Discussion paper
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The European Employment Guideline – a New Way to Full Employment in Europe

(Translated from German)

European societies are in the process of breaking up due to mass unemployment. Millions of people, many of them well educated, are without professional and private perspectives, and right-wing populists are finding increasing levels of support, not only in de-industrialised regions. Hopelessness, fear of the future and pure despair shape the mood at a time when strong social cohesion is needed to overcome major challenges such as digitisation, social inequality or the integration of people who have fled to Europe into European societies.

Since the mid-1970s, (Western) Europe has once again become familiar with the phenomenon of mass unemployment, which disappeared in the immediate period after the Second World War. Over the past 40 years, the fundaments of society and politics in many European countries have been constantly undermined, first the welfare state, then social cohesion and now liberal democracy. It is true that mass unemployment was reduced when the economic situation was good. This was last the case before the financial crisis of 2007, but the unemployment rate remained at a considerable level of 7.6% (euro area). And since then it has taken on even more dramatic proportions, rising temporarily to 12.0% (Eurostat data). The unemployment rate published monthly by Eurostat massively underestimates the lack of gainful employment. Anyone who works two hours a week is already considered to be gainfully employed. This underemployment is increasing with the spread of often involuntary part-time work. If the underemployed and discouraged unemployed are included, the employment gap in the EU is 14.9% (2015 Eurofund). "The estimated labour slack rate in the EU rose more between 2008 and 2015 (from 11.8% to 14.9%) than the unemployment rate (from 7.1% to 9.5%)" (Eurofund 2017, 1). A whole generation of young people is considered lost because they are left without work after their education, cannot afford their own home or cannot financially support a family. This generation will remain affected by the consequences of unemployment throughout their lives, even when they reach retirement age. A diffuse and often concrete fear of losing one’s job is omnipresent among the working population. People who have lost their jobs are subject to high psychological stress. One fifth of all suicides are directly or indirectly related to unemployment (NZZ of 17.8.2015).

Mass unemployment in Europe has greatly weakened trade unions because they have lost many members and the fear of losing a job has a disciplining effect. "Indeed, under a regime of permanent full employment, the 'sack' would cease to play its role as a disciplinary measure. The social position of the boss would be undermined, and the self-assurance and class-consciousness of the working class would grow." (Kalecki 1943, 326). What the economist Kalecki wrote in 1943 remains true today. The wage development during periods of high unemployment is low or even negative, because the mobilisation of workers for higher wages is weak. One consequence of this is that profits develop better than wages and income inequality increases. Unemployment is the pledge in the hands of the capitalists. "Their class instinct tells them that lasting full employment is unsound from their point of view, and that unemployment is an integral part of the 'normal' capitalist system." (Kalecki 1943, 326).

Political mistakes have exacerbated the problem of unemployment. These include the abandonment of a Keynesian demand policy and the austerity policy by the Troika. The European Monetary Union, lacking common social and financial policy, has led to social and regional polarisation - a shortage of skilled workers in a few urban centres, mass unemployment with a lack of prospects in formerly industrial regions. In this situation, freedom of establishment in the EU acts as an outlet. In the short term, it relieves regions affected by mass unemployment, but in the medium term, they lack the labour force to solve tasks related to an ageing population. Large companies in the economically prosperous urban centres can simply procure inexpensive skilled workers from other regions and refrain from making the necessary investments in training and further education.

The monthly reporting on the level of unemployment by the statistical offices often triggers merely a resigned and bashful silence in the media and politics. Helplessness in the face of this social and economic problem is one of the biggest failures of the EU and its member states, and political leaders are aware of the explosive power of this scandal.

In the post-war period, full employment was the market economy alternative to state socialism in Central Eastern Europe and the Soviet Union. At that time, trade unions organised many industrial workers, reached high collective wage bargaining agreements and negotiated numerous collective agreements. Strong trade unions and greater progression in taxation led to a massive reduction in inequality of income and wealth. Was this an exceptional period, "a uniquely favourable combination of various economic and political circumstances" (Rothschild 1988, 1)? We believe that we cannot resign ourselves to unemployment, poverty and social polarisation. Not only from a trade union point of view, but also because otherwise the welfare state and a dignified livelihood would be at even greater risk. However, the concept of full employment from the post-war period must be renewed, because everyone, especially women, should have access to sufficient gainful employment. And full employment does not necessarily mean full-time employment, but part-time work should only take place on a voluntary basis.

No recipe against unemployment

Since the mid-1970s there have been various government measures to combat unemployment. More and more, however, these measures have been directed less against unemployment than against the unemployed themselves: the reduction of social rights and benefits under unemployment insurance and social assistance have contributed to social polarisation. Wage cuts or a weakening of the collective agreement system, as imposed by the Troika on EU countries with high levels of debt, have done nothing to combat high unemployment. On the contrary, the weakening of consumer demand has exacerbated the problem. So-called labour market reforms such as the establishment of a low-wage sector have led to a precarisation of working conditions. Such reforms have an indirect impact on workers, as they serve as justification for wage pressures and precarious jobs, and the transition between precarious work and unemployment has become fluid. An expansive Keynesian fiscal policy can quickly help to overcome an economic slump, as was the case immediately after the financial crisis with an economic stimulus programme coordinated throughout Europe. But after that it was discontinued and replaced by an austerity policy.

The recipe against unemployment which still finds the greatest approval among politicians and the population is economic growth. But its effect is limited because, on the one hand, governments are unable to generate sufficient growth in the first place. Public and private investment has fallen massively since the financial crisis, and it has taken almost a decade for Europe to return to pre-crisis levels of production. On the other hand, even with good growth, there was no full employment. Moreover, economic growth, which continues to be based on fossil energy consumption, is not a solution in the face of climate change. European labour markets are facing an additional challenge. If digitisation only rudimentarily replaces as many workers with technologies as feared, unemployment will take on a new dimension. The tertiarisation of the economy is well advanced. If the tertiary sector itself is penetrated by digital technology, it will not be able to compensate for job losses in the industrial sector. In the past, trade unions were only able to use part of the productivity gains to reduce working hours and redistribute work, while the other part led to job losses. The attempt to isolate labour markets nationally does not create jobs either, but endangers social peace and social cohesion. It seems as if previous recipes against unemployment have become ineffective and new ones are not in sight.

Solidary political solutions and full employment

Among the factors that explain current problems in Europe, such as hostility to refugees, right-wing populism or Brexit, the socio-economic situation of broad sections of the population and mass unemployment are of central importance. We advocate the fundamental thesis that social peace and social cohesion within European societies can only be achieved and maintained if full employment is again almost achieved. In order to win over the population to political solutions based on solidarity, all people in Europe must be involved in gainful employment. Gainful employment has its own integrative quality and everyone should have a right to gainful employment. We do not regard a basic income as an equivalent substitute for full employment. After all, gainful employment creates a daily structure, involves people in collectives and their goals and leads to communication and cooperation. Not all people can do this for themselves if they receive a basic income.

Even in Switzerland, where the unemployment rate is lower than in most other European countries, the fear of unemployment is regularly cited as one of the biggest concerns in population surveys. Good gainful employment for all would give people security and make them freer and more open. What would Europe look like today if full employment prevailed? What would be the mood in politics and society? What would social cohesion be like, what would be the attitude towards refugees, if all people had gainful employment? For us, full employment is a very attractive real utopia. But we must develop new ideas in order to create gainful employment for all.

Searching for real utopias

The capitalist system is always changing. Real utopias within capitalism can be part of something new that is emerging. Such real utopias can be institutions, relationships or practices. Wright (2017) has made real utopias the core of a theory of the transformation of capitalism. He understands, for example, the participatory budget planning of the city of Porto Allegre in Brazil, the Basque cooperative Mondragon, or the unconditional basic income as real utopias. If we are looking for such real utopias enabling gainful employment for everyone in Europe, we have to question facts that are usually accepted unquestioningly. We are thinking here of decisions on investments and employment that are made in large companies solely by (group) management and major shareholders.

With this paper we are proposing a real utopia for full employment in Europe. This European employment guideline includes:

- A reorientation of the EU in the fight against unemployment by means of a political framework supporting a social labour market and full employment;
- Full employment as a strong, i.e. binding objective of EU policy, with consequences for the EU Commission if it is not achieved;
- EU employment control, which imposes employment guidelines on large companies and fines them for non-compliance;
- The participation of civil society in investment decisions in large companies related to the EU employment guideline.

Strong and weak EU objectives

There are strong and weak objectives in EU policy. Strong objectives are those that are enforced, if necessary with the threat of sanctions and against the resistance of a member state. Such strong objectives are the convergence criteria that limit inflation, budget deficits and public debt. Through the European Semester, the EU exerts a direct influence on the budgetary policies of the member states. Countries that do not reduce a budget deficit to 3% of GDP are warned or even fined. In this way, a rigid budgetary policy can be enforced, regardless of the consequences such as a falling national product or rising unemployment and poverty.

Today, full employment is only a weak declaration of intent on the part of the EU. For example, the EU Treaty states that the internal market and sustainable development of Europe within the framework of a social market economy aim at full employment (EU Treaty Art. 3, para. 3). However, the EU Commission can ignore the goal of full employment without fearing consequences. If Eurostat has again measured an increase in unemployment, and even if unemployment in member states reaches an extreme level of over 20% and youth unemployment rises to over 40%, the member states and the EU hardly react. Because they are not obliged to react, they do not have to change their policy; they can simply continue as before. If the unemployment rate decreases slightly at a very high level, as was the case at the beginning of 2017, this is already presented as a success.

The EU's Lisbon Strategy envisaged raising the employment rate in the member states to 70%, but without determining the consequences of not achieving it. The British economist Anthony Atkinson has stated that there is an objective for combating inflation in the EU and then asks: "Where is the labour market policy counterpart of the 2% inflation rate? (2016, 182) And he argues that a objective of 2 per cent unemployment in the EU is not presumptuous given the employment rate (Atkinson 2016, 182). Such a rate would correspond, for example, to the usual fluctuation unemployment rate. "When the unemployment figures are published, it is no longer just a question of whether they have risen or fallen, but also how they relate to the 2 percent objective" (Atkinson 2016, 182). We share Atkinson's view that the EU as a whole should aim for a maximum unemployment rate of 2%. Anchoring such a mandatory EU objective would be the basis for an active employment policy. But are there any measures at all that can significantly reduce unemployment? Society, science, politics and business should give more thought to this again. With our discussion paper, we propose a new regulatory intervention that provides the EU with an effective measure to achieve the goal of full employment. We believe that the European employment guideline, which can also be combined with existing proposals to reduce unemployment, can provide the decisive impetus for achieving full employment in Europe.

The European employment guideline (EEG)

Large companies in the EU should be obliged to look at how they can innovate and create jobs, rather than cutting staff costs. Savings in personnel costs only lead to a competitive advantage in the short term, as competitors quickly follow in the race for dumping. With a regulatory intervention that applies to all large companies, it is possible to free them from the constraints of cost minimisation so that they can - indeed must - focus on value creation.

The European employment guideline EEG represents a new framework condition for large companies. It is intended to ensure that large companies do not outsource the social costs of their pursuit of profit to the general public. Large companies have often grown through takeovers of other companies or mergers; they have taken over existing jobs and not created new ones. When they optimise processes and personnel deployment, they do so to increase profits. In order to prevent social costs from being passed on to the general public, large companies should effectively redeploy saved personnel elsewhere.

The EEG is a new measure to control and increase the number of jobs in large companies. The EU Commission has the competence to add value to the employment guideline. It formulates a Europe-wide employment objective for large companies and stipulates, for example, that the number of jobs must be increased by 20% within four years. The employment guideline applies to the company as a whole, to all its activities in the EU. The way in which it will be implemented is negotiated between top management and trade unions. Many large companies already have European Works Councils for cross-border employee representation.

The EU regularly and periodically manages and increases employment in large companies until the 2% unemployment rate objective is reached. This is done both by the value of personnel expenses and by the value of the number of jobs (converted into full-time equivalents). This is because controlling the number of jobs alone could lead large companies to create low-wage jobs in order to keep personnel expenditure low. If, however, control were only to be based on personnel expenditure, large companies could be tempted to simply increase top salaries without creating substantial new jobs. Only companies that make profits are subject to the employment guideline. The principle of "employment before profit" applies. This means that non-profit organisations and state-owned enterprises are exempt from the EEG. The EEG is not intended to drive companies and organisations into bankruptcy. The EU Commission issues a regulation that prevents the EEG from being circumvented with regard to the profit condition. Companies that do not comply with the EEG are sanctioned with fines that are at least equal to the amount of personnel expenses not incurred.

Large leverage effect

There are 38,600 large companies in the EU (excluding the UK, state-owned companies, banks and insurance companies). The definition of a large enterprise[1] includes companies with at least 250 employees. They account for 0.2% of all enterprises in the EU (all Eurostat data). These large enterprises employ a total of 36.9 million people, which is about one third of all employees in the total population of enterprises.

By contrast, 16.0 million people in the EU (excluding the UK) were unemployed in December 2018. The unemployment rate was 6.6%. To reduce the unemployment rate to 2% (4.8 million unemployed), 11.1 million jobs would have to be created. In our opinion, the EU must strive to achieve this goal. If all the 11.1 million jobs were created exclusively in large companies, they would have to increase their workforce by around 30%.

[1] The unit chosen by Eurostat is the enterprise, or more precisely the workplace, the smallest organisational unit with some autonomy in decision-making. Large enterprises consist of many such organisational units.

The EU Commission, for example, has set an employment guideline of 20% within four years, i.e. jobs and personnel expenditure must be increased by 20%. To meet this target, companies could, for example, increase their headcount and personnel expenses by 5% in the first three years and by 4% in the fourth year. This would create over 7.4 million jobs in the EU (excluding the UK). The increase in investments and wage totals in large companies would provide a positive stimulus to the economy. As a result, there will also be more jobs in SMEs. After four years, the EU Commission would set a new employment guideline until the 2% unemployment rate target is reached.

The figure of 7.4 million new jobs is based on a static analysis. There is a high concentration of employment in relatively few large companies. Therefore, the employment guideline set for these large companies generates a large leverage effect. The problem of mass unemployment is substantially reduced.

Large companies' reaction to the EEG

With an initial employment guideline of 20% over four years, increasing employment by 7.4 million jobs is the maximum potential. In fact, fewer new jobs are likely to be created. In the past, large companies have continuously rationalised their production and service provision and replaced employees with technologies. They have outsourced jobs to specialised firms in order to circumvent provisions of collective agreements and save personnel costs. In the case of outsourced jobs, wages are often lower and working conditions worse. It is to be assumed that large companies will reintegrate various outsourced processes in their value chain into the company with the first EEG and not just create genuine new jobs. For example, it can be assumed that temporary workers will be employed on a permanent basis by external recruitment agencies and that suppliers from the production chain and SMEs in support areas such as consulting, cleaning, building maintenance, health promotion, training and childcare may be reintegrated into the company. This would also be in the interests of the employees concerned and their trade unions, for the former because it would give them better pay and working conditions and for the latter because the fragmentation of employees into many small and micro enterprises weakens their position.

In order to implement the EEG, large companies will be forced to invest; alternatively or in addition, working hours can be reduced, but in this case, too, investments would at least have to be made in the training and further education of newly hired workers.

In principle, large companies have the following options to comply with the EEG:

1. General reduction of working time and redistribution of gainful employment
2. Expansion investments at existing sites, opening of new sites, creation of jobs in EU countries with lower wage levels, driven by the requirement to increase the number of jobs

3. Investment in staff training, driven by the requirement to increase personnel expenditure (PE)
4. Personnel investments in research and development (increase in PA and positions)
5. Increase in wages (increase in PE)
6. Integration of jobs located outside the EU

1) It is obvious that the employment guideline should be implemented by a general reduction in working time. The available work will be distributed among more people. Historically, the trade unions have achieved great success in reducing working hours, for example with the eight-hour day, the five-day week or the extension of holidays. In the last three decades there has been little progress in overall reductions. Exceptions were the 35-hour week, which was introduced in individual collective agreements in Germany in the 1980s (Absenger et al. 2014, 23) and France, which has had a statutory weekly working time of 35 hours since 2002, but where the real working time of full-time employees has risen steadily in recent years. At the same time, the development of productive forces would make much lower working hours possible. John Maynard Keynes said 90 years ago that for the generation of grandchildren a daily working time of 3 hours would be sufficient for a high quality of life (Keynes 1928). And André Gorz mentioned a quantity of 20,000 working hours for a whole working life, which, together with other socially necessary work, was sufficient for an adequate standard of living (Gorz 1983, 66). In addition to shortening weekly working hours, the EEG can also provide for measures to make it easier to reconcile work and caregiving: parental leave, caregiver leave, etc.

A central experience of working time policy in the past was that a considerable part of the shortened working time was compensated by an intensification of work. On the one hand, however, this increases the stress burden on employees and reduces the employment effect because fewer new jobs are created than possible. The employment guideline solves the problem of the compression of working time because the number of jobs and personnel costs are directly controlled. In concrete terms, this means that the number of jobs is increased by the relative proportion by which working time is shortened. The direct control of jobs, as provided for by the EEG, creates a new basis for the redistribution of gainful employment.

2) Many large companies use their often large profits for company takeovers or share buybacks instead of investments. At the macroeconomic level, the decline in private investment is a key reason for weak economic growth. Investments will be necessary to fulfil the EEG. Instead of making their own investments, large companies could buy up existing companies. However, these are also affected by the EEG if they reach a minimum size. The EEG does not necessarily have to be implemented where jobs already exist. Investments in EU countries with lower wage levels, such as Bulgaria or Romania, also lead to this goal. If there is a shortage of skilled workers in countries, jobs will be created in other countries where there are enough skilled workers. This could reduce labour migration in Europe. Investments do not

necessarily have to be made in private business areas. They can also be made in regional, public or non-profit sectors, and corresponding companies can be placed under the holding company.

3) The ongoing digitalisation of the world of work demands new skills from employees. Reduced working hours can be used to train (newly hired) employees. It is possible that a large company will only find workers who have yet to be trained.

4) Implementation of the employment guideline through expansion investments by the large enterprise is desirable, but may not be feasible if there is a lack of sales of products and services. Investments in research and development create new products and services.

5) In order to achieve the necessary increase in the wage bill and the requirement to increase the number of jobs, jobs can be created in countries with lower wage levels and part of the increase in the wage bill can be used to eliminate undesirable wage inequalities. Wage inequalities within a large company exist, for example, between the sexes or between locations in Western and Central Eastern Europe (the so-called East-West wage gap).

6) Large companies could relocate their production away from Europe to other continents in order to escape the employment guideline. But they would have to give up the European market, which they do not want. In individual cases it would probably be possible to operate a call centre in India. On the other hand, they can also relocate employment outside the EU to the EU.

Effects of the European employment guideline

Firstly, the number of employees and the wage bill will increase as a direct effect of the employment guideline. For large companies, the EEG means an increase in personnel expenses. Also, advance payments will become more expensive due to rising wages. This has an impact on costs as a whole, but varies from sector to sector, as the share of personnel costs in total costs fluctuates considerably. In the industrial sector the share is rather low, in the services sector it is usually higher. All large EU enterprises are subject to the EEG and compete on an "equal footing" with each other. However, some of them compete with companies outside the EU and those in the EU that have fewer than 250 employees and are not affected by the EEG. For this reason, large companies will not be able to fully pass on cost increases to prices.

Secondly, large companies will make more investments to meet employee and payroll targets. In the short term, profits will be lower, but not necessarily in the long term due to new products and higher demand. Lower corporate profits mean lower share prices. There is, however, a limit to the implementation of the employment guideline that is reached when the survival of the large company or parts of it are in doubt.

Thirdly, consumer demand will increase at the macroeconomic level. The decline in profits in favour of wages strengthens purchasing power in Europe. The positive economic development will also lead to new jobs being created by SMEs. Inflation in the EU will rise, driven by higher wage costs. If labour productivity increases and contributions to unemployment insurance are reduced because there are fewer unemployed, this will ease the costs for businesses, which will dampen inflation. The EU's external trade balance may be somewhat less favourable due to relative cost disadvantages compared to other economies. In the medium term, the external trade balance should be balanced out again due to innovation advantages. At the macroeconomic level, wage levels will rise. The decline in wage ratios will come to a halt or reverse. Social inequality will decrease if wage rates rise again and unemployment is massively reduced.

Fourthly, the power asymmetry between large companies on the one hand and employees, the unemployed and those in precarious employment on the other will be massively corrected by the creation of millions of jobs. The trade unions gain influence and could again contribute as an "anti-capitalist corrective" to securing democracy within capitalism (Schulten 2017, 12), as they did in the post-war phase. The social situation in Europe would improve markedly, social tensions would be reduced, and a more confident attitude in European societies would create a political climate conducive to solving problems.

Why large companies?

Previous measures to create jobs started with municipalities and regions, state and state-owned enterprises or non-profit organisations, mostly by subsidising low-wage jobs. The fight against unemployment was and is a matter for the state. On the other hand, it is SMEs that are constantly creating new jobs. SMEs and the state make a contribution to solving the problem of unemployment and should therefore be excluded from the EEG.

Large companies have not yet been targeted when it comes to combating unemployment. On the contrary, they have a number of strategies at their disposal to strengthen their market position. Through acquisitions they can get rid of unpleasant competitors; they use the latest technologies to save labour. They give up profitable locations and relocate their operations to other countries in order to make even higher profits. They do not even have to be particularly innovative because they have the power and financial resources to buy up other, innovative companies. They can put pressure on suppliers and dictate prices.

The costs of unemployment caused by the employment-destroying strategies of large companies are outsourced to the state and society. Large companies continue to abuse their power, curtailing consumer freedom, as was the case with Microsoft and the Windows browser. They exploit opportunities for tax optimisation and thus deprive the state of massive revenues. Between 2010 and 2014, the chemical company BASF alone avoided 923 million euros in taxes (NZZ 2016). There is a massive distortion of competition in favour of large companies and to the detriment of local companies. Large companies have an army of lobbyists who directly influence state regulations, such as the automotive industry and EU emission standards. And large companies try to legally secure their aggressive pursuit of profit. Investment protection agreements strive for a ruthless priority of owner rights over government regulations. "Any law that impairs profit expectations thus becomes a case of "expropriation" and thus de facto inadmissible" (Wagenknecht 2016, 250). Resistance to agreements such as CETA or TTIP with provisions on investor protection is also justified by the fact that large companies fail to make the necessary investments and instead make shareholders richer. The European Central Bank has provided the markets with a lot of liquidity in the expectation that companies will use the cheap money for investments. But that was not the case. Since the financial crisis, the volume of investment has fallen by 2-3% of GDP worldwide, as has net investment in the euro area, where only 2 cents of a dollar's turnover is reinvested (Durand, 2017, 12). Durand quotes a report by the Edmond-de-Rothschild Group: "Companies have opted for two things: first they increased dividends and then they decided to buy back shares. Both measures benefit the shareholders: the first simply generates higher dividend income for them, the second brings them a price increase resulting from the share buybacks. This means that companies are not only supporting stock market prices. They also contribute to higher earnings per share, because the total number of shares decreases with every share bought back" (Banque Privée Edmond de Rothschild, 2016). Large companies have an economic responsibility, but they do not fulfil it because they can increase profits without making investments.

Striving for qualitative growth

Even with an EEG, large companies can make profits, but under changed framework conditions. The employment guideline does not affect the private owners' right to the net income from the means of production and their right to sell their property. However, the right to make decisions without interference by the state or other non-owners does not apply absolutely. Company owners are restricted in the use of the means of production by state regulations, e.g. on health, hygiene, safety or the environment (Wright 2017, 177). A regulatory intervention to create jobs can be compared to exhaust emission standards for the automotive industry. These are fixed at EU level, because for reasons of competition one country alone would not do this. Strict emission standards force industry to innovate and invest in environmentally friendly technologies. With the help of massive lobbying, pressure is being exerted on politicians to ensure that exhaust emission standards are not lowered or not lowered significantly and that the automotive industry can continue to use conventional technologies around the combustion engine. Political regulations are necessary because decisions on the use of production resources affect the lives of many people. Economic ownership has social implications that affect the freedom rights of very many people (Wagenknecht 2016, 248). The unemployed are a stakeholder or owner of the interests of large companies because they are massively restricted in their way of life, possibly as a result of a strategy by a large company to reduce employment.

If the investment decisions to create jobs are left to the major shareholders, the consequences for the quality of growth would be uncertain. Large companies are powerful, and often their growth is based on the exploitation of people and nature. What large companies do has a significant impact on the economy, society and the environment, so decisions on the implementation of the employment guideline should involve all stakeholders.

In our proposal, the concrete investments and measures to comply with the EEG are not determined unilaterally by the company but are decided in a negotiation process between the company and the trade unions or co-determination body. The structures and bodies required for this negotiation process can build on existing national and European participation structures. In the EU there is the institution of the "European Works Councils" EWC. They are a trans-European employee representation body with a legal basis. They have the right to be informed and consulted by management and, in some companies, also have co-determination rights. EWCs can be set up in companies with more than 1,000 employees which have 150 employees in at least two countries. All locations and countries are represented in a European Works Council. There are around 1,000 EWCs, representing more than 14 million employees in over 2,500 companies. By comparison, all large companies in the EU employed 36.2 million people.

Negotiations on the implementation of the EEG between companies and trade unions or co-determination bodies are ideally accompanied by a social discourse on how and where a certain large company should develop. Organisations that are committed to a sustainable economy contribute their ideas to the discourse so that a reduction in environmental pollution becomes a target for investments. In addition to the interests of the employees, those of the unemployed, the regions and environmental and human rights organisations should also be included in the discourse. If trade unions and other civil society organisations are involved, it is easier to make investment decisions that are of more general interest.

A time window for the EU

Since an employment guideline at the national level could be a competitive disadvantage for the large companies concerned, the chance that any national government would introduce such an instrument on its own is quite slight. But at EU level, competing companies are also subject to an employment guideline. Since the vast majority of trade between EU countries takes place within the EU, there is little danger that companies outside Europe will gain market share at the expense of large European companies. The employment guideline can only be introduced at a transnational level. The second argument is a political one. The EU faces multiple, huge challenges. Brexit, refugees seeking protection in Europe and growing anti-European parties: all these challenges have to do with unemployment. But the EU's handling of the euro crisis is above all else. In response to the massive increase in government debt, which has its origin in the state rescue of the banks, the EU has committed the member states to an austerity policy at the expense of economic growth, employment and the disposable incomes of the population in Europe. As far as employment creation is concerned, EU policy is full of promises, but unsuccessful. The EU is seen as remote and anti-social. Its legitimacy crisis is perhaps the chance for a window of opportunity to open up for an unorthodox measure such as the EEG. Social policy measures are predominantly the responsibility of the nation states, which are reluctant to delegate them to the EU. The EEG is now a measure that can be initiated at EU level, but not at member state level. The EEG would thus give the EU an exclusive measure with which it could target the goal of reducing unemployment to 2 percent. A waiver of an increase or even a reduction of the employment guideline is only appropriate if there is genuine full employment across the EU. The aims of the employment guideline are real full employment and more innovation - the economy should create value, not destroy it.

We believe that the goal of full employment in Europe is imperative, and we must also think about tough enforcement measures. If democracy in the EU is to be strengthened, there must also be alternatives to a policy marked by unemployment. With an EEG, the EU Commission would have this responsibility. If it does not succeed in massively reducing unemployment, it should be possible for a decision to be taken on its mandate. If, for example, the unemployment rate in the EU were to exceed 5% for six consecutive quarters, a certain number of signatures could be used to have the population in the EU vote on the retention of the EU Commission.

Number of jobs and personnel expenses on the rise

(Good) regulation is not an obstacle but a prerequisite for full employment. It creates the institutions necessary for the labour market to function. The EEG contains two criteria, 1) the number of jobs, converted into full-time equivalents, and 2) the personnel costs, excluding top managers' salaries and bonuses. Due to the measures taken to integrate processes in the value chain, the level of the first employment guideline must be significant, i.e. 115% - 130% of the base values. The basis for the first employment target is the average full-time equivalents and personnel expenses of a large company in the previous five years, in order to prevent large companies from undermining the targets with prior redundancies. The first employment guideline is granted with a period of four years to allow large companies to adapt to the new situation. In the case of mergers of large companies, the base values and the targets are added together so that no circumvention is possible. To describe those companies with more than 250 employees as large companies is a statistical definition.

A static calculation of the effect of the employment guideline shows that large countries such as Germany or France have a high proportion of employment in large companies and that the employment effect is therefore particularly high. The employment guideline of a large company has to be fulfilled at the European level, i.e. it is not the individual locations that have to grow by the proportion of the European employment guideline, but the large company as a whole. A Europe-wide implementation of the employment guideline could be an opportunity for large companies to create jobs in countries with lower wage levels. Large companies may be forced to do so, for the sole reason that there is a shortage of skilled workers at their traditional locations. Such a strategy is desirable in order to reduce regional differences in Europe.

Execution and anti-corruption measures

The employment guideline is, of course, mandatory. If a large company does not implement it, it should be sanctioned with a fine in the amount of the missing wage bill, and if there are no new employees, with the average wage per missing full-time job. Companies that leave the EU will nevertheless be subject to the EEG and will be sanctioned or excluded from the European market.

The number of large companies in the EU is manageable and controllable at around 38,600. Companies would have to publicly monitor the number of jobs, the volume of work, the payroll and the distribution of wages, broken down by location. It is clear that an employment guideline would represent a cutback in profits, and large companies will vehemently resist it. Even after political implementation, they will attempt to circumvent the employment guideline. In order to prevent or at least detect fraud from the outset, such as that which occurred in the implementation of exhaust emission standards in the automotive industry, a supervisory authority is needed (or an existing authority entrusted with this task). It must monitor implementation and impose sanctions if large companies fail to comply with the rules. If undesirable circumvention strategies are discovered, the EU can define further criteria to be complied with.

Desirable, feasible, attainable?

Wright (2017) tests real utopias against the criteria desirability, feasibility, and attainability. It can hardly be denied that full employment in Europe is desirable for people. Full employment, on the other hand, can hardly be achieved with the political toolbox that exists today. In the context of a society without unemployment, radical ideas such as a major redistribution of labour or an unconditional basic income are being discussed. The EEG must also be included in this group of alternatives. Today there is no legal basis for a European employment guideline. But the introduction of an EEG in the EU is first and foremost a political question. If the EEG is to become a viable path, the idea must be taken up, discussed and further developed by trade unions, parties and NGOs. At the same time, initiative groups can deal with individual companies at local level and develop concrete proposals on where to invest, and where and how to create gainful employment. This is a truly European idea, i.e. it can only be implemented at European level. To give it political power, trade unions, political parties and NGOs must cooperate at European level. For the trade unions this is an opportunity "not only to become stronger again, but also to become more

European" (Schulten 2017, 26). And for the EU it is a chance to become more social. In times of political crisis, in which the legitimacy of the EU is debatable, the opportunity may open for such a fundamentally new instrument to create gainful employment for all in Europe.

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