

Rt Hon Yvette Cooper MP
Secretary of State
Department for Work and Pensions
Caxton House
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date: 14th January 2010
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Dear Yvette

A universal Job Guarantee

We welcome the Government's commitment to tackling unemployment, and recognise the positive impacts that investment to date has already had for those who have lost their jobs during the downturn.

However, we write to urge the Government to build upon the success of the Future Jobs Fund by making a job guarantee the cornerstone of future labour market policy for people of all ages.

We believe that a universal job guarantee, available to all adults who have been unemployed for more than 12 months, is needed to stop the growth of long-term unemployment. This is a particularly important issue: even employers with a generally positive view of unemployed people are more cautious about recruiting those who have been unemployed for a long time. We also know that people who have repeatedly failed to find employment are likely to become less enthusiastic and energetic in looking for jobs. People who have been long-term unemployed are less likely to become employed and those who succeed often find that the jobs they get are insecure and badly-paid. This in turn acts as a disincentive to jobsearch.

Long-term unemployment was a problem long after the recessions of the 80s and 90s had ended; while some parts of the country were at full employment, the areas where long-term unemployment had taken hold continued to be depressed. The negative impacts of long-term worklessness for individuals are well documented, and include the increased likelihood of mental health problems, relationship breakdown, alcohol problems, debt and homelessness. Communities also suffer with high poverty levels, reduced local demand and consequent poor levels of job creation. A job guarantee would be a

promise to all unemployed people - and especially to those in the areas devastated by previous recessions - that this experience will not be repeated.

During a recession, there are fewer jobs to offer long-term unemployed people, making it difficult to maintain an active labour market policy - as Beveridge said, the only test of unemployment is the offer of a job - and job guarantees fill this gap. Job guarantees also address the economy's current demand-side weaknesses in a way that training and other employability programmes cannot: making unemployed people more job-ready will have little effect when there are insufficient jobs for them to move into.

As unemployment has risen in the UK increased JSA and Tax Credit payments have acted as important automatic stabilisers - but it is also vital that spending on active labour market responses increases during recessions, promoting a quick reintegration of job losers into employment and preventing the risk of them sliding into long term unemployment and inactivity. A universal job guarantee would introduce a valuable automatic response to rising unemployment into the UK's welfare to work infrastructure.

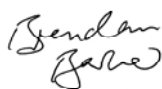
Even when the recession has ended, a job guarantee should continue to be central to the Government's labour market strategy. Britain risks having depressed areas after the recession and significant numbers of long-term unemployed people who need to be helped by active labour market policies. In this context, a universal job guarantee would have significant advantages over other labour market interventions. For example, research evidence shows that badly designed "workfare" schemes are not very effective - they tend to keep participants out of the labour market. Both employers and participants are likely to be more impressed by a period of employment in a job guarantee, and work experience provides participants with valuable evidence of job readiness, including attendance records and positive employer references (which are particularly important in lower paid jobs). Job guarantee participants should have sufficient time for effective jobsearch, with placements clearly focused on enabling participants to identify sustained work in the longer-term, and they should work on tasks that are useful to the community, have full employment rights and be paid at least the minimum wage. These characteristics guarantee that a universal job guarantee would be fairer and more effective than any of the available alternatives.

Making a universal job guarantee the cornerstone of provision for long-term unemployed people would offer a positive and supportive approach, as well as substantial social and economic gains. The introduction of such a policy should be a priority for Government

in assessing where to allocate resources aimed at boosting employment.

We would be happy to discuss this with you further.


Yours sincerely

A handwritten signature in cursive script that reads 'Brendan Barber'.

Brendan Barber (General Secretary, TUC)

A handwritten signature in cursive script that reads 'Ian Brinkley'.

Ian Brinkley (Programme Director, Knowledge Economy, Work Foundation)

A handwritten signature in cursive script that reads 'David Coats'.

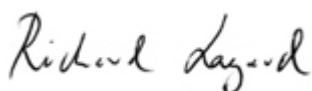
David Coats (Associate Director, Policy, Work Foundation)

A handwritten signature in cursive script that reads 'Graeme Cooke'.

Graeme Cooke (Head of the Open Left Project, Demos)

A handwritten signature in cursive script that reads 'Paul Gregg'.

Professor Paul Gregg (Centre for Market and Public Organisation, University of Bristol)

A handwritten signature in cursive script that reads 'Richard Layard'.

Professor Richard Layard (Director, Wellbeing Programme, LSE Centre for Economic Performance)

A handwritten signature in black ink, appearing to read 'Sophia Parker'.

Sophia Parker (Director of Policy and Research, Resolution Foundation)

A handwritten signature in black ink, appearing to read 'James Purnell'.

Rt Hon James Purnell MP (Director of the Open Left project, Demos and former Secretary of State for Work and Pensions)