

Contrat Fléché ED-Erasme

Topic:

The job guarantee in the ecological transition:

Modelling and applications

- ❖ Research center : ACT.....
- ❖ Field: Economics.....
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- ❖ Research filed: Heterodox Macroéconomics.....
- ❖ Keywords: job guarantee, ecological transition, stock-flow consistent modelling
- ❖ Deadlines:
 - Please contact Dany Lang before Monday, March 31st, 2025
 - Application process: May-June, 2025
 - Beginning of the contract: September 1st, 2025

The aim of this PhD contract is to attract excellent international candidates working on job guarantee and the role that this scheme has to play in the urgent ecological transition. The aim is to carry out stock-flow consistent modeling and to apply this work in a geographical area to be defined, in line with the geographical origin of the successful candidate.

Presentation and Scientific Relevance of the topic

Combating climate change has become a vital necessity in recent years. According to reports from the Intergovernmental Panel on Climate Change (IPCC), global warming is accelerating, and the consequences are increasingly alarming, even threatening the very sustainability of life on Earth. To limit global warming, drastic measures must be taken across all sectors. It is therefore imperative to promote green jobs focused on renewable energy, energy efficiency, sustainable mobility, and adaptation to climate change. The transition to a low-carbon economy offers not only environmental benefits but also job opportunities (Forstater, 2006; IPCC, 2022).

Moreover, mass unemployment has devastating economic and social consequences: debt and financial difficulties; deterioration of physical and psychological health; increased income and wealth inequalities; negative impact on technological progress, innovation, and production; financial crises and economic instability. In many economies, underemployment has become structural since the 1980s and is not due, as some mainstream economic theories would suggest, to excessive regulations or rational individual choices, but rather to the insufficient volume of jobs created in the economy as a whole.

Job Guarantee (JG hereafter) programs aim to address these major issues. JG seeks to provide dignified employment opportunities to involuntary unemployed individuals.

Advocated by Keynes (1936) and his followers, and partially implemented during Roosevelt's New Deal, the Job Guarantee (JG) was explicitly formulated later by Hyman P. Minsky (1986). Minsky is a post-Keynesian economist renowned for his theories on financial cycles. For Minsky, the primary objective of a JG would be to ensure the existence of permanent full employment, i.e., an unemployment rate fluctuating around 2% and corresponding to frictional unemployment. This permanent full employment aims to combat poverty and limit economic volatility, i.e., stabilize economic cycles. Minsky argues that guaranteed employment is more effective in terms of redistribution and inequality reduction than "Keynesian" stimulus policies, which involve increasing public spending and/or boosting consumption by lowering taxes.

Today, a full JG program would have the following characteristics, as enumerated by Wray (1998):

- i) Full-time or part-time job opportunities (according to the preference of the individual) for any legally adult person who is available, capable, and willing to work.
- ii) A uniform and decent remuneration (the minimum wage, or slightly more, depending on the qualification level of the participants), accompanied by social rights (healthcare, unemployment, retirement, etc.).
- iii) The choice between remaining unemployed or working within the program. Participants must be able to leave the program whenever they wish, either to return to unemployment or to take up a job in the public or private sector.
- iv) Training programs for individuals within the program, tailored to their professional retraining desires.
- v) Strongly decentralized and democratic management to address locally unmet needs and involve residents, elected officials, businesses, associations, and unions in defining these needs.
- vi) The unemployed person's contribution to defining their employment.
- vii) Funding provided by the government, which allocates the corresponding amounts to the local level.

More recently, during the 2000s, research on the Job Guarantee (JG) has developed, particularly in the United States, most notably at the Levy Economics Institute.

According to Wray (2007), the JG is beneficial in several ways:

- i) It stimulates private spending by allowing individuals with low incomes and a high marginal propensity to consume to access employment and thus consume.
- ii) It stimulates private investment as production increases to meet additional demand.
- iii) Workers who successfully return to the labor market through JG programs can subsequently find private or public employment.
- iv) It addresses unemployment regardless of its causes: structural problems, technological changes, or economic stagnation.

JG programs ensure permanent full employment, which is neither the role nor the objective, or even in the interest of the private sector. Permanent full employment helps mitigate economic cycles and stabilize an unstable economy. JG programs offer training opportunities

for workers, ensuring a certain level of qualification for the workforce. Moreover, the JG curbs the depreciation of skills during periods of unemployment and mitigates the hysteresis effects associated with loss of skills (Lang, 2009).

Recently, in light of the ecological emergency, literature on the links between JG and ecological transition has emerged. Thus, according to Tcherneva (2018) and Eydoux (2022), the JG can be targeted to support the ecological transition. Initially, it involves contributing to the local transition by enabling the implementation of sustainable projects. In the longer term, these jobs can contribute to the necessary transformation of employment (Godin, 2013; Eydoux, 2022), particularly in the context of a more sober and sustainable society where certain jobs in polluting sectors will have disappeared.

In the current state of the literature, pioneering studies on the contribution of JG to the ecological transition suffer from major shortcomings: a significant proportion of the papers are essentially qualitative (Godin, 2013; Toshiro Yajima, 2021; Eydoux, 2022); and quantitative research primarily focuses on the United States, an economy very different from others due to its size and the dominance of the U.S. dollar in the global monetary hierarchy.

The objective of the thesis conducted under this PhD contract will be to construct a model that allows for a quantitative evaluation of the relevance of a JG program in service of the ecological transition in a country other than the United States. The country studied will be chosen based on the geographical origin of the selected individual and the institutional and macroeconomic constraints specific to the country in question (position in the currency hierarchy, exchange rate regime, structure of the industry and employment, types of desirable and feasible green guaranteed jobs, etc.).

Methodology

Methodologically, the selected candidate will construct a stock-flow consistent macroeconomic model (Godley and Lavoie, 2007) adapted to the institutional characteristics of the chosen economy. Stock-Flow Consistent (SFC) models allow for the analysis of relationships between stocks and flows within an economic system and compel their users to consider and formalize the role played by banks in financing and the portfolio choices of agents. These models facilitate the consideration of the devaluation of brown assets and the appreciation of green assets (Jackson and Victor, 2020). The models used in this PhD will be programmed in R, based on the current work of several ACT members and using the GitHub pages of researchers who have addressed the topic.

To ensure the attraction of the best candidates, generate potential international publications, and open up post-thesis opportunities for the recruited individual, the thesis will be entirely written in English.

Desired profile

The successful candidate will come to Paris and strengthen the "heterodox macroeconomics" axis of ACT. An extended knowledge of the current literature in heterodox macroeconomics, particularly on issues related to job guarantee and/or the ecological transition, is expected. Ideally, the candidate will have written a Master's thesis utilizing Stock-Flow Consistent (SFC) modeling or worked on ecological transition models or the job guarantee.

Technically, the candidate should demonstrate skills in SFC modeling, ideally using R. Proficiency in programming languages such as Python or C++, or experience in model calibration, will be appreciated.

The student must have a C1 level in English (or more). The PhD will be written in this language, to facilitate international collaborations, particularly with colleagues from India, the UK, or the USA working on these themes. The selected candidate will also collaborate with colleagues from the French Development Agency and potentially use the GEMMES model developed by their modeling team.

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