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# Has the Time Arrived for a Job Guarantee in Europe?

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Examining the European Union's (EU) policy responses to the last major economic shocks—the aftermath of the 2008–9 global financial crisis, on the one hand, and the combined impacts of the COVID-19 crisis (2020–22) and Ukraine-Russia conflict (2022 to present) on the other—is a study in contrasts.

After a short-lived countercyclical response to the financial crisis—which helped many countries, including Germany, cushion the decline of growth and employment—by 2010 EU authorities reverted to full adherence to the Maastricht Treaty rules. Austerity was imposed indiscriminately, leading several countries to years of unprecedented drops in economic activity and the addition of 10 million more citizens to the ranks of the unemployed in the EU28.

In contrast, the response of policymakers to the pandemic shock revealed a greater willingness to deploy public finance in support of the population. In addition to the EU Commission activating the "general escape clause" of the Stability and Growth Pact, which enabled member-states to depart from Maastricht budgetary rules, member-states were supported by the €98.4 billion SURE mechanism (the European Instrument for Temporary Support to Mitigate Unemployment Risks in an Emergency) to help avoid layoffs during the lockdowns through job retention schemes and wage subsidies. Furthermore, the EU Council reached agreement leading to the creation of the €800 billion Recovery and Resilience Facility, providing access to grants and loans to mitigate the adverse socioeconomic impacts of the COVID-19 pandemic. The result of this and other policy measures was a swift recovery. These two diametrically opposed policy orientations, and their divergent outcomes, provide valuable lessons.

Yet, while the recent display of renewed solidarity is commendable, the EU has a long way to travel along this path. Beyond addressing the ongoing cost of living crisis, building a resilient and sustainable EU requires a confrontation with long-standing "business as usual" EU rules and policies. It is in this context that the *job guarantee* deserves serious consideration.

The existence of the long-term unemployed clearly shows that many are looking but are unable to find a job. Despite extensive efforts and policy interventions, today there are still roughly 4.5 million people in the EU who have been unemployed for more than 12 months. Over the past decade, the share of the total unemployed population who are long-term unemployed has averaged roughly 40–55 percent. The private sector is unable to generate jobs for all individuals seeking them, and the collection of policies to support the unemployed—traditionally delivered in Europe through unemployment benefits, active labor market policies to facilitate re-entry, and job retention schemes/temporary wage subsidies—has failed to compensate for that inadequacy.

The job guarantee (JG) is a policy intervention that can more effectively end long spells of joblessness. Put simply, it directly offers a job and a wage to those seeking but unable to find remunerative work. JG work projects, which are publicly funded, are selected with a view to yielding a public benefit to communities, fulfilling currently unmet needs to the greatest extent possible. The JG is an emblem of our collective responsibility to see that, when the private sector cannot deliver, those who want to work have an option, instead of being forced to remain in a state of social exclusion and inactivity.

The net cost of such an intervention would not represent a significant burden on public finances. Colleagues and I at the Levy Economics Institute, in collaboration with the Research Institute of the General Confederation of Trade Unions of Greece, estimated the impacts of a modest direct job creation program for Greece, along the lines of a JG. We found significant positive multiplier effects associated with the program: for every 250 jobs directly created by the JG, an additional 100 jobs (mainly skilled) would be created by the private sector elsewhere in the economy. As a result, our simulations determined that 59 percent of the required public expenditure would be recouped through higher tax revenues (social security contributions, value-added taxes, and direct income taxes). Depending on the size of the JG program and the level of the JG wage offered, the net cost would range from roughly 0.6 percent of GDP to 2.2 percent of GDP. Based on this study, a JG program that aimed at "back to work now," which combined four days of work and one day of upskilling through lifelong learning seminars per week, was designed and rolled out in Greece in 2016, and continues today. Ample prospects for meaningful JG opportunities can be created and offered to the unemployed in the fields of environmental interventions, plentiful care economy gaps, and the digital transition. Currently, political and grassroots mobilization around a JG policy is gaining traction in Europe, and small-scale implementation has already been undertaken in France, Austria, Belgium, Ireland, and Luxembourg.

The SURE instrument, the NextGenerationEU, and the Recovery and Resilience Facility have recently shown that the power of political will and decision making can deliver solutions that benefit working people, businesses, and the overall economy at the same time. It is more urgent than ever to act in solidarity for the common purpose of reducing and eventually eliminating long-term unemployment. Gradual implementation of such a policy is certain to deliver a strong and clear message that a Social Europe is possible.

A more detailed discussion of the issues can be found at levyinstitute.org/publications/has-the-time-for-a-european-job-guarantee-policy-arrived

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