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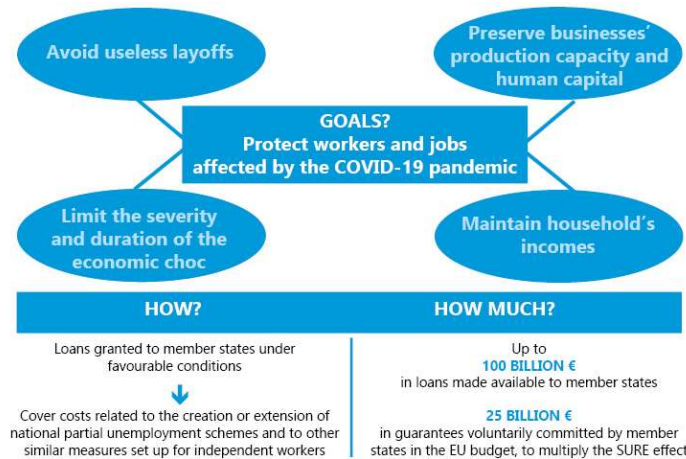
European unemployment reinsurance

GENESE

- ▶ **As early as 1975**, an EEC report studied the possibility of establishing an unemployment insurance system financed by the member states up to 5-7% of European GDP to face the rise in unemployment after the first oil crisis.
- ▶ **In juin 2015**, the idea resurfaced with the proposal of the three Presidents (European Commission, European Council, European Parliament) to appoint a committee of experts to study the viability of the system. **The preference for a “reinsurance” system, limited in time and limited to the countries most weakened by a major economic shock is retained in many academic and institutional works.**
- ▶ **July 2019** : European Commission’s President-elect, Ursula Von Der Leyen, defends before MEPs a “European reinsurance scheme for unemployment benefits”. The new president indicates that *“This system will protect our citizens and reduce the pressure on public finances during external shocks”*.
- ▶ **April 9, 2020** : In response to the economic crisis, EU finance ministers approved the European Commission’s proposal to finance part of short-time working in the member states, **up to 100 billion euros**. This mechanism, called SURE, would thus help finance partial unemployment in the States, and thus avoid massive layoffs. It has yet to be formally adopted by the heads of government of the 28 EU member states to become a reality.

CONTENT

What is the content of the SURE system proposed by the European Commission to face the unemployment explosion after COVID-19?



DATA

- ▶ **With the COVID-19 crisis**, the European Commission estimates the rise in unemployment in the EU to be 9% this year against 6.7% in 2019. Among the countries most affected, Spain is expected to go up from an unemployment rate of 13.7% to 20%, Germany from 5.1% to 6.1%, in Poland the rate would remain stable at around 4%.
- ▶ In France, the explosion of unemployment (from 7.1% to 11.5%) following the Covid-19 crisis, according to Unedic will lead to an increase in debt by 47 billion euros, to 60 billion euros.
- ▶ What if a European unemployment reinsurance system had existed during the 2009 financial crisis? In a detailed note, Xavier Rigot, professor at CNRS and OFCE indicates that such a system would have limited the scope of recession in the Eurozone which was 4.3% at the height of the crisis. Among the countries most affected, Spain is said to have thus given its recession reduced by around 1.6%.

TOMORROW...

- ▶ More in-depth than the SURE mechanism, seen as primarily a support for partial unemployment schemes, the European unemployment reinsurance initially envisaged by the Commission would imply strengthened EU economies at Community level. However, the dissensions observable during the health crisis on the nature of the economic recovery raise doubts about the establishment of such a stabilizer, since that, to be financially operational, a unanimous agreement must first be found between the member-states. The European Trade Union Confederation supports the SURE project as “the first brick of a European solidarity to face unemployment”. However, it defends a more in-depth mechanism within the framework of a strengthened European economic governance.