



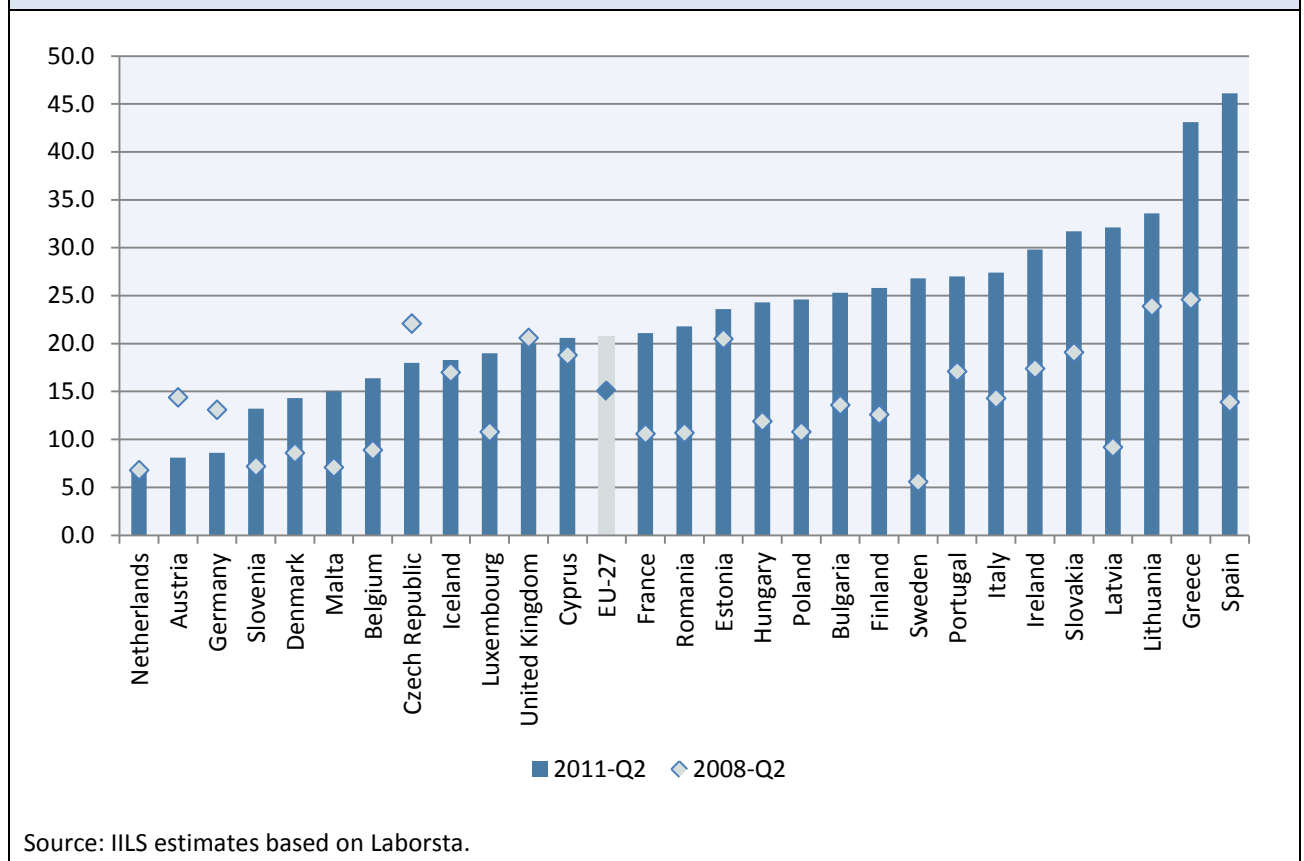
# World of Work 2011

## Snapshot of the European Union

### Employment growth in the EU remains weak...

- As of the first quarter 2011, the EU-27 still needed to create another 4.6 million jobs to reach pre-crisis levels.
- Given the deteriorating labour market conditions, long-term unemployment (12 months or longer) is on the rise: as of the second quarter 2011 there were 9.4 million long-term unemployed in the EU-27. This is 0.7 million more than one year ago and 3 million more than in 2008.
- A particular challenge for the EU-27 is the increase in the share of jobless youth. The rate of unemployment among youth aged 15-24 stood at 20 per cent in the second quarter of 2011, which is more than 5 percentage points above the rate in 2008. Moreover, in some instances – Greece and Spain – the unemployment rate has exceeded 40 per cent (Figure 1).

Figure 1. Youth unemployment rate, Q2 2008 – Q2 2011

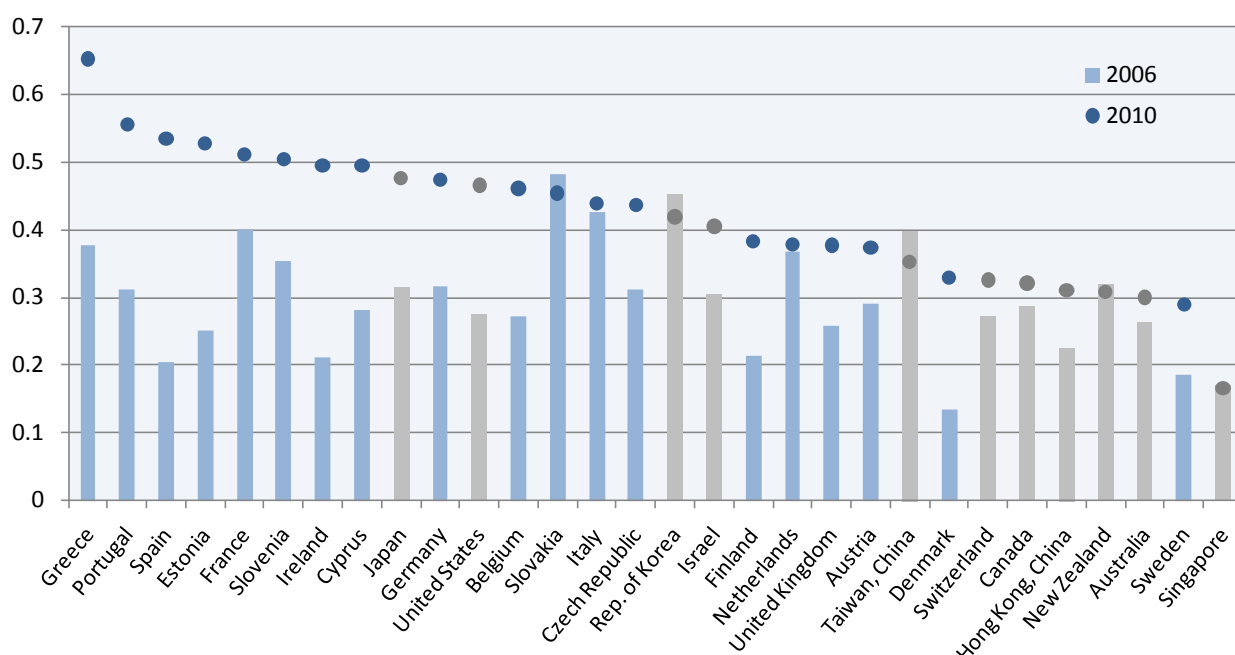


Source: IILS estimates based on Laborsta.

*...meanwhile, social unrest is on the rise across the EU...*

- Against the backdrop of weakening labour market conditions, the social climate in the EU continues to erode. Indeed, nearly all countries in the EU show an increase in the estimated risk of social unrest, most notably Greece, Portugal, Spain, Estonia, France, Slovenia, and Ireland (Figure 2).

**Figure 2. Estimates of social unrest: Change between 2006 and 2010, advanced economies (scale of 0 to 1)**



Note: Blue bars refer to the EU countries, and grey bars refer to the non-EU countries. See the World of Work Report for details regarding the methodology.

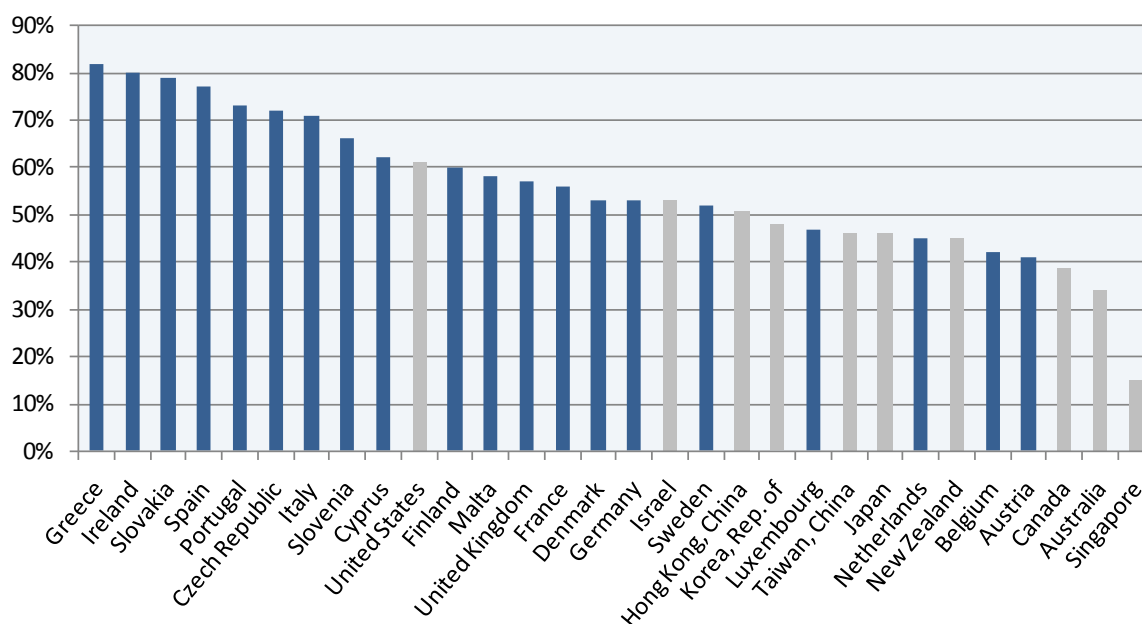
Source: ILS estimates based on Gallup World Poll Data, 2011.

*...stemming from a deteriorating confidence in government, growing dissatisfaction with the job market, and pessimism about standard of living...*

- Confidence in government remains low in most of the EU-27 countries, in some cases aggravated by measures to deregulate labour markets and diminish social dialogue and workers' rights. In Greece and Portugal, for example, confidence in governments in 2010 was below 30 per cent and in countries such as Spain, Czech Rep., Slovakia, Ireland and Italy it is slightly above 30 per cent. In stark contrast, confidence in national government is at or above 60 per cent in countries such as Denmark, Netherlands, and Sweden.
- Moreover, there is a growing dissatisfaction with the job market. The problem is particularly acute in Greece, Italy, Portugal, Slovakia, Slovenia, and Spain, where more than 70 per cent of survey respondents reported dissatisfaction with the available job opportunities (Figure 3).

- Meanwhile a large fraction of the population in the EU countries perceives that their standard of living is getting worse. For example, in Greece and Portugal, 60 per cent of the people reported that their life is getting worse. Likewise, in Spain and Slovenia, close to 50 per cent reported the same thing.

**Figure 3. Dissatisfaction with the availability of good jobs, 2010**



Note: Blue bars refer to the EU countries, and grey bars refer to the non-EU countries.

Source: ILS estimates based on Gallup World Poll Data, 2011.

### *Going forward: How to make markets work for jobs*

- *Focus on jobs:* Governments have the responsibility of putting jobs back on top of the global agenda. A range of measures inspired by the ILO Global Jobs Pact exists, which can be quickly mobilized before the window of opportunity for leveraging job creation and income generation is closed.
- *Link wages with productivity:* It is important to ensure a closer connection between wages and productivity for a fairer distribution of the economic gains. Well-designed minimum wages and collective bargaining can contribute effectively to this.
- *Support to real investment:* There is the need to restore credit to viable SMEs, which are key drivers of employment creation in the EU. In the EU, the net percentage of banks reporting a tightening of lending standards has remained positive throughout 2011, and when firms in the EU were asked about the most pressing problem they faced between September 2010 and February 2011, one-fifth of small firms reported lack of adequate access to finance. Targeted support could take the form credit guarantees, the deployment of mediators to examine credit request denied to small firms and providing liquidity directly to banks to finance operations of small enterprises.

- *Broadening the tax base:* The Report notes that there is considerable scope for broadening tax bases such as on property and some financial transactions. These measures would enhance economic efficiency and help share the burden of adjustment more equitably, thus contributing to appease social tensions.
- *Enhanced social dialogue:* At times of crises, protecting worker rights is critical, especially given that labour market deregulation can exacerbate labour market duality and increase the number of vulnerable groups. In this respect, social dialogue is central for improving working conditions and making the recovery sustainable. Indeed, labour market and social policies are often more effective when implemented through effective social dialogue.

*World of Work 2011: Making markets work for jobs is available at ([www.ilo.org/INST](http://www.ilo.org/INST)). For further comment, journalists are invited to contact Raymond Torres tel: +41 22 799 7908; email: [torresr@ilo.org](mailto:torresr@ilo.org). Director of the ILO's International Institute for Labour Studies.*