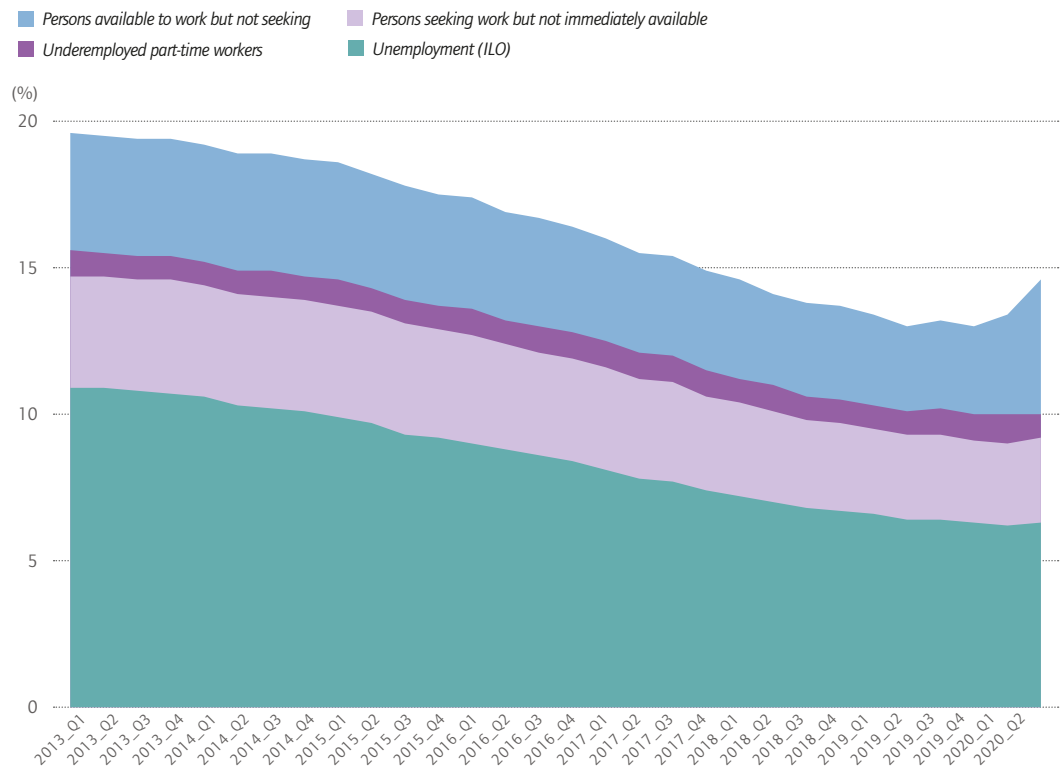


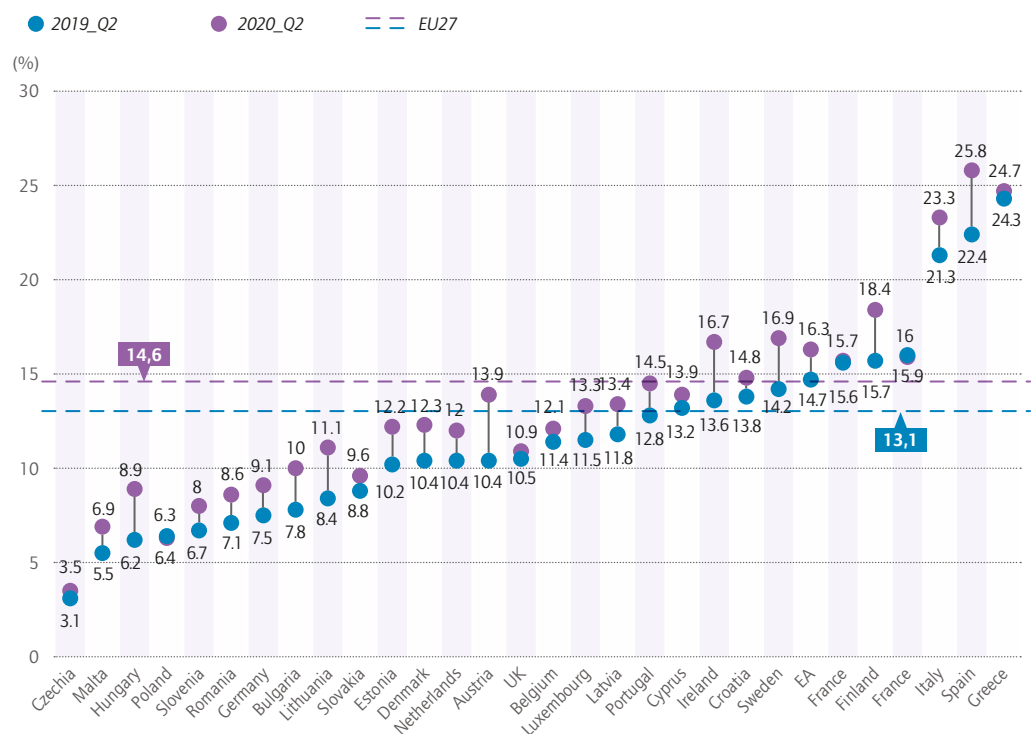
An increasing underutilisation of the labour supply

Figure 1.8 Labour market slack (% of extended labour force), EU27, 2013_Q1-2020_Q2



Source: Eurostat LFSI_SLA_Q_PC_ELF series, seasonally adjusted, not calendar-adjusted data.

Figure 1.9 Labour market slack (% of extended labour force), EU Member States and the UK, 2019_Q2 and 2020_Q2



Source: Eurostat LFSI_SLA_Q_PC_ELF series, seasonally adjusted, not calendar-adjusted data.

As a result of the shock, the numbers of those unemployed, underemployed (that is, part-time workers who would like to work more hours but cannot find jobs offering this), and marginally attached to the labour market (unemployed workers who are either currently immediately available to start a job but have not been seeking one, or who have been seeking a job but would not be immediately available to start one) as a share of the extended labour force was 14.6% in the second quarter of 2020 in the EU, compared to 13.1% in the second quarter of 2019. This sum is also known as the labour market slack, and illustrates in a broader manner the underutilised labour resources in an economy. The unemployment rate in the EU27 in the second quarter of 2020 was 6.3%, and that underlines the importance of these additional categories included in calculating the labour market slack for more accurately illustrating the underutilisation of labour resources. The extended labour force includes the marginally attached workers in addition to those employed and unemployed. Labour force groups that are neither

employed nor unemployed, according to the ILO definition, but instead marginally attached to the labour market, have expanded – most notably those without a job who are available to work but have not been actively seeking one. By the second quarter of 2020, they represented 4.6% of the extended labour force, up from 2.9% in the second quarter of 2019 (see Figure 1.8). The share of those seeking work but not immediately available to start also increased as a share of the extended labour force.

Labour market slack was higher in all but a handful of EU Member States in the second quarter of 2020 compared to the second quarter of 2019. As Figure 1.9 shows, labour market slack in the second quarters of 2019 and 2020 was by far the highest in Europe in Italy, Spain and Greece, with Spain experiencing a substantial increase in the second quarter of 2020. Austria, Ireland, Finland, Lithuania, Hungary, Bulgaria and Sweden also saw substantially higher labour market slack in the second quarter of 2020 compared to the second quarter of 2019.