

Bern, 30 October 2019

A new recipe against the crisis: The European Employment Guideline (short version)

Since the investment bank Lehman Brothers went bankrupt more than 10 years ago, unemployment in many EU countries has risen to an unacceptably high level and has fallen only slightly in recent years. Parallel to this, right-wing parties and populists are gaining ground in a frightening pace. Today, economists, bankers and investors such as economics professor Nouriel Roubini and Bridgewater boss Ray Dalio are warning: In one to two years' time, a new financial crisis is likely to emerge that will eclipse the 2008 crisis. Europe's heavily indebted countries will then have little scope for fiscal countermeasures.

A new political concept can counteract this. With the European Employment Guideline (EEG), jobs can be created for everybody in Europe within just a few years. The concept envisages the following measures: The EU's objective of achieving full employment and social justice (see Article 3 of the Treaty on European Union) is taken seriously by setting a binding upper limit of 2 % for unemployment. The current job shortage in Europe is around 15%, taking into account undeclared unemployment and jobseekers who are no longer registered. In order to achieve this 2% target, the European Commission will have the competence to give large companies, i.e. all companies with more than 250 employees, a target by which percentage they must increase the number of jobs and personnel expenses. The target is repeated annually until the number of job seekers has fallen below 2% and thus the greatest possible full employment has been achieved.

One third of all employees in the EU are employed by big corporations. If they had to increase their workforce by 20% over four years, over 7.3 million jobs would be created in the EU (excluding the UK) and unemployment could be reduced by a third. What opportunities do large companies have to implement the EU target?

They can:

- reduce working hours and distribute employment among more workers, invest in expansion strategies or choose a combination of both,
- reintegrate already outsourced, in some cases precarious jobs and parts of the company into the group,
- invest in training and further education.

An important part of the EEG is that the relevant European works councils, trade unions and, if possible, other interest groups such as local authorities, environmental protection associations and citizens' initiatives can negotiate with managements over how the EU target will be concretely implemented in the group: What kind of investments are to be made or how working hours are to be reduced. The number of jobs to be created by companies, as well as the increase in labour costs, are calculated based on the figures for the last three or five years before the introduction of the EEG. Large companies may continue to make profits, but only if they have made their contribution to full employment.

The European Employment Guideline (EEG) cannot be introduced in individual countries, but only throughout Europe, otherwise the companies concerned would move to other countries. But they will by no means do without the huge EU market as a whole.

The EEG would pave the way for companies to get out of their constant dilemma, because

in the future all large companies will invest and thus buy and sell products and services. Small and medium-sized enterprises are excluded from the EEG, but would have more orders. Last but not least, the tax revenues of the states would also increase. The economic and political situation would stabilise after a few years as jobs would also be created in peripheral EU regions and migratory pressures within the EU would continue to decrease. Right-wing nationalist parties and movements would receive less support. Trust in the institutions and bodies of the European Union would grow again.

With increasing job offers, the fear of being dismissed decreases and wage earners tend to fight for better wages and good working conditions. This is another reason why the wage ratio, which has fallen sharply in recent years, will rise again; in return, exorbitant profits and capital income will be normalised. For European workers and their associations, the EEG is an important instrument to strengthen their bargaining power after decades of a systematic weakening of trade unions by politicians and corporations. Even before it is introduced, the EEG would contribute to an increased discussion of issues of social justice and full employment. It is crucial that European trade unions, the European Trade Union Confederation and European trade union federations take up this idea and work hard to disseminate and implement the concept. The European works councils would also gain new tasks and fresh vigour with a commitment to the EEG. If trade unions, political parties and NGOs explain the EEG in an understandable and plausible way and carry it into the population with strong campaigns, broad social strata would support the measures.

Full employment is a trade union vision against right-wing isolationist tendencies and the EEG can also be brought into play as an alternative proposal to an unconditional basic income, which is not suited to combating unemployment.

Trade unions have tried over the last three decades to reduce working hours and thus spread work among more people. This was only successful on a few occasions. The entrepreneurial and capital side on the other hand has always preached economic growth as the only solution. The EEG tries an alternative way: How work is redistributed or in which areas and in which regions new investments are made is decided during the implementation of the employment target in individual corporations and must be negotiated there by the European works councils and other interest groups with management. The EEG can be combined with other tax and ecological measures. Especially in times of economic and political crisis, unconventional concepts have good chances of turning into reality. Good jobs and income for all clearly take precedence over profit-seeking for the already rich. Will real full employment, similar to the 8-hour working day or retirement provision, soon become a European achievement?

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