


The Job Guarantee: A Critical Analysis (Executive Summary)

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*This is the executive summary of the AIER report “The Job Guarantee: A Critical Analysis.”
[Read the full report here.](#)*

Employment is typically the first metric by which the public judges the health of our economy. From trade agreements and immigration to the performance of politicians, the discussion centers around how many jobs are “created” or “lost.” This focus is not surprising. For most Americans, a steady job is the primary source of income.

Unemployment is currently low by historical standards, but calls from some policy circles have grown louder for a radical response: a federal job guarantee. Authors at several think tanks, most notably the Center on Budget and Policy Priorities ([the “CBPP report”](#)) and the Levy Economics Institute ([the “Levy report”](#)), have proposed similar versions of the idea, which requires the federal government to provide work, a wage around fifteen dollars per hour, and full benefits on demand to any American.

(While we use “CBPP report” and “Levy report” often as shorthand, we acknowledge that these authors’ views do not necessarily represent the views of their [research institutes](#) as a whole.)

The primary goal of this report is to show why a federal job guarantee is a clear-cut case in which the proposed cure is worse than the disease. The proposals described by the CBPP and Levy reports would constitute nothing less than the single largest government intervention in US economic history. According to the reports’ own estimates, a federal job guarantee would incur a higher cost in one to two years than the entire New Deal in [today’s dollars](#).

A federal job guarantee would be monumentally expensive, return only limited value from the participants’ work, entail administrative challenges nearly impossible to solve, and be potentially disastrous for economic growth and the private labor market.

Relying on rigorous but basic economics and data analysis, we find the following:

- Job-guarantee participants would be placed in a system that eschewed the most fundamental ways that markets provide information and incentives, such as competition and freely set wages (section 3).
- Under the authors’ own projections of ten to seventeen million participants, a federal job guarantee would, by several-fold, create the world’s largest organization (public or private) measured by employees (section 4).
- Under the authors’ own projections, the program’s annual cost would be comparable to that of the Pentagon (section 4).
- There are multiple reasons why the CBPP and Levy reports may have underestimated

participation and cost (section 4).

- Both the CBPP and Levy reports set standards for the type of work to be provided that would be difficult if not impossible to attain, place burdens on state and local governments, and return work of very limited value (section 5).
- An on-demand job guarantee of the scale and scope proposed could cause massive distortions in the wider economy leading to less output and growth, and could prevent workers from investing in critical human capital (section 6).

While many commentators have expressed grave concern with job-guarantee proposals, this article represents one of the first detailed analyses of the claims advanced by the policy's proponents. Because of the unprecedented size and scope of the CBPP and Levy programs, some have dismissed the seriousness of a federal job guarantee as a policy proposal. On the left, economist [Paul Krugman](#) has said that "realistically, a blanket jobs guarantee is unlikely to happen."

But prominent politicians, including Kirsten Gillibrand, Cory Booker, Bernie Sanders, and Alexandria Ocasio-Cortez, have expressed support for a job guarantee, and it has been discussed by dozens of media outlets including some that have suggested that Democrats make it the center of their 2020 campaign.

This report also speaks to the recent trend among some politicians toward advocating very large, centralized government programs. These include "Medicare for all" and recent corporate-governance plans, in addition to the job guarantee. These plans often sound good to voters in one or two sentences, but do not hold up to closer inspection.

The authors of the CBPP and Levy plans are often short on details when describing their programs, in which government officials would assign jobs to millions without the help of market signals. After thinking through those details, we find that the case provides a powerful example of the impossibility of such large-scale centralized initiatives in a complex modern society such as our own.