



# *Policy Note*

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## **EUROPEAN JOB GUARANTEE: A WINDOW OF OPPORTUNITY TO REDRESS LONG-TERM UNEMPLOYMENT**

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The ill-conceived policies of “fiscal responsibility”—imposed on many European Union (EU) member states while the damaging effects of the 2008–09 financial crisis were still unfolding—led 24 million EU28 citizens into unemployment. Among them, the long-term unemployed (unemployed for 12 months or more) reached 12 million at its peak in 2014. Despite the gradual recovery, and positive policy responses during the COVID-19 pandemic, the problem continues to plague millions, with the percentage of long-term unemployed among the unemployed in the range of 40–55 percent.

Joblessness extends its reach beyond the long-term unemployed. In addition to the 4.6 million looking for work for over 12 months (EU27, in 2023), another 5.1 million unemployed declared that they would like to find a job but have become discouraged and stopped actively looking for work in the previous month. Completing the picture are the 5.2 million underemployed who were working fewer hours than desired, as they sought but could not find full-time jobs. All told, in 2023, approximately 15 million persons were unemployed or underemployed for prolonged periods of time. Forced inactivity and long-term joblessness were also starkly demonstrated by the numbers of people in very long-term unemployment status—that is, those jobseekers who had been looking for work for over two years.

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In 2022, a year for which more complete data is available, 23.4 percent of the unemployed population had been looking for work but could not find a job for more than 24 months. Caution is warranted though, because as Figure 1 indicates, averages conceal great differences and some countries are in much worse shape than others. In Slovakia, for example, 46.1 percent had been looking for a job for over two years; in Greece and Italy, 41.5 percent and 40.6 percent, respectively; while in Estonia, Malta, and Denmark, less than 10.0 percent of the unemployed were unable to find a job for such a prolonged period of time (Eurostat 2024).

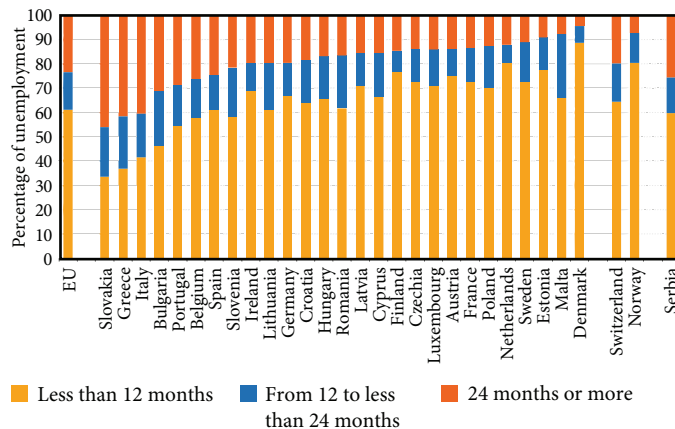
It is also worth noting a recent, yet not surprising, finding based on EU statistics on the income and living conditions of European citizens (EU-SILC 2022). Employment status is one of the main socioeconomic characteristics that influence the risk of poverty or social exclusion. While the risk of poverty or social exclusion in the EU was 11.1 percent for the employed and 19.1 percent for pensioners, it impacted almost two-thirds (65.2 percent) of the unemployed (Figure 2).

### Reference Frameworks for Responding to Long-term Unemployment in Europe

In the EU, two coexisting reference frameworks can be distinguished that largely outline the policies to deal with (re) integration into the labor market. The first is an “activation” framework, which has its roots in the European Employment Strategy from the mid-1990s, and is defined by the objectives of the 1992 Treaty on European Union. The latter states, in Title IX (“Employment”) Article 145, that the EU and member states should “work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change.” *The aim, and therefore the obligation, of the state here is to ensure the good quality of the workforce so that, as far as possible, there is equality of opportunity and adaptability to the changing needs of the marketplace.*

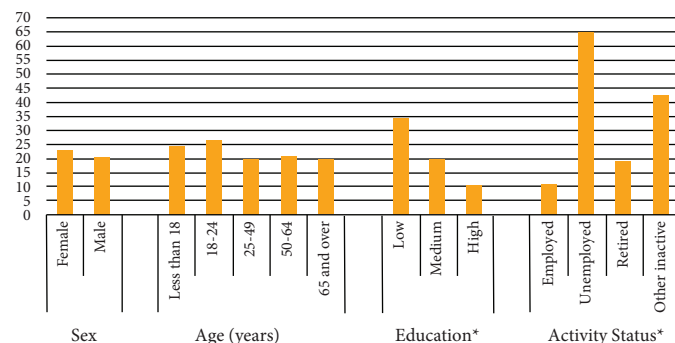
A second “social rights” framework has its roots in social policy and derives its legitimacy from Title X (“Social Policy”) Article 151 of the Treaty, which proposes “the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of

**Figure 1 Duration of Unemployment, Ages 15–74 (2022)**



Source: Eurostat

**Figure 2 Share of People at Risk of Poverty or Social Exclusion, EU 2022 (percent)**



\*Population aged 18 years and over  
Source: Eurostat

exclusion.” In this context, the objective is differentiated. *If the operation of the free labor market does not result in high employment and social inclusion, the state must choose policies that promote them.*

By combining a job offer with upskilling and reskilling components, available to participants on a voluntary basis, the job guarantee has great potential to bridge the two frameworks.

### The Institution of the Job Guarantee

The job guarantee is a policy intervention that more effectively addresses unemployment and, even more so, long-term unemployment by directly offering a job and a wage to jobseekers looking for but unable to find remunerative work. The projects implemented are selected with the aim of bringing public benefit to the communities, while at the same

time meeting unmet needs to the greatest extent possible. The job guarantee is an emblem of our collective responsibility to ensure that, when the private sector cannot provide it, those who want to engage in remunerative work have a choice. The state in this sense functions as an employer of last resort.

The net cost of such an intervention would not be a significant burden on public finances. In the midst of Greece's severe recession in 2013–14, with a 25 percent drop in GDP and unemployment reaching 27 percent, my colleagues and I at the Levy Institute produced two research projects in collaboration with the General Confederation of Greek Workers (GSEE) (Antonopoulos, Papadimitriou, and Toay 2011; Antonopoulos et al. 2014a, 2014b). The first project introduced both the theoretical idea (primarily based on Hyman Minsky, as well as L. Randall Wray, Mathew Forstater, and Dimitri Papadimitriou) as well as the necessity of the policy of guaranteed work for Greece; while in the second, we assessed the reduction of unemployment and the macroeconomic effects in the country of a program of direct job creation. We found significant multiplier effects on GDP growth and employment. As a result of economic activity, our simulations showed that 59 percent of required public spending would be recovered through new tax revenues (income taxes, social security contributions, and value-added tax). Depending on the size of the program and the level of the wage offered, the net cost would range from about 0.6 percent of GDP to a maximum of 2.2 percent.

Based on these studies, a series of job-guarantee programs known as Kinofelis Ergasia, which translates to “public benefit work,” were introduced in Greece in 2011. Their initial design was subsequently improved in 2015, based on the Levy Institute's recommendations, and implementation continues to this day, with more than 200,000 unemployed people having enrolled so far. The programs, especially during the years of the external debt crisis, have been far too small when measured against the long-term unemployment problem in Greece, due to lack of financial resources: for every job opening, five to seven eligible applicants had to be turned away. But what they have shown is that ample scope exists for substantial jobs to be delivered, in environmental interventions and forest management, small-scale infrastructure improvements, bridging care gaps, and supporting the digital transition.

## Time for Action

In the aftermath of the financial crisis, the European Union recognized the prevalence of long-term unemployment as a stubborn challenge. Council Recommendation of 15 February 2016, “On the integration of the long-term unemployed into the labour market” (2016/C 67/01), acknowledges (para iii) that “[l]ong-term unemployment is affecting the persons concerned, lowering the potential growth of Union economies, increasing the risk of social exclusion, poverty and inequality, and adding to the costs of social services and public finances. Long-term unemployment leads to a loss of income, an erosion of skills, a higher incidence of health problems and increased household poverty.”<sup>1</sup> The Recommendation puts forward a variety of actions to be taken, but the proposed, traditional active labor market policies (ALMPs) have proven ineffective for the long-term unemployed. Principle 4 of the 2017 European Pillar of Social Rights also echoes the Council's Recommendation. It reinstates citizens' right to active support for employment but proposes well-tested ALMP interventions such as job search support, training, and requalification, which have, so far, fallen short. A job guarantee intervention structured around the concept of “back to work now,” with the state assuming the responsibility to provide jobs directly if all else failed, was not yet on the policy radar.

## The European Initiatives That Change the Scene

In addition to Greece, Ireland, and Luxemburg—which are examples of countries that engaged in direct job creation for over a decade—over the past few years, grassroots mobilization combined with political will at the local and national level culminated in several job guarantee initiatives. Beginning with the very important experimental initiatives in France in 2016 (Territories of Zero Long-Term Unemployment [TZCLD]), Belgium, Austria, the Netherlands, and Germany followed suit. Persistent advocacy,<sup>2</sup> collaboration, and exchange of information among these countries proved very important. Of equal importance, there is evidence that these efforts have contributed to the idea of a European job guarantee, which is gaining recognition by EU policymaking bodies. Five instances stand out:

1. **European Committee of the Regions.** The first EU-level initiative comes from the European Committee of the Regions, which unanimously approved in May 2023 an opinion document that recommends support be given by

European institutions for innovative and local solutions to combat long-term unemployment in Europe, drawing inspiration from currently implemented job guarantee interventions.<sup>3</sup>

2. **European Parliament.** The next initiative is a resolution adopted by the European Parliament in November 2023, which recommends the creation of jobs to combat long-term unemployment through local experimentation, explicitly mentioning existing job guarantee initiatives as references.<sup>4</sup>
3. **European Trade Union Confederation.** In December 2023, at the general assembly in Madrid, The European Trade Union Confederation adopted a resolution in favor of a European job guarantee, declaring that it thereby “supports the idea of a European Job Guarantee, which would provide employment opportunities for the long-term unemployed through a state-run programme for job seekers unable to find opportunities in the open labour market.”<sup>5</sup>
4. **European Commission.** In March 2024, a report commissioned by the European Commission was published, titled “Towards zero long-term unemployment in the EU: Job guarantees and other innovative approaches” (Markowitsch and Scharle 2024). The report focused on five currently implemented job guarantee initiatives in Europe: the Marienthal project (MAGMA), Austria’s job guarantee pilot program, France’s Territoires chômeur de longue durée (TZCLD), the Basisbaan in the Netherlands, the adaptation of the French TZCLD model in Belgium, and the German job-offering Solidaric Basic Income (SBI).<sup>6</sup> Unfortunately, although reference is made to Kinofelis, Greece’s experience was incorrectly listed as having been terminated in 2018, and thus not presented in much detail.<sup>7</sup>
5. In April 2024, the **EU Commission** issued a call for proposals with a budget of €23 million, funded under the Social Innovation+ initiative of the European Social Fund Plus (ESF+), to help EU member states pilot innovative ways to tackle long-term unemployment. Through this call, the Commission aims to transfer or scale up promising initiatives and social innovation in redressing long-term unemployment.<sup>8</sup>

## Which Path for the Way Forward?

Taking stock just at the cusp the European elections, the EU’s political responses to two major economic shocks of this century—the global financial crisis of 2008–09 and the impact of the COVID-19 pandemic—present a picture of stark contrast but also a call for reflection. Two different and potentially conflicting paths co-exist and the answer is not yet indelibly prescribed.

After a short-lived countercyclical response, which helped many countries (including Germany) mitigate the negative effects of the financial crisis on the economy and employment, EU leaders returned to strict adherence to the fiscal rules of the Maastricht Treaty. Since 2010, austerity, tax increases and “internal devaluation” (wage cuts) have been imposed on member states and have punished the most vulnerable countries—those already over-indebted or with unstable financial sectors. Greece, among them, was pushed into an unprecedented loss of economic activity, driving thousands of businesses into bankruptcy and a million citizens into the ranks of the unemployed.

However, when faced with the pandemic, policymakers in the EU showed an early willingness to develop an expansionary fiscal policy to support the population of the member states. In addition to the European Commission’s activation of the Stability and Growth Pact’s “general escape clause,” which allowed member states to opt out of the Maastricht rules, they were supported by the €98.4 billion SURE program to help avoid layoffs during the lockdown, by preserving jobs and subsidizing wages. In addition, the European Council agreed on a €750 billion recovery package, providing grants and subsidized loans to all member states, mitigating the negative socioeconomic impact of COVID-19. As a result, Europe managed to avoid the worst.

These diametrically opposed policy orientations produce valuable lessons. To effectively address the multiple crises facing Europe—including the climate crisis and the rapid increase in the cost of living and energy—“business as usual” rules and policies will not serve us well. Building a resilient and sustainable EU requires a hard look and an open mind. We need radical changes, revising policies that do not work and introducing out-of-the-box policies that deliver results for citizens. In this context, the job guarantee policy has been put on the table—and at this juncture, what makes it even more promising is that the policy is gaining support from progressive forces throughout the EU.

## Notes

1. The first two paragraphs of the document read as follows: “(i) The unemployment rate in the Union increased to a historically high level following the 2008–2009 financial and economic crisis. It is currently decreasing, but long-term unemployment remains very high. Long-term unemployment affects each Member State to a different extent, particularly as the impact of the crisis has been uneven and the macroeconomic situation, economic structure and functioning of the labour market vary from one Member State to another. (ii) After years of subdued growth and low job-creation, in 2014 long-term unemployment, defined by Eurostat as the number of people who are out of work and have been actively seeking employment for at least a year, affected more than 12 million workers . . . , 62 per cent of whom had been jobless for at least two consecutive years.”
2. See <https://www.tzclld.fr/making-employment-a-right-a-universal-battle>. Information in this section draws on resources found on the website of TZCLD.
3. The initiatives mentioned are: France’s Territoires zero chômeur de longue durée (TZCLD) since 2016; a version of TZCLD adopted in Belgium, which was initiated in 2022; the Modellprojekt Arbeitsplatzgarantie Marienthal (MAGMA) “job guarantee” in Austria in 2020; and the “Basisbaan” in the Netherlands, also since 2020. See Opinion Number: CDR 5490/2022, adopted on 25-05-2023. Details and full text available here: <https://cor.europa.eu/en/our-work/Pages/OpinionTimeline.aspx?opId=CDR-5490-2022>.
4. “European Parliament resolution of 23 November 2023 on job creation – the just transition and impact investments” (2022/2170(INI)), Recital G and Article 9: [https://www.europarl.europa.eu/doceo/document/TA-9-2023-0438\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2023-0438_EN.html). This follows the mobilization of European MEPs Aurore Lalucq and Agnes Jongerius, who collaborated with Pavlina Tcherneva toward a proposal in favor of a job guarantee via a pilot project advocating for the adoption of a job guarantee program with a deployment similar to that which has occurred in the past for the youth guarantee.
5. ETUC’s resolution on the European job guarantee was adopted at the Executive Committee of 6-7 December 2023. See <https://www.etuc.org/en/document/etuc-resolution-european-job-guarantee>. The European Trade Union

Institute (ETUI), had included a chapter on the topic in their January 2023 publication *Transformative Ideas—Ensuring a Just Share of Progress for All*, and the topic was also discussed during the 15th Congress of the European Trade Union Confederation in Berlin (May 2023). See Antonopoulos (2023).

6. This is distinct from both the *minimum income guarantee* and the *basic income guarantee* programs that provide cash-income support but do not include a job offer.
7. This is of course not the case, as in the period 2019–23 Greece’s Public Employment Services office (DYPA) announced Kinofelis programs for over 70,000 unemployed persons. A presentation and comparative analysis of small-scale initiatives with larger-scale programs (such as in Ireland, Greece, and Luxemburg) would produce fruitful findings and will be included in a currently prepared report for the Institute of the European Trade Unions (ETUI).
8. The expected duration of each project proposal is up to 36 months. The estimated size of a grant is between €1,000,000 and €3,000,000 per project (but this does not preclude the submission/selection of applications requesting other amounts), which do not constitute more than 80 percent of the total project budget. Therefore, a co-financing of at least 20 percent must come from sources other than the EU budget. For details see <https://www.esf.lt/en/transnational-calls/innovative-approaches-tackling-long-term-unemployment/1430>.

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