Job Guarantee as a model for strengthening the welfare state
The case for The Netherlands
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According to the Universal Declaration of Human Rights (1948) is having a job a human right!
Presentation of the Job Guarantee concept

Our assumption is that if we implement the JG concept in welfare states the result is not only a preservation but also a strengthening of the modern welfare state.
Talking about the JG concept

- Developed in the eighties particularly in US and Australia
- Definition: The government guarantees a real job opportunity for anyone ready, willing and able to work at a fixed socially-established basic wage
Preserving the welfare state

Why should we preserve the welfare state? Because our modern states produce too much unemployment and a too high level of unused labour capacity!

Let’s look at the facts!
Historical analysis of the Dutch welfare state

Figure 1
Historical analysis of the Dutch welfare state

Figure 2

Unemp Soc-Assist burden  econ growth  Unused labour
Foresight of the Dutch welfare state 2015-2025

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collective burden</td>
<td>37.5*</td>
<td>38.5</td>
</tr>
<tr>
<td>Soc Security and Care burden</td>
<td>21.7</td>
<td>25.3</td>
</tr>
<tr>
<td>Unused Labor</td>
<td>8.4**</td>
<td>8.4</td>
</tr>
<tr>
<td>Unemployment</td>
<td>6.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Social assistance</td>
<td>4.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Economic growth</td>
<td></td>
<td>2% on average</td>
</tr>
</tbody>
</table>

* % BNP  
** % Labour force
Problems of a modern welfare state

• Economic viability of the system
  – Unused labor capacity

• Financial sustainability of the system
  – Social support of the working population
  – Taks and social premiums burden
A JG model for modern welfare states

• JG should not be an overall solution but part of work-oriented social security system
  – Based on conditional income guarantee and conditional job guarantee
  – Lowering cyclical and structural unemployment
  – Improving working skills by training on the job
Costs and revenues of a JG program

- Starting points: a simple example
- JG is profitable if net production exceeds the net extra costs
- $n =$ number of fulltime jobs in the JG program
- €15,000 = amount of social assistance per year
- €1,40 = implementation and reintegration costs
- €16,000 = basic wage in the JG program
- €1,50 = implementation costs
- Net added value (net production) 50%
Costs and revenues of a JG program

Public costs without JG: \( n \times (15.000 \times 1.40) = n \times € 21.000 \)

Public costs with JG: \( n \times (16.000 \times 1.50) = n \times € 24.000 \)

Net extra costs: \( = n \times € 3.000 \)

Net production with JG: \( n \times (50\% \text{ basic wage}) = n \times € 8.000 \)

Net revenue JG program: \( = n \times € 5.000 \)

If \( n = 100.000 \) in the JG program (10% of unused labor in The Netherlands) the net economic production of JG is 0.7% BBP.
Dilemmas in implementing a JG system

• Accepting the (guaranteed) job as an obligation or accepting on a voluntary basis?
• Guaranteed jobs in public sectors or in private sectors as well?
• How to avoid a bureaucratic and expensive JG organisations (national and regional)?
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