Structural reforms

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1. Structural reforms
   - Narrow definition: deregulation of labour markets (& product, services)
   - Flexibility and deregulation as a solution to the EU’s unemployment
   - … to stimulate the creation of more and better jobs (AGS 2015, p. 5)

2. Can this work?
   - Empirical evidence: relationship between labour market institutions (e.g. EPL, wage bargaining) and unemployment not straightforward, depends on a broader economic and political context.
   - More regulated markets may also perform better in terms of high employment, low unemployment, combating poverty and inequality
   - Labour market institutions did not cause recession in 2008, therefore unlikely to be the solution

3. Our evidence shows clearly that protective labour market policies and institutions and their reforms since the beginning of the crisis cannot explain the variation in employment outcomes and cannot, therefore, be at the heart of the solution to the current crisis.
Figure 2.2. Work redistribution (age 15-64)

Source: Eurostat [lfsq_ergan].
Figure 2.10. Involuntary temporary employment as % of total temporary employment, 2008, 2013, age 15-64

Source: Eurostat [Ifsa_etgar]. Notes: EA18 data for 2012 (not 2013); DE, EE, NL, IE and UK missing for 2013.
What affects unemployment?

Figure 2.3. Unemployment rate and output gap in the EU28 and EA

Source: AMECO, ZUTN, AVGDGP.
Labour market institutions do not explain the divergence in unemployment rates

Figure 2.5. Labour market policies and institutions in member states with highest and lowest unemployment rates, 2008-2013

<table>
<thead>
<tr>
<th>Employment Protection Legislation¹</th>
<th>Protection of permanent workers against individual and collective dismissals (0-6) 0=least restrictive</th>
<th>2008</th>
<th>2.44</th>
<th>2.98</th>
<th>2.85</th>
<th>2.66</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
<td>2.44</td>
<td>2.98</td>
<td>2.41</td>
<td>2.28</td>
</tr>
<tr>
<td>Regulation on temporary forms of employment (0-6) 0=least restrictive</td>
<td></td>
<td>2008</td>
<td>2.17</td>
<td>1.54</td>
<td>3.17</td>
<td>3.50</td>
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<tr>
<td></td>
<td></td>
<td>2013</td>
<td>2.17</td>
<td>1.75</td>
<td>2.92</td>
<td>3.17</td>
</tr>
<tr>
<td>Unemployment Benefits Generosity² (Average of net replacement rates over 60 months of unemployment)</td>
<td>excl. social assistance benefits</td>
<td>2008</td>
<td>60</td>
<td>46</td>
<td>11</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>59</td>
<td>41</td>
<td>11</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>incl. social assistance benefits</td>
<td>2008</td>
<td>64</td>
<td>65</td>
<td>21</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>69</td>
<td>60</td>
<td>11</td>
<td>47</td>
</tr>
<tr>
<td>Collective wage bargaining³</td>
<td>Coordination of wage-setting (1-5, 1=fragmented confined largely to individual firms or plants)</td>
<td>2008</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2013</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Labour market reforms</td>
<td>Number of labour market reforms⁴</td>
<td>2000-2008</td>
<td>83</td>
<td>93</td>
<td>75</td>
<td>132</td>
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<tr>
<td></td>
<td></td>
<td>2009-2013</td>
<td>59</td>
<td>40</td>
<td>117</td>
<td>121</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2000-2013</td>
<td>142</td>
<td>133</td>
<td>192</td>
<td>253</td>
</tr>
</tbody>
</table>


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Additional slides
Unemployment rates

Figure 2.4. Unemployment rates in EU28 member states, 2014

Source: AMECO ZUTN.

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Figure 2.8. Temporary employment (changes since 2008 and rate in 2014q2, age 15-64)

Source: Eurostat [lfsq_etgan2].
Part-time work

Figure 2.9. Involuntary part-time employment as % of total part-time employment, 2008, 2013, age 15-64


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