

Inclusive labour market: A role for a job guarantee scheme

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Abstract:

In the European labour market there is a clear scope for improvement in activity rates. Moreover, sustainable employment is impeded by the pervasiveness of temporary work, self-employment and part-time work. As a consequence there is a clear role for active inclusion policies, complemented by stimulating macroeconomic policies. However, the implementation of appropriate policies, initiated in 2008, never really took off and stagnated due to the austerity measures enforced after the financial crisis. For that reason we propose to experiment with Job Guarantee (JG) projects. On the one hand, JG projects should provide a macroeconomic stimulus to the economy by employing everybody who is out of work in JG jobs at the minimum wage. On the other hand, JG projects could stop the downward trend in job quality and foster inclusive labour markets by providing quality jobs and sustainable employment. We propose to finance the JG Scheme by redirecting social security (administration) funds, by including JG elements in the European Investment Plan (also known as the Juncker Plan) and to spend part of the € 60 billion which the ECB is injecting each month in the Euro Area on job guarantee projects.