

MUTUAL LEARNING PROGRAMME:

SPRING 2010 SEMINAR

What can be done to achieve better coherence between short-term measures and long-term structural reforms?

Thematic Review Seminar on “The way forward – exit strategies for crisis-related measures with regards to the Europe 2020 Strategy”, 29 June 2010

A paper submitted by Iain Begg, European Institute, London School of Economics
in consortium with GHK and CERGE-EI

Date: 4/06/2010



This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is managed by the Directorate-General for Employment, social affairs and equal opportunities of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

PROGRESS mission is to strengthen the EU contribution in support of Member States' commitments and efforts to create more and better jobs and to build a more cohesive society. To that effect, PROGRESS will be instrumental in:

- *providing analysis and policy advice on PROGRESS policy areas;*
- *monitoring and reporting on the implementation of EU legislation and policies in PROGRESS policy areas;*
- *promoting policy transfer, learning and support among Member States on EU objectives and priorities; and*
- *relaying the views of the stakeholders and society at large*

For more information see:

<http://ec.europa.eu/social/main.jsp?catId=327&langId=en>

The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

CONTENTS

1	KEY MESSAGES / EXECUTIVE SUMMARY	4
2	INTRODUCTION	5
3	MACROECONOMIC CHALLENGES OF EXIT FROM THE CRISIS	6
4	FROM JOB PRESERVATION TO JOB CREATION	8
5	EUROPE 2020 AND THE JOBS OF THE FUTURE	10
5.1	Job perspectives.....	11
6	POSSIBLE TRAJECTORIES	12
6.1	Diversity in national circumstances.....	12
7	KEY QUESTIONS, CHALLENGES AND OPPORTUNITIES	14
7.1	Concluding comments.....	15
8	REFERENCES	16

1 KEY MESSAGES / EXECUTIVE SUMMARY

All EU economies have been affected, albeit to varying degrees and in different ways, by the crisis and have seen a pronounced deterioration in both their public finances and labour market conditions. Stimulus packages and special employment measures have, nevertheless, played an important part in limiting rises in unemployment.

Now, however, the delicate challenge of unwinding these special measures has to begin, and this will require careful judgements about how rapidly to act, in what order to undertake shifts in policy and how to evolve from crisis management to enduring recovery.

Employment policy will also have to reflect the goals of the Europe 2020 strategy, including the need to restore productivity growth, as well as promoting higher employment. Gradually, too, policy will have to move away from job preservation towards support for new jobs.

There are risks in a period of exit from crisis, especially if employment levels are slow to respond to a recovery of output. Some of the jobs that have been preserved by special measures may be lost subsequently and the weak public finances will mean that the scope for the public sector to act as the employer of last resort will be limited. Moreover, skill erosion and mis-match problems are likely to be exacerbated which could have adverse effects on the medium-term sustainability of recovery.

Pressure to find budgetary savings will grow, forcing employment policy-makers to find ways of 'doing more with less' and implying much more focused spending. However the importance of higher employment in underpinning budgetary consolidation has to be stressed: a key message is that jobs are not just socially desirable, they also reduce demand on public spending and broaden the tax base.

The broad themes of Europe 2020 point to some of the underlying imperatives for employment policy, but they also draw attention to the need for care in diagnosing national problems and customising solutions. In particular, several Member States have lost ground in competitiveness and will face daunting challenges in reversing this decline.

Member States also have to be realistic about how recovery prospects will bear on what is possible. The most optimistic scenario is that there is rapid recovery (the 'V'-shape recession), but a less rosy picture is that the recession is 'U'-shaped, with an extended period of stagnation before recovery takes hold. A still more worrying scenario is the 'L'-shape in which the spectre of a Japanese-style lost decade looms.

Clearly, Member States at risk of the latter two recovery trajectories will have to adopt strategies to mitigate the scarring effect of extended difficulties in the labour market and to devise an effective pathway to return to sustainable growth.

Measures will be needed to promote transitions from exclusion or unemployment to jobs, and effective pathways, including through education and training. PES services will have to be of a quality to provide sufficient support and sufficiently resourced, thereby ensuring that all available jobs are filled. Job creation needs to be fostered in more dynamic sectors, while activation measures have to be tailored and refined to the circumstances of different workers, rather than being one-size-fits-all or too rigid in what they offer.

Flexicurity will be prominent as a template for future policy, but must accommodate new imperatives in the labour market and in reconciling the redistributive and security-orientated aspects of social protection with a social investment role. It also needs to take more account of flexibility from the standpoint of the worker as well as the employer. This will call for effective social dialogue to develop and implement new approaches.

2 INTRODUCTION

This paper examines the challenges for employment policy inherent in exit from the crisis. The scope for extensive employment measures is conditional on the budgetary positions of Member States, given that many of the measures that have been adopted during the crisis or that might be envisaged in a recovery phase come with price tags that can be quite substantial. As finance ministers seek to rein in public deficits – assuming the recovery continues to gain traction – they are bound to look for savings from phasing-out special measures. However, a counter-argument is that well-designed job promotion schemes can have a positive effect on public finances, especially in the medium-term.

The main thrust of special measures has been to preserve existing jobs, especially through variants on job-sharing. Although the crisis has obviously had adverse consequences on employment, these measures have contributed to a relatively limited increase in unemployment in most Member States, despite the depth of the recession. But their drawback is that they tend to favour existing workers and jobs at the expense of the new jobs that would be expected to emerge in a growing, recovering economy. A key part of a recovery strategy will, therefore, be how to manage a shift away from job preservation towards support for new jobs.

Employment policy also has to have regard to the wider aims of EU policy, not least the Europe 2020 strategy. This will demand approaches to job creation that are consistent with the strategy's over-arching themes ('knowledge economy' and 'green' jobs, for example) and headline targets, notably that of raising the employment rate by some 6 percentage points by 2020, at the same time as a renewed emphasis on productivity increases. Two central elements of Europe 2020 have to be highlighted. The first is the emphasis given to 'New Skills for New Jobs' which is both an analysis (drafted before the intensity of the crisis had become apparent – Commission, 2008) of how economic changes will affect the labour market and a template for policy development embodied in one of the seven 'Flagship Initiatives' within Europe 2020. The second is that flexicurity will be prominent as a template for future policy, but that the concept has to be further developed.

3 MACROECONOMIC CHALLENGES OF EXIT FROM THE CRISIS

The exit from the crisis poses challenges to governments and other economic actors at a variety of levels. The first, and currently the most pressing, is macroeconomic and budgetary. The recovery from the downturn is, so far, feeble in nearly all Member States. Between 2007 and 2010, public expenditure in the EU as a whole rose by five percentage points to 51% of GDP, while tax revenues have fallen by one point to 41% of GDP over the same period. Not surprisingly, deficits have ballooned and, more worryingly for the sustainability of public finances, the collective national debt of the EU-27 is expected to reach 80% of GDP in 2010 (85% for the euro area), up from 62% in 2008 (69% in the euro area). Today, only 4 of the 16 members of the euro area have debts below the Maastricht convergence threshold of 60% of GDP and while the figures for most of the 'outs' are lower (except for Hungary and the UK) there have been sizeable increases in debt ratios in several Member States.

So far, the direct impact of the rise in debt on public finances has been muted because the very low interest rates across the Union have meant that governments have been able to borrow cheaply, but this cannot be expected to last. Indeed, the forecasts are that the interest paid by government will rise from 2.8% of GDP in 2010 to 3.1% next year. Clearly, too, the position has deteriorated for those Member States that have been the subject of attack by the markets in recent weeks and are now confronted by a credit risk premium on their sovereign debt. The medium-term concern is that interest rates may soon start to rise, especially if central banks detect signs of inflation and, when this happens, interest payments will rise and will crowd-out more of the declining aggregate level of public spending.

There continues to be a debate about how soon fiscal consolidation should take place, amid fears that too early a fiscal retrenchment will slow the recovery, but in a medium-term perspective the one certainty is that it will happen before long. Indeed, many governments have already taken actions to consolidate public finances or are now launching programmes to do so. Against this rather sombre budgetary setting, the pressure to find savings from budgets for employment creation will grow, forcing employment policy-makers to look increasingly hard at the range of measures in place. Some temporary ones, such as car scrappage schemes, were always intended to be short-lived and even where they have been extended, are unlikely to be prolonged further. Generally, the implication is that 'throwing money at the problem' on the grounds that what mattered most was the Keynesian impact of the stimulus is going to have give way to much more focused spending.

Fiscal consolidation will mean that the public sector will struggle in many Member States to be a source of net employment creation and, where major spending cuts have to be undertaken, will shed jobs. The extent of public sector jobs losses will be mitigated by the pay cuts that a number of Member States are implementing, but may still be substantial where cuts in public spending amounting to several percentage points of GDP are in prospect. It follows inexorably that job creation can only really come from the private sector or, possibly, from social enterprise. As always, it is SMEs that will be the principal source of new jobs, reaffirming the need for appropriate connections between employment and enterprise policies.

It also has to be stressed that lower employment and an increase in welfare dependency could lead to a worsening of fiscal balances by increasing automatic expenditure (notably on benefits) and lowering the tax base. Similarly, if those who lose jobs are pushed towards the informal economy (as, anecdotally, seems to have happened in Spain, in particular), the

state coffers will lose revenue. In other words, the danger from the exit phase is a return of many of the ills that the European Employment Strategy sought to remedy over the previous decade. There is also an argument that early action to prevent a rise in unemployment is more cost effective than trying to restore the employability of individuals after an extended period of unemployment.

Estimates by Corley-Coulibaly and Ernst (2010) suggest that too early a withdrawal of stimulus measures that maintain employment would have a favourable short-term effect on the public finances, but rapidly reverse to leave a legacy of worse deficits. This reasoning has its limits and is subject to non-linearities. Too high a deficit (either in absolute terms or relative to other countries) will raise the risks perceived by the market of funding the government and ultimately be self-defeating. Equally, where measures are continued there are various criteria that should be fulfilled, most of which are intuitive.

4 FROM JOB PRESERVATION TO JOB CREATION

The fact that employment has held up fairly well during the crisis is both encouraging and a testimony to the willingness of all sides to find imaginative ways of confronting the potential adverse effects of the downturn. The March 2010 quarterly report of the European Employment Observatory demonstrates the breadth and intensity of measures taken in Member States to maintain employment and to increase access to employment¹.

Several risks arise in a period of exit. The first is that the jobs which have been protected by special measures or because of agreements between the social partners will be shaken-out, so that employment levels are slow to respond to a recovery of output. In the early 1990s, the long-term unemployment rate rose markedly and one of the policy conclusions drawn concerned the importance of preserving skills and attachment to the world of work. Second, as noted above, the scope for the public sector to act as the employer of last resort will be limited, especially in those Member States facing the greatest fiscal consolidation challenges. Given the nature of the crisis and its incidence in some Member States where previously dynamic sectors have been severely hit (notably construction), a third concern is that the scope for these industries to recover is bound to be limited. For employment to regain its dynamic, other sectors would have to generate more jobs. Moreover, skill erosion and mis-match problems are likely to be exacerbated which could have adverse effects on the medium-term sustainability of recovery.

To deal with these risks, a subtle balance will be needed in subsequent employment policies, favouring job creation but avoiding putting at risk more existing jobs. This implies shifts of emphasis, rather than radical reconfiguration of policies, for example:

- more of the effort on training could be directed towards the unemployed or inactive than to those currently in employment or short-time working arrangements
- wage subsidies aimed at keeping people in work might shift towards more investment in job search or subsidies for hiring
- support for mobility of workers, rather than special programmes (such as scrappage) for firms
- targeting support to SME start-ups and growth rather than public projects.

In some systems, rules governing support for the unemployed are either stricter or more strictly applied than in others. This suggests that, faced with changed circumstances of the exit from crisis, eligibility rules and their impact on take-up should be reviewed. An example from Denmark is of adaptation of training support schemes for the unemployed which have been made somewhat easier to obtain and more widely available. Other rules governing the lodging of CVs have been tightened, while assistance for employees under notice of dismissal has been extended. These initiatives are about the detail of measures, more than their overall thrust, but result from proposals put forward by the social partners. They also place greater weight on education and training, as well as the intensity of contact with the employment services (for more detail, see Madsen, 2010) and on understanding the barriers to effective transitions in labour markets.

It may be a statement of the obvious, but the period of adjustment to both the unwinding of short-term measures and a reversion to medium and longer term imperatives will impose a greater burden on public employment services. Specifically, to the extent that flows into and

¹ European Employment Observatory, March 2010 Quarterly Reports; http://www.eu-employment-observatory.net/resources/quarterly_reports_exec_summary/EN-March2010-QRES.pdf

out of employment are higher (even if aggregate unemployment is not materially different), the case loads of PES offices will be higher. Timely increases in resources for these services should be considered. Given that the crisis has already increased the level of unemployment throughout the EU, the risk is that pressure on PES capacity will weaken the speed with which cases are processed.

5 EUROPE 2020 AND THE JOBS OF THE FUTURE

The main contours of the post-Lisbon strategy to promote ‘smart, sustainable and inclusive’ growth are gradually being developed, but there are potential tensions between some of the stated aims. The compatibility of action to reduce carbon emissions and boosting external competitiveness has often been highlighted, but there may also be conflicts between social and economic aims, as well as between qualitative progress and quantitative targets. The impact of Europe 2020 on employment and on the labour market will be pivotal, because it is the policy domain that straddles the boundary between the EU as an economic union and its wider social ambitions.

Europe 2020, rightly, stresses the linkages between the Stability and Growth Pact and the various supply-side policies, but there are difficulties to address in these connections. Structural reform is costly in public finance terms and often involves early spending to generate subsequent gains – pension reform is the well-known example. Structural reform can also result in disruption and is prone to generate winners and losers who are bound to view the process through opposite ends of the telescope. The usual answer is to lubricate the process with public spending, but in present circumstances that option will not be readily available.

Several Member States face an increasingly acute competitiveness problem that manifests itself in the macroeconomic imbalances between Member States, and the magnitude of the gaps is disturbing. Table 1 shows the position for a selection of Member States. Compared with Germany, which broadly held unit labour costs (ULC) constant, largely as a result of pay restraint, ULC in the euro area as a whole (which includes Germany) rose by 15%, in France and Belgium by 17%, but by over a quarter in Spain, Greece and Italy. While rapid structural change can render ULC somewhat misleading, the extent of the loss of competitiveness vis-à-vis Germany is striking, and helps to explain divergent trade positions. It also means that to redress the gap, the countries that have lost competitiveness would have to outperform Germany in containing labour costs for an extended period – a daunting challenge given Germany’s policy stance on wage costs. The implication is that much greater efforts will be needed in accelerating labour market reforms in National Reform Programmes.

Member State	Change 2000-08, %
Spain	29.3
Italy	26.1
Greece	25.0
Portugal	21.8
Belgium	17.2
France	17.1
Germany	-0.2
Euro area	14.8
UK	22.8
Poland	6.8

Source: OECD

5.1 **Job perspectives**

The demand for labour cannot be taken for granted, especially in the short-term. Job creation will rely partly on a suitable macroeconomic framework, partly on trends in labour costs and partly on the promotion of entrepreneurship. Yet it should be recalled that there are always going to be job opportunities, both to meet new sources of labour demand and because job-holders leave the labour market, whether because of retirement or for other reasons. The split between new jobs and replacement jobs was projected in 2006 to be roughly 20:80, and 100 million job openings were expected by 2020. Given the effects of the crisis, the latter figure is likely to have fallen, but it is still important to recognise that the inflows into the labour market and outflows from it will be huge.

The general presumption is that the average skill needs of the jobs of the next decade will increase, but the distribution of skill demands may shift. At the top end of the range, knowledge-related skills will be in high demand, but so too will a large raft of relatively low-skilled jobs in areas such as personal care, security and retailing. Whether this leads to what has been described as an hour-glass shape for the demand for skills – high at the top and bottom ends, but lower in the middle is a continuing debate, but it does seem likely that labour market policy will have to accommodate a new structure of demand.

A related issue is how to forestall segmentation of labour demand that exacerbates some of the adverse effects of the downturn on target groups such as youths and older workers. The contribution of education systems is vital, because the evidence is compelling that a better educated workforce has a higher probability of being employed. For Europe 2020, an implication is that more attention should be paid to the inter-actions between policy domains, and this issue will loom larger as the economy returns to more normal conditions.

Green jobs continue to be seen as an important direction for change and a source of net job creation, but their quantitative significance has to be queried. In some areas, there are genuine opportunities to create new jobs, but to the extent that 'green' replaces 'dirty' (consider coal-mining), the new jobs will be substitute for existing jobs rather than net additions to the stock of jobs. Knowledge economy jobs will also be important, but again need careful thought about what is really understood by the term.

6 POSSIBLE TRAJECTORIES

Recent events have shown graphically that the crisis is far from over and that considerable risks still exist of fresh difficulties triggered by sovereign debt problems. Timing will be crucial in shaping the policy mix, and fine judgements will be needed determining when and how to shift from crisis management to recovery. It also now looks increasingly probable that Member States will have to follow divergent trajectories. Such differences were already a feature of the 2009 downturn and this was reflected in the nature of stimulus packages and accompanying employment measures. But in the recovery phase, greater divergences are going to have to be accommodated.

Three main scenarios currently look probable. These can be summarised by shapes: the V-shaped recovery is the most optimistic, because it implies a relatively rapid reversion to previous trends, with a fairly robust recovery and a return to trend growth. A U-shape – or, as one commentator has described it, a bathtub shape – implies a period of stagnation (which could entail a relatively extended period at the bottom of the ‘U’/bathtub before recovery takes hold) during which little progress on employment is to be expected, before recovery occurs. The most problematic scenario is the L-shape in which there is no obvious trajectory for recovery, implying the sort of decade-long stagnation endured by Japan and no net job creation. The next section explores the implications for employment policy of these scenarios.

6.1 Diversity in national circumstances

It can be argued that the range of challenges confronting the Member States is diverse and that this very diversity has to be factored into policy thinking. Here the likely trajectories described in section 6 can be expected to shape the policy priorities.

Countries characterised by a V-shaped recovery can revert rapidly to ‘business-as-usual’ policies which would entail:

- dispensing as soon as possible with job preservation models so as to concentrate on fostering new jobs
- continuing with parallel initiatives to raise employment rates while also boosting productivity
- promoting job quality
- upgrading skills.

For countries subject to a more extended period of stagnation as depicted in the U-shape, the key challenge is to minimise the period of stagnation and to prevent the uncertainty caused from undermining longer-term prospects. This will require a delicate balancing-act between continuation of existing jobs preservation measures and a pathway back to more normal policy priorities. As the ILO (2010) stresses, prolonged weakness in the labour market can have a scarring effect on the economy and society that is slow to heal and leaves a lasting adverse legacy. But since the key is retention or creation of jobs in the private sector, the main policy priorities should reflect this orientation, hence:

- identification of barriers to job creation and of means of resolving them
- establishing a pathway for a progressive switch from job retention to job creation
- strong coherence between the trio of macroeconomic policy, employment policy and social protection, ensuring that synergies are exploited and policy conflicts are avoided

- attention to the dangers of an upsurge in exclusion from the labour market and prevention of mis-match between labour demand and the supply of skills.

For countries at risk of an L-shaped trajectory, especially those under the most acute budgetary pressure, the imperatives are different. Significant adjustment aimed at re-balancing the economy will be crucial and, as part of such adjustment, labour market reforms will loom large. Likely priorities include:

- action to reduce rigidities in the labour market
- strengthening of employment services to ensure that available vacancies are filled and that suitable counselling is given to unemployed persons
- reinforcement of the social dialogue to facilitate difficult decisions about reforms.

7 KEY QUESTIONS, CHALLENGES AND OPPORTUNITIES

How countries manage the exit from crisis has become the key policy question for the next decade. So far, the focus of attention has been mainly on budgetary policy, but employment and labour market policies are coming to the fore. Any economic recovery will remain incomplete without a return of employment growth and it has to be stressed that the macroeconomic sustainability of recovery depends in the medium-term on sufficient job creation. A jobless recovery could lead to the damaging conjunction of over-heating in the parts of the economy alongside persistent unemployment, as happened a decade ago. This would risk increased imbalance in the economy that reduced growth potential, as well as social divisions. The corollary is that sufficient priority should continue to be given to employment promotion.

Clearly, the funding backdrop is not auspicious and there will be strong pressures to do more with fewer resources. This will mean, notably, that cost effective employment measures will be sought, and that careful judgments will be needed about the virtues of different approaches. It also implies that administrative or regulatory solutions will seem more attractive than spending, but it will be important not to allow the balance to tip too far: money spent well now on employment promotion may subsequently yield fiscal benefits.

Several classes of policy measures are needed to assist a job-rich recovery, some of which are specifically in the domains of employment or labour market policy while others are in areas in which are complementary. First, there have to be suitable measures to promote transitions from exclusion or unemployment to jobs, and effective pathways. Second, PES services have to be of a quality to provide sufficient support as well as being sufficiently resourced. Moreover, activation measures have to be tailored and refined to the circumstances of different workers, rather than being one-size-fits-all or too rigid in what they offer.

Continued efforts are required to enhance the quality of education and its relevance to the labour market. In parallel, provisions for transport, housing and child-care can all make a pronounced difference to matching individuals to vacancies. In addition, the inter-play of incentives in tax and benefit systems is can affect willingness to seek jobs. Returns to training are higher in a steep recession, according to the ILO (2010), because the opportunity costs are lower.

Despite the widespread moves towards reform of labour markets and the comparative resilience of the labour market in many countries since the onset of recession, there is still unfinished business in consolidating reforms. A template around flexicurity is the likely way forward, but considerable sensitivity is needed in fitting the model to the circumstances of Member States. It also needs to be developed to take more account of flexibility from the standpoint of the worker as well as the employer, while also reconciling the redistributive and security-orientated aspects of social protection with the social investment role.

Faced with fiscal austerity, effective targeting of public money is vital. A number of principles for good practice can be put forward. First, there are benefits to be had from ensuring that unemployed persons persevere with job search and are receptive to offers of placements. This helps to forestall the risk of long-term unemployment and the more intractable problems to which it leads. Second the balance between obligations and solidarity is at the heart of activation-led policy approaches, and one aspect of this is that benefits are increasingly conditional on willingness to accept job offers. But if job vacancies are scarce it becomes more difficult to impose sanctions on this basis, so that alternatives such as obligations to undergo training have to be considered instead.

Third, in a period of weak job demand, the scope for those facing multiple disadvantages in the labour market to obtain jobs will be diminished further and additional efforts by PESs are likely to be needed to counter a drift into deeper exclusion. Possible solutions include the definition of pathways that include training as a first stage, followed by subsidised jobs or social enterprise, before envisaging placement in an unsubsidised private sector job.

The importance of a strategic approach to labour supply should be stressed, even though short-term considerations might militate against measures that increase the immediate size of the active population, thereby risking higher unemployment rates. The bulk of the jobs of today in every Member State are in services that are rarely directly vulnerable to international competition. Many such jobs – the ballast for employment – are in relatively routine personal services implying that the median job can no longer be understood as that of the male, full-time worker in manufacturing. Similarly, the dichotomy between typical and atypical jobs may not only be harder to maintain, but also increasingly unhelpful as a policy concept, with the implication that a new paradigm for understanding labour demand may be needed to reflect the changes.

7.1 **Concluding comments**

Devising and implementing good employment policy in the recovery phase will be unusually challenging because of the demanding macroeconomic and budgetary conditions and because of the high level of uncertainty about whether the risks of a resurgence of economic problems have been attenuated.

The involvement of the social partners in securing a recovery of employment has many layers. As is shown in the *Framework Agreement on Inclusive Labour Markets* negotiated by the social partners in March 2010, there are various obstacles to be overcome if jobs are to be promoted. These encompass barriers affecting:

- availability of information on jobs available and how to access them
- recruitment practices, including whether they reach out sufficiently to qualified candidates who are detached from the labour market
- investment in skills and qualifications, especially those that are most in demand
- effective dialogue between representatives of different interests in the labour market
- flexibility in accommodating work life balance and other facets of working conditions
- sensitivity to different groups within the labour market and to risk factors such as discrimination against groups such as single mothers or immigrants.

As a last comment, the scope for EU-level co-ordination to contribute to desired (and desirable) outcomes is worth mentioning. The widespread experimentation with schemes to preserve jobs over the last two years and to put in place imaginative approaches to activation and job creation points to the importance of redoubled efforts to share and draw on the knowledge that is being generated. But co-ordination is only as good as the willingness of governments to listen and to be receptive to new approaches.

8 REFERENCES

Commission, 'New Skills for New Jobs: Anticipating and matching labour market and skills needs - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions', adopted on 16 December 2008, OOPEC, Luxembourg, 2008.

Corley-Coulibaly, M. and Ernst, E., 'Promoting employment recovery while meeting fiscal goals', International Institute for Labour Studies, Geneva, 2010.

Mandl, I., with Salvatore, L., 'Tackling the recession: employment-related public initiatives in the EU Member States and Norway, Eurofound, Dublin, 2009.

ILO, Accelerating a job-rich recovery in G20 countries: Building on Experience, ILO, Geneva, 2010.

Madsen, P.K., 'Long-term unemployment in Denmark' European Employment Observatory, 2010