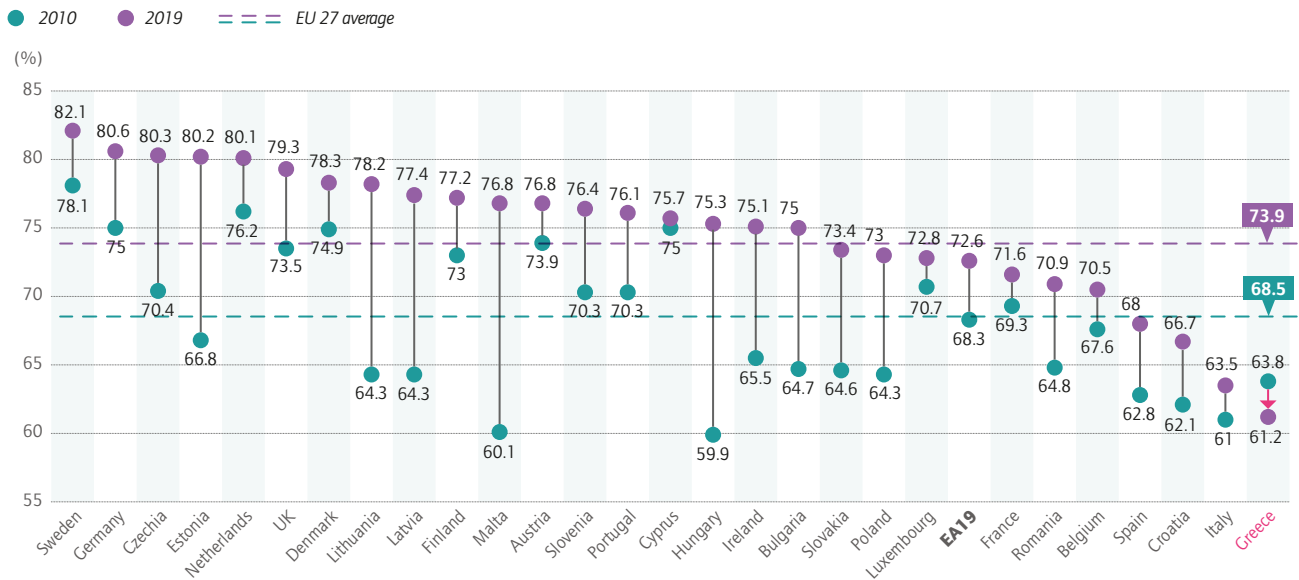


Employment

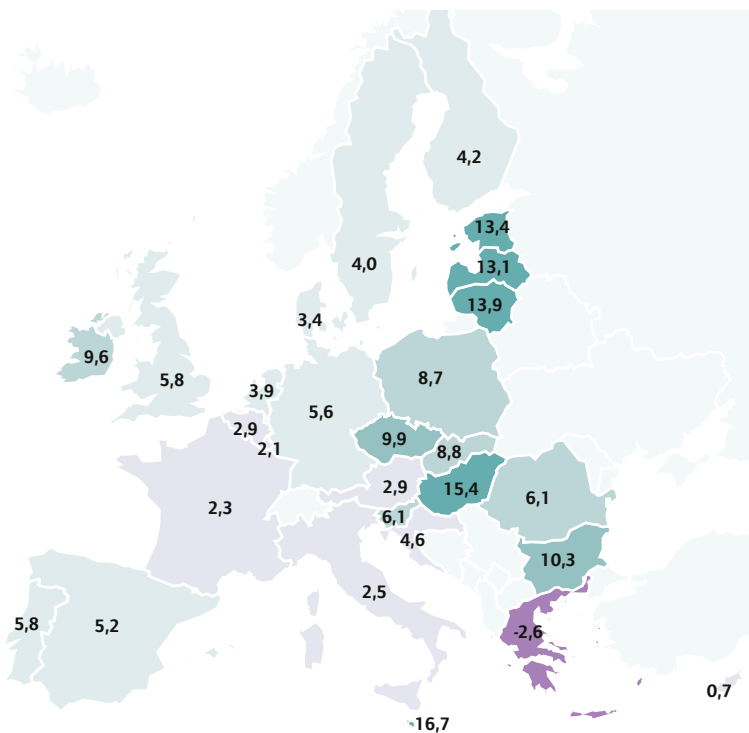
A decade of growth, but far below expectations

Figure 2.3a Employment rate (%), change 2010-2019



Source: Eurostat-LFS ([lfsa_ergan]).
Note: Age group 20-64.

Figure 2.3b Employment rate (%), change 2010-2019, by country

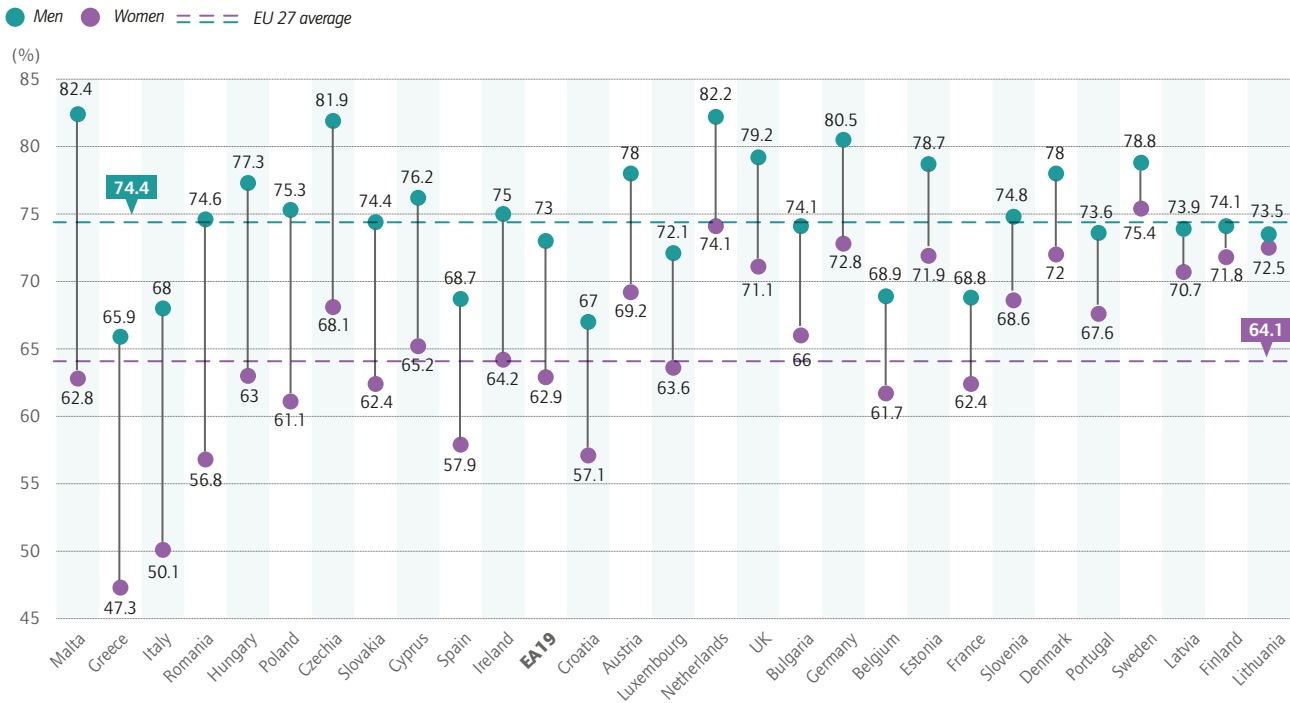


In 2010, the European Council adopted the Europe 2020 strategy – in many respects a relaunch of its previous ‘Lisbon Strategy’ – presenting its vision for the recovery (see ETUI and ETUC 2011). In the area of employment, the objective was to increase the share of people in paid work to at least 75% by 2020 for the 20 to 64 age group. It must be acknowledged that in the past decade the EU has, overall, made some noticeable progress on employment rates.

As shown in Figures 2.3a and 2.3b, in 2019, employment rates in all but one EU country (Greece) were above the 2010 levels. However, the objective that had been set out in 2010 was not achieved and for a number of countries it fell short even of the less ambitious target established by the Lisbon Strategy. Overall, the employment rate at the aggregate EU28 level increased from 68.5% in 2010 to 73.9% in 2019. The biggest increases were noted in Malta (by 16.7 percentage points; pp), followed by Hungary, Lithuania, Estonia and Latvia (although changes in employment were sensitive to outward migration during the crisis, see Myant and Piasna 2014). In Greece, however, the employment rate in 2019 was below that of 2010, showing a long-lasting and very deep impact of the post-2008 crisis and austerity policies.

Furthermore, the past decade has not done much for the closing of gender gaps in employment across the EU. After its narrowing in 2008-2009, as a consequence of the disproportionate impact of job losses on men (see ETUI and ETUC 2010), the gulf between male and female employment rates remained more or less stable, settling at around 10.5pp for the past seven years. It is therefore fair to argue that the gender-related policies and measures implemented during the period of favourable macroeconomic conditions were thus not sufficiently well targeted. Ultimately, as shown in Figure 2.4, gender gaps persisted in all EU countries throughout the past decade. In 2019, the widest employment gaps were in the southern regions, with Malta, Greece, Italy, and Romania at the forefront of gender inequality, while the most favourable situations were to be found in several northern countries, such as Lithuania, Finland, Latvia, and Sweden.

Figure 2.4 Gender gaps in employment rates, 2019 (%)



Source: Eurostat-LFS [fjsa_ergan].
Note: Age group 15-64.

The number of economically inactive persons in the EU rose by almost **4.4 million** between 2019 and 2020

The most severe employment losses in EU history

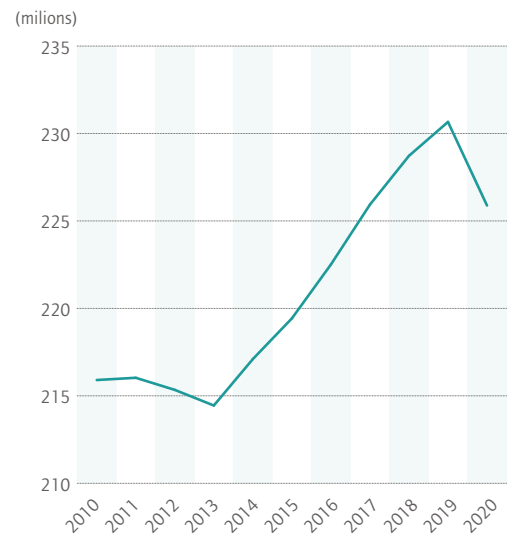
The year 2020 marked an abrupt halt to a period of employment growth that the EU as a whole had been enjoying since 2013. The measures taken to contain the spread of the Covid-19 pandemic restrained economic activity across various sectors, while the uncertainty created by the economic slowdown had effects across the labour market.

Paradoxically, this unprecedented impact on employment is difficult to grasp with currently available labour market statistics. The main reason is that a large proportion of workers who lost their jobs due to the Covid-19 crisis do not meet two conditions to be classified as unemployed in official statistics: either they did not immediately start searching for a new job (e.g. because the activity of their sector was stopped completely, as in the hotel or entertainment industries) or they were not available to start a new job right away (e.g. due to limitations imposed by lockdowns). Therefore, the increase in the unemployment rate – by about 0.7pp between January and July 2020 in the EU27, amounting to about 1.15 million more unemployed persons – does not fully reflect the extent of the employment loss and most likely paints an overly optimistic picture of what to expect in the months to come. For this reason, it is important to also consider the increase in the number of ‘economically inactive’ persons, who are neither ‘employed’ nor ‘unemployed’. The share of economically inactive people aged 15-64 grew from 27% in the second quarter of 2019 to 28.6% in the second quarter of 2020 (EU28 countries except Germany and Malta). In real terms, this means there are almost 4.4 million more economically inactive persons in the EU this year.

The net employment loss also shows a much more severe impact from the Covid-19 crisis than the

unemployment figures do. As shown in Figure 2.5, the number of persons in employment declined sharply in the past 12 months, by around 4.8 million people across the EU28 (not including Malta) between the second quarters of 2019 and 2020. In comparison, the net employment loss at EU28 level between 2008 and 2009 amounted to 3.97 million jobs. However, these figures are still likely to underestimate the scale of the damage inflicted by the Covid-19 crisis because of the various support measures introduced to cushion the loss of jobs, such as short-time work or furlough schemes. According to estimates produced by Müller and Schulten (2020a), at the peak of the first wave of the pandemic (that is, between April and May 2020) as many as 50 million workers in Europe were on short-time work

Figure 2.5 Number of employed in EU28, data for second quarters (in millions)

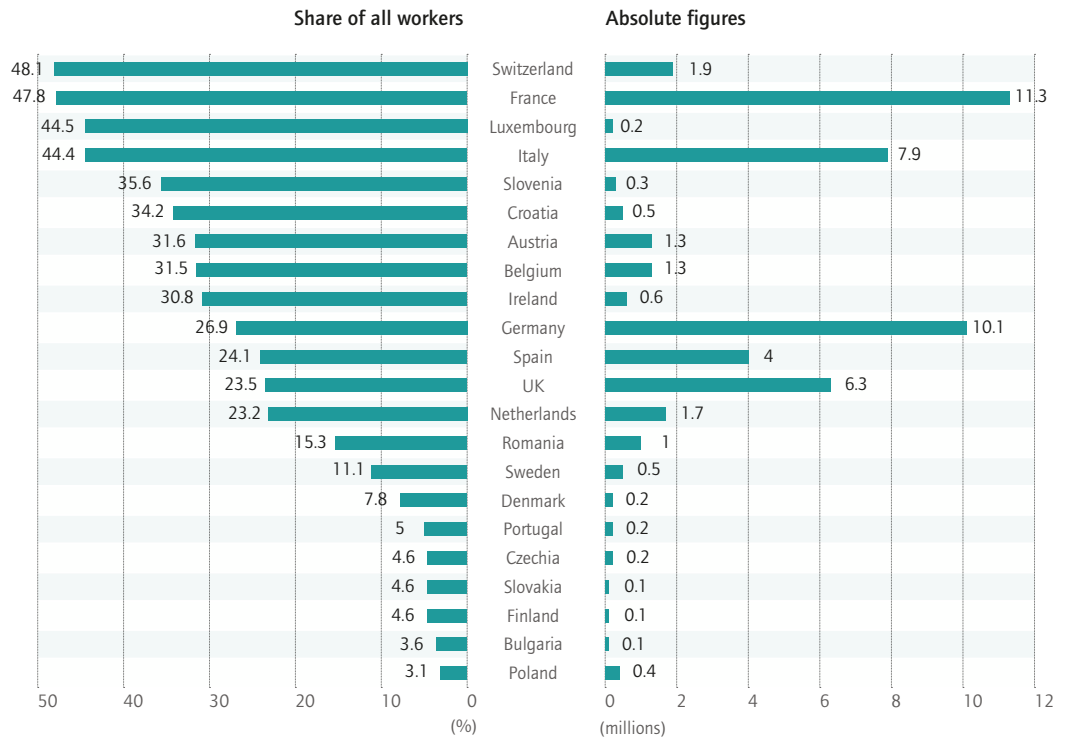


Source: Eurostat [fjsq_egaps].
Notes: Age group 15-64. Data for second quarters; data for Malta are for 2020_Q1.

Net employment loss in the EU28 over the past year: **-4.8 million people**

(number of employed aged 15-64 in 2020_Q2 compared to 2019_Q2, not including Malta)

Figure 2.6 Number of workers (actual or applied for) on short-time work and similar schemes. End of April/beginning of May 2020. (In % of all workers and in millions)



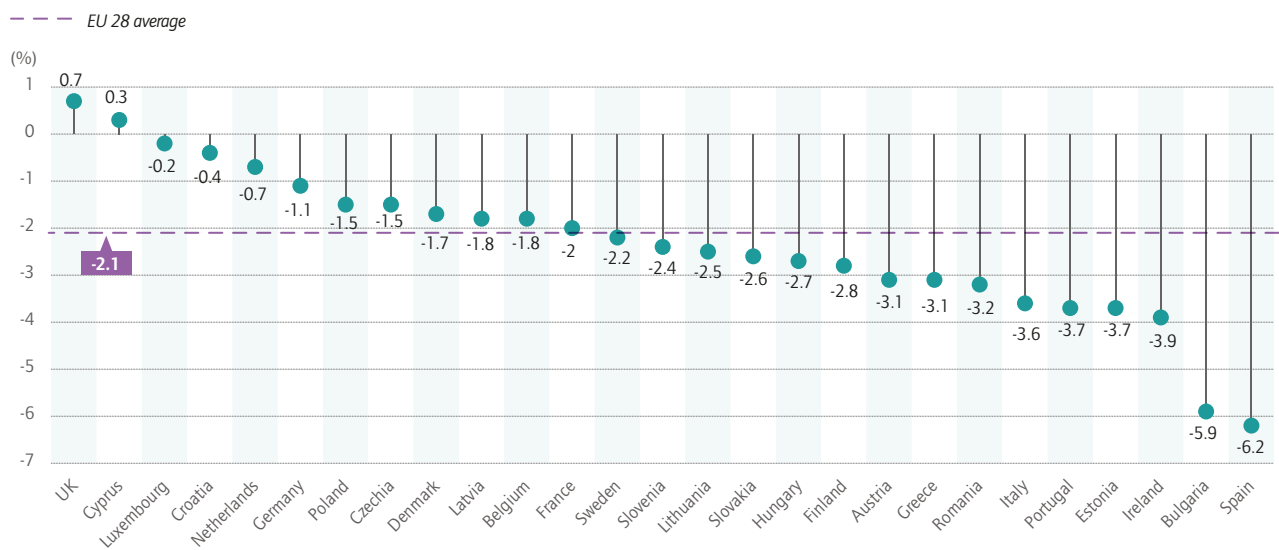
Source: Müller and Schulten (2020a) on the basis of data from national employment agencies and ministries. Note: Data for Luxembourg include cross-border commuters.

or similar schemes, amounting to nearly half of all workers in countries such as Switzerland, France and Italy (Figure 2.6). These numbers have evolved in the months since, and the ETUI plans to publish an update with the autumn figures in early 2021.

The loss of employment has differed significantly across the Member States, which is mainly due to differences in sectoral composition (e.g. countries with a larger tourism sector being more affected by job losses) as well as to different national policy responses and mechanisms adopted to alleviate

the toll on employment. As illustrated in Figure 2.7, Spain and Bulgaria suffered the biggest job losses: around 6% of all employed persons compared to 2019. They are followed by Ireland, Estonia, Portugal, Italy, Romania, Greece and Austria, which all lost more than 3% of their employment over the past 12 months. On the other hand, the UK and Cyprus were the only countries with a higher number of persons in employment in 2020_Q2 than in 2019_Q2, though again this trend would need to be reviewed as new data and statistics become available.

Figure 2.7 Change in number of employed persons, 2019_Q2-2020_Q2 (as % of the 2019 level)



Source: Eurostat (lfsq_egaps), data for Germany are from Destatis (Genesis-Online Database). Note: Malta not included in the EU28 average.