

Labour market policies and the crisis

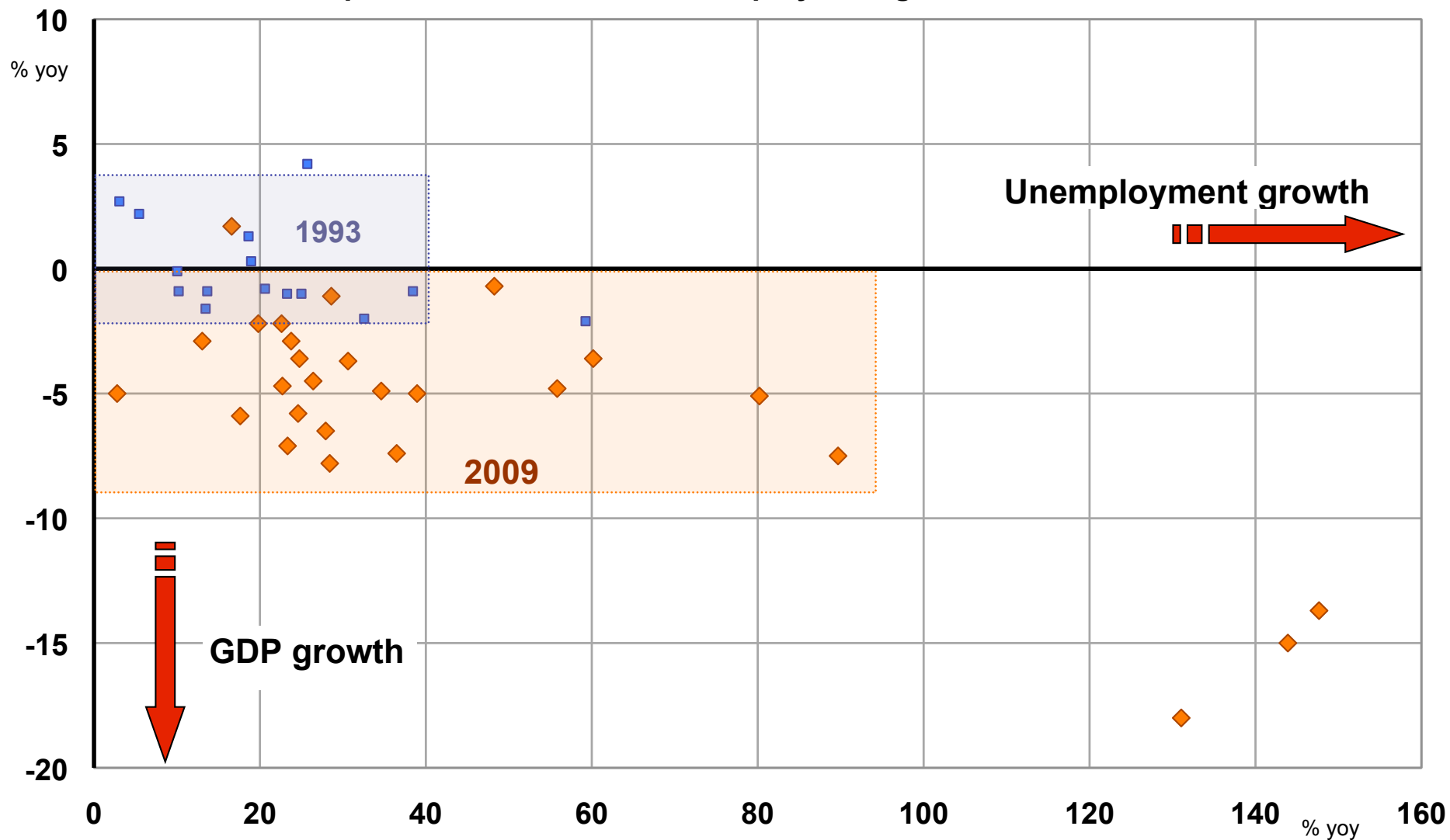
Looking for best practices in the EU

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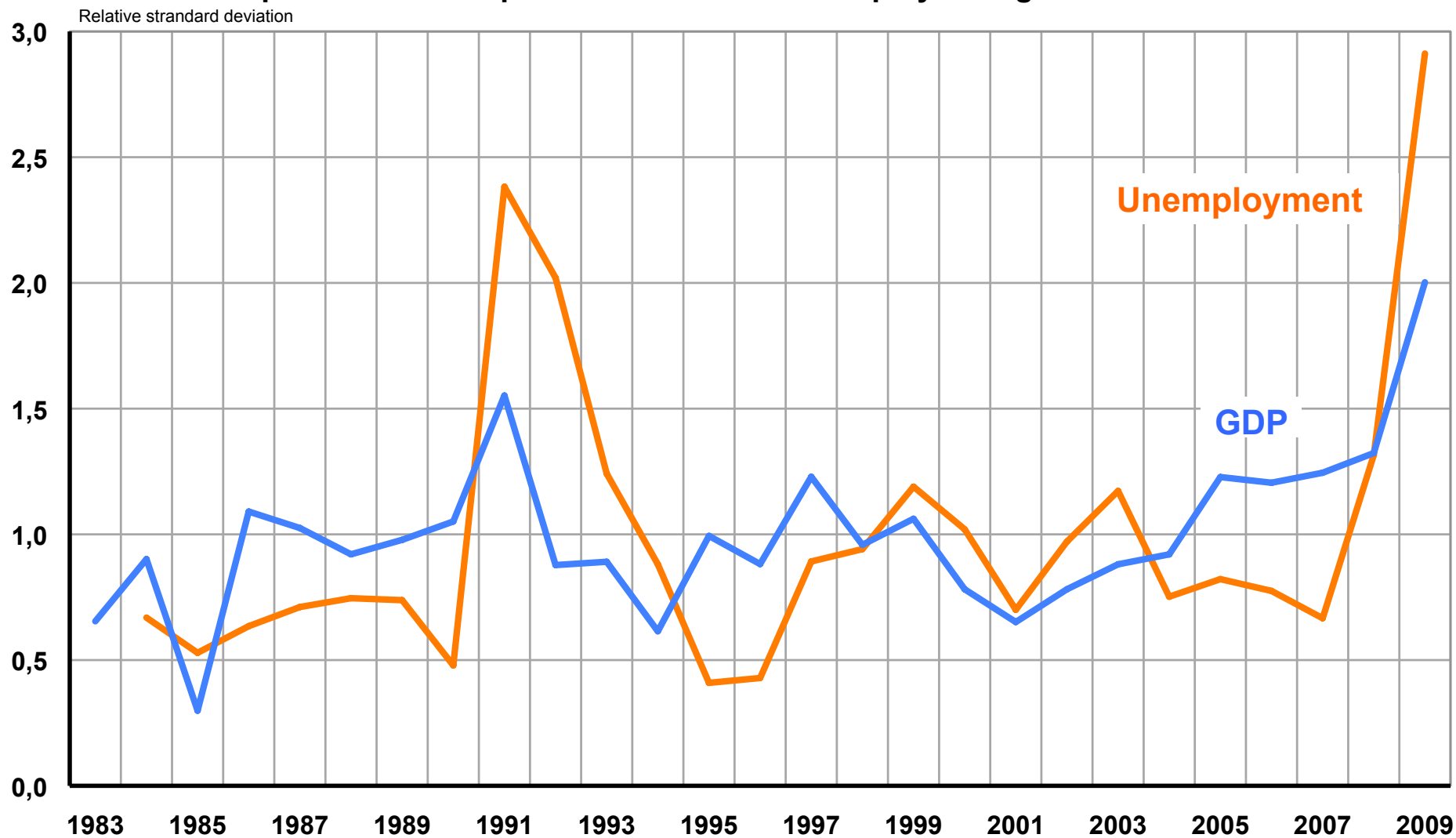
The deepest crisis ever

European Union : GDP and Unemployment growth rates 1993 & 2009



Unprecedented disparities among MS

European Union : Disparities in GDP and Unemployment growth rates 1983-2009



Sources : Eurostat, OECD, author's calculations

Sources of disparities

- **Different starting points**
 - Structural situation : fiscal situation, firms competitiveness, labour market rigidity / adaptability, etc.
- **Exposure to crisis factors**
 - Financial sector, real estate, export or credit dependent growth, etc.
- **Exposure to recovery engines**
 - Exports to emerging countries, € or not €, etc.
- **Differences in recovery packages**
 - Type, size, timing
 - Policy mix : automatic stabilizers & discretionary policies
 - Some instruments are more “cooperative” in open economies (e.g. short time working schemes for multinational firms, etc.). Coordination is desirable to improve their efficiency.

MS anti-crisis plans: same toolbox, different uses

TABLE 10.2.1

Labour market and social protection measures in Member States' recovery programmes

	Member States	Number of Member States	Number of measures	Consistency with principles/criteria		
				high	medium	low
Improving job placement and investing in re-training	AT, BE, BG, CZ, DK, DE, EL, ES, FI, FR, HU, IE, IT, MT, NL, PT, RO, SE, SI, SK, UK	21	64	33	33	0
Reinforcing activation	AT, BE, BG, CZ, DK, DE, EL, ES, FI, FR, IE, IT, LT, LU, MT, PL, SE, SI, SK	19	34	8	31	0
Supporting household purchasing power	AT, BE, BG, DK, DE, ES, FI, FR, IT, LU, LV, MT, PL, PT, RO, SE, SK, UK	18	48	4	42	1
Supporting employment by cutting labour costs	AT, BE, BG, DK, DE, ES, FR, HU, LT, LU, LV, NL, PT, RO, SE, SI, SK	17	35	11	28	0
Encouraging flexible working-time	AT, BE, BG, CY, CZ, DK, DE, FR, HU, IT, LT, LU, NL, PT, SI, SK	18	20	15	5	1
Mitigating the impact of financial crisis on individuals	AT, BG, CZ, EE, ES, FI, FR, HU, IE, IT, LT, LU, PT	13	27	1	25	0
Maintaining/reinforcing social protection	BE, BG, EL, FI, FR, IE, IT, LV, PT, RO, SE, UK	12	21	4	17	1
Others	AT, BE, CZ, DK, EE, FI, FR, LT, LV, RO, SE	11	12	1	7	3
Enhancing education and life-long learning	T, BG, DK, DE, LT, PT, SE	7	10	4	10	0
Revising EPL in line with flexicurity	BG, EE, CY, LT	4	2	2	2	0

Source : *European Economy* 7/2009

Is a “best practice” relevant to address heterogeneity ?

- **Is there one cure against all diseases?**
- **A pure best practice approach**
 - One size fits all solution
 - Same instrument to solve different problems
- **A tailored approach**
 - Same toolbox for each Member State
 - Same set of instruments tailored to address national specific problems & crisis intensity. Maximise results at MS level
- **A common approach**
 - A unique toolbox for Member States and the EU
 - Instruments tailored to maximise results and minimise cost both for Member States and the EU, making full use of interdependence.

Lessons

Strengths

- **Policy guidance**
 - European Employment Strategy / Guidelines
 - 10 years of mutual learning also pays also for anti crisis plans
- **Clear focus**
 - Increase participation and employment rates
 - Avoid structural unemployment
 - Strengthen human capital
- **Policymakers' skills & culture**



Right actions without coordination

This is EU's best practice

Weaknesses

- **Descriptive follow up**
 - Descriptive monthly reports
 - No analysis
- **Weak mutual learning**
 - No substantial comparison
 - No evaluation
 - No selection of the more cost-effective tools



No cost-efficiency maximization

No guidance for deeper coordination