



**European Employment Observatory (EEO)**

*Thematic paper*

**Formulation of the European Employment Strategy for  
the post-Lisbon period in the context of economic crisis**

**Dr. Anni Weiler (EEO Thematic Expert)**

**AWWW GmbH**

**Göttingen, Germany**



**September 2009**



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# 1 Introduction

The current economic crisis already left traces on the European labour markets and reversed many achievements of employment policies over the last decade within a short time period. This does not question the approach of the European Employment Strategy (EES), but, on the other hand, it is out of question that it is likely to continue on a ‘business as usual’ basis. With regard to the policy formulation of the European Employment Strategy in the post-Lisbon period, a closer look at the effects of the recession, national policy responses and future approaches to prevent or cushion the impact of economic recession on employment in the EU (EU) is on the agenda.

This thematic paper investigates and assesses the effects of the current crisis on future labour markets with regard to new structural challenges for the labour markets, differences between the EU Member States regarding the timing and deepness of the impact, the risks of an increase in the diversity in labour markets and social outcomes. It looks at institutional elements, explaining differences in labour market performances across the EU and potential significant new institutional challenges and related policy responses to tackle obstacles and barriers for employment creation.

The focus of the paper will be particularly on potential effects of the recession for employment creation and not on the common association between economic crisis and (un)employment and attempts to safeguard employment or avoid the worst outcomes in terms of an increase of unemployment. The paper will be forward looking and focus on the question how employment performance can be improved, despite effects of the economic crisis. Or in other words: how can the European economy – at least in the medium or long-term perspective – emerge strengthened from the economic crisis and how can employment targets and priorities be translated into a new/adapted European Employment Strategy in the post-Lisbon period?

A short assessment of the existing European Employment Strategy policy framework is focused on the question whether within the future European Employment Strategy the same or other priorities and targets should be set, taking into account the diversity of the EU-27 and the possible new challenges emerging from effects of the recession.

A point of reference for the analysis as well as the policy coordination procedures and processes are the Employment Guidelines (i.e. Integrated Guidelines No. 17-24), key targets and benchmarks of the EES. But the paper will also look beyond this set of guidelines with regard to the formulation of the European Employment Strategy in the post-Lisbon period. This approach can also highlight which employment related effects of the recession cannot be addressed by the guidelines, monitored by the related indicators. Related to these investigations is the question whether the current employment guidelines (including the selected indicators) should be revised.

In the background of the challenges for the EES as well as the various national responses to the recession, a further issue is how the governance of the strategy, including its ownership, can be improved.

This paper has been written in the framework of the work programme of the European Employment Observatory (<http://www.eu-employment-observatory.net>) upon a request from the European Commission.



## 2 Effects of the current crisis on future labour markets

### 2.1 General assessment and forecast

A 'recession' is usually defined as two successive negative quarter on quarter changes in constant price GDP. This applied in the EU-27 in the third and fourth quarter of 2008, and also in the first quarter of 2009 (Eurostat (a): 1).

In 2006 and 2007, labour market developments were strong and employment growth was around 1.5 % annually. Unemployment decreased and participation rates rose (European Commission (b): 33).

Some broad observations for the Main Industrial Groupings (MIGS) of capital goods, durable consumer goods, intermediate goods, and construction revealed a relatively strong fall in the production indices after the first quarter of 2008, which was accompanied by an almost immediate change in the indices of hours worked and of persons employed. The indices displayed either accelerated existing downwards trends or reversing rises. In the subsequent four quarters since the first quarter of 2008, the rate of decline in the index of hours worked was stronger than the rate of decline in the index of persons employed. This reveals that companies first reduced working hours before deciding for redundancies (Eurostat (a): 1). The effect also reflected in an intensified contraction of labour productivity during 2008 (European Commission (b): 34).

The current recession displays both similarities but also marked differences to past recessions. While there had been both financial crises and globally synchronised downturns over the last decades, the current recession is uniquely characterised by a combination of both a financial and a global crisis. Therefore, many aspects of the current recession are considered as new and unanticipated (International Monetary Fund (a): 97).

It is expected that the current recession is likely to be unusually long and severe and the recovery sluggish. Experiences from past recessions show that the effects of financial crises tend to be unusually severe and longer lasting and their recoveries typically slow. The same applies to globally synchronized recessions (International Monetary Fund (a): 97).

According to the IMF World Economic Outlook Update (8 July 2009) there are some indications both for the US and the EU of a stabilisation but the real impact for the labour market still lies ahead (International Monetary Fund (b): 8).

Experiences from past recessions show that it takes much longer to reach pre-crisis employment levels than to restore economic growth and that the labour market tends to recover only four or five years after the economic recovery (ILO 2009). Economic recovery is at best expected by experts at the end of 2009. This creates a major employment challenge for at least the next half decade and for the formulation of the European Employment Strategy in the post-Lisbon period.

The spring 2009 employment forecast for the EU has been revised down considerably compared to the Commission's autumn 2008 forecast and also the January 2009 update. Some indications in the Economic Spring forecast are provided in Table 1 and Table 2.

The Economic Spring Forecast 2009 states that employment could fall by some 8.5 million in the EU over the forecast period and would be in sharp contrast with the net job creation of about 9.5 million during 2006-2008. Accordingly, the unemployment rate is projected to increase to close to 11 % in the EU by 2010 (European Commission (b): 2).

**Table 1: Economic Forecast Spring 2009 for employment and unemployment**

					Spring 2009 forecast	
	2005	2006	2007	2008	2009	2010
<b>Employment (Real annual percentage change)</b>	0.7	1.4	1.7	0.7	-2.6	-1.5
<b>Unemployment rate (Percentage of the labour force)</b>	9.0	8.3	7.5	7.5	9.9	11.5

Source: European Commission (b): 4

**Table 2: Labour market outlook – EU (Annual percentage change)**

					Difference vs. autumn 2008	
	2007	2008	2009	2010	2009	2010
<b>Population in working age (15-64)</b>	0.4	0.3	0.2	0.1	0.0	0.0
<b>Employment</b>	1.7	0.7	-2.6	-1.4	-2.1	1.5
<b>Employment rate (as a percentage of population of working age)</b>	65.4	65.9	64.2	63.2	-1.3	-2.3
<b>Unemployment rate (Percentage of labour force)</b>	7.1	7.0	9.4	10.9	1.6	2.8

Source: European Commission (b): 33

The Economic Forecast Spring 2009 expects the largest contractions to take place in Spain, Ireland, Latvia, Lithuania and Estonia. In these countries, the highest reductions in GDP are also projected. The largest reductions in employment with the expected number of employed in 2010 being more than 10 % lower than in 2008 are forecast for Ireland and Latvia. The strongest increases in the unemployment rate are projected for Spain, Ireland, Latvia, Lithuania and Estonia (European Commission (b): 34).

## **2.2 New structural challenges for the labour markets**

A key methodological problem of the research is the time lag between the downturn in economic activity and the visibility of its structural impacts on the labour markets. It seems without question too early to assess the entire consequences of the economic crisis on the labour markets on the basis of current data and statistical indicators. Nevertheless, the following statistical analysis of selected data already provides clear evidence of grave outcomes on employment.

Overall, data such as employment growth, activity and employment rates, and youth unemployment show that employment policy endeavours and achievements over the last years have been more than reversed by the recession. Some data is alarming. The impact of the economic crisis varies significantly by Member States, sectors, regions, gender, and age. Both the timing and the strength of the effects of the recession differ and contribute to an increase in the labour market diversity.

### *Employment growth*

Data on employment growth for the EU-27 and for the Member States (Table 3) demonstrate a clear downturn in the EU. In all Member States, the employment growth is negative for the second quarter of 2009 compared to the second quarter of 2008.



In some Member States, this negative trend in employment growth is dramatic, notably Latvia (-13.1 percentage points), Estonia (-10.2), Spain (-7.1), Lithuania (-6.7), Hungary (-4.5). These countries also had already a significant employment contraction in the first quarter of 2009, compared to the first quarter of 2008. Data for Ireland for the second quarter of 2009 is not available, but the figure for the percentage change for the first quarter of 2009 already showed a decline of 7.5 percentage points.

Taking into consideration the gap between the economic development and the impact on the labour market, a further deterioration of employment growth can be anticipated over the next years. Employment usually reacts with a lag of about two to three quarters to developments in economic activity (European Commission (a): 33).

**Table 3: Employment growth**

Country	Percentage change compared with the same quarter of the previous year (pp)			
	2008		2009	
	Q3	Q4	Q1	Q2
<b>EU-27</b>	0.7	0.2	-1.2	-1.9
<b>BE</b>	1.7	1.2	0.1	-0.7
<b>BG</b>	3.0	2.1	-0.3	-1.8
<b>CZ</b>	1.3	0.9	0.3	-1.4
<b>DK</b>	0.9	-0.1	-1.8	.
<b>DE</b>	1.4	1.1	0.4	-0.1
<b>EE</b>	-0.3	-0.2	-7.2	-10.2
<b>IE</b>	-1.8	-3.8	-7.5	.
<b>EL</b>	1.1	1.0	-0.6	-1.0
<b>ES</b>	-0.9	-3.1	-6.5	-7.1
<b>FR</b>	0.4	-0.1	-0.7	-1.1
<b>IT</b>	-0.2	-0.2	-0.6	-0.9
<b>CY</b>	3.5	1.9	1.4	-0.5
<b>LV</b>	0.2	-5.4	-8.2	-13.1
<b>LT</b>	-1.0	-1.2	-5.1	-6.7
<b>LU</b>	4.6	3.7	2.4	.
<b>HU</b>	-0.7	-0.9	-3.0	-4.5
<b>MT</b>	2.3	1.8	0.6	-0.8
<b>NL</b>	1.1	1.1	0.3	c
<b>AT</b>	1.5	1.4	-0.4	-1.1
<b>PL</b>	3.7	3.0	-1.0	-0.7
<b>PT</b>	-0.2	-0.1	-1.6	-2.7
<b>RO</b>	.	.	.	.
<b>SI</b>	2.9	2.4	0.5	-1.6
<b>SK</b>	3.2	2.1	-0.4	-1.3
<b>FI</b>	1.0	0.8	-1.1	-3.0
<b>SE</b>	0.7	0.0	-1.2	-2.2
<b>UK</b>	0.4	-0.2	-1.1	-2.0

Source: Eurostat, NewsRelease, Euroindicators, 130/2009 – 14 September 2009

. - data not available; c - confidential

Percentage change compared with the same quarter of the previous year based on non-seasonally adjusted data

### *Activity rates*

In relation to the activity rates, there is still an improvement for the EU-27 and for both women and men, from the first quarter of 2008 to the first quarter of 2009. But the data for the Member States is mixed. 14 countries display an increase in activity rates. In some of them



there is still a considerable increase such as Lithuania (2.0 percentage points), Estonia (1.5 percentage points), Netherlands (1.1 percentage points) and Poland (1 percentage point). In 10 Member States the activity rate decreased. A remarkable decrease of 2 percentage points is given for Ireland in total and of 2.7 percentage points for men. In two countries (Hungary and Romania) the activity rate remained unchanged.

**Table 4: Activity rate by gender and country in the first quarter of 2008 and of 2009**

Country	Women		Men		Total	
	2008 Q1	2009 Q1	2008 Q1	2009 Q1	2008 Q1	2009 Q1
<b>EU-27</b>	63.5	64.1	77.6	77.7	70.5	70.8
<b>BE</b>	61.0	61.0	73.6	73.0	67.3	67.1
<b>BG</b>	62.6	62.2	71.5	71.8	67.0	66.9
<b>CZ</b>	60.9	61.0	77.8	78.1	69.4	69.9
<b>DK</b>	76.1	77.0	83.2	83.9	79.7	80.5
<b>DE</b>	70.5	70.9	82.1	82.2	76.3	76.6
<b>EE</b>	68.0	71.1	77.3	77.2	72.5	74.0
<b>IE</b>	63.0	61.9	80.8	78.1	72.0	70.0
<b>EL</b>	54.7	55.9	79.1	78.8	66.9	67.4
<b>ES</b>	62.3	64.6	81.6	81.5	72.1	73.1
<b>FR</b>	65.5	66.1	74.7	75.0	70.0	70.5
<b>IT</b>	51.6	51.3	74.0	73.6	62.8	62.4
<b>CY</b>	65.9	65.5	81.9	80.6	73.7	72.9
<b>LV</b>	70.9	72.3	78.8	77.8	74.7	75.0
<b>LT</b>	64.6	67.2	70.1	71.8	67.3	69.3
<b>LU</b>	58.4	.	72.6	.	65.6	.
<b>HU</b>	54.7	54.8	67.7	67.5	61.0	61.0
<b>MT</b>	38.8	40.0	77.0	76.8	58.2	58.8
<b>NL</b>	72.7	74.3	84.9	85.4	78.8	79.9
<b>AT</b>	67.9	69.3	80.4	79.5	74.1	74.4
<b>PL</b>	56.3	57.4	70.3	71.3	63.2	64.2
<b>PT</b>	68.7	69.1	79.6	78.8	74.1	73.9
<b>RO</b>	53.6	53.8	70.0	69.8	61.8	61.8
<b>SI</b>	66.4	67.0	74.9	73.8	70.8	70.5
<b>SK</b>	61.2	60.2	75.9	76.0	68.5	68.1
<b>FI</b>	72.9	72.9	76.2	75.6	74.6	74.2
<b>SE</b>	76.0	75.9	80.7	80.4	78.4	78.2
<b>UK</b>	69.1	69.4	82.1	82.3	75.5	75.8

Source: Eurostat, Labour Market Latest Trends – 1<sup>st</sup> quarter 2009 data  
Number of person aged 15-64 years in the labour force

### *Employment rates*

The Economic Spring Forecast 2009 foresees that the weakness in employment developments entails a significant decrease in employment rate, which is expected to fall from around 66 % in 2008 to around 63.5 % by 2010. Therefore, the target of 70 % set in the Lisbon agenda will be out of reach – at least for the near future (European Commission (b): 34).

Table 5 already gives evidence of decreasing employment rates. The total employment rate for the EU-27 decreased from 65.5 % to 64.6 % from the first quarter 2008 to the first quarter 2009. Only four countries still display an increase in employment rates (the Netherlands (1.9 percentage points), Poland (0.9), (Germany 0.4), and Malta (0.2)). Whereas the first quarter 2008 still shows evidence of an improvement in employment rates for several countries (ex-



cept Hungary), the fourth quarter already shows a decline in 10 countries. In Latvia, the rate declined by remarkable 5.4 percentage points and in Estonia by 3.0 percentage points.

The countries with highest decrease in the employment rate in the first quarter of 2009 were Ireland (5.8 percentage points), Latvia (5.3), Spain (4.7), Estonia (-4.2) and Lithuania (-2.9).

**Table 5: Employment rates in 2008 and 2009**

Country	Employment rate		Percentage change compared with the same quarter of the previous year (pp)		
	2008	2009	2008	2008	2009
	Q1	Q1	Q1	Q4	Q1
<b>EU-27</b>	65.5	64.6	1.5	0.0	-0.9
<b>BE</b>	62.8	61.7	1.9	1.2	-0.9
<b>BG</b>	62.6	62.6	4.8	2.1	0.0
<b>CZ</b>	66.1	65.6	2.0	0.2	-0.5
<b>DK</b>	77.0	76.2	1.9	-0.5	-0.8
<b>DE</b>	70.0	70.4	1.7	1.0	0.4
<b>EE</b>	69.5	65.3	2.0	-0.2	-4.2
<b>IE</b>	68.6	62.8	2.4	.	-5.8
<b>EL</b>	61.3	61.0	1.3	1.0	-0.3
<b>ES</b>	65.1	60.4	1.7	-3.0	-4.7
<b>FR</b>	64.8	64.2	1.2	-0.1	-0.6
<b>IT</b>	58.3	57.4	0.9	-0.2	-0.9
<b>CY</b>	70.2	69.5	2.7	.	-0.7
<b>LV</b>	69.6	64.3	5.6	-5.4	-5.3
<b>LT</b>	63.9	61.0	0.9	-1.2	-2.9
<b>LU</b>	62.8	-	5.2	.	.
<b>HU</b>	56.1	55.1	-1.7	-1.1	-1.0
<b>MT</b>	54.7	54.9	2.8	1.9	0.2
<b>NL</b>	76.4	77.4	1.9	.	1.0
<b>AT</b>	71.0	70.8	2.2	1.4	-0.2
<b>PL</b>	58.0	58.9	7.0	3.0	0.9
<b>PT</b>	68.1	67.0	0.9	-0.1	-1.1
<b>RO</b>	57.7	57.4	-	.	-0.3
<b>SI</b>	67.1	66.7	3.3	2.2	-0.4
<b>SK</b>	61.3	61.0	2.8	2.1	-0.3
<b>FI</b>	69.5	68.5	2.3	0.8	-1.0
<b>SE</b>	73.4	72.0	1.7	0.0	-1.4
<b>UK</b>	71.6	70.4	1.5	-0.2	-1.2

Source: Employment rates 2008 Q1 and 2008 Q2: Quarterly Labour Market Review, Summer 2009  
 Percentage change 2008 Q1 and Q4: European Economy, Occasional Papers 51, July 2009  
 Percentage change 2009 Q1: Quarterly Labour Market Review, Summer 2009

### *Unemployment*

The onset of the increase of unemployment as well as its severity varies widely between countries. Member States' labour markets vary considerably in terms of labour market structure and regulation and the crisis affects countries differently. In the EU-27, the increase in unemployment clearly started in March 2008.

Table 6 provides an overview on the so-called turning point of unemployment for the Member States. The 'turning point' is defined by Eurostat 'as the month with the lowest unemployment rate in recent years' (Eurostat (e): 3).



**Table 6: Turning point of unemployment**

Country	Turning point
	<b>2007</b>
Spain, Italy	May
Ireland	August
Luxembourg	September
Latvia, Lithuania	November
	<b>2008</b>
France	February
EU 27	March
Estonia, Finland, United Kingdom	April
Belgium, Greece, Portugal, Romania	May
Denmark, Austria, Sweden	June
Cyprus	August
Czech Republic, Malta, Poland, Slovenia, Slovakia	September
Hungary	October
Bulgaria, Germany, The Netherlands	November

Source: Eurostat, Statistics in focus, 53/2009

The increase in unemployment is already remarkable. Table 7 provides the unemployment rates for August 2008 and for July 2009. Additionally, the table includes the month of the 'turning point' for each country and the unemployment rate in the month of the turning point. Furthermore, the increase in percentage points from August 2008 to July 2009 and from the turning point to July 2009 is calculated.

From August 2008 to July 2009 the unemployment rate in the EU-27 rose by 2 percentage points from 7.0 % to 9.0 % and by 2.3 percentage points from the turning point in March 2008. Some Member States already have dramatic increases in unemployment. With the exception of Italy (which only had an increase of 1.5 percentage points since May 2007) and Luxembourg (which had an increase of 2.4 percentage points since September 2007), all other countries which had their turning points already in the year 2007 show dramatic figures. From the turning point in November 2007, the unemployment rate climbed by 12.7 percentage points in Lithuania and by 12 percentage points in Latvia. Spain experienced an increase of 10.6 percentage points from May 2007 and Ireland of 8.0 percentage points since August 2007.

Among those countries with a massive increase in unemployment and the turning point of unemployment already in 2007 are five countries with the highest share by sector of total gross value added in the construction sector in the year 2007 (Eurostat (f)). These are Spain (12.3 %), Lithuania (10.0 %), Ireland (9.9 % in 2006), Estonia (9.1 %), Latvia (8.4 %). In Luxembourg (5.1 %) and Italy (6.3 %) the share of the construction sector of the total gross value added was considerably lower.

The Member States with the highest latest available unemployment rates are Spain (18.5 %), Latvia (17.4 %), Lithuania (16.7 %), Estonia (13.3 %), Ireland (12.5 %), and Slovakia (12.0 %). In the majority of Member States, the unemployment rate are higher for men than for women but in some countries (e.g. Greece, Italy) women are more affected by unemployment.



**Table 7: Unemployment rate by country and gender in August 2008 and July 2009 and turning point of unemployment rates**

Country	Women		Men		Total			Turning point	Situation at turning point	Increase since turning point (pp)
	2008	2009	2008	2009	2008	2009	Increase (pp)			
Month	08	07	08	07	08	07				
	%	%	%	%	%	%				
<b>EU-27</b>	7.5	9.0	6.7	9.1	7.0	9.0	2.0	03-2008	6.7	2.3
<b>BE</b>	8.1	8.5	6.9	7.6	7.5	8.0	0.5	05-2008	6.6	1.4
<b>BG</b>	5.4	6.4	5.2	7.6	5.3	7.0	1.7	11-2008	5.1	1.9
<b>CZ</b>	5.6	7.9	3.4	5.2	4.3	6.4	2.1	09-2008	4.3	2.1
<b>DK</b>	3.8	5.4	2.9	6.4	3.3	5.9	2.6	06-2008	3.1	2.8
<b>DE</b>	7.0	7.0	7.3	8.3	7.2	7.7	0.5	11-2008	7.1	0.6
<b>EE</b>	5.6	10.1 <sup>1</sup>	7.3	16.6 <sup>1</sup>	6.5	13.3 <sup>1</sup>	6.8	04-2008	3.7	9.6
<b>IE</b>	5.0	8.8	7.3	15.4	6.3	12.5	6.2	08-2007	4.5	8.0
<b>EL</b>	11.2	12.3 <sup>2</sup>	5.0	6.2 <sup>2</sup>	7.6	8.7 <sup>2</sup>	1.1	05-2008	7.5	1.2
<b>ES</b>	13.3	19.0	10.8	18.1	11.8	18.5	6.7	05-2007	7.9	10.6
<b>FR</b>	8.4	10.4	7.3	9.2	7.8	9.8	2.0	02-2008	7.5	2.3
<b>IT</b>	8.5	9.0 <sup>2</sup>	5.6	6.2 <sup>2</sup>	6.8	7.4 <sup>2</sup>	0.6	05-2007	5.9	1.5
<b>CY</b>	4.2	5.5	2.9	5.5	3.5	5.5	2.0	08-2008	3.5	2.0
<b>LV</b>	7.2	13.7	7.6	21.1	7.4	17.4	10.0	11-2007	5.4	12.0
<b>LT</b>	6.2	11.2	6.7	21.9	6.4	16.7	10.3	11-2007	4.0	12.7
<b>LU</b>	5.9	6.8	4.3	6.0	5.0	6.4	1.4	09-2007	4.0	2.4
<b>HU</b>	8.0	9.9	7.8	10.7	7.9	10.3	2.4	10-2008	7.8	2.5
<b>MT</b>	6.6	8.1	5.6	6.8	5.9	7.3	1.4	09-2008	5.8	1.5
<b>NL</b>	2.9	3.5	2.5	3.3	2.7	3.4	0.7	11-2008	2.7	0.7
<b>AT</b>	3.9	4.3	3.6	4.5	3.7	4.4	0.7	06-2008	3.6	0.8
<b>PL</b>	7.8	8.6	6.1	7.8	6.9	8.2	1.3	09-2008	6.8	1.4
<b>PT</b>	9.2	9.6	6.7	8.8	7.9	9.2	1.3	05-2008	7.6	1.6
<b>RO</b>	4.7	5.0 <sup>2</sup>	6.6	7.1 <sup>2</sup>	5.8	6.2 <sup>2</sup>	0.4	05-2008	5.7	0.5
<b>SI</b>	4.5	6.0	4.1	6.1	4.3	6.0	1.7	09-2008	4.2	1.8
<b>SK</b>	10.3	13.2	7.9	11.0	9.0	12.0	3.0	09-2008	9.0	3.0
<b>FI</b>	6.7	7.7	6.2	9.7	6.4	8.7	2.3	04-2008	6.2	2.5
<b>SE</b>	6.4	8.9	5.7	9.4	6.0	9.2	3.2	06-2008	5.6	3.6
<b>UK</b>	5.2	6.5 <sup>3</sup>	6.3	8.8 <sup>3</sup>	5.8	7.7 <sup>3</sup>	1.9	04-2008	5.1	2.6
<b>US</b>	5.9	8.1	6.4	10.5	6.2	9.4	3.2			

Source: Eurostat, Harmonised unemployment rate by gender;

Data on turning point: Statistics in focus, 53/2009

<sup>1</sup> Data for 2009m06; <sup>2</sup> Data for 2009m03; <sup>3</sup> Data for 2009m05

Own calculations

Nevertheless, as the Commission's monthly monitor for July 2009 on the EU employment situation (European Commission (d)) emphasises, the EU unemployment rate continues to be less affected by the downturn than the US unemployment rate despite the sharper economic downturn and stronger fall in business confidence in the EU. In fact, Table 7 underlines that the unemployment rate raised by 2 percentage points from 7 % in August 2008 to 9 % in July 2009 in the EU, compared to an increase of 3.2 percentage points from 6.2 % to 9.4 % in the



US in the same time period. The data for men shows an even larger gap of increase with 4.1 percentage points in the US, compared to 2.4 percentage point in the EU.

The share in the increase in unemployment in the EU from the first quarter of 2008 to the first quarter of 2009 distributes very differently among the Member States (see Table 8). Of all EU Member States, Spain had a share of 42 %, the UK of 10 %, France of 8 % of the increase in unemployment between March 2008 and March 2009.

**Table 8: Share in the increase in unemployment in the EU  
(March 2008 to March 2009)**

Country	Share in %
Spain	42
UK	10
France	8
Lithuania	5
Latvia	3
Ireland	3
Others	15

Source: ECFIN Economic Brief 1, May 2009

A key employment challenge in the medium term perspective is to avoid a significant increase in long-term unemployment. The rising unemployment is likely to turn into a strong increase of long-term unemployment. The latest data on long-term unemployment available is for the fourth quarter of 2008. There is a time span between rising unemployment and its potential transformation into long-term unemployment. Additionally, it can be assumed that data for the first and second quarters of 2009 will give evidence of considerably higher rates of long-term unemployment.

The data in Table 9 show a decrease of the rates of long-term unemployment from the fourth quarter of 2007 to the fourth quarter of 2008 for the EU 27. But the data also already shows stagnation of the previously decreasing rates and, in the case of men, an increase of 0.1 percentage point compared to the previous quarter.

**Table 9: Long-term unemployment rates in the EU-27 from the fourth quarter of 2007 till the fourth quart of 2008 by gender, %**

	2007q4	2008q1	2008q2	2008q3	2008q4	Change to previous year (pp)
<b>Total</b>	2.9	2.7	2.6	2.5	2.5	-0.4
<b>Women</b>	3.2	3.0	2.8	2.7	2.7	-0.5
<b>Men</b>	2.6	2.6	2.5	2.3	2.4	-0.2

Source: Quarterly Labour Market Review, Summer 2009; based on LFS adjusted series

In most of the Member States, the long-term unemployment rates still decreased from the fourth quarter of 2007 to the fourth quarter of 2008. Nonetheless, among the countries with a considerable increase of long-term unemployment in this time period are five of the six countries in which the 'turning point' of unemployment was already in the year 2007. Latvia (0.9), Luxembourg (0.8), Spain (0.8), Ireland (0.7), and Lithuania (0.7) show a clear increase in percentage points. In the sixth country of this group, Italy, the long-term unemployment remained unchanged at the high level of 3.1 %.



**Table 10: Long-term unemployment rates in the EU Member States in the fourth quarter of 2007 and of 2008, %**

Country	2007 Q4	2008 Q4	Percentage change compared with the same quarter of the previous year (pp)
<b>EU-27</b>	2.9	2.5	-0.4
<b>BE</b>	3.7	3.0	-0.7
<b>BG</b>	3.9	2.7	-1.2
<b>CZ</b>	2.4	2.1	-0.3
<b>DK</b>	0.5	0.5	0.0
<b>DE</b>	4.5	3.5	-1.0
<b>EE</b>	2.0	2.0	0.0
<b>IE</b>	1.3	2.0	0.7
<b>EL</b>	4.0	3.6	-0.4
<b>ES</b>	1.7	2.5	0.8
<b>FR</b>	3.0	2.8	-0.2
<b>IT</b>	3.1	3.1	0.0
<b>CY</b>	0.8	0.6	-0.2
<b>LV</b>	1.4	2.3	0.9
<b>LT</b>	1.2	1.9	0.7
<b>LU</b>	1.1	1.9	0.8
<b>HU</b>	3.4	3.8	0.4
<b>MT</b>	3.0	2.6	-0.4
<b>NL</b>	1.1	0.8	-0.3
<b>AT</b>	1.0	0.9	-0.1
<b>PL</b>	4.1	2.2	-1.9
<b>PT</b>	3.7	3.5	-0.2
<b>RO</b>	2.8	2.3	-0.5
<b>SI</b>	2.0	1.8	-0.2
<b>SK</b>	7.8	5.6	-2.2
<b>FI</b>	1.4	1.2	-0.2
<b>SE</b>	0.8	0.8	0.0
<b>UK</b>	1.2	1.4	0.2

Source: Quarterly Labour Market Review, Summer 2009; based on LFS adjusted series

While unemployment increases, the numbers of job vacancies decline. From the first quarter in 2008 to the first quarter in 2009, the figures reduced from 2.1 % to 1.4 % (see Table 11).

**Table 11: Job vacancy rates, %**

	2008q01	2008q02	2008q03	2008q04	2009q01
<b>EU-27</b>	2.1	2.1	1.9	1.7	1.4

Source: Eurostat, Quarterly job vacancies and job vacancy rates, total (NACE\_Rev2 (sections B to S); not seasonally adjusted; All data provisional

Similarly, the share of employees which took up a new job decreased. This applies particularly to the age group 15-24 years (see Table 12).



**Table 12: Share of employees whose job started within the past 3 months by age group and gender, EU-27, and change in percentage points from the first quarter of 2008 to the first quarter of 2009, %**

	15+	15-24	25-54	55+	15+	15-24	25-54	55+
	Change to 2008q1 (pp)							
<b>Total</b>	3.2	9.9	2.9	1.4	-1.0	-2.0	-1.3	-0.2
<b>Women</b>	3.3	10.7	3.0	1.4	-1.1	-1.9	-0.8	-0.3
<b>Men</b>	3.0	9.3	2.8	1.3	-1.0	-2.1	-0.7	-0.2

Source: Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2009 data, 35/2009, based on LFS;  
Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2008 data, 34/2008, based on LFS

### *Working hours*

Another indication for a decrease of the volume of employment is the number of average actual weekly working hours. Table 13 shows a decline in working time in the EU-27 from the first quarter of 2008 to the first quarter of 2009 from 37.2 to 37.0 hours. Working time for men decreased from 40.1 to 39.9 hours, while working time for women increased from 33.2 to 33.3 hours.

At the national level, a decrease in the actual weekly working hours is visible in the vast majority of Member States. This also applies to working hours for both genders. A significant decrease of more than two working hours is given in Estonia in total (1.9 hours for men and 1.7 hours for women). In general, the decrease in working time is more pronounced for men than for women across the Member States.

**Table 13: Average actual hours worked per week in all jobs in the EU Member States in the first quarter of 2008 and of 2009**

Country	Women		Men		Total	
	2008 Q1	2009 Q1	2008 Q1	2009 Q1	2008 Q1	2009 Q1
<b>EU-27</b>	33.2	33.3	40.1	39.9	37.2	37.0
<b>BE</b>	32.5	32.7	40.0	40.3	36.8	37.0
<b>BG</b>	40.1	39.3	41.2	40.2	40.7	39.8
<b>CZ</b>	38.8	38.6	42.8	42.4	41.1	40.8
<b>DK</b>	31.3	31.8	36.4	36.7	34.1	34.5
<b>DE</b>	30.4	30.2	40.3	39.9	35.9	35.6
<b>EE</b>	38.2	36.5	40.1	38.2	39.2	37.4
<b>IE</b>	30.4	29.9	40.0	39.2	36.0	35.2
<b>EL</b>	37.0	36.8	42.1	41.6	40.2	39.7
<b>ES</b>	34.8	34.6	40.3	40.6	38.1	38.0
<b>FR</b>	33.3	34.4	39.6	40.1	36.7	37.5
<b>IT</b>	33.1	32.8	40.5	39.9	37.7	37.2
<b>CY</b>	35.9	34.6	40.2	39.9	38.4	37.7
<b>LV</b>	38.1	37.7	40.0	39.4	39.1	38.6
<b>LT</b>	38.1	38.0	39.5	39.5	38.8	38.7
<b>LU</b>	33.3	.	40.8	.	37.8	.
<b>HU</b>	38.9	38.8	40.9	40.6	40.0	39.8
<b>MT</b>	34.4	35.0	40.6	40.7	38.6	38.9
<b>NL</b>	24.8	25.1	36.3	36.3	31.2	31.2
<b>AT</b>	32.7	31.7	41.6	40.9	37.7	36.7
<b>PL</b>	37.1	37.0	41.6	41.1	39.6	39.3
<b>PT</b>	35.8	36.5	39.3	39.7	37.8	38.3
<b>RO</b>	38.0	37.7	39.8	39.3	39.0	38.6



<b>SI</b>	38.0	38.0	40.4	40.1	39.4	39.2
<b>SK</b>	38.1	38.2	40.7	40.0	39.6	39.2
<b>FI</b>	33.6	33.8	37.9	38.0	35.9	36.0
<b>SE</b>	31.8	32.1	37.2	37.4	34.8	34.9
<b>UK</b>	29.9	30.4	39.4	39.6	35.2	35.4

Source: Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2009 data, 35/2009, based on LFS;  
Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2008 data, 34/2008, based on LFS

### Sectors

Table 14 gives an overview of changes in sectoral employment in the EU 27 from the first quarter of 2009 to the first quarter of 2009. It reveals a decrease in employment for all sectors except other services. The strongest decline was in the construction sector with 7.1 % and in industry with 3.2 %.

**Table 14: Sectoral employment for the EU (1 000 persons)**

	2008	2009	2009 Q1 change on previous year	
	Q1	Q1	abs change	% change
<b>Agriculture</b>	12923	12767	-110	-0.9
<b>Industry</b>	39805	38547	-1248	-3.2
<b>Construction</b>	16978	16021	-1190	-7.1
<b>Total industry</b>	56783	54568	-2438	-4.3
Trade, transport and communication	57587	56705	-761	-1.3
Financial services and business activities	34423	33995	-288	-0.8
Other Services	64854	65626	707	1.1
<b>Total services</b>	156864	156326	-342	-0.2
<b>Overall total</b>	226569	223660	-2890	-1.3

Source: Quarterly Labour Market Review, Summer 2009; based on Eurostat, national accounts; Data seasonally adjusted.

The impact of the broad downturn in economic activity in the EU-27 since the first quarter of 2008 on employment varied between economic activities and between Member States (Eurostat (a): 6). In the period from the first quarter of 2008 to the first quarter of 2009 the strongest decline in seasonally adjusted employment within *industrial activities* was recorded for Latvia (-16.9 %). In the same period, a decline above 10 % applied to Lithuania, Spain, Estonia, Romania and Slovakia, while there was only a minor change in industrial employment in Luxembourg and Germany (both -0.4 %) and even a small rise in Cyprus (0.8 %).

Regarding employment changes in this time period within *construction activities* there were even wider contrasts among the Member States. The index of persons employed in construction activities fell by about one quarter in Spain (-25.1 %) and by a similar rate of decline in Latvia (-22.6 %). At the same time there was growth in construction employment in nine Member States and, of these, Slovakia, Slovenia and Greece had increase rates between 5.5 % and 6.5 %.

The change in the employment index in *service activities* was less diverse than for industrial activities and construction. The strongest rate of decline in employment within services was in Latvia (-9.3 %), Estonia (-7.8 %) and Spain (-6.4 %). In contrast, seven Member States dis-



played growth in services employment or relatively steady employment in this sector. The strongest rate of increase in the services employment index was in Slovenia (2.6 %).

A more detailed analysis of the development of sectoral employment according to the NACE classification reveals the strongest rates of decline in the index of persons employed (between about 12-13 %) during this period in the manufacture of textiles, leather and wearing apparel (NACE Divisions 13 to 15). In this sector, which is contracting for a number of years, the recession seems to have accelerated the ongoing restructuring (Eurostat (a): 5).

Another analysis by Eurostat of the sectoral employment development gives evidence that many of the activities most affected by the recession appear to be industries that have already been in decline for some time (Eurostat (d): 10).

In the vast majority of industrial activities, the rate of decline in the index of hours worked was stronger than the decline in the index of persons employed. This feature applied particularly to the activities of motor vehicles, trailers and semi-trailers manufacturing (NACE Division 29). In this sector the index of hours worked declined by 14.6 % compared to the reduction in the index of persons employed (-5.1 %) (Eurostat (a): 5).

### Gender

Overall, men are more strongly hit by a decline in employment rates (Table 15) and an increase in unemployment (Table 16) over the last months. While the employment rate of men decreased from the first quarter of 2008 to the first quarter of 2009 by 1.6 percentage points the analogous figure for women was 0.2 percentage points.

**Table 15: Employment rates by gender**

	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q1 change on previous year (pp)
Total	65.5	66.0	66.4	65.8	64.6	-0.9
Female	58.6	59.1	59.5	59.2	58.4	-0.2
Male	72.4	73.0	73.3	72.4	70.8	-1.6

Source:

Employment rates 2008 Q1 and 2008 Q2: Quarterly Labour Market Review, Summer 2009

Compared to August 2008, when male rates of unemployment (6.7 %) were below the female rate of unemployment (7.5 %) in the EU-27, the male rates of unemployment exceeded the female unemployment rates in June and July 2009 (Table 16).

**Table 16: Unemployment rates by gender, August 2008 - July 2009, EU-27, %**

	2008					2009						
Month	08	09	10	11	12	01	02	03	04	05	06	07
Total	7.0	7.1	7.3	7.4	7.6	8.0	8.2	8.5	8.7	8.8	8.9	9.0
Female	7.5	7.5	7.6	7.7	7.9	8.1	8.4	8.6	8.7	8.8	8.9	9.0
Male	6.7	6.8	7.0	7.2	7.4	7.8	8.2	8.4	8.7	8.9	9.0	9.1

Source: Eurostat, Harmonised unemployment rates by gender

Despite the smaller impact of the economic downturn on female employment rates, the explanation for this development will most likely not be particularly successful implementation of policies to improve female employment rates or to reduce female unemployment, but a different distribution of male and female employment in sectors which are in turn affected differently by the recession. For example, sectors such as construction or the automotive industry, which are severely hit by the impact of the economic crisis, are male-dominated.



## Age

Table 17 provides data on employment rates and Table 18 on activity rates by age groups and educational attainment levels for the first quarter of 2008 and of 2009. Both tables present positive trends for the age group 55-64 and an increase in both the employment and in the activity rate for women and for men. In contrast, the employment rates of all educational groups demonstrate a decrease for young people aged 15-24.

**Table 17: Employment rate by gender, age and qualification in the first quarter of 2008 and of 2009**

	15-64	15-24	25-54	55-64	15-64	15-24	25-54	55-64
	%	%	%	%	Change to 2008q1 (pp)			
<b>Women and men</b>	64.8	35.3	78.2	45.5	-0.7	-1.9	-1.1	0.7
Less than upper secondary	46.0	22.6	64.0	34.3	-1.7	-2.1	-2.2	0.3
Upper secondary level	69.1	47.0	79.9	47.5	-1.1	-2.0	-1.0	0.5
Tertiary level	83.4	61.5	88.6	65.2	-0.7	-2.6	-0.8	0.4
<b>Women</b>	58.4	33.2	71.6	37.3	-0.2	-1.1	-0.3	1.3
Less than upper secondary	37.3	18.7	52.2	27.1	-0.9	-1.2	-1.2	0.8
Upper secondary level	63.1	44.1	73.5	40.1	-0.7	-1.3	-0.7	1.0
Tertiary level	80.3	62.6	85.5	58.6	-0.4	-2.3	-0.3	0.4
<b>Men</b>	70.8	37.3	84.9	54.3	-1.6	-2.7	-1.7	0.1
Less than upper secondary	55.0	26.1	75.8	44.3	-2.6	-2.8	-3.3	-0.4
Upper secondary level	74.9	49.9	85.8	54.3	-1.5	-2.8	-1.4	0.0
Tertiary level	86.8	59.9	92.2	70.5	-1.0	-3.1	-1.2	0.4

Source: Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2009 data, 35/2009, based on LFS;  
Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2008 data, 34/2008, based on LFS

**Table 18: Activity rate by gender, age and qualification in the first quarter of 2008 and of 2009**

	15-64	15-24	25-54	55-64	15-64	15-24	25-54	55-64
	%	%	%	%	Change to 2008q1 (pp)			
<b>Women and men</b>	70.8	43.5	84.8	48.6	0.3	-0.2	0.2	1.2
Less than upper secondary	53.9	30.3	74.0	37.4	0.1	-0.6	0.2	0.9
Upper secondary level	75.3	56.1	86.1	50.7	0.0	0.0	0.1	0.9
Tertiary level	87.4	70.3	92.6	67.6	0.0	-0.8	0.0	0.9
<b>Women</b>	64.1	40.3	77.7	39.7	0.6	0.1	0.4	1.7
Less than upper secondary	43.8	24.8	60.9	29.4	0.2	-0.2	0.1	1.2
Upper secondary level	69.0	52.2	79.6	42.7	0.2	-0.1	0.1	1.3
Tertiary level	84.4	71.5	89.5	60.6	0.2	-0.6	0.2	0.9
<b>Men</b>	77.7	49.6	91.9	58.1	-0.1	2.6	0.0	0.8
Less than upper secondary	64.3	35.2	87.1	48.6	-0.2	-0.9	0.0	0.5
Upper secondary level	81.4	60.0	92.1	58.1	-0.1	-0.1	-0.1	0.4
Tertiary level	90.7	68.6	96.1	73.3	0.0	-0.9	-0.2	0.0

Source: Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2009 data, 35/2009, based on LFS;  
Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2008 data, 34/2008, based on LFS

In addition to the already fragile situation for young people even in the previous period of economic expansion, they are now facing even increasing difficulties entering the labour market (ILO 2009: 13). In the EU-27, the youth unemployment rate had reached 19.8 % in July 2009 (Table 19), compared to the total unemployment rate of 9.0 % (Table 7). The corresponding rates for men are even higher, with 21.0 % for young men and 9.1 % for all men. In





other words, in the EU-27 over 5 million young people aged 15-24 are unemployed (Eurostat (c)).

Some countries have very high rates of youth unemployment. These are, in particular, Spain (38.4 %), Lithuania (30.9 % in June 2009), Latvia (29.2 % in June 2009), and Ireland (25.5 %). These are also the countries with extremely high rates of total unemployment and the 'turning point' of unemployment being in 2007.

The youth unemployment rate rose by 4.3 percentage points between August 2008 and July 2009, compared to the rise of the total unemployment rate by 2.0 percentage points. In all Member States, the youth unemployment rate increased in this time. Extreme increases of youth unemployment rates within these months are observed in Latvia (16.2 percentage points), Lithuania (16.0), Spain (12.7) and Ireland (12.4), the countries with extremely high youth unemployment and total unemployment.

**Table19: Youth unemployment rate by country and gender in August 2008 and July 2009**

Country	Women		Men		Total	
	2008m08	2009m07	2008m08	2009m07	2008m08	2009m07
<b>EU-27</b>	15.1	18.3	15.9	21.0	15.5	19.8
<b>BE</b>	20.4	24.1 <sup>1</sup>	20.2	20.5 <sup>1</sup>	20.9	21.6
<b>BG</b>	9.0	12.0	12.9	18.6	11.2	15.9
<b>CZ</b>	10.2	14.4	9.9	13.3	10.0	13.7
<b>DK</b>	8.7	10.1 <sup>1</sup>	7.7	12.0 <sup>1</sup>	8.2	11.2
<b>DE</b>	8.4	9.3	10.2	12.9	9.4	11.2
<b>EE</b>	14.2	15.1 <sup>1</sup>	14.3	31.2 <sup>1</sup>	14.2	24.1 <sup>1</sup>
<b>IE</b>	10.6	19.9	15.4	31.4	13.1	25.5
<b>EL</b>	28.6	31.8 <sup>2</sup>	17.0	18.3 <sup>2</sup>	21.9	24.2 <sup>2</sup>
<b>ES</b>	26.2	35.3	25.2	40.9	25.7	38.4
<b>FR</b>	19.3	23.6	19.6	24.7	19.5	24.2
<b>IT</b>	24.2	29.0 <sup>2</sup>	19.4	22.0 <sup>2</sup>	21.3	24.9 <sup>2</sup>
<b>CY</b>	9.6	12.3 <sup>1</sup>	8.3	13.0 <sup>1</sup>	9.0	12.6 <sup>1</sup>
<b>LV</b>	13.5	25.2 <sup>1</sup>	12.5	32.4 <sup>1</sup>	13.0	29.2 <sup>1</sup>
<b>LT</b>	14.6	22.4 <sup>1</sup>	15.1	36.5 <sup>1</sup>	14.9	30.9 <sup>1</sup>
<b>LU</b>	22.7	24.2	12.1	17.4	17.0	20.5
<b>HU</b>	21.1	25.8	19.9	25.8	20.4	25.8
<b>MT</b>	10.2	13.1	13.6	16.7	12.1	15.1
<b>NL</b>	5.0	5.9	5.6	7.4	5.3	6.6
<b>AT</b>	7.4	7.1	7.5	9.1	7.4	8.2
<b>PL</b>	18.6	19.7	14.5	19.9	16.4	19.8
<b>PT</b>	20.8	19.3	13.7	18.6	17.0	18.9
<b>RO</b>	17.9	18.0 <sup>2</sup>	19.1	20.6 <sup>2</sup>	18.6	19.6 <sup>2</sup>
<b>SI</b>	10.3	15.5 <sup>1</sup>	10.1	16.3 <sup>1</sup>	10.2	16.0 <sup>1</sup>
<b>SK</b>	19.7	29.0	18.4	24.1	18.9	26.0
<b>FI</b>	15.9	19.5	17.7	25.6	16.8	22.6
<b>SE</b>	19.8	27.2	18.5	27.4	19.1	27.3
<b>UK</b>	12.8	16.0 <sup>3</sup>	17.4	22.0 <sup>3</sup>	15.3	19.2 <sup>3</sup>
<b>US</b>	12.0	15.5	14.6	20.0	13.3	17.8

Source: Eurostat, Harmonised unemployment rate by gender – age class 15-24 % (SA)

<sup>1</sup> Data for 2009m06; <sup>2</sup> Data for 2009m03; <sup>3</sup> Data for 2009m05

In all Member States, the youth unemployment rate is higher than the total unemployment rate and young men are affected more strongly by growing unemployment than young women.



Several factors influence youth unemployment rates. Among these factors are the drop in economic activity and the general increase in unemployment, trends in the education and training of young people, and the tendency to employ young people on temporary contracts.

Spain, the country with the highest rate of youth unemployment (38.4 %) and male youth unemployment (40.9 %) is at the same time the country with lowest percentage of the population aged 20 to 24 having completed at least upper secondary education. The rate has even been decreasing for years. The rate was 60.0 % in 2008, compared to 78.5 % in the EU-27 (or 92.3 % in Slovakia, 91.6 % in the Czech Republic or 91.3 % in Poland) (Eurostat, Youth education attainment level Indicator). The rate for young men aged 20-24 was only 52.7 % in Spain, compared to 91.0 % in the Czech Republic and in Slovakia.

Table 20 shows that in all EU Member States (except Bulgaria) the percentage of the female population aged 20 to 24 having completed at least upper secondary education is – in some cases considerably – higher than the share of men. This might be an explanation for the slower increase of female youth unemployment in addition to the different sectoral allocation. However, there is not a clear correlation between high youth unemployment rates, a sharp increase due to the economic crisis and the percentage of population aged 20 to 24 having completed at least upper secondary education. While there might be a connection, for example, in Spain, there are other countries (like Lithuania, Ireland, Sweden) with a high share of young people which have completed at least upper secondary education and a high rate of youth unemployment and a strong increase over the last years.

**Table 20: Youth education attainment level by gender, 2008, %**

Country	Women	Men	Total
<b>EU-27</b>	81.4	75.7	78.5
<b>BE</b>	83.9	80.5	82.2
<b>BG</b>	83.4	84.0	83.7
<b>CZ</b>	92.2	91.0	91.6
<b>DK</b>	78.6	63.4	71.0
<b>DE</b>	76.4	71.9	74.1
<b>EE</b>	88.3	76.0	82.2
<b>IE</b>	91.0	83.9	87.4
<b>EL</b>	86.6	78.0	82.1
<b>ES</b>	67.6	52.7	60.0
<b>FR</b>	86.0	81.4	83.7
<b>IT</b>	79.7	73.5	76.5
<b>CY</b>	89.5	80.1	85.1
<b>LV</b>	86.0	74.3	80.0
<b>LT</b>	92.3	85.9	89.1
<b>LU</b>	77.4	68.3	72.8
<b>HU</b>	85.5	81.7	83.6
<b>MT</b>	58.3	50.5	54.2
<b>NL</b>	80.6	71.9	76.2
<b>AT</b>	84.6	84.2	84.5
<b>PL</b>	93.3	89.3	91.3
<b>PT</b>	61.9	47.1	54.3
<b>RO</b>	78.6	77.9	78.3
<b>SI</b>	93.6	87.4	90.2
<b>SK</b>	93.6	91.0	92.3
<b>FI</b>	87.6 <sup>P</sup>	84.6 <sup>P</sup>	86.2
<b>SE</b>	89.7	86.2	87.9
<b>UK</b>	80.0	76.4	78.2



Source: Eurostat (Structural indicators)

<sup>p</sup> Provisional value

In the current crisis, workers with secondary school leaving degrees have also been strongly hit, especially in the automotive industry. As it affected more strongly young men, the educational attainment level can only partially explain the strong rise in youth unemployment.

Spain is the country which has traditionally the highest rate of temporary contracts. The country also had the strongest decline in the share of temporary employment contracts (Table 21). On the other hand, Poland has a high percentage of the population aged 20 to 24 having completed at least upper secondary education and was the country with the highest share of temporary employment contracts (25.7 %) in the first quarter of 2009, which decreased by 0.8 percentage points compared to the previous years.

Quarterly data of employment rates of older workers or the exit age are not published by Eurostat. The annual figures still present an increase of the employment rates from 2007 to 2008 for the EU and the Member States. Data on the exit age of older workers is only available for the year 2007. However, there are several national reports indicating that both young people and older workers are particularly affected by displacement from the labour market as effect of the economic crisis (e.g. Deutscher Gewerkschaftsbund Bundesvorstand 2009).

#### *Employment contracts*

In the majority of countries, the share of temporary employment declined from the first quarter of 2008 to the first quarter of 2009. In the EU-27, the decrease was slightly stronger for men than for women. The country with the strongest reduction was Spain with 4.7 percentage points from 30.1 % to 25.4 % (see Table 21).

**Table 21: Share of employees with temporary contracts**

Country	2008 Q1	2009 Q1	Percentage change compared with the same quarter of the previous year (pp)
<b>EU-27</b>	13.9	13.1	-0.8
<b>Women</b>	14.8	14.0	-0.8
<b>Men</b>	13.2	12.2	-1.0
<b>BE</b>	8.4	8.2	-0.2
<b>BG</b>	4.2	3.8	-0.4
<b>CZ</b>	7.7	7.8	0.1
<b>DK</b>	8.2	8.8	0.6
<b>DE</b>	14.7	14.4	-0.3
<b>EE</b>	2.2	2.0	-0.2
<b>IE</b>	8.1	8.0	-0.1
<b>EL</b>	10.3	11.3	1.0
<b>ES</b>	30.1	25.4	-4.7
<b>FR</b>	14.2	12.9	-1.3
<b>IT</b>	12.8	11.9	-0.9
<b>CY</b>	13.6	12.3	-1.3
<b>LV</b>	2.7	3.0	0.3
<b>LT</b>	2.1	1.6	-0.5
<b>LU</b>	6.3	.	.
<b>HU</b>	7.2	7.1	-0.1
<b>MT</b>	3.5	4.0	0.5
<b>NL</b>	17.9	17.6	-0.3
<b>AT</b>	8.7	8.8	0.1
<b>PL</b>	26.5	25.7	-0.8
<b>PT</b>	22.9	21.5	-1.4



<b>RO</b>	1.3	1.0	-0.3
<b>SI</b>	17.0	14.1	-2.9
<b>SK</b>	4.1	4.0	-0.1
<b>FI</b>	12.9	13.1	0.2
<b>SE</b>	15.4	14.1	-1.3
<b>UK</b>	5.3	5.4	0.1

Source: Quarterly Labour Market Review, Summer 2009; based on LFS adjusted series

**Table 22: Share of employees with temporary contracts by age group and gender, EU-27, First quarter of 2008 and of 2009, %**

	15+	15-24	25-54	55+	15+	15-24	25-54	55+
	Change to 2008q1 (pp)							
<b>Total</b>	12.7	38.7	10.1	7.2	-1.2	-0.7	-1.0	0.0
<b>Women</b>	13.7	38.9	11.2	7.7	-1.1	-0.8	-1.0	0.0
<b>Men</b>	11.9	38.6	9.1	6.8	-1.2	-0.5	-1.1	0.0

Source: Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2009 data, 35/2009, based on LFS;  
Eurostat, Data in Focus, Labour Market Latest Trends – 1st quarter 2008 data, 34/2008, based on LFS

Table 22 reveals that the age group of 55-64 was not affected by any change in the share of employees with temporary employment contracts, while in the prime age group (25 to 54) the reduction was stronger than for those aged 15-24 years.

### *Part-time employment*

The share of part-time employment increased slightly in almost all countries and in the EU-27 from the first quarter 2008 to the first quarter of 2009 (Table 23).

**Table 23: Share of part-time employment**

Country	2008 Q1	2009 Q1	Percentage change compared with the same quarter of the previous year (pp)
<b>EU-27</b>	18.4	18.6	0.2
<b>Women</b>	31.3	31.4	0.1
<b>Men</b>	7.9	8.1	0.2
<b>BE</b>	22.9	23.0	0.1
<b>BG</b>	2.6	2.3	-0.3
<b>CZ</b>	4.9	5.3	0.4
<b>DK</b>	24.3	26.1	1.8
<b>DE</b>	26.1	25.9	-0.2
<b>EE</b>	7.9	10.4	2.5
<b>IE</b>	.	20.5	.
<b>EL</b>	5.8	6.1	0.3
<b>ES</b>	12.0	12.7	0.7
<b>FR</b>	17.3	17.1	-0.2
<b>IT</b>	14.2	14.2	0.0
<b>CY</b>	7.8	8.3	0.5
<b>LV</b>	6.0	9.3	3.3
<b>LT</b>	7.3	8.0	0.7
<b>LU</b>	18.4	.	.
<b>HU</b>	4.3	5.0	0.7
<b>MT</b>	11.0	10.8	-0.2
<b>NL</b>	47.6	48.1	0.5



<b>AT</b>	23.3	24.7	1.4
<b>PL</b>	8.9	8.7	-0.2
<b>PT</b>	12.1	11.7	-0.4
<b>RO</b>	8.9	8.9	0.0
<b>SI</b>	9.3	9.5	0.2
<b>SK</b>	14.3	14.6	0.3
<b>FI</b>	14.3	14.6	0.3
<b>SE</b>	27.0	27.3	0.3
<b>UK</b>	25.4	25.8	0.4

Source: Quarterly Labour Market Review, Summer 2009; based on LFS adjusted series

### *Migrants*

In relation to the effect of the economic crisis on migrant workers, no recent data is available. However, migrant workers seem to be significantly affected by the economic crisis and appear to belong to the group pushed out of employment first and will not find new employment. Quarterly reports for June 2009 from SYSDÉM correspondents in the European Employment Observatory provide a number of examples of displacing third country migrants from their labour markets by national regulations to secure employment for national citizens.

In contrast to the developments over the last years of employment growth, increase in employment and activity rates, decreasing rates of unemployment and long-term employment, the data presented in this section shows very severe effects of the recession. The issue of extraordinary concern is the significant increase in youth unemployment, given all the fatal consequences for integrating these young people into the labour market.



### 3 Differences between the EU Member States in policy responses

#### 3.1 Typology of labour market interventions

Chapter 2.2 presented some data which highlights various substantial new institutional challenges set off by the economic crisis. The statistical analysis of some key data can only indicate employment effects in the early stage due to the time lag described and the anticipated further severe and long-lasting effects of the recession lying still ahead.

The key challenge is to prevent or absorb major labour market and social impacts of the recession. In relation to the already visible significant deterioration of employment growth, the late introduction of anti-crisis measures (e.g. Cyprus, Czech Republic, Greece, Ireland, Denmark) in the Member States – as described in a number of national reports to the study ‘Tackling the recession’ (Mandle 2009) within the European Restructuring Monitor or in the Quarterly reports for the European Employment Observatory – is unexpected. Some of these countries (e.g. Ireland, Lithuania) had already been hit severely by the economic crisis in 2007 as outlined above. In many countries, proposed measures are still in the legislative phase.

The analysis of national responses to the economic crisis has to consider the national diversity across the EU, the different effects the economic crises (already) had and the different national development of instruments to tackle economic cycles and their implementation. In relation to the latter, there are varying stages of development across the Member States. While some countries can look back to labour market instruments developed and implemented over several decades, there are other countries which have just recently implemented such measures or are still in the process of establishing labour market instruments.

Especially most of the old Member States had already existing instruments to deal with specific needs in the current deep recession. In contrast, in many of the new Member States initiatives to tackle the recession have been newly established (Mandle 2009: 3).

The analysis of national policy responses to combat effects of the crisis can be distinguished between:

- Measures aiming primarily at maintaining employment or endeavours to create employment which can be differentiated between generating new jobs (e.g. in new industries such as ‘green’ jobs) and employment creation by means of supportive measures;
- Measures with a short-term effectiveness in dealing immediately with employment or social outcomes of the recession and medium or long-term outcomes tackling structural developments;
- Measures targeted at all workers unemployed and measures tailored to specific groups;
- Measures beneficial to insiders in the employment system (e.g. short-time working schemes) and those also including outsiders or specifically targeted at these groups (e.g. long-term unemployed, young people).

Linking the analysis of the national responses to the recession and the European Employment Strategy, a more detailed distinction is required between:

- Measures undertaken or continued in the framework of implementing the European Employment Strategy, within the National Reform Programmes or Country Specific Recommendations;



- Initiatives adopted as a general reaction to the economic crisis;
- Policies and measures targeted specifically at distinct effects of the economic crisis;
- New/innovative measures based on a general approach to reach the Lisbon targets or even more far-reaching targets.

A report from the European Commission looked at Member States' policy responses and crisis measures for the labour markets (European Commission (a)). It also investigates how far national responses were in line with the long-term strategic reform objectives and future challenges and risks, cross-border spill-over effects and the need for co-ordination at the EU level. It provided a first preliminary assessment of those policies being implemented to support the labour market in Member States' recovery programmes. The report emphasises the need to take into account country-specific crisis circumstances and the particular labour market situation.

The report highlighted the most important objectives in tackling the recession ((European Commission (a): 18): keeping people in employment, reinforcing activation and providing adequate income support, investing in re-training and skills upgrading, ensuring the free movement of workers within the Single Market, supporting measures (e.g. non-wage costs), and tackling youth unemployment.

The report describes some guiding principles and a number of conditions of labour market policies to strike the right balance between short- and long-term employment policy targets and emphasises a number of requirements. Key conditions are to:

- Realise in the case of short-term interventions their time consistency, that is, that they are compatible with long-term policy goals and do not put the brake on recovery;
- Ensure that labour market policies contribute to enhancing employment and growth prospects in the medium term;
- Implement short term measures which are timely and temporary when necessary, and especially well targeted;
- Design policy measures consistent with the flexicurity principles;
- Develop measures designed to prevent job losses which facilitate adjustment and ongoing structural changes;
- Maintain the focus on skills and productivity to secure sustainable, long-term growth in the longer run;
- Avoid that people get trapped in (long-term) unemployment when the economy recovers by fully exploiting the strong complementarities existing between tax and transfer policies and active labour market programmes (European Commission (a): 36).

Labour market and social policy responses to the crisis seem to be very much in accordance with the guiding principles set in the Communication 'Driving European recovery' of 4 March 2009 (CEC (b)). The majority of policy interventions are aimed at improving job placement and investing in training and lifelong learning, improving matching processes and facilitating labour market transition, and stimulating labour demand (European Commission (a): 38). According to the report, 47 % of measures seem to contribute to long term goals and 43 % are in line the Country Specific Recommendations and/or key challenges set in the framework of the Lisbon Strategy. Although efforts of stimulating labour markets appear adequate in terms of policy choices, their intensity seems quite limited in many countries. In some cases, measures lack ambition or are rather isolated (European Commission (a): 39).

On the other hand, about a quarter of the measures are likely to generate considerable spill-over effects on the other Member States. This applies to policies aimed at, for example, reduc-



ing social security contributions or subsidies to working time flexibility (e.g. through short-time work or partial unemployment support). Therefore, there is a need for a stronger EU-level co-ordination to avoid competitive distortions in the internal market (European Commission (a): 20).

The report describes a number of policies and measures which should be avoided because they may risk undermining long-term policy goals or might be difficult to reverse. Measure which should be avoided are:

- Indiscriminate, tax-funded support for jobs in declining industries;
- Large-scale job-creation schemes in the public sector;
- Policies that facilitate economic restructuring by pushing workers in declining sectors out of the labour market through early retirement;
- Revision of employment protection legislation unless these are conducted within an integrated flexicurity approach covering all its components;
- Measures which are likely to have permanent adverse effects on public finances ((European Commission (a): 19).

Interventions to subsidise job creation schemes in the public sector were implemented particularly in the Czech Republic, Hungary, Slovakia and Romania. The report emphasises that such schemes could prove required at a certain stage, in case of very large unemployment growth and to prevent severe social consequences of the crisis. In these cases, they need to be well targeted and properly designed to avoid longer term negative effects on both public budgets and their beneficiaries (European Commission (a): 40).

A study on the medium term employment challenges of the Lisbon Strategy (CEPS 2009) systematically investigated explanations for the huge differences in the performance of different national labour markets in Europe. The researchers explored the strength of institutional factors, such as different types of labour market regulations, and economic factors, such as the types of sectors particularly hit by the recession. For example, the massive job losses in Spain could be explained by the large number of atypical labour contracts or by the importance of the construction sector in the country which was severely hit by the crisis. The research group analysed cross country correlation for the Okun's coefficients with two indicators: the index of employment protection legislation by the World Bank and the share of temporary workers respectively in another calculation the evolution of employment. The conclusion was that institutional factors related to labour market regulation and flexibility are not interrelated with the elasticity of unemployment (CEPS 2009: 91). The findings of the study point to the level of educational attainment as a powerful explanation of transition in the labour market as well as of the related cross-country differences (CEPS 2009: 91).

One conclusion of the study is that 'simply' increasing labour market flexibility in the different countries will be insufficient to enhance the overall future employment performance (CEPS 2009: 91). In relation to the employment strategy for the post-Lisbon period, the researchers emphasise that the strive to increase labour market flexibility has to be complemented by an equally strong endeavours to enhance the security aspects (CEPS 2009: 91).

A study on the greening of the European economy (Broughton 2009) looks at responses and initiatives by Member States and social partners in the background of the EU's policy framework for the green economy (e.g. CEC (d): 2009) and commitments such as to reduce carbon dioxide (CO<sub>2</sub>) emissions. It finds that the green agenda and green policies are more advanced in some countries than in others. A number of governments have undertaken various initiatives in the attempt to stimulate employment in the context of the economic crisis. The study studied a number of sector-specific initiatives from the environmental technology industry,





renewable energy, waste management, construction, transport, agriculture, tourism, automotive sector.

A study on policies supporting renewable energy sources found that achieving the 2020 Energy from Renewable Sources (RES) targets can boost the European economy by a net effect of about 410,000 additional jobs (Ragwitz et. al. 2009).

Links between the skills profiles of the labour force and environmental factors were the subject of a study for the European Commission (Slingenberg et. al. 2008). Up to 21 million jobs in the EU are linked to the environment. The study finds that future employment will be affected in at least four ways:

- Creation of additional jobs in areas such as for example manufacturing pollution-control devices;
- Substitution of employment for example due to shifting from fossil fuels to renewable energy sources;
- Elimination without direct substitution;
- Alteration of many occupations (i.e. plumbers, electricians, metal workers, or construction workers) due to the greening of day-to-day skill sets, work methods and profiles.

The study describes that a number of sectors already face skill shortages. For example, there will not be enough qualified workers to implement the Directive on the energy performance of buildings (Directive 2002/91/EC). Therefore, training of workers in environment-related sectors is a fundamental requirement to deal with the environmental challenges and also to maintain or create jobs. However, the study refers to statistics from Eurostat which reveal that workers in environment-related sectors undertake relatively less lifelong learning activities.

### **3.2 Measures to maintain employment**

The employment guidelines in the European Employment Strategy focus on increasing employment and employability. Nonetheless, measures to maintain employment and tackle negative effects of the economic downturn also build a basis for future increase of employment.

Key policy initiatives undertaken to maintain employment during the recession are training and education measures for those employed, encouraging flexible working-time and partial unemployment to avoid mass lay-offs, and reduction or suspension of non-wage labour costs.

#### *Training support for employed people*

In several Member States, governments support education and training measures for companies' employees during the recession and, in this way, prepare enterprises and employees for economic recovery by taking advantage of the low level of business activity. Measures intend to motivate enterprises to carry out additional training activities. They include (Mandle 2009: 13):

- Advice and consultancy to enterprises;
- Contribution to training costs and/or wages;
- Fixing conditions for training support (often linked to short-time work or other schemes).

#### *Short-time work – partial unemployment*



In some EU Member States, the rise in unemployment has been limited due to attempts to limit the extent of dismissals based on a temporary reduction of working time below contractual agreement, in form of short-time work or partial unemployment subsidised by public funds. In most countries, social partners are strongly involved in these schemes.

In some countries, these schemes are permanent and have already been in place for decades. In other countries, these schemes have been introduced as a reaction to the recession. An ERM report provides an overview on public support for short-time work and temporary lay-off schemes and their provisions (Mandle 2009: 10). Seven Member States (BG, CZ, HU, PT, RO, SI, SK) introduced new schemes and eight Member States (AT, BE, DE, DK, FR, IT, LU, NL) adapted their existing schemes. (Mandle 2009: 10; European Commission (a): 39) The adaptation of schemes was directed towards the duration of the short-time work or partial unemployment, the eligibility, and type and extent of support. In most cases, only employees with a permanent contract are covered by these schemes. In Germany and France, also atypical workers are included. In some countries (AT, HU, NL, SI), a stricter conditionality has been imposed on companies to have access to such schemes. These include, for example, the need for the evidence of falling demand of at least a certain considerable percentage, the commitment not to dismiss workers and a plan for sustained employment after the application of the scheme. These aim to address the potential shortcoming linked to these schemes ((European Commission (a): 39).

The best approach is to combine endeavours to maintain employment with training and enhancing employability. This is an important new feature of such schemes. German employers, for example, who provide their workers on short-time work the opportunity to participate in qualification and training measures, receive a reimbursement of the social security contributions and financial support for the costs of training measures. However, only 40 000 of over a million workers on short-time are in any measure of further training offered by their companies. Budgets set aside are not taken advantage of sufficiently by the companies (Frankfurter Rundschau, 4 September 2009).

Some countries (CZ, NL, SI) have made training in short-time work or partial unemployment compulsory, while others (AT, BE, DE, HU) try to encourage training and enhancing employability by means of incentives ((European Commission (a): 40; Mandle 2009; 13).

Short-time working schemes can be quite effective for a restricted period in buffering effects of economic recession, but do not in itself have a real effect on employment creation. Therefore, it is crucial to look at the potential long-term outcomes of institutional responses and not just at their short-term effectiveness in tackling the effects of the recession. Maintaining employment during recession is very important, but long-term structural changes – as for example in the automotive sector – are not tackled.

Although training measures and enhancing employability in such schemes are favoured, the effectiveness of the training measures can be critical. The training measures will be mainly short and the gain for companies of investing in skills development may not be clear when the future of the company and the workforce is somewhat unsure (Mandle 2009: 14).

#### *Reduction or deferral of non-wage labour costs for current employees*

These measures focus particularly on social security contributions as for example in Bulgaria, Germany, Hungary, and Sweden and aim at a reduction or suspension of non-wage labour cost in order to maintain employment (Mandle 2009: 14).



### **3.3 Measures to create employment or enhance employability**

Creating employment can be based on generating new workplaces for example in new areas or sectors or on supportive state measures to establish new employment opportunities. Some countries (e.g. France, Hungary, Spain) have announced explicit goals for job creation including the creation of green jobs (ILO 2009: 30). However, most of the public initiatives aim at creating new employment opportunities or at enhancing employability.

Key measures to create employment by means of support are:

- improving job placement;
- job matching, counselling and career guidance;
- incentives for companies to employ additional workers
- incentives for companies to employ long-term unemployment, young people or other groups;
- (re-) training of unemployed;
- reinforcing activation;
- cutting labour costs;
- mobility grants;
- supporting self-employment.

Table 24 gives an illustration on some examples of the manifold types of policies and measures aiming at the creation of employment and/or enhancing employability.

One report found that the majority of interventions to create employment as a response to the economic crisis were characterised by a clear targeting to adequately respond to changing needs and priorities (European Commission (a): 40).

Some examples of policy approaches give further impressions on the endeavours of the Member States. The Netherlands developed a country wide network of 'Mobility Centres'. These temporary public-private partnerships aim at intensifying speedy and timely assistance to job seekers and businesses to prevent as much as possible forced lay-offs. The intention is to reinforce the capacity of the Public Employment Service, acting as an on-the-spot labour market facilitator. Employees threatened by unemployment will be assisted in finding a new job, or they will be temporarily sent on secondment at other companies, if necessary, completed by additional education and training (European Employment Observatory (a): 12; European Commission (a): 40).

Spain adopted specific interventions to support workers threatened by mass dismissals in those sectors which had been most severely hit by the crisis. These measures include in-work vocational training, social security rebates to preserve existing jobs, subsidies for job search and mobility (European Commission (a): 40).

A further example of good practice is a comprehensive strategy on employment developed in the United Kingdom, based on the 'New Opportunities' White Paper. This wide-ranging employment package includes a set of various measures, such as increased training offer for unemployed, support in the pre-redundancy phase, extensive support for those unemployed longer than six months, provision of the right support for skills and back-to-work activities for job-seekers, through a staged programme of support.

**Table 24: Policies and measures to create employment and/or enhance employability**

	<b>Job matching, counselling and career guidance</b>
Policy/measure	<i>Improving employment services</i>
Aims/objectives	Matching of supply and demand in the labour market / Target groups: workers seeking employment and companies searching for employees
Examples	ES, UK, DE: Hiring of additional PES staff members DK, EL, FI: better tailoring of the services provided to ease the labour market transition
Policy/measure	<i>Job matching and employment guidance</i>
Aims/objectives	Providing advice and consultancy to jobseekers
Examples	UK: Job-centre Plus offering individual support and tailored training BG: Programme 'New Employment Prospects' as part to the National Action Plan for Employment EE: Opening new centres for working life
Policy/measure	<i>Special target groups</i>
Aims/objectives	Initiatives for certain sectors or groups most severely hit by the recession
Examples	DK: allow unemployed non-skilled persons to take formal educations in areas, where skilled workers are needed, for example, nursing staff
	<b>Incentives for companies to employ additional workers / long-term unemployed</b>
Policy/measure	<i>Financial support to companies employing additional workers</i>
Aims/objectives	Create new or additional jobs
Examples	UK: subsidies for employers hiring workers being unemployed for more than six months
Policy/measure	<b>Reducing non-wage labour costs</b>
Aims/objectives	Reduction of non-wage labour costs for newly hired employees
Examples	FR: Lower social security contributions of companies with fewer than 10 employees for any newly hired worker during 2009 PT: Micro- and small enterprises are exempt from social security contributions for 24 months for hiring long-term unemployed BE: Reduction of employer's contribution (during six months at most) for employers hiring a person aged more than 50 for long term contracts (Flanders)
Policy/measure	<b>Wage subsidies</b>
Aims/objectives	Support for companies hiring laid-off / unemployed people
Examples	HU: Subsidies for hiring employees laid-off by other companies
	<b>Creation of sustainable job perspective for young people</b>
Policy/measure	<i>Programmes for young people</i>
Aims/objectives	Reduction of youth unemployment
Examples	AT: Within 6 months, all unemployed young people (aged 19 to 24 years) will be offered either a job, a tailor-made training or subsidised employment DE: Training bonus for creating additional dual training places for disadvantaged youth – early school leavers, persons from preparatory training measures or bankrupt companies DE: German <i>Länder</i> committed to improve learning capabilities of young migrants
	<b>(Re-)Training of unemployed people</b>
Policy/measure	<i>Enhanced provision of training</i>
Aims/objectives	Providing greater funds, offering more course, changing eligibility criteria to improve access to the training measures
Examples	FR, DE, PT, UK: training programmes for laid-off workers
Policy/measure	<i>Special target groups</i>
Aims/objectives	Focus on particular groups – further qualification or attempt to retain workers in employment



Examples	DE: People older than 25 lacking an occupational qualification; support for training for temporary workers IE: Retain thousands of construction workers in the implementation of green technologies in buildings and carrying out of compliance and energy rating assessments EE: Making those out of the labour market eligible for training provided by the Ministry of Education and Research
Policy/measure	<i>Support for training costs</i>
Aims/objectives	Support for training costs of measure undertaken by private training providers
Examples	BE: Training and continuing education plan for workers, unemployed or temporary layoff workers of 26 sectors ( Flanders) - Financial incentives for training of company's workers
Policy/measure	<i>Additional income support</i>
Aims/objectives	Income support for unemployed who attend (re)training while they are unemployed due to the recession
Examples	FR: Occupational transition contracts – funding of 80 % of their gross income for one year while taking part in training or internships in companies RO: 50 % support on expenses for continuous vocational training for both employees and unemployed AT, PT, SE: Improvement of financial support to access training
Policy/measure	<b>Mobility grants</b>
Aims/objectives	Tackle mismatch of supply and demand – incentives for workers who relocate temporarily by daily commuting or permanently by moving
Examples	BE: Extended tax incentives are offered to employees for commuting SK: Travel and accommodation allowance
Policy/measure	<b>Supporting self-employment</b>
Policy/measure	<i>Advice, consultancy and training</i>
Aims/objectives	Advice and consultancy regarding required procedures for the start-up and the legal, social and economic aspects
Examples	UK: Support for unemployed to set up a business with advice on establishing a business plan and funding in the first months BG, RO: Funding of training measures
Policy/measure	<i>Funding for business start-ups</i>
Aims/objectives	Support newly established business to gain access to finance
Examples	AT, LT, PT, UK: introduced or extended subsidies for business start-ups

Sources: Mandle 2009; European Employment Observatory, Quarterly Reports, June 2009, Executive Summary; European Employment Observatory (b), Quarterly Reports from the SYSDM Correspondents (for all 27 EU Member States), June 2009; National contributions from the correspondents in the European Restructuring Monitor to the comparative analytical study 'Tackling the recession', 2009; ILO 2009; European Commission (a)



## **4 Implications of the economic crisis for European employment policies in the post-Lisbon period**

### **4.1 *Medium-term effects to the economic crisis for the formulation of the European Employment Strategy in the post-Lisbon period***

#### **4.1.1 Different outcomes of the economic crisis for Member States**

The analysis above of some key data on employment revealed a different impact of the economic crisis on the Member States. The Member States, which are affected most in terms of negative employment growth, decrease in employment rates, strong increase in unemployment and dramatic increase in youth unemployment, are the three Baltic countries, Spain and Ireland. Four of these countries (Spain, Lithuania, Latvia and Ireland) are among the six countries in which the onset of unemployment was already in 2007. The other two countries in which unemployment started to increase in 2007 (Luxembourg and Italy) were less affected, although Luxembourg is also affected by an already considerable increase in long-term unemployment. The only exception among these countries is Italy, where the already high level of long-term unemployment remained unchanged. Spain, Lithuania, Latvia, Ireland are also the Member States with already dramatic rates and an extreme increase of youth unemployment.

One explanation for the early onset and a massive increase of unemployment in Spain, Lithuania, Ireland, Estonia, and Latvia is the huge relative importance of the construction sector. The construction sector was among the first sectors severely hit by the deep recession. Latvia, Lithuania, Spain and Estonia as well as Romania and Slovakia had to face the strongest decline in employment in industrial activities. Looking at the share of Member States with an increase of unemployment in the EU, Spain has the highest percentage (in addition to the UK and France).

The marked differences in effects of the economic crisis between the Member States show strong difficulties some countries are facing and the need for particular support. Still, the major impact of the economic crisis on the labour markets lies still ahead. Considering the time lag between the economic downturn and the effects on employment, and the even longer time gap between economic recovery and achieving pre-crisis employment levels, it seems too early to capture the force of destruction of employment and to anticipate the full impact on all Member States. Additionally, in many Member States labour market instruments such as short-time work or partial unemployment could buffer the effects of the crisis for some time and the mass dismissals are just starting or re anticipated for the next months.

A fundamental question in the current situation and in the formulation of the European Employment Strategy in the post-Lisbon period is how the effects of the economic crisis on employment creation can be detected, when there are obviously considerable time lags in seeing the visible evidence of effects in full and how this can guide the policy strategy development.

#### **4.1.2 The significance of the economic crisis for the European Employment Strategy policy framework**

In view of the employment effects of the economic crisis, a stronger emphasis on Employment Guidelines within the Integrated Guidelines is imperative. Economic recovery is consid-





erably faster than the recovery on the labour markets as historical experiences with past recessions illustrate. As the current recession is anticipated to have particularly long-lasting and grave effects on the labour markets a rebalancing of the Integrated Guidelines could support a faster and sustained recovery of the labour markets. As the statistical analysis and economic forecast already demonstrated, the achievements and improvements in the goals of the European Employment strategy are already reversed. Therefore, an even stronger emphasis on employment growth is a political necessity.

The thesis that the policy developments within the European Employment Strategy have been and will be favourable for absorbing even more destructive effects of the economic downturn (e.g. European Commission (a): 34) is comprehensible. The policy framework, despite all weaknesses and failures to achieve all the 2010 targets, is not only unique in international comparison but a fundament to develop and back up future employment policies to overcome the effects of the recession and advance the long-term strategic goals.

One indication that the European Employment Strategy already provided a good policy framework are the differing unemployment figures for the EU and US (Table 7). An analysis detecting decisive elements and dimensions of the policy framework, contributing to the comparable better performance in terms of tackling unemployment could be one determinant for the future formulation of the European Employment Strategy in the post-Lisbon period and a concept for an integrated crisis management.

Until 2010, the EU will not achieve the strategic goal ‘... to become the most competitive and dynamic knowledge-based economy in the world, capable of strong, continuous and non-inflationary economic growth with more and better jobs and greater social cohesion’ (Lisbon European Council, March 2000) but the EU evidently developed a policy framework favourable to tackle the recession. The last OECD Economic Survey on the EU (OECD 2009) emphasised the ability of an immediate proactive response of the EU to the economic crisis.

The effects of the crisis are of different importance for the formulation of the priorities, employment guidelines and related indicators. The further development and revision of the European Employment Strategy in the post-Lisbon period can build on experiences and reflections over the last decade, including a rebalancing of objectives and integration of new strategic goals. The post-Lisbon formulation of the European Employment Strategy should combine a continuation and a further development of the already existing policy framework, integrate new challenges and strategic goals, and, at the same time, consider the need to tackle the recession in an integrated and coordinated approach in the medium-term.

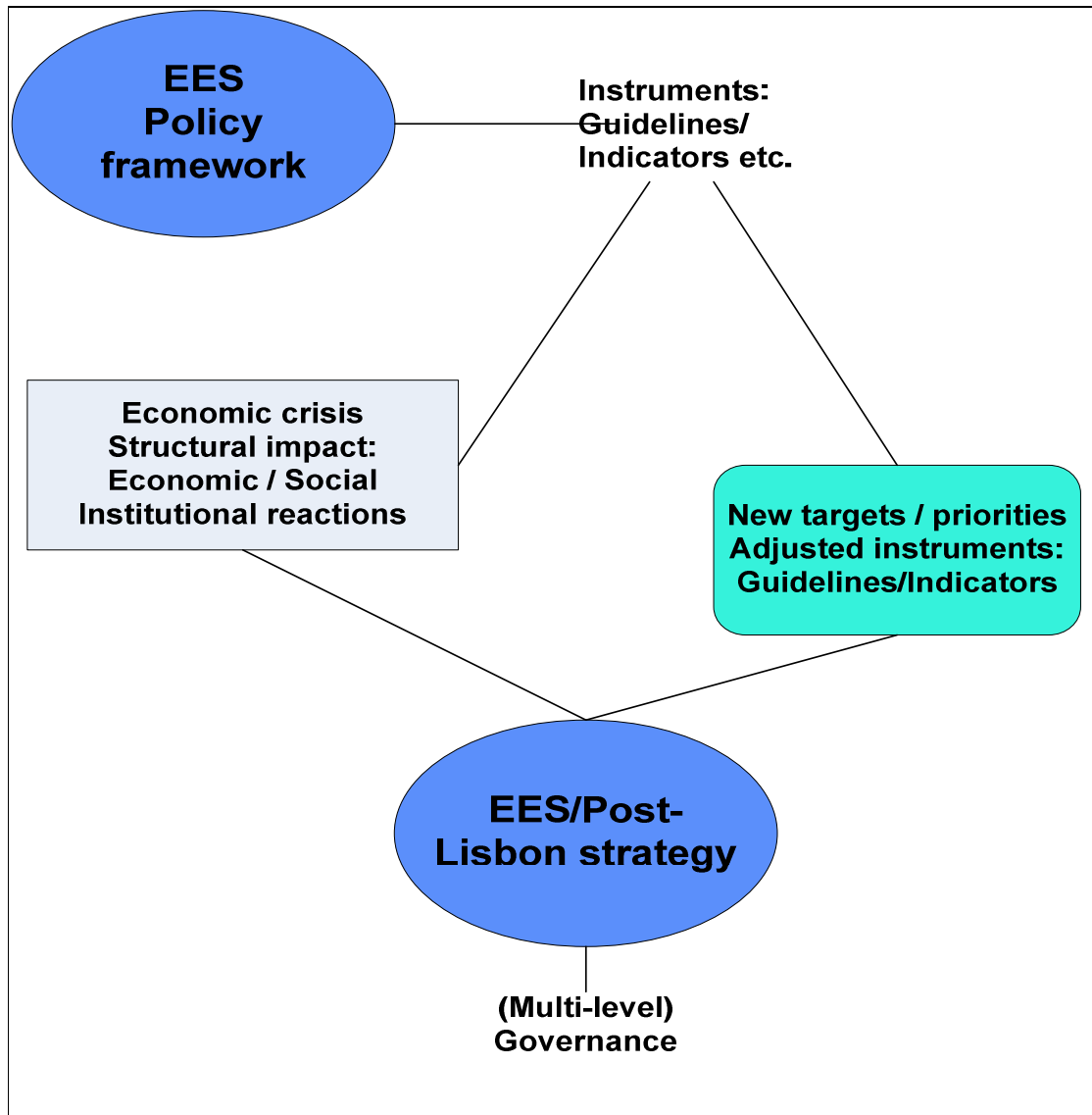
Considering the statistical data on the significant deterioration of employment growth, the massive increase of unemployment and youth unemployment and the medium-term impact of the recession, it is clear that the European Employment Strategy cannot proceed with a ‘business as usual’ approach in the post-Lisbon period. Cyclical developments are inherent elements of economies and have a multi-dimensional and quite uneven impact on obstacles and barriers for employment performance. Therefore, the focus should be on an integration of crisis management in an employment policy strategy, rather than on isolated measures to tackle the effects. An integrated anti-crisis management demands two elements:

- Strategic policies and instruments tackling the current recession at the labour market with a view to both the specific needs on Member States and the set-up of an EU policy coordination, and
- A long-term integration of anti-crisis strategies into the post-Lisbon strategy formulation to prevent or smooth out the labour market effects of potential future recessions.



Also, the new and emerging issues for the European Employment Strategy in the post-Lisbon period – as already discussed in various policy contexts – such as low-carbon economy or demographic ageing have to be integrated. As this is not the focus of this thematic paper, these issues will only be discussed with a view to the effects of the economic crisis.

The following illustrates the policy context for the EES in the post-Lisbon period.



Starting from the existing European Employment Strategy policy framework, the first step will be an analysis of the existing instruments. Considerations on formulation of the European Employment Strategy in the post-Lisbon period have to be combined with knowledge on the effects of the economic crisis and its potential structural economic and social impact and institutional reaction to tackle the recession. The information basis to be used is the monitoring and analytical indicators, developed over the last decade, and new or revised indicators. The formulation of the European Employment Strategy in the post-Lisbon period includes both adjusted instruments and long-term new priorities and targets and short-term or medium-term





targets to overcome the effects of the economic crisis. An improved governance and ownership of the strategy is even more central to successfully tackling the recession and fostering the strategic objectives in the long run.

The deep recession displays more openly underlying structural problems and challenges and makes policy issues and weaknesses of policy strategies more evident. The formulation of the European Employment Strategy in the post-Lisbon period must be set up even more anticipatory on the one side and more long-term oriented on the other side.

Although the economic crisis has disrupted progress achieved towards the objectives of the Lisbon Strategy, past experience gives evidence that economic crisis can provide impetus for introducing longer term structural reforms by demonstrating the limitations of existing policies (OECD 2009).

The strategic concepts must be more forward looking and include shifts of employment between sectors and occupation. The development of the sectors and occupations should be constantly monitored and analysed and integrate gender-related as well as demographic trends. One focus should be on the potential of, for example, the future development of 'green jobs' or the digital sector and the implementation of a coordinated policy approach for employment to achieve global competitiveness.

## ***4.2 European Employment Strategy framework***

### **4.2.1 Priorities of the European Employment Strategy**

A fundamental decision is whether policies to tackle effects of the crisis should be integrated in a revision of the European Employment Strategy after 2010 or whether specific programmes should be set up. As the severe economic crisis led to a disruption of the progress achieved under the European Employment Strategy, the formulation of the European Employment Strategy has to build on the new situation and further anticipated challenges. Policies to effectively tackling the recession have to be combined with the long-term strategic objectives as well as new challenges and according key priorities.

The current employment guidelines, part of the Integrated Guidelines for 2008-2010, formulate as key priorities the following:

- Full employment,
- Improving quality and productivity at work,
- Strengthening economic, social and territorial cohesion.

In principle, these key priorities are also relevant to tackle the recession and achieve future progress regarding the European Employment Strategy.

**Full employment** must remain the key objective despite of the dramatically rising unemployment figures and strongly declining employment growth in the EU and in particular in a number of Member States. The priority should be divided in a phased approach: avoiding any further increase and tackling of long-term and youth unemployment, regain pre-crisis employment levels in the medium-term (next half decade), and achieving full employment over the next decade.

**Improving quality and productivity at work** and fully exploiting the synergies between quality at work, productivity and employment is a priority which is in line with achieving the strategic long-term objectives of the European Employment Strategy. It is also of central importance for an integrated anti-crisis management within the strategy and in the short-term with a recovery of labour markets and new employment growth.



**Strengthening economic, social and territorial cohesion** are of uttermost importance both for achieving the long-term strategic employment goals and for dealing with the social consequences of the economic crisis. This applies to the increased need of strengthening and reinforcing social cohesion, fighting poverty, preventing long-term unemployment traps and exclusion from the labour market and support of integration of people at disadvantage into employment. On the background of the growing regional disparities in terms of employment and unemployment, efforts to efficiently support Member States lagging behind and particularly concerned by the recession are fundamental for the economic and social future of Europe and strengthening the internal market.

Two further priorities should be included:

- Achieving **sustained growth and development** based on **increased innovation** and social reforms fully taking into account environmental issues is a central forward looking priority in the context of globalisation.
- Striving for and speeding up efforts to achieve **a green economy and exploit the job creation potential** is suitable to address various key problems the EU is currently facing, in particular, the effects of the recession and environmental issues.

Furthermore, supporting gender mainstreaming and the promotion of gender equality, addressing the demographic challenge, combating discrimination, and active inclusion remain fundamental issues for the formulation of the European Employment Strategy in the post-Lisbon period, irrespective of the effects of the economic crisis.

As particular groups are differently affected by the effects of the deep recession, European employment policies should not abate their endeavours for improving employment rates and labour market participation policies for groups currently less affected. Placing more attention to some groups at the expense of other groups would hamper long-term strategic objectives. Examples could be policies for the younger people at the expense of efforts for older workers and active ageing or attempts to weaken policies for raising female employment in order maintain men in employment. The same applies to the group of third-country migrant workers. Such approaches would question the policy framework of the European Employment Strategy, and the future achievements of employment policies as well as the European Social Model. The conceptual keystone should be to look at structural developments of sectors, regions, occupations, skills and the required policy responses to enhance labour market performance and not be to look at a group-by-group outcome of the recession. Otherwise, the severe economic crisis would have a stronger impact on European labour markets than those being induced by the economic downturn itself.

#### **4.2.2 Targets and benchmarks in the framework of the European Employment Strategy**

In the context of the framework of the European Employment Strategy some key targets and benchmarks have been agreed and set. The following analysis will look at these targets and benchmarks and discuss the potential impact of the economic crisis on achieving these targets and benchmarks. Furthermore, the significance of these targets and benchmarks for the formulation of the European Employment Strategy in the post-Lisbon period and potentially more urgent targets and benchmarks in the context of the already visible and anticipated outcome for the labour markets will be discussed.

In relation to the targets and benchmarks, a first step is to look at the currently visible progress and likelihood to achieve the benchmarks by 2010. A second step will consider whether



the current set of targets and benchmark should be modified in relation to the effects of the economic crisis. The considerations will not include general long-term objectives, which are not related to the effects of the economic crisis. Table 25 presents some proposals for urgent new targets and benchmarks before looking at the existing targets and benchmarks.

The current key targets and benchmarks are both appropriate to re-enhance employment performance and to tackle the recession. In the case of most of the targets and benchmarks, no recent data on the possible impact of the economic crisis is available. Some of the targets and benchmarks gained even more importance regarding the already visible outcomes of the deep recession on the labour markets. Additional targets and benchmarks focus on the social effects in terms of the trends of unemployment, a better matching of supply and demand on the labour market and focus on future jobs and societal challenges.

Endeavours to achieve the targets and the benchmarks in a phased approach are essential for the future of the European Employment Strategy. However, there are examples, such as the Danish government announcing that, because of the crisis, the reforms recommended by the labour market committee will not be implemented (Planet Labour 4 September 2009, [http://www.planetlabor.com/?set\\_language=en&cl=en](http://www.planetlabor.com/?set_language=en&cl=en)). If such decisions are or have been taken in other Member States, the economic crisis may in this way slow down the implementation of reform programmes and indirectly the implementation of the targets and benchmarks set in the framework of the European Employment Strategy.

**Table 25: Newly proposed and current targets and benchmarks of the European Employment Strategy**

<b>Proposed new targets and benchmarks</b>	
Targets and benchmarks	<i>Unemployment rates will be reduced to at least – the pre-crisis level of – 7.0 % by 2015</i>
Targets and benchmarks	<i>Youth unemployment rates will reduced to 20 % by 2012, to 15 % by 2015, to 10 % by 2020</i>
Targets and benchmarks	<i>Long-term unemployment will be reduced to – the pre-crisis level (2008 q4) of – 2.5 % by 2015</i>
Targets and benchmarks	<i>Endeavours on matching of supply and demand for jobs and occupations in area with skill shortages will be reinforced and supported by comprehensive policy sets on education and training.</i>
Targets and benchmarks	<i>A particular – to be specified – percentage of jobs will be achieved in new ‘green sub-sectors’</i>
Targets and benchmarks	<i>A particular – to be specified – percentage of jobs will be achieved in new technology sectors</i>
Targets and benchmarks	<i>A particular – to be specified – percentage will be achieved in life-long learning specifically targeted at ‘green skills’ to fulfil environmental commitments</i>
Targets and benchmarks	<i>Jobs and occupations in the care sector will be made more attractive by enhancing employment and working conditions and strengthening occupational profiles. Labour demand (skills shortages) in the care sector will be reduced to a certain – to be specified – percentage.</i>
<b>Current targets and benchmarks</b>	
Targets and benchmarks	<i>Every unemployed person is offered a job, apprenticeship, additional training or other employability measure; in the case of young persons who have left school within no more than 4 months by 2010 and in the case of adults within no more than 12 months</i>
Effects of the crisis and relevance of the targets and benchmarks	There is no recent information on the impact of the recession. The latest data on according LMP measures covers the year pre-crisis year 2007. It is based on national data and harmonised European data is not available. As there is only data for some countries, it is even difficult to assess the situation in the year 2007
Formulation of the EES in the post-Lisbon period	The targets and benchmarks should be renewed and endeavours to fulfil them should be strongly reinforced with regards to the raising levels of unemployment.
Targets and benchmarks	<i>25 % of long-term unemployment should participate by 2010 in an active measure</i>



	<i>in the form of training, retraining, work practice, or other employability measure, with the aim of achieving the average of the three most advanced Member States</i>
Effects of the crisis and relevance of the targets and benchmarks	There is no recent information on the impact of the recession. The latest data on according LMP measures covers the year pre-crisis year 2007. It is based on national data and harmonised European data is not available. As there is only data for some countries it is difficult to assess even the situation in the year 2007
Formulation of the EES in the post-Lisbon period	The targets and benchmarks should be renewed and endeavours to fulfil the benchmarks should be strongly reinforced with regards to the anticipated raising levels of long-term unemployment.
<i>Targets and benchmarks</i>	<i>Jobseekers throughout the EU are able to consult all job vacancies advertised through Member States' employment services</i>
Effects of the crisis and relevance of the targets and benchmarks	Possibly the economic crisis led to an intensification of endeavours based of extended measures and increased staff for employment services induced by the recession in many countries (see for example the Quarterly reports of the EEO national correspondents) This issue is more important than ever to tackle unemployment and improve matching on the labour market.
Formulation of the EES in the post-Lisbon period	The target should be renewed.
<i>Targets and benchmarks</i>	<i>An increase by five years, at EU level, of the effective average exit age from the labour market by 2010 compared to 2001</i>
Effects of the crisis and relevance of the targets and benchmarks	There is no recent information on the impact of the recession. The latest information published by Eurostat is annual data for the year 2007. In general: the benchmark for 2010 seems not to be in reach. The figures for the EU-27 for 2007 (provisional values) in comparison to 2001: Total: 2001 – 59.9 2007 – 61.2 years Female: 2001 – 59.4 2007 – 60.5 years Males: 2001 – 60.4 2007 – 61.9 years There is a danger that early retirement scheme will increasingly be used in the case of downsizing of the workforce in the recession. A number of national reports (EEO, ERM, EIRO) provide information of the use of early retirement as 'anti-crisis measures'.
Formulation of the EES in the post-Lisbon period	The target and benchmark must be renewed and a new deadline set. <i>An increase by five years, at EU level, of the effective average exit age from the labour market by 2015 compared to 2000</i> The target must be emphasised in the formulation of the EES and a particular warning to misuse early retirement or other schemes in the crisis should underline the strategic objective.
<i>Targets and benchmarks</i>	<i>The provision of childcare by 2010 to at least 90 % of children between 3 years old and the mandatory school age and at least 33 % of children under 3 years of age</i>
Effects of the crisis and relevance of the targets and benchmarks	There is no recent information on the impact of the recession. The latest available data annual data for the year 2007. The annual data for 2007 and the slow improvement of the figures question if the benchmarks can be achieved. The figures (all provisional values) for 2007 (and for 2005 in brackets) for EU25 are: Less than 3 years/1-29 hours weekly: 17 % (14 %) Less than 3 years/30 or more hours weekly: 13 % (11 %) Less than 3 years/no formal childcare: 71 % (74 %) Between 3 years and compulsory school age/1-29 hours weekly: 43 % (44 %) Between 3 years and compulsory school age/30 hours or more weekly: 41 % (38 %) Between 3 years and compulsory school age/no formal childcare: 16 % (18 %) The current raising unemployment combined with a lack or required provision of childcare for job-seekers will lead to a disruption of employment and cause long-term barriers to raise employment levels.
Formulation of the EES in the post-Lisbon period	Endeavours to achieve the benchmarks must be strongly reinforced. The benchmarks should be set with annual benchmarks.



<i>Targets and benchmarks</i>	<i>An EU average rate of no more than 10 % early school leavers</i>
Effects of the crisis and relevance of the targets and benchmarks	<p>There is no recent information on the impact of the recession on the achievements with regard to the benchmark. The latest figures published by Eurostat are the annual figures for the year 2007. In the EU-27 the percentage for early school leavers was still 15.2 % in total (as already in the year 2006). According to gender the figures were 13.2 % for women (13.1 % in 2006) and 17.2 % for men (17.3 % in 2006). Therefore, the benchmark of 10 % for 2010 seems to be out of reach.</p> <p>In view of the dramatic increase of youth unemployment endeavours regarding this targets and achieving the benchmarks must be strongly reinforced. The fact that male young people are more strongly affected by an increase in unemployment may partially be explained by the high percentage of early school leavers.</p> <p>The achieved reduction from 17.6 % in the year 2000 to 15.2 % in the EU-27 in the year 2007 has cushioned the impact of the economic crisis somewhat but was totally insufficient in general and to avoid youth unemployment and integration of young people in employment.</p>
Formulation of the EES in the post-Lisbon period	<p>Renewal of this target and benchmark with new deadlines.</p> <p><i>An EU average rate of no more than 12 % early school leavers by 2012</i></p> <p><i>An EU average rate of no more than 10 % early school leavers by 2014</i></p>
<i>Targets and benchmarks</i>	<i>At least 85 % of 22-year olds in the EU should have completed upper secondary education by 2010</i>
Effects of the crisis and relevance of the targets and benchmarks	<p>There is no recent information on the impact of the recession.</p> <p>The figure is 78.5 % in the EU-27 for 2008. The benchmark for the year 2010 cannot be reached (see also Table 20 'Youth education attainment level by gender, 2008'). The significant national differences have already been discussed in the context of youth unemployment. The achieved increase from 76.6 % in the year 2000 to 78.5 % in the year 2008 is insufficient.</p> <p>With regard to the effects of the economic crisis and the dramatic increase of youth unemployment endeavours to improve the percentages have to be strongly reinforced.</p> <p>A general remark: it is not clear why the benchmark refers to 22-year olds when the indicator for youth education attainment level refers to the percentage of the population aged 20 to 24 having completed at least upper secondary education.</p>
Formulation of the EES in the post-Lisbon period	<p>The target and benchmark should be renewed with a new deadlines in two stages:</p> <p><i>At least 80 % of 22-year olds in the EU should have completed upper secondary education by 2012</i></p> <p><i>At least 85 % of 22-year olds in the EU should have completed upper secondary education by 2015</i></p>
<i>Targets and benchmarks</i>	<i>That the EU average level of participation in lifelong learning should be at least 12.5 % of the adult working-age population (25 to 64 age group).</i>
Effects of the crisis and relevance of the targets and benchmarks	<p>Recent information on the impact of the recession on participation in lifelong learning is not available. The annual figure for 2008 (provisional value) was 9.6 % in the EU-27. The figure for women was 10.4 % and for men 8.7 %. The total figure and the figures for women and men all increased by 0.1 percentage points from 2007 to 2008. However, the figures declined in comparison to values already achieved in 2004 and 2005. The benchmark of at least 12.5 % in 2010 is out of reach.</p> <p>It is difficult to predict the impact of the economic crisis, i.e. whether the crisis triggered more participation in education and training or if the restricted public and private household budgets might have caused a decline.</p> <p>Endeavours to increase the participation in lifelong learning must be reinforced.</p>
Formulation of the EES in the post-Lisbon period	<p>The target and benchmark should be renewed with a new deadlines in two stages:</p> <p><i>The EU average level of participation in lifelong learning should be at least 10.5 % of the adult working-age population (25 to 64 age group) by 2012.</i></p> <p><i>The EU average level of participation in lifelong learning should be at least 12.5 % of the adult working-age population (25 to 64 age group by 2015).</i></p>





### 4.2.3 Employment guidelines

In view of the severity of the economic crisis and the anticipated long time period for the recovery of the labour markets, the set of employment guidelines within the Integrated Guidelines has to be adapted and, where required, extended. The following discussion of the employment guidelines focuses on the impact of the recession on the formulation of the employment guidelines and does not include a general analysis of the set of indicators for the future European Employment Strategy in the post-Lisbon period. Strengthening the coherence of the existing set of employment guidelines and strengthening the profile of the single guidelines in line with the key objectives is a more general task. In view of the additional challenges posed by the economic crisis, one general consideration is to achieve a clearer differentiation between the employment guidelines and include cross-references among the employment guidelines where required.

*Integrated Guideline 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion*

The deep recession had a strong impact on the employment rates. From the year 2000 to 2008 the overall employment rate improved from 62.2 % to 65.9 %. With a forecast of 60.5 % for 2010 the employment will fall back to the level of 2005. Endeavours must be strengthened to achieve the pre-crisis level in the short-term and the benchmark of 70 % at latest by 2012.

The 2010 benchmark of a female employment rate of 60 % was almost achieved in the third quarter of 2008 with 59.5 %. However, the figure declined as an outcome of the crisis, although less strongly than the corresponding figure for men. New benchmarks should support endeavours to raise the female employment rate. The benchmark of 60 % should be achieved by 2012. Further the benchmark for 2015 should be set at 62 % and for 2020 at 65 %. The fact that female employment rates were (until now) less effected by the economic crisis than those of men should not disrupt efforts to raise female employment rates to boost employment in the EU and at the same time to foster gender equality in the long run.

The employment rate of older workers rose by 8.5 percentage points from 36.9 % in the year 2000 to 45.6 % in the year 2008. There was also still an increase of 0.7 percentage points (Table 17) from the first quarter in 2008 to the first quarter in 2009. Nevertheless, the 2010 benchmark of 60 % is out of reach.

In general, the conclusion is that the 2010 benchmarks for the employment rates cannot be reached. This requires continuing efforts to increase employment performance.

The target of reducing unemployment must be modified. The first objective is to avoid a further increase of unemployment and in particular of long-term unemployment. In a second step the unemployment policies must strive to return to the pre-crisis level and in a third step to further reduce unemployment and achieve full employment. In a short-term perspective, long-term unemployment is the main trend. The core efforts have to be concentrated on avoiding an increase of long-term unemployment (see also proposed Integrated Guideline 25).

*Integrated Guideline 18: Promote a lifecycle approach to work*

New issues brought by the economic crisis are to avoid a further increase of youth unemployment (see also proposed Integrated Guideline 25) and strong emphasis on endeavours to bring young people into employment, education and training.



Endeavours to secure pathways for future employment have to be included in a comprehensive policy set ranging from tackling early school leaving, raising the educational attainment level, support the transition from school to work or from apprenticeship to standard employment, and targeted vocational guidance – preferably in occupations and sectors with good future prospects.

Among others, this guideline requests ‘resolute action to ... reduce gender gaps in .... pay’. Although the gender pay gap has an impact of female activity and employment rates, the attempt to tackle the gender pay gap has to take place in a broader policy framework. The gender pay gap is primarily a problem of wage structures and collective bargaining and should be tackled within this policy field (see Integrated Guideline 22). Latest statistical data on the gender pay gap is only available for the year 2007. Therefore, the potential effect of the economic crisis cannot be analysed. Nevertheless, the assumption is that the economic crisis has a negative effect on narrowing the gender pay gap. Either the gap will tend to be persistent or it will even widen further. The structural indicator is now based on a harmonised source and defines the gender pay gap as the difference between women’s and men’s average gross hourly earnings as a percentage of men’s average gross hourly earnings. Data based on the Structure of Earnings Survey reveals that, although there is a slight reduction of the gap from 17.7 % in 2006 to 17.5 % (provisional value) in 2007, the gap widened in the 12 Member States in the same time period. In 8 Member States the gap remained unchanged. Only in a minority of 7 Member States a slight reduction of the gap is observable (Eurostat, Structural indicators, Gender pay gap in unadjusted form).

Active ageing and discouragement of early retirement still have to be improved considerably, especially in relation to the slow progress achieved in terms of key targets and benchmarks (see Table 25). In view of information available that in the context of the economic crisis older people are increasingly pushed out of employment by means of early retirement, efforts to keep older workers in employment have to be strongly reinforced.

*Integrated Guideline 19: Ensure inclusive labour markets, enhance work attractiveness; make work pay for job-seekers, including disadvantaged people, and the inactive*

In the background of the effects of the economic crisis, labour market policies must shift from a focus on insiders on the labour market (e.g. widespread short-time and partial unemployment schemes) to an inclusive policy for outsiders. In the case of support by means of short-time work or partial unemployment, training measures provided by the companies must be made mandatory.

ALMP measures should be focussed as far as possible on job creation. In the context of support measures of job creation, budgets should anticipate long-term impact of measure for increasing employment and enhancing employability. Job creation can be differentiated between interventions for short-term job creation to get people out of unemployment and long-term unemployment traps and interventions for job creation anticipating long-term effects for increasing employment and enhancing employability.

Eurostat data (Gagel 2009 (a)) revealed that direct job creation measures – i.e. interventions that create additional jobs – accounted for 14.6 % of EU expenditure on ‘active’ labour market policy or 4.1 % of total LMP in 2007. Direct job creation measures were declining in importance compared to other types of LMP measure in most Member States and in some Member States (Cyprus, Netherlands and Sweden) this type of measure is not used. In terms of gender there are no marked differences, but the share of young participants is – in some countries significantly – lower than the average. Long-term unemployed were more often placed in direct job creation measures.



The average costs of direct job creation measures are more than double the cost for all types of LMP measures. Given the sharp increase in unemployment in many Member States, these measures are of central importance, but might decline further in relation to other spending, in particular unemployment benefits. Therefore, it is important to focus on avoiding a circle of lack of job creation measures and further rising unemployment.

*Integrated Guideline 20: Improve matching of labour market needs*

All policy measures listed for the Integrated Guideline 20 are of high importance for dealing with the effects of the crisis. All endeavours must be strongly reinforced.

*Integrated Guideline 21: Promote flexibility combined with employment security and reduce labour market segmentation; having due regard to the role of the social partners*

As an effect of the economic crisis, there is a real risk of an increase in labour market segmentation. Therefore, interventions have to tackle these outcomes in advance. Addressing the issue of undeclared work will likewise require more efforts.

In promoting flexicurity, the balance between flexibility and security is substantial.

Under this guideline, the aspect of anticipation and positive management of change should achieve more attention and interventions must be inherent elements of a comprehensive approach (see also proposed Integrated Guidelines 26, 27 and 28). This issue is systematically of different nature than the other issues discussed under this guideline. The potential of job creation is of central importance for the future European Employment Strategy.

In the context anti-crisis management, the current recession revealed that sectors already declining over a longer period of time seem to be hit most severely. Therefore, the focus of policies should shift from supporting workers in declining sectors to attract workers to other sectors which are growing or newly emerging with good future prospects, informed vocational guidance and education and training measures.

*Integrated Guideline 22: Ensure employment-friendly labour cost developments and wage-setting mechanism*

As regards the aspect of non-wage labour costs the economic crisis led to unwanted spill-over effects in relation to other Member States. Therefore, the guideline should be adapted with regard to a stronger cross-national and EU level coordination.

*Integrated Guideline 23: Expand and improve investment in human capital*

Central in the context of this guideline is the effectiveness of investing in human capital. More emphasis should be placed on targeted vocational training in line with forward looking occupational profiles and sectoral developments.

The introductory explanations should be updated. This refers for example to the sentence 'Knowledge-based and service-based economies require different skills from traditional industries'. The so-called traditional industries are an imprecise term and the formulation is obsolete. More important is that the industrial sectors (for example the automotive sector) to a strong degree changed to knowledge intensive sectors requiring more and more skills and competences. A more precise description considering occupational and production developments is required here (see also proposed Integrated Guideline 26).

Remark: The date of 2010 given in the text for implementing the European Qualification Framework is incorrect. The deadline is now 2012.

*Integrated Guideline 24: Adapt education and training systems in response to new competence requirements*





More emphasis must be placed on having targeted education and training across the sectors and occupations. For example, ‘knowledge-based economy and society’ is a too broad concept to be a useful reference point.

All in all, the focus of this Integrated Guideline on adapting education and training *systems* must be complemented by a stronger focus on detecting the required new competence and on instruments to forecast skills needs.

Beyond the existing integrated employment guidelines, further considerations on recent issues have to be either integrated into the set of guidelines and related indicators and/or extended by additional guidelines and indicators. Some important issues, which are related to dealing with the employment effects of the current recession in the medium-term and policy concepts and instruments to prevent or cushion the impact of future recessions, request a rethinking and conceptual further development. Below are some suggestions for such revisions and rethinking.

*Integrated Guideline 25: Tackling youth unemployment and long-term unemployment*

As a response to the most severe outcomes of the economic crisis, youth unemployment and long-term unemployment have to be tackled with the highest priority.

Extensive economic stimulus packages, short-time working or partial unemployment schemes focus primarily on maintaining employment for insiders on the labour market. For outsiders of the labour market, such as young or long-term unemployed people, measure to (re-)integrate in the employment system must be well-designed. A comprehensive set of policies must combine pro-active measures to create originate new employment (see Integrated Guidelines 26, 27 and 28), ALMP measures, and concepts of targeted qualification and training.

Achieving benchmarks as proposed in Table 25 to overcome high levels of youth unemployment and long-term unemployment are of central importance to re-build pre-crisis employment levels and to avoid long-term consequences of exclusion from employment for young people and long-term unemployed.

*Integrated Guideline 26: Managing change, sectoral employment, and occupational developments*

The issue of industrial change appears to be underexposed in the employment related Integrated Guidelines. The economic crisis revealed that sectors which were already declining for a long time are severely hit by the current recession. This requires, on the one hand, a complex future warning system and related informed recommendations for managing change. On the other hand, it underlines the need to foster employment in new emerging sectors or in still growing sectors.

Furthermore, occupational developments are underrepresented in the employment policy framework. The category ‘occupation’ does not really play a role in the guidelines and in the set of indicators. Therefore, the significance of occupational structures and employment development is not captured, although there are important relevant issues which require monitoring and analysis. For example, looking at the severely hit automotive industry, a consideration of occupational developments would provide more precise insights on the employment effects and the policy approaches. Studies (e.g. Ward 2008) show the growing importance of high-level jobs for employment in the sector. While skilled occupations such as mechanics, tool makers, metal moulders, electricians etc. were diminishing occupations over the last decades, the importance of others (such as engineers and computer specialists) increased. Indicators only looking at the number of workers and their educational attainment alone do not give



information on such structural developments. Indicators should also include occupations and their developments beyond skills and competence needs.

The reluctance to develop occupation related indicators may be a result of the lack of a harmonised detailed European occupational classification system. The ISCO-08 classification is insufficient for such analysis. It includes only 433 occupations and entails a gender bias. A first step in the right direction might be considering and further developing the results of the 6<sup>th</sup> Research Framework Project 'EurOccupations' ([www.eurooccupations.org](http://www.eurooccupations.org)) and its 5-digit occupational classification, with 1 600 occupations and detailed data on 150 occupations for eight European countries. Additionally, in many countries, using the platforms of European cooperation, social partners are closely cooperating on the development of occupations, jointly with national authorities. Additionally, the endeavours around the European Qualification Framework (EQF) could be a source of information. The EQF will relate different countries' national qualifications systems and frameworks together around a common European reference. By 2012 Member States have to ensure that individual qualification certificates bear a reference to the appropriate EQF level.

Considering these occupation-related activities could also enhance governance and ownership of the European Employment Strategy.

#### *Integrated Guideline 27: Green economy*

Achieving the green economy in the EUs entails a huge potential for the creation of new employment as well as the need to develop sufficient 'green skills' to achieve the environmental targets and to foster employment performance.

This includes a broad range of areas such as the impact of significantly increasing renewable energies, new technologies and innovative products as well as changes to jobs linked to the environment. Sectors concerned are, for example, environmental technology, renewable energy, waste management, construction, transport, tourism, agriculture or the automotive industry. Strengthening occupational profiles and including these required skills and competences in the education and further training is required.

The creation of green jobs and adapting occupations across the sectors strongly depends on mastering the challenge to provide adequate and sufficient skills, qualifications and competences. The Member States should undertake initiatives to stimulate employment in the context of the economic crisis by well-designed and targeted measures to deal with the environmental challenges and re-establishing pre-crisis employment levels in the medium-term. This requires focusing on the links between skills profiles of the labour force and environmental factors.

#### *Integrated Guideline 28: Tackling skills shortages*

Despite sharply raising levels of unemployment, skill shortages in a number of areas – foremost, the care sector – remain a problem. A mix of measures is required to improve the matching of supply and demand in the labour markets. An important issue to tackle skill shortages is to enhance the attractiveness of sectors and workplaces by improving both employment and working conditions as well as occupational profiles. Anticipating future skills and competence needs, occupational guidance, and provision of initial vocational training, and adequate further education and training are important elements to avoid skills shortages.

Other important areas of skills shortage are environment-related sectors and occupations. In relation to high unemployment in the construction sector, it is imperative to combine ALMP measures with targeted training measures to enable workers to acquire skills to perform tasks



which are needed to implement, for example, the Directive on the energy performance of buildings (Directive 2002/91/EC). One example for an initiative in Ireland is given in Table 24 (see also proposed Integrated Guideline 27).

In relation to already existing or anticipated skills shortages, for example, in crafts and engineering occupations, endeavors should focus on detecting these skills shortages, comprehensive occupational guidance and involving all stakeholders in expanding education and training measures.

#### 4.2.4 Monitoring and analytical indicators

In general, the existing set of indicators should be analysed and further developed in line with the existing employment guidelines and policy framework of the European Employment strategy respectively its post-Lisbon formulation. This should build on the work by EMCO (EMCO 2009 (a and c)).

An additional approach could be to develop specific indicators for monitoring distinctively national policy responses to the crisis, their effects within the Member States and their European level impacts on the development of employment. In relation to the expected recovery of the labour markets from the recession over the next four to five years and the severe impact of the crisis on some of the Member States or sectors, particular composite indicators could be recommended both for monitoring and analysis. The analytical results should help to prevent severe impacts and give information on how to overcome structural impacts potentially induced by future economic crises.

The following provides some considerations in the framework of existing and proposed Integrated Guidelines.

##### *Integrated Guideline 17*

Composite analytical indicators could provide more insight in the underlying structural developments which led to the decrease in employment rates and the increase in unemployment. This information could support specific political endeavours for a faster recovery of the labour market and analysis of the future policy needs. Such composite analytical indicators should desegregate the highly aggregated figures of employment rates and should also focus to achieve full employment, improve quality and productivity of work.

##### *Integrated Guideline 18*

Reports on a dramatic increase of unemployment rates of young people and older workers (e.g. Germany, UK) are related to Guideline 18. However, the reason for increased unemployment rates differs considerably between both groups. In particular, in the case of young people, the key reasons are either the missing access to employment or a lower degree of employment protection. In the case of older workers, the use of early retirement schemes as an 'anti-crisis' measure needs to be addressed.

In relation to youth unemployment and support for active ageing, composite analytical indicators could provide more information for underlying structural developments and for future policy guidance than the highly aggregated monitoring indicators.

##### *Integrated Guideline 19*

Indicators related in particular to the implementation of ALMP are key for monitoring and analysing the crisis effects and recovery progress.



As described by the Employment Committee (EMCO 2009a) new indicators have been developed for monitoring and analysing of active and preventive labour market measures, building on comparable data from the Labour Market Policy (LMP) database and the EU Labour Force Survey. For ‘regular activation’ and ‘LMP expenditures’, harmonised data is now available for 26 Member States. The Employment Committee states that additional work is still needed to improve the timeliness and completeness of data in the LMP database and that further investigations should take place on indicators developed in a Public Employment Services network.

In the background of the massive pressure on ALMP caused by the recession, further acceleration of indicator development and the inclusion of additional aspects are necessary – in particular dealing with national policy responses and their national and European effects in relation to European Employment Strategy and post-Lisbon targets.

#### *Integrated Guideline 20*

Guideline 20 is also of central importance in terms of tackling economic crisis. The Employment Committee (EMCO 2009a) notes that data quality is still a major problem for migration statistics and LFS data are used until better migration data is available.

An improvement for monitoring is seen in the ‘Vacancy per unemployed’ indicator since the data quality has improved.

#### *Integrated Guideline 21*

A key structural factor in the economic crisis – and also its differentiated impacts on Member States – is the how it affects the different sectors. The sectoral developments are not considered in the employment related Integrated Guidelines. Closest to this issue is Guideline 21, which deals with better anticipation and positive management of change, including restructuring.

Guideline 21, in combination with Guideline 5, requests to achieve an adjustment capacity in labour and product markets in response to globalisation, technological advances, demand shift, and cyclical changes. The Employment Committee provided a specific report on monitoring and analysis of flexicurity policies (EMCO 2009 b). Integrated flexicurity policies are considered an important tool for dealing with the effects of the economic crisis. The report presents a description on how flexicurity policies can be monitored and analysed within the present framework of the European Employment Strategy indicators. It comments that the monitoring of economic restructuring still needs to be reviewed. This is a further fundamental issue in terms of monitoring and analysing effects of economic crisis and future policies.

#### *Integrated Guideline 22*

In this context, it would be reasonable to look at the many arrangements developed at the national level, often with support of the social partners, as response to the economic crisis and how far these are reflected in the indicators and how far they are in line with the general policy recommendations. Nevertheless, if particular patterns of measures turn out to be implemented in many countries, this could be reflected in future monitoring or analytical indicators.

#### *Integrated Guideline 23*

In the quarterly reports by the SYSDM correspondents and in the reports of the correspondents in the European Restructuring Monitor (ERM), policies aiming at education and training policies, lifelong learning strategies and enhancing occupational qualification are a recurrent issue, as well as policies aiming at reducing the number of early school leavers. These measures are not specifically developed as a response to the recession, but the approach is to take



advantage of time not worked to learn and train. The efficiency of such measures – often provided at the company level – must be in the foreground of related monitoring.

#### *Integrated Guideline 24*

In relation to Guideline 24 indicators, the newly introduced indicator aiming at forecasting future skills needs (expansion, replacement and total demand) is of central importance for future developments and an integrated crisis management approach. Furthermore, the proposed indicators on the access to e-skills as well as the development of ‘green’ skills indicator are relevant for future employment creation.

#### *Integrated Guideline 25*

In addition to the existing indicators, composite indicators should be developed.

#### *Integrated Guideline 26*

New monitoring and analytical indicators have to be developed. A detailed analysis and forecast regarding the sectoral specialisation across European countries and regions combined with monitoring and analysing of the development in the sector could support future policy formulation and provide an instrument to control and tackle possible demand shifts and cyclical developments. The aim should be to detect the underlying structural developments below the highly aggregated employment rates or other figures. Composite indicators for monitoring and analysing sectoral developments should be combined with appropriate indicator for sector-related skills need and developments of occupational structures.

In relation to the sector-related skills and competencies needs, a number of forward-looking sectoral analyses have been undertaken for the European Commission. The reports of the sector studies on New Skills and New Jobs in the sectors provide detailed information on sectoral developments ((e.g.: Gelderblom, A., 2009; Davydenko, I., 2009; Giessen, A., 2009; Zee, F. 2009). Combined with databases from Eurostat, such information could provide to appropriate analytical indicators. Furthermore, a sector and occupation related analysis should include a reference to the age and gender structures.

An additional approach could be to develop special composite indicators to analyse the effects of the crisis. For example, the monitoring of employment and unemployment as structural effect of a severe crisis might combine information on national, regional, sectoral, and other personal (gender, qualification, contractual status etc.) factors. Such specific indicators and the modification and combination of existing indicators should supplement the standard set of indicators. The focus should be on issues which became or will still become evident in the course of the recovery of the labour markets.

As the key determinants for the current recession are cross-country sectoral and also regional weaknesses, indicator-based information should overcome national limitations – at least for analytical purposes – in the long run, to reflect developments which might not be visible in national data or harmonised European data based on the national data sets.

#### *Integrated Guideline 27*

New monitoring and analytical indicators have to be developed. The indicators should provide information on the progress on achieving the 2020 targets on energy from renewable sources and the outcome for employment as regards the number of new workplaces as well as structural features such as gender, age, qualification, training.

#### *Integrated Guideline 28*



New monitoring and analytical indicators have to be developed. They have to focus both on the supply and demand side of the labour market and should provide an instrument to forecast future developments.

### ***4.3 Governance and ownership of the European Employment Strategy and coordination of national policy responses to the economic crisis***

A conclusion of the analysis for the formulation of the European Employment Strategy in the post-Lisbon period in the context of the economic crisis is the need for a stronger integration of policy strategies and instruments as well as well-functioning governance and coordination processes.

In the general introduction to the Employment Guidelines 2008-2010, the objective of good governance of employment and social policies is emphasised to ensure a successful implementation of the strategic objectives. In relation to the challenges posed by the economic crisis, good functioning governance is even more important. The document mentions a number of preconditions for good governance, such as a broad partnership for change, fully involving parliamentary bodies and stakeholders, including at the regional and local level, social partners and civil society organisations, but does not give any indication how a better governance and a stronger ownership can be achieved.

In terms of the European Employment Strategy as a governance mode in practice, there seems to be a striking dichotomy between those Member States which use governance process largely to report what is already in progress and those Member States that use the obligation to draft strategies as a way of re-thinking policy approaches (CEPS 2009: 96).

Two different strands of suggestions emerged in the political discussion regarding the European Employment Strategy in the post-Lisbon period and policy responses to the economic crisis. Multilevel governance or a decentralisation of governance and an increased ownership at the national, regional and local level is on the agenda for the post-Lisbon period. The Committee of the Regions' White Paper on Multi-level Governance defines multi-level governance as '... coordinated action by the EU, the Member States and local and regional authorities, based on partnership and aimed at drawing up and implementing EU policies.' (Committee of the Regions (b)) The Committee of the Regions states that about 70 % of the measures in the European Employment Strategy are implemented at the regional or local level. An analysis of National Progress Reports on the National Reform Programmes within the European Employment Strategy shows that this regional and local involvement in implementing the strategy is not reflected in an adequate way.

The concept of multi-level governance is also understood as a process of both decentralisation of decision-making to sub-national levels of government and of centralisation of new powers at the supranational level. Besides this territorial concept of multi-level governance, 'level' can also be understood as any sort of task-specific policy network that interacts with other networks (Conzelmann 2008: 12).

A report by the European Economic and Social Committee to the 2008 spring European Council examined the contribution of the civil society to the Lisbon process governance. The report criticised national government consultation processes and the extent of engagement with civil society as unsatisfactory, despite efforts to promote a wider ownership. The report





emphasises that involving the social partners is not sufficient and that there should be more systematic efforts to also involve civil society organisations.

The request for a more intensely coordinated policy response at the EU level is a reaction to national responses to the economic crisis and the risk of unilateral national actions. This issue was raised in the context of the European Economic Recovery Plan as a precondition for a successful policy strategy to deal with the economic crisis. The Commission report underlines the need of a coordinated policy response at EU level. The analysis showed that about a quarter of the measures taken by Member States are likely to generate considerable spill-over effects on other Member States. This applies particularly to policies aimed at for example reducing social security contributions and subsidies to working time flexibility. A stronger EU level coordination is required to avoid competitive distortion in the internal market (European Commission (b): 41).

On the first sight, there is a contradiction and inconsistency between an increased need of policy coordination at the EU level of the national policy responses to the crisis and the need for achieving a stronger degree of decentralisation of governance and ownership at the national or regional/local level, including social partners and other relevant actors of the civil society. But a stronger coordination between the Member States and at the EU level as well as a stronger involvement at all levels in all steps of the policy cycle are compatible and a precondition to master the challenges of the post-Lisbon European Employment Strategy and tackling the recession. Multi-level governance processes and a stronger ownership can support the required coordination. A set of agreed priorities, guidelines, targets and benchmark and recommendations supplemented by agreed principles regarding national policy reactions to the recession is fundamental to achieve the objectives of full employment and territorial cohesion in the internal market.

A number of factors call for a more intense and targeted coordination across the Member States and at EU level. There is a high risk that the current recession will encourage Member States to consider unilateral action with negative spill-over effects that could seriously undermine the European Employment Strategy. Coping with such risks demands an effective coordination between Member States (European Commission (a): 35). An analysis of the measures mentioned in the various national reports of the networks of the European Employment Observatory and European Restructuring Monitor supports the need for policy coordination.

Furthermore, some Member States joining the EU in 2004 and 2007 developed and implemented recession-related labour market instruments later and have fewer experiences in this field. Some of the measures taken are innovative and can be good models also for other Member States, but this situation creates even more diversity between the Member States. Therefore, a better coordination between the Member States and at the European level is crucial for a European response to the global crisis.

The impact of the crisis on employment is, in general, more a question of sectors and of regions than of Member States. Policy coordination at the European level is vital as this is the central institutional response to a global economic crisis with cross-country sectoral or regional effects on employment.

The employment (and unemployment) challenge triggered by the recent recession cannot be solved by the individual Member States despite the varying degrees in which the countries have (already) been hit by the economic crisis. A revival of the Open Method of Coordination could meet the increasing diversity among the Member States in terms of employment performance set off by the recession and reconcile specific national conditions with policy responses at the EU level. Further mutual learning, a critical exchange between the Member



States and a look beyond national boundaries, has the potential to strengthen cohesion and consider the specific national needs due to the different consequences of the economic crisis.

The explicit encouragement of Member States and a renewed recommendation to improve governance and achieve stronger ownership in the context of dealing with the employment effects of the economic crisis includes:

- Involving more strongly all territorial levels of government, social partners and civil society in the entire governance cycle and OMC implementation, including the early stage of formulation of the policy;
- Fostering more strongly network cooperation – also cross-country – on endeavours to tackle youth unemployment and long-term unemployment as well as on creation of employment.

Beyond benchmarking, a stronger implementation of peer reviews and mutual learning could support forward-looking responses to the challenges of the economic crisis and to promote economic and employment growth in the medium and long run. Besides learning from good practices, information and transparency – supported by the existing and further developed monitoring and analytical indicators – can assist National Reform Programmes and the implementation of Country Specific Recommendations.

In the background of a combined policy concept to tackle effects of the recession in a phased approach in the medium-term and to foster the long-term objectives of European Employment Strategy in the post-Lisbon period, the instruments used in the policy process should be extended. Country-specific Integrated Recommendations should combine general recommendations related to the long-term strategic objective with specific anti-crisis recommendations. The recommendations for National Reform Programmes should include concrete goals, monitoring indicators, and timetables.

The National Progress Report should include specific sections on effects of the economic crisis and policy strategies developed, and according experiences and progress. An alternative instrument of anti-crisis management could be brief specific interim reports on the most severe outcomes of the economic crisis on employment and social inclusion and measures taken.





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