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**EIN POLICY ROUNDTABLE ON
EMPLOYMENT, SKILLS AND HUMAN CAPITAL**

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Background

The 2007 European Labour Force Survey found that over **218 million** EU residents aged 15-64 years are in work - four million more than last year - with a participation rate of 72.5 per cent for men and 58.3 per cent for women. Short-term the European Union may face tougher economic conditions and longer term a tighter labour market. Achieving the

Lisbon

target of 70 per cent participating by 2010 - with 60 per cent for women and 50 per cent for older workers (

Stockholm

target) - looks unlikely given the current employment rate of 65.4 per cent overall and 44.7 per cent for those aged 55-64.

During 2007, Denmark, the Netherlands, Sweden, Austria, the United Kingdom, Cyprus and Finland met the Lisbon target, as did Norway and Switzerland. But in Malta, Poland, Croatia, Hungary, Italy and Romania, **employment rates** were below 60 per cent. Other work patterns in the EU also vary sharply. For example, forty million Europeans had part time jobs in 2007, 18.2 per cent of the EU's total work force. The Netherlands had the highest share of

part time

workers, at 46.8 per cent, in contrast to Bulgaria and Slovakia with 1.7 per cent and 2.6 per cent respectively.

In July 2008, the eurozone's jobless rate stood at 7.3 per cent - barely altered from 7.4% per cent a year ago and below the 2006 level of 7.9 per cent. This is still high by international standards, with 6.1 per cent of the US workforce unemployed and 4.0 per cent of the Japanese. Greater progress is needed for Europe to achieve the three aims of: fuller employment; better **q**

uality

and

productivity

at work; increased

participation

for all. - But it is worth noting that during the economic downturn in 2003 no jobs in net terms were lost within EU15, while more than three million jobs disappeared in the 1992-1993 recession. Limited labour market **reforms**

had helped to strengthen the resilience of European employment, but more must be done.

Unemployment wastes human resources and drains prosperity in Europe. The latest Eurostat findings show that over 11.3 million potential workers are without **jobs** in the eurozone, and a total of 16.3 million across the EU27 - with youth unemployment (under 25s) at 14.6 per cent. The EIN working group on employment, skills and human capital highlights job creation as a key issue for EU **competitive ness**. For example, raising the rate of labour-market participation in Europe to 75% - five per cent above the Lisbon goal, but only marginally higher than the rates achieved in several EU member states - would significantly close the GDP gap between the EU and the US.

Alongside globalisation and rapid technological innovation, the impact of **demographic** change will have a profound impact on Europe's long-term economic and employment outlook. To fund an ageing society whilst adjusting to a shrinking workforce requires greater flexibility. Europe's demographic challenge will affect every social policy, including health and retirement - testing Europe's flexibility and ability to adapt at both the societal and individual levels. This is likely to require a reconsideration of age and gender patterns, of social activity and functions, if we are to help Europe to work

At the 2007 EIN **summer university** in Warsaw, the working group examined EU labour market regulation - warning that concepts such as lifelong employment and so-called "security" models were outdated. European member states should address the growing **skills** gap, whilst encouraging new organisation forms and structures: perhaps moving the work to people rather than relocating people to work. World class skills were regarded as the safest form of social security - with participants praising the best practice seen in the Netherlands, Germany and Ireland. In addition, Europe will need to modernise **education** system to promote creative thinking - as well as skills training.

The roundtable noted that Europe is evolving into an ever more **service** oriented economy. Over half of the jobs created since 2000 are "atypical", with the advantage that high value posts do not tend to migrate away from the EU. But human capital is unnecessarily destroyed by forced retirement and **inflexibility**, as rigidities inhibit organisational adjustment and capital replaces labour. The EU needs to re-assess what is meant by an ageing society and to give greater scope for longer participation. This should be matched by incentives for lifelong learning that extend to SMEs and encourage entrepreneurialism. Equally, with an increasing proportion of women workers, balancing a **career** and **family** life should permit flexible lifestyles.

The EU should seek a coherent **immigration** policy to deal with both internal and external opportunities. The ability to compete with fast growing economies such as China and India depends on Europe maintaining an outward looking approach, and a progressive policy on

qualified immigration.

Some of the questions that could be covered at this year's summer university include:

? Is regulation stifling employment opportunities in Europe and could the "Small Business Act" help?

? What impact will the economic slowdown have on employment and job creation in the EU27?

? How can the Social Dialogue be made more relevant and responsive to economic changes?

? What can global competitors teach the EU in relation to training and labour market flexibility?

? Is the principle of giving preferential labour market access to EU nationals being respected?

? Is there a case for a more active policy to attract new skills?