

Accommodating Employment: A Job Guarantee

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I recently read a book by Viviane Forrester called *L'Horreur Economique*. While written a decade ago, its central proposition still holds. Governments are not generating the jobs needed to achieve full employment but continue to promote, and enforce through policy, a backlash against those who are jobless. For Forrester this has spawned an economic world that is at once an obscenity and an affront to human nature. For the homeless — operating in an environment with insufficient jobs, supported accommodation and public housing — it offers a bleak landscape.

In this context, the 2006–07 Federal Budget demonstrated once again how far off the pace the Government is when it comes to innovative social policy, particularly developments aimed at improving the lot of the most disadvantaged among us. With the Federal government currently obsessed about the challenges of the ageing population on its ability to provide adequate services in the future — the so-called intergenerational debate — it continues to amaze me that they are willing to conduct macroeconomic policy such that more than 1.8 million Australians are without enough (if any) work and some 100,000 of us are homeless on any given night. Contrary to the Treasurer's logic, the relentless pursuit of budget surpluses is not good economics. It will not help us accumulate future spending capacity to meet the needs of our ageing population as is claimed. The path to a fair and sustainable future is to maintain full employment through appropriate levels of spending requiring budget deficits. Our willingness to applaud the surplus mongers is one of the great ironies in public life.

A number of witnesses appearing before the 2004 Senate Community Affairs Committee Inquiry into Poverty and Financial Hardship established an ever-tightening causal relationship between unemployment and poverty. The research literature also establishes significant correlations between unemployment, homelessness and mental illness. While the causality runs in a number of directions, this does not diminish the need for the problems to be tackled together. To the extent that access to secure paid employment offers a pathway to stable accommodation and a means to ameliorate poverty, measures to create jobs and to

nest job creation strategies within housing, health, drug and alcohol and youth services demand increased policy attention.

With the large labour slack that exists in the Australian labour market the prospects for the homeless are bleak. In the absence of stable housing it will be very difficult for a person to find and hold down a job. Previous contributors to *Parity* have established the particular shortage of job opportunities and affordable housing in rural communities. This creates acute difficulties for young unemployed people who are unable to travel to more robust labour markets to try their luck, or for people for whom social and community networks make the prospect of moving for precarious work forbidding. New thinking on employment options for those without shelter is clearly needed. The remainder of this article sets out a way forward.

The overrepresentation of the homeless among the unemployed reflects poorly on two critical and interrelated assumptions that have checked the effectiveness of policy options targeted to this highly disadvantaged group. First, it is assumed that measures to improve the 'employability' of people who are homeless will lead to positive employment outcomes. The poor employment outcomes from Homelessness Assistance and Job Network programs give this assumption little credence. Second, by assuming a federal government budget constraint, policy changes are only to be recommended if they are consistent with fiscal austerity. This limits the scope for implementing effective solutions.

Prior to the mid 1970s the Australian economy was able to sustain full employment — there were enough jobs and enough hours of work to meet the preferences of the labour force. This era was characterised by the willingness of governments to use expansionary fiscal and monetary policy to maintain levels of aggregate demand consistent with full employment, and the maintenance of a 'buffer stock' of low skill jobs, many of which were in the public sector. These jobs were always available and provided paid employment and income security for the most disadvantaged workers in the labour force. Over the last 30 years, Australia has relinquished this cohesion by jettisoning the full employment objective. The dominant economic orthodoxy has supported policy makers who have deliberately and persistently constrained their economies, and who claim that the role of policy is to ensure that the economy functions at the 'natural rate of unemployment'. Persistently high unemployment is then speciously ascribed to institutional arrangements in the labour market and/or faulty government

welfare policies, which are said to discourage employment and to promote welfare dependence. Policy now focuses on overcoming these microeconomic constraints and blaming the victim. However, after nearly three decades of harsh cutbacks and structural dislocation, unemployment and underemployment remain persistently high.

To return to a full employment environment with stable inflation, the Centre of Full Employment and Equity (CofFEE) proposes the introduction of a Job Guarantee (JG) for all unemployed persons. The JG framework directly addresses the cause of income security by tying a secure income to a work guarantee. Any homeless person who is able to work will be able to access a job that provides a 'living wage'. Those unable to work will be provided with a 'living income'. The movement towards full employment is attained by ensuring there is an open offer of paid work available at any level of aggregate demand, rather than by engineering labour supply adjustments that define the problem away.

Under this proposal, the Federal Government would maintain a 'buffer stock' of jobs that would be available to, and suitable for, the targeted group. The JG would be funded by the Commonwealth but organised on the basis of local partnerships between a range of government and non-government organisations. JG workers would receive the Federal minimum award wage and conditions. In order to receive the award wage, those who are eligible would be required to accept a JG job that is compatible with their health and support needs.

The 'buffer stock' 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. Instead of forcing workers into unemployment when private demand slumps, the JG would ensure that workers without shelter would have immediate access to a public sector job at the safety net wage. Accordingly, workers can maintain an attachment to paid employment and not be forced, by systemic job shortage, into welfare dependency. Through creative job design, the activities that JG workers perform can enhance both community and individual well being. Activities could include urban renewal projects, the provision of community care and meals services, and environmental schemes such as reforestation and restoring river health. The JG scheme will deliver minimum wage jobs appropriate to the work and living skills of the unemployed in the places where jobs are needed.

Can the Job Guarantee really cater for the most disadvantaged job seekers, including

those who are homeless? For any person to be able to work at their full productive capacity, basic conditions need to hold. These include access to adequate nutrition; housing and transport; a supportive home life free from violence; and care in the case of illness or addictions. We would argue that any society and government that values work and aspires to full employment should provide the social supports and structures implied by this objective. Indeed, it would be hard to understand the logic of current labour market programs in a policy environment that did not aspire to ensuring that these basic conditions of life are guaranteed.

A number of young and long-term unemployed people face chronic labour market disadvantage due to complex issues such as homelessness or insecure housing, episodic illness or substance abuse and poor literacy, numeracy and living skills. Unemployment is still the product of systemic job shortages, however the formidable barriers listed explain the ordering of the unemployment queue and the need for the JG to be situated within a more accessible and personal support framework. It is proposed that JG employment could be taken on a part-time or block basis to accommodate access to support for such needs. This is analogous to providing for family and carers' leave in award agreements in order to support the personal needs and circumstances of employees. It is also argued that by providing disadvantaged individuals with sustainable employment and structured training opportunities, the JG would support the attainment of housing, health and personal development outcomes.

In advocating the introduction of a JG we are not suggesting that reform priorities or initiatives related to supported accommodation and low-cost housing can, or should, be abandoned. However, by attending to the shortage of suitable job opportunities, the JG provides an effective anchor for a reform agenda. It offers the chance to take an evidence-based approach to the integration of services in a way that can provide for the dual goals of paid employment and secure accommodation. Success will depend on a more nuanced understanding of the causes and dynamics of homelessness. Attention must also be given to the spatial dimensions of unemployment and homelessness so that policymakers can draw on the expertise of governance bodies and community-based services in regional and rural areas in developing appropriate resources to support sustainable transitions.

Paid work remains central to identity and independence in contemporary Australia while persistent unemployment is central to the financial hardship confronting many of the people experiencing homelessness. If we are to break the cycle in which those without secure accommodation find themselves unemployed, marginalised and poor then we must directly address deficient labour demand while we build a more accessible and personal support framework. ■

