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# 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

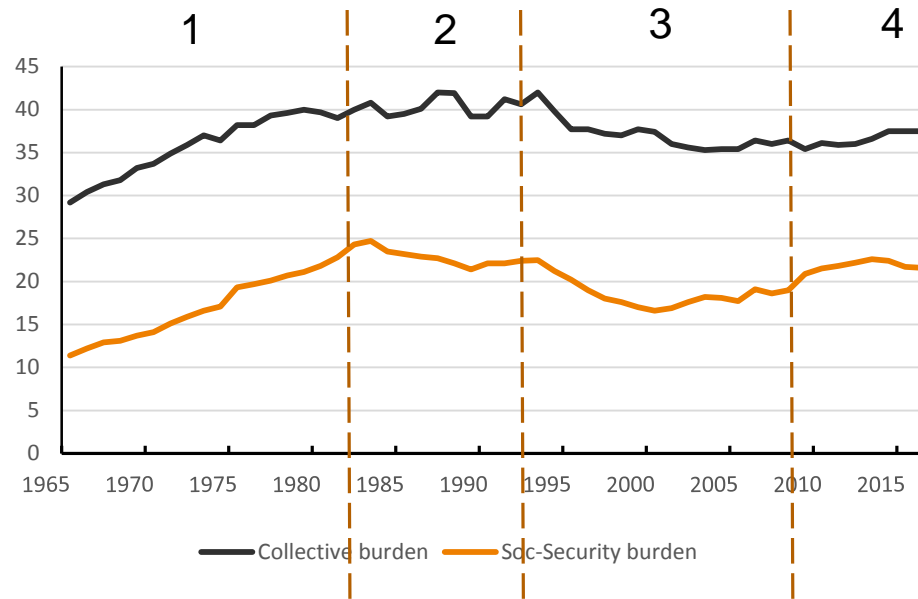
# Preserving the welfare state

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!

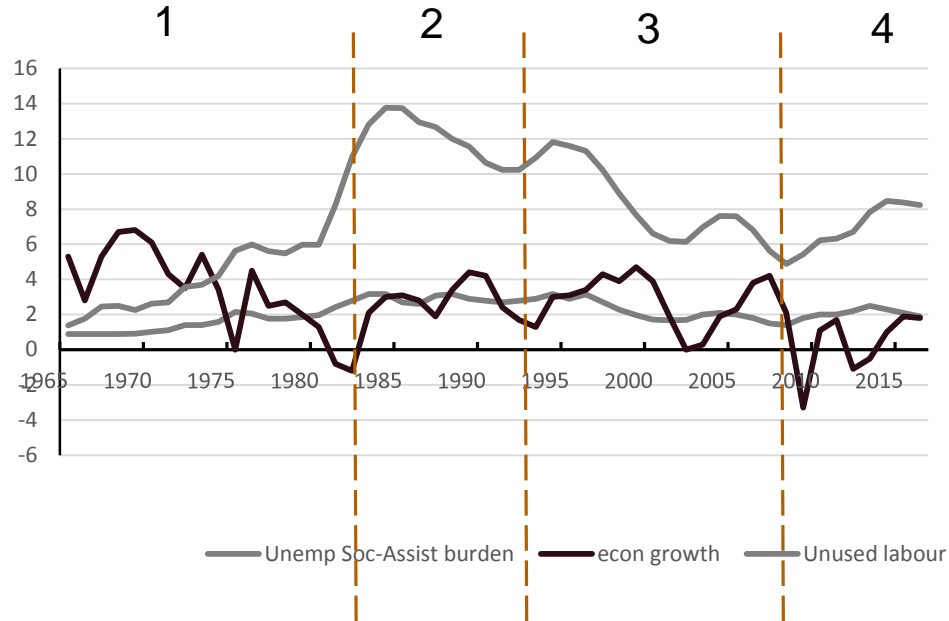
# Historical analysis of the Dutch welfare state

Figure 1



# Historical analysis of the Dutch welfare state

Figure 2



# Foresight of the Dutch welfare state 2015-2025

	2015	2025
Collective burden	37.5*	38.5
Soc Security and Care burden	21.7	25.3
Unused Labor	8.4**	8.4
Unemployment	6.9	5.5
Social assistance	4.4	5.0
Economic growth	2% on average	

\* % 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:  $n \times (15.000 \times 1.40) = n \times \text{€}21.000$**

**Public costs with JG:  $n \times (16.000 \times 1.50) = \underline{n \times \text{€}24.000}$**

**Net extra costs:  $= n \times \text{€}3.000$**

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

**Net revenue JG program:  $= n \times \text{€}5.000$**

**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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