universal or targeted.** While the intention of a job guarantee is that it should be open to all wanting to use it, prioritisation may require targeting choices. Whatever the method, it is essential that the guarantee reaches people in poverty: while they may benefit the most from such a scheme, they also may face the most hurdles in accessing it.

- › **The pay should be set correctly.** Existing schemes have paid in cash, vouchers, or food. Cash is usually (though not universally) the best choice: it gives choice and power to individuals, stimulates markets with multiplier effects, has no transport costs, and often leads to better nutritional outcomes. Public employment schemes typically pay the statutory minimum wage: this limits costs, encourages graduation from the program, and, because people will often have better options, improves compliance with the minimum wage across the whole economy.

- › **The duration of participation should be appropriately limited.** Administrators must weigh the time required for participants to accumulate assets against concerns of cost and the risk of long-term participants becoming "locked in" and less able to graduate into other employment.

What might be the risks?

- › **Any employment guarantee scheme must be truly voluntary and not a pretext for "workfare."** The introduction of a job guarantee should not lead to making access to social protection conditional on the acceptance of a job. Conditional approaches to social protection have shown little success in increasing employment, especially for those who face the highest barriers to work. To avoid a slide toward workfare, an employment guarantee should be paired with a requirement that there be no retrogression or rollbacks in the provision of unconditional social protection.
- › **Concerns over macroeconomic costs must be weighed against the costs of unemployment.** Fiscal costs, labour market distortion, and the risk of inflation are sometimes cited as possible downsides to an employment guarantee. These macroeconomic costs are not inevitable and must also be weighed against the costs of long-term unemployment and underemployment: poorer health, shorter lives, psychological distress, reduced future employability and earnings, and knock-on effects on families and communities.
- › As with any major state initiative, care must be taken to avoid **corruption and discriminatory administration**. A rights-based approach under which access to the scheme is a legal entitlement is the first step towards reducing these risks.

Further reading

- United Nations Special Rapporteur on extreme poverty and human rights, Olivier De Schutter (2023), *Report on the employment guarantee as a tool in the fight against poverty*, https://bit.ly/UNSREP_JG
- United Nations Special Rapporteur on extreme poverty and human rights, Olivier De Schutter (2020), *Report on the "just transition" in the economic recovery: Eradicating poverty within planetary boundaries*, https://bit.ly/UNSREP_JustTransition