

XT11



SciencesPo

European Labour Market(s)

Xavier Ragot

based on Eric Heyer et Pierre Madec

OFCE
1^{er} avril 2019

Slide 1

XT11

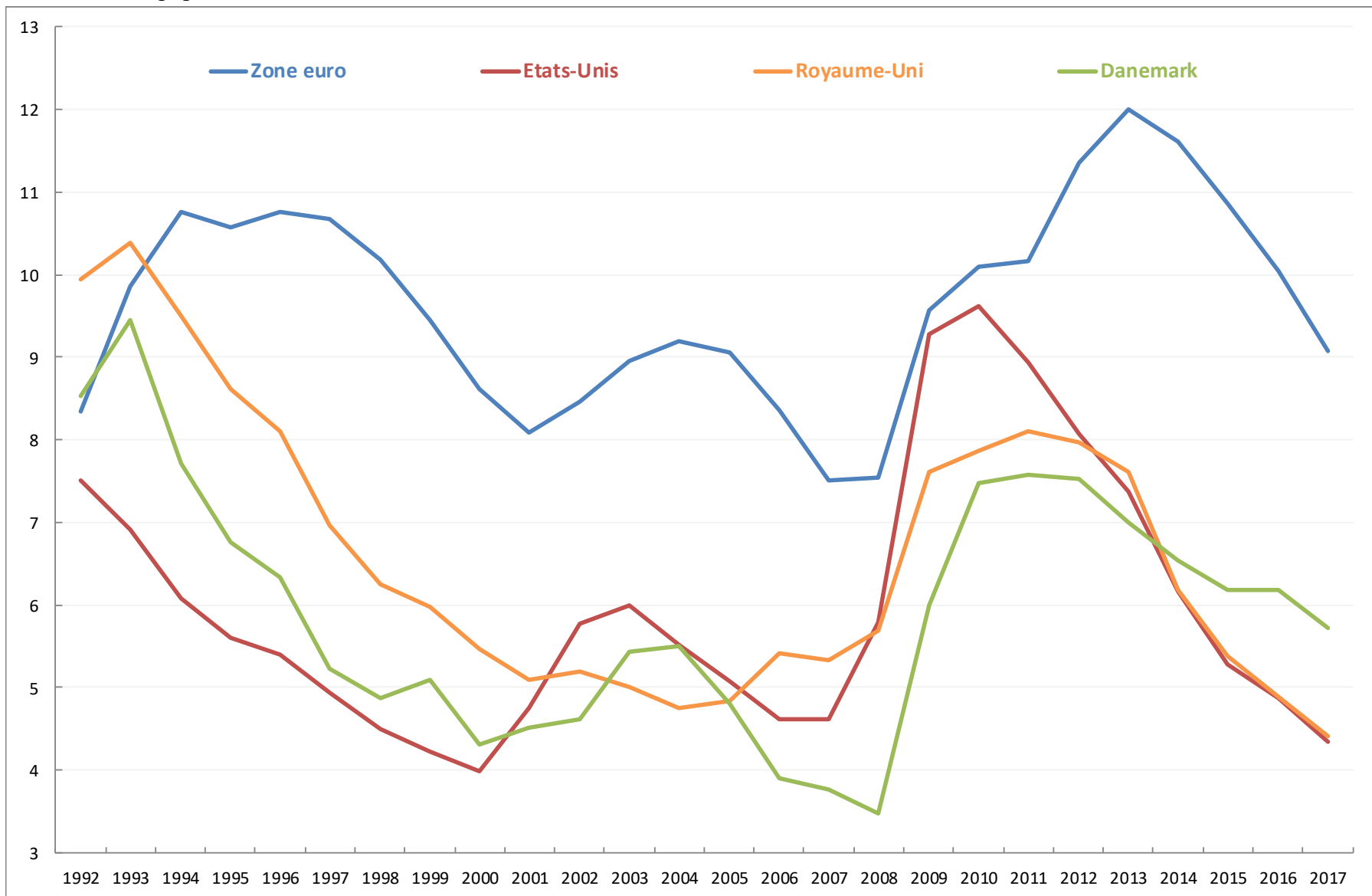
Xavier Timbeau; 11-04-18

1. Unemployment: Euro area the sickman among developed countries.
2. Reducing unemployment : doesn't require « more growth » than in other countries
3. Main issue : European divergences of European markets
4. Unemployment rate: an imperfect indicator of labour market imbalances
5. An European unemployment (re)-insurance (Ragot)

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Unemployment rate

% of active population



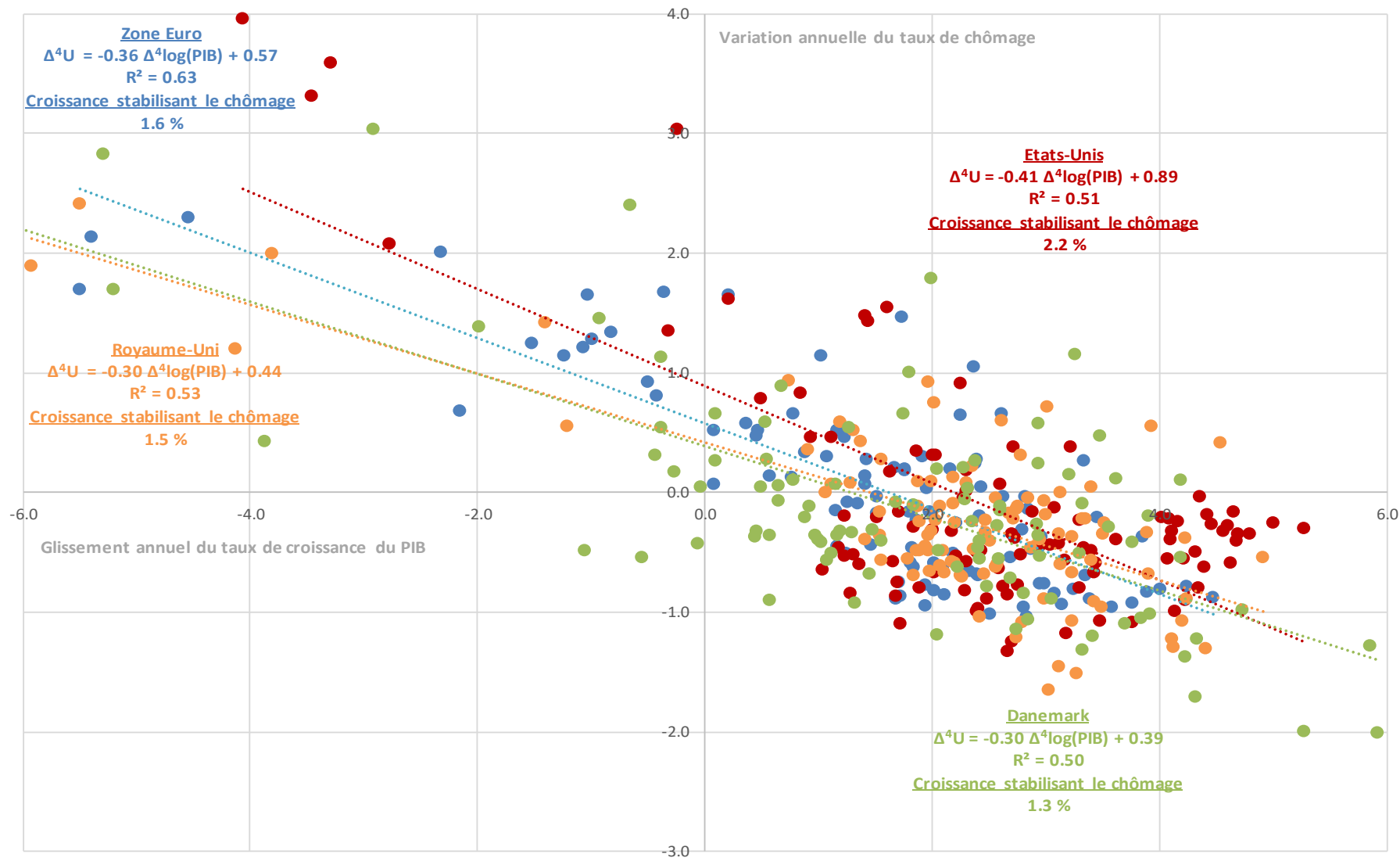
Source : OCDE.

European labour markets

- ❑ Unemployment: Euro area the sickman among developed countries.
- ❑ Reducing unemployment : doesn't require « more growth » than in other countries
- ❑ Unemployment : an imperfect indicators of labour market imbalances
- ❑ Main issue : European divergences of European markets

Change in unemployment and GDP growth rate

En % de la population active

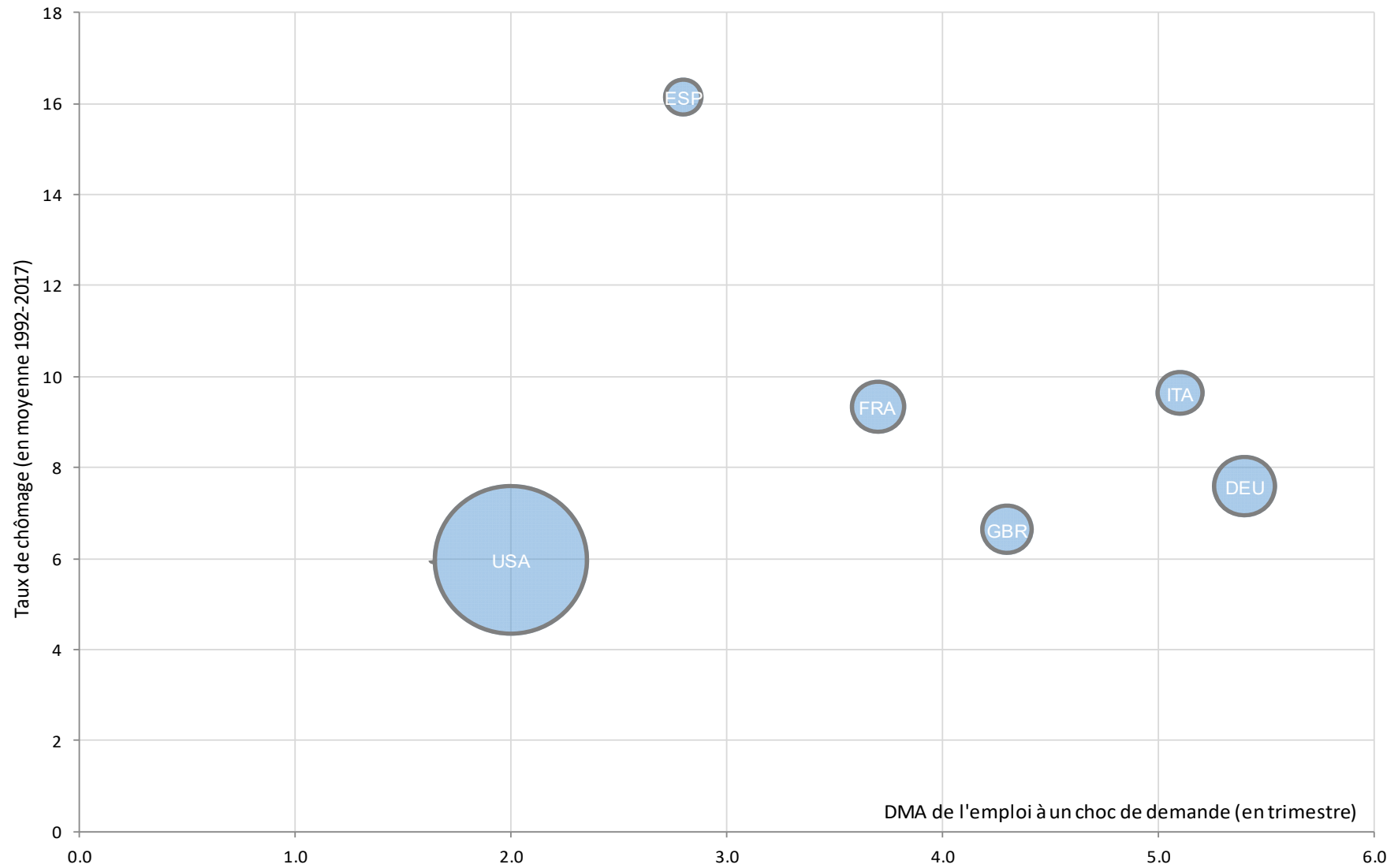


Période : 1992t1-2017t4

Sources : OFCE, Heyer et Madec

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Unemployment and labor market flexibility

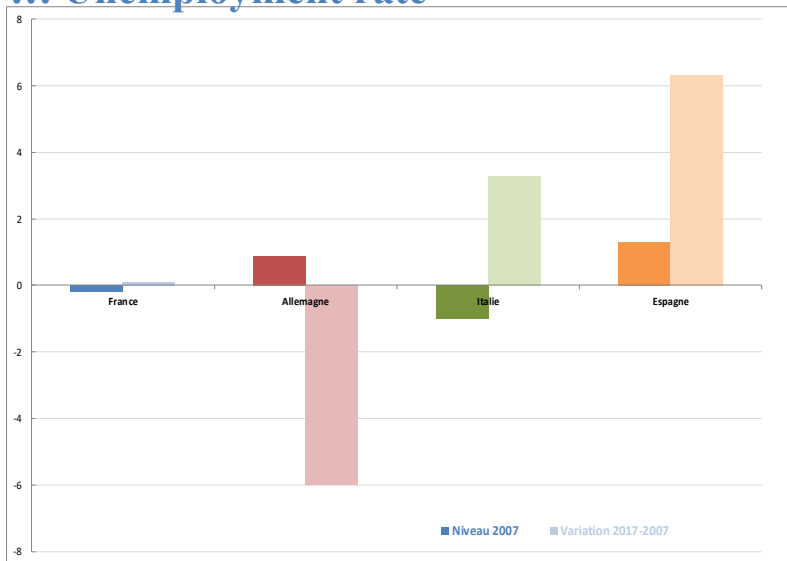


Notes : la taille des bulles est fonction du PIB du pays

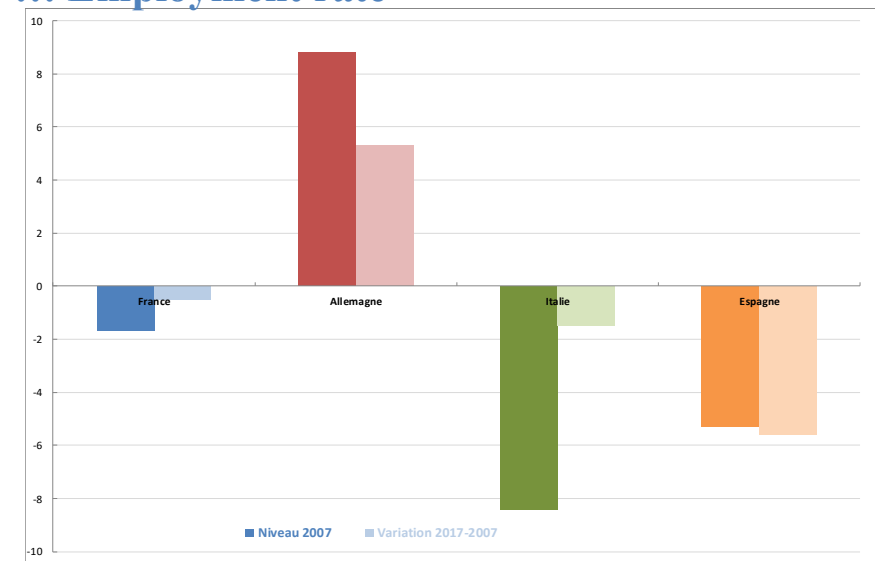
Sources : Comptabilités nationales, Ducoudré et Heyer (2017).

2007 level and change for various aggregates and countries

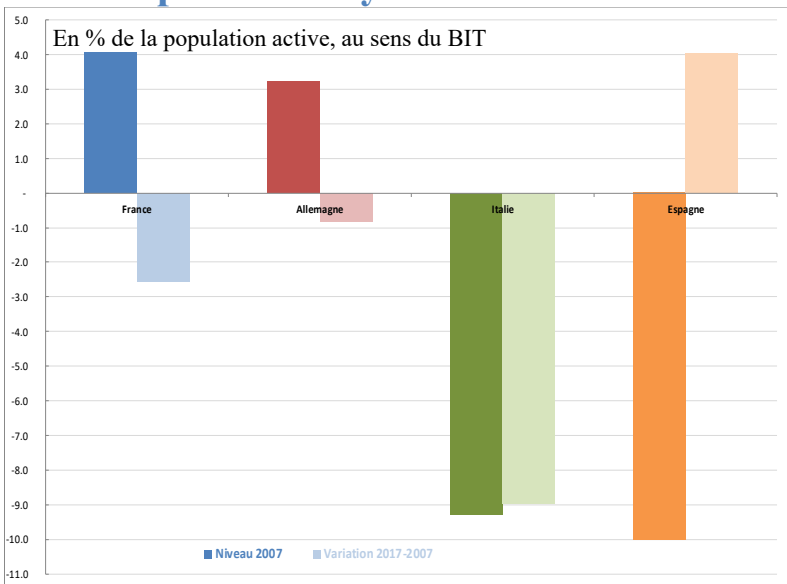
... Unemployment rate



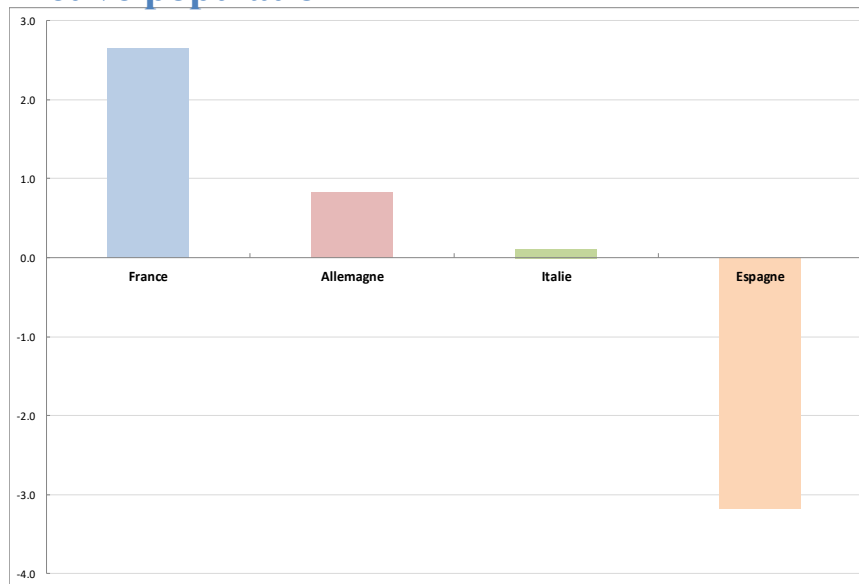
... Employment rate



Labour productivity

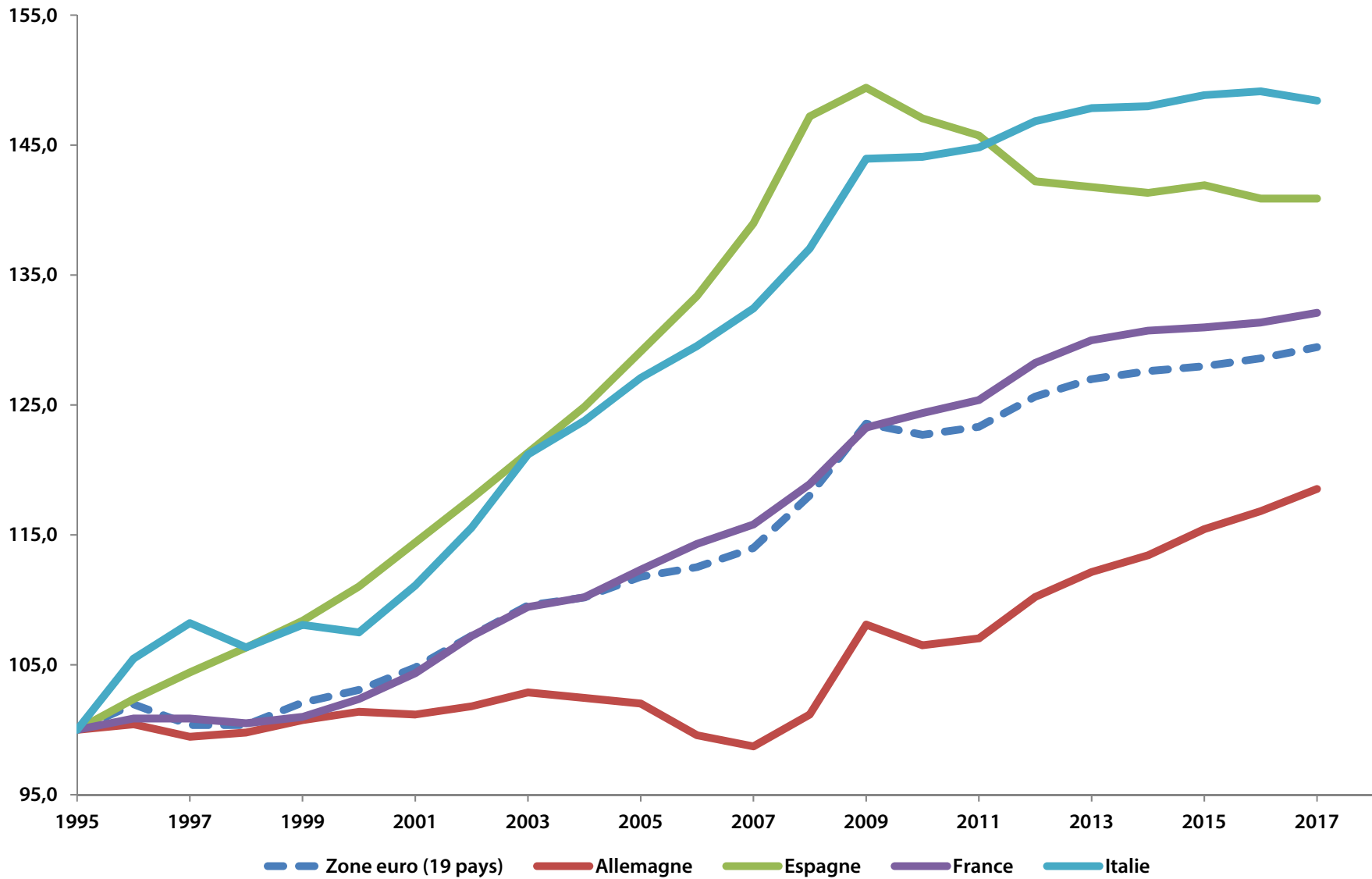


Active population



Source : OCDE

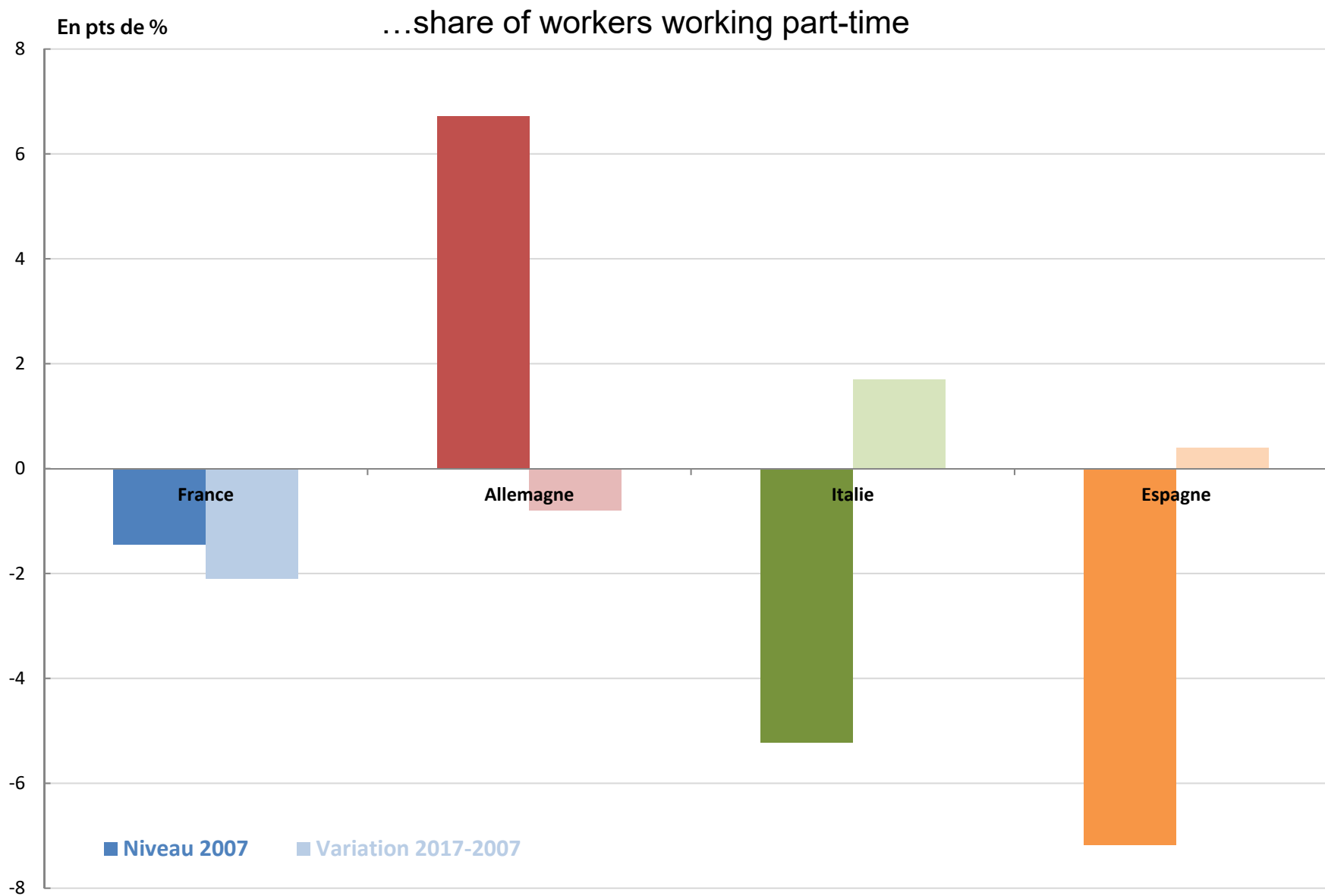
De-stabilizing forces : Unit labor cost



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2007 level and CHANGE after the crisis of ...

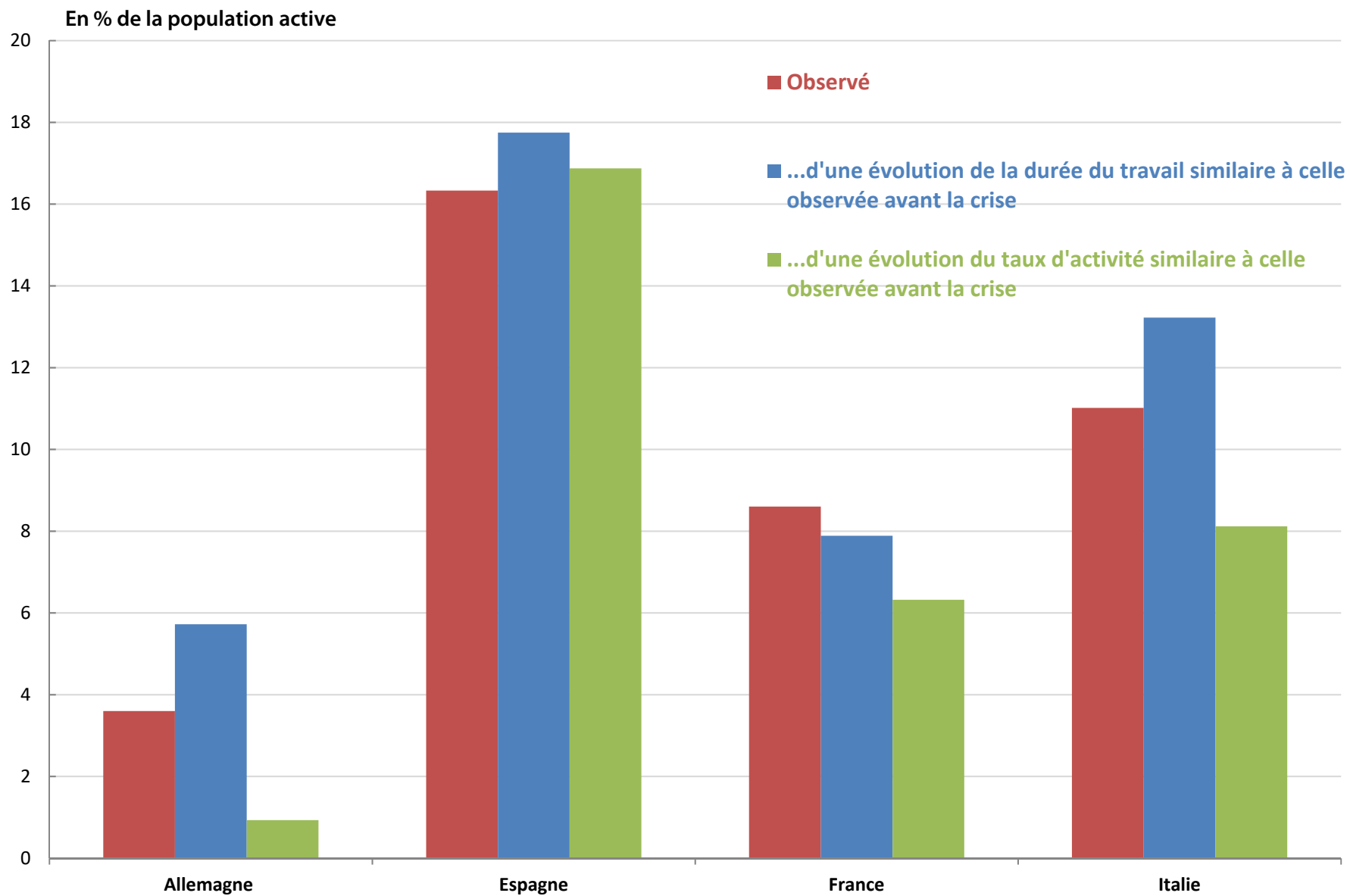


Source : Eurostat, calculs OFCE

2007 level and CHANGE after the crisis of ...

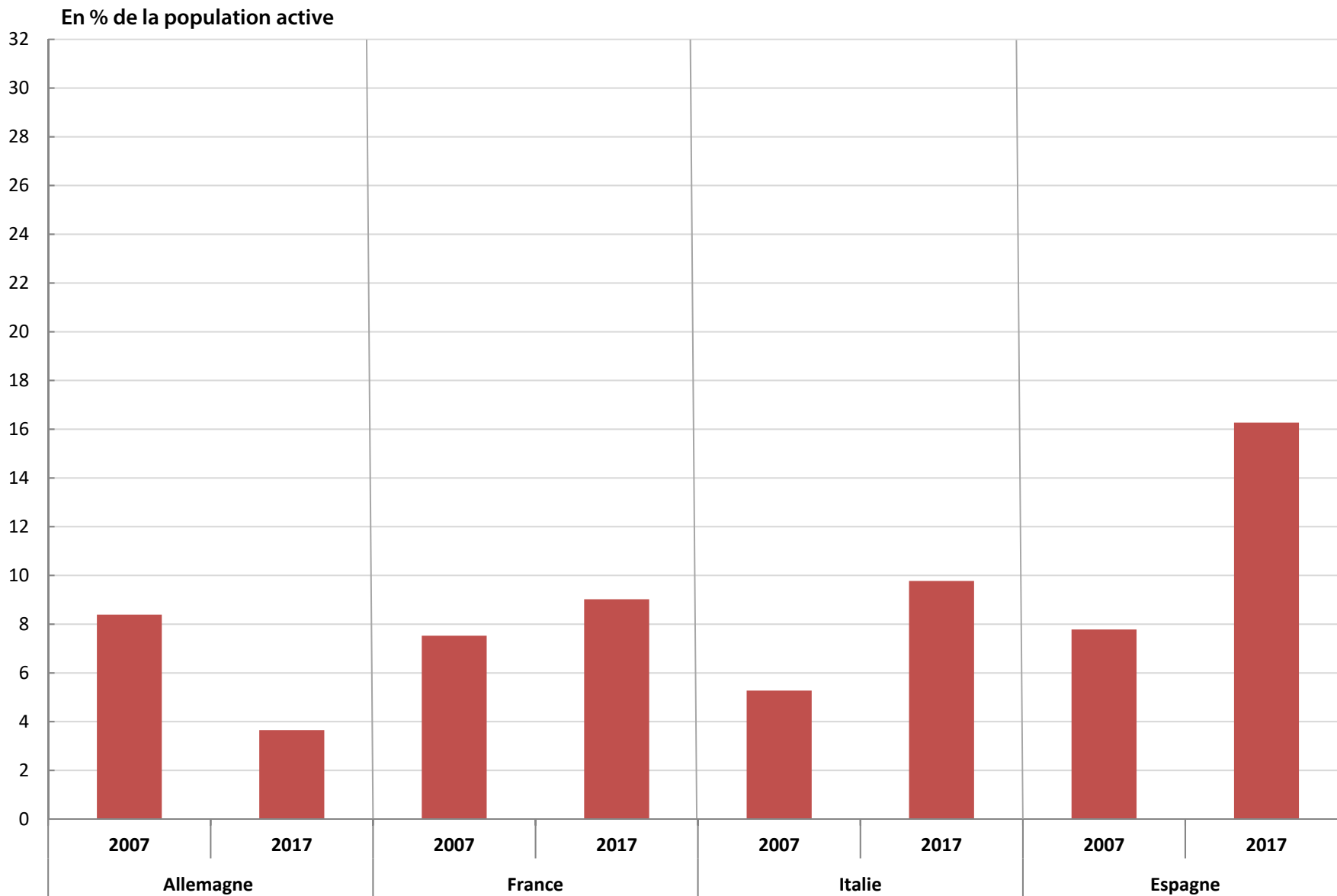


Counterfactuals :The effects of working time and activity rate (as of 2017Q4)



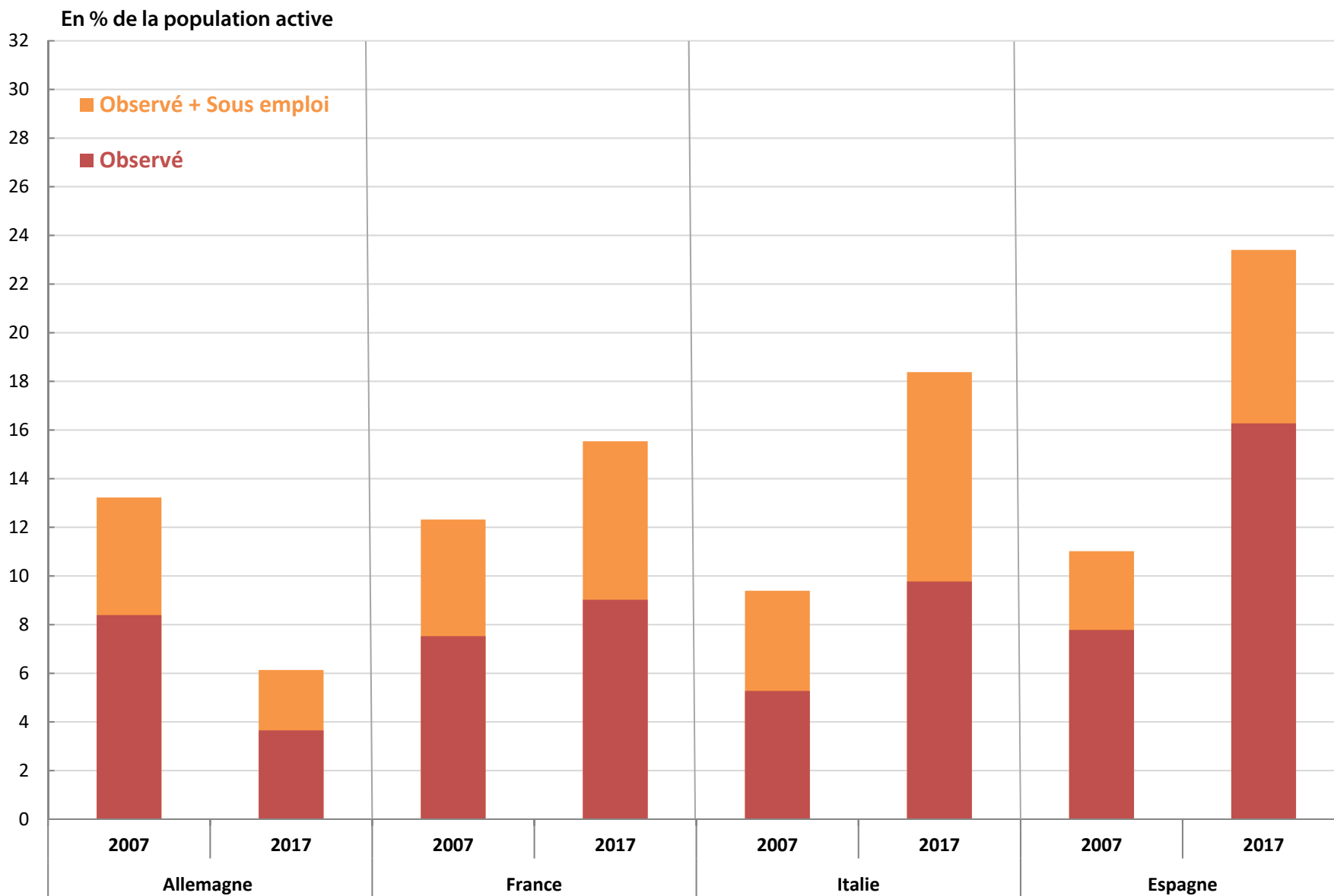
Sources : Comptabilités nationales, calculs OFCE

Unemployment rate



Source : OCDE

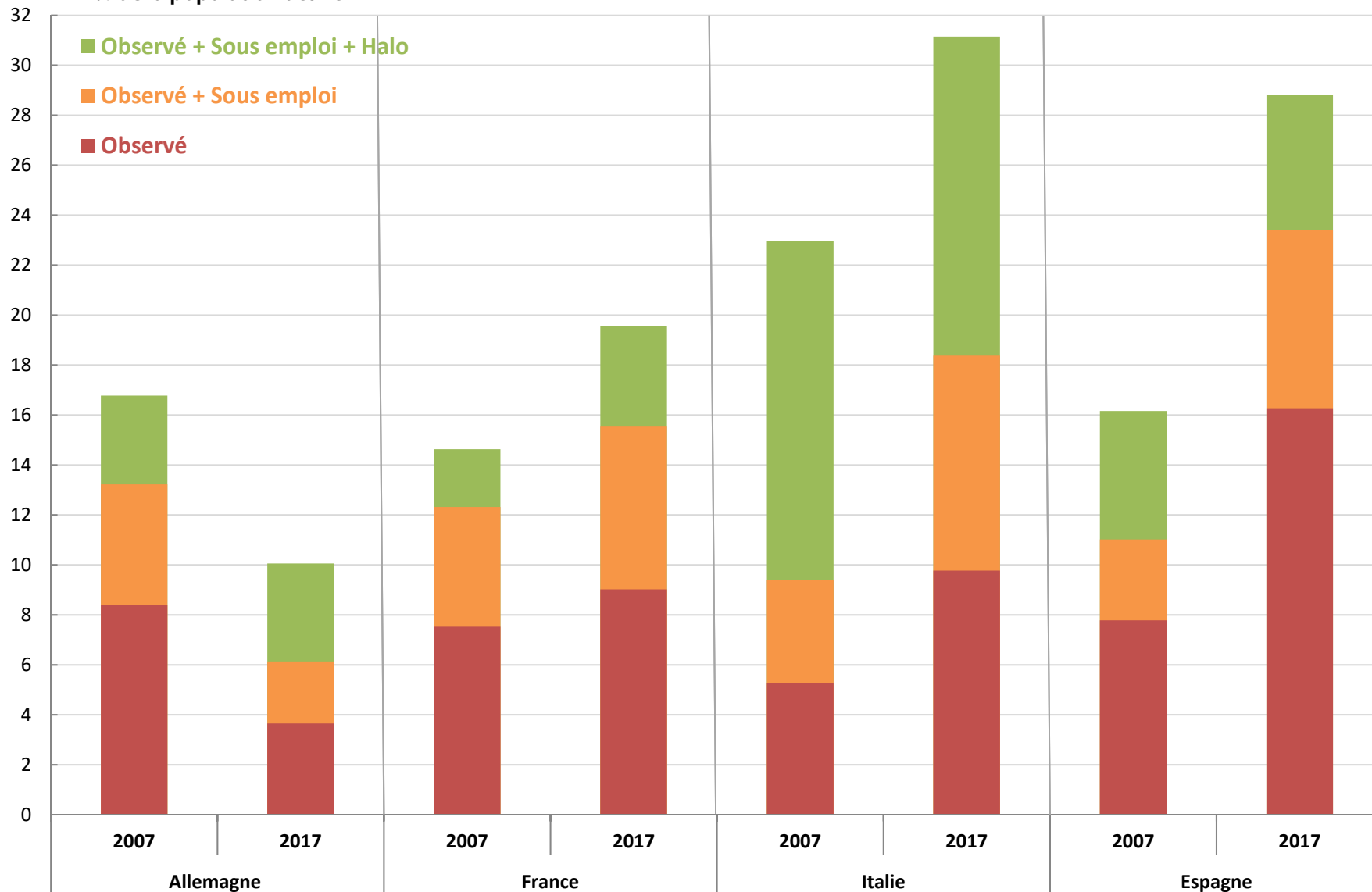
Unemployment rate and unvoluntary part-time work



Source : OCDE

total unemployment

En % de la population active



Source : OCDE

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Unemployment (re)-insurance

Lots of debate in Europe : stabilization function

(CEPS, DIW work, Dullien, Fernandez, Lopez, Maas, Prado, Weisacker, OFCE : Apparisi, Ragot, 2017, Benassy-Quere Ragot 2015, Five President report, ETUC..., French Treasury, 2014..., German Finance Minister)

Main idea re-insurance scheme : European layer on top of National ones, in case of a bad shock

Crisis management tool.

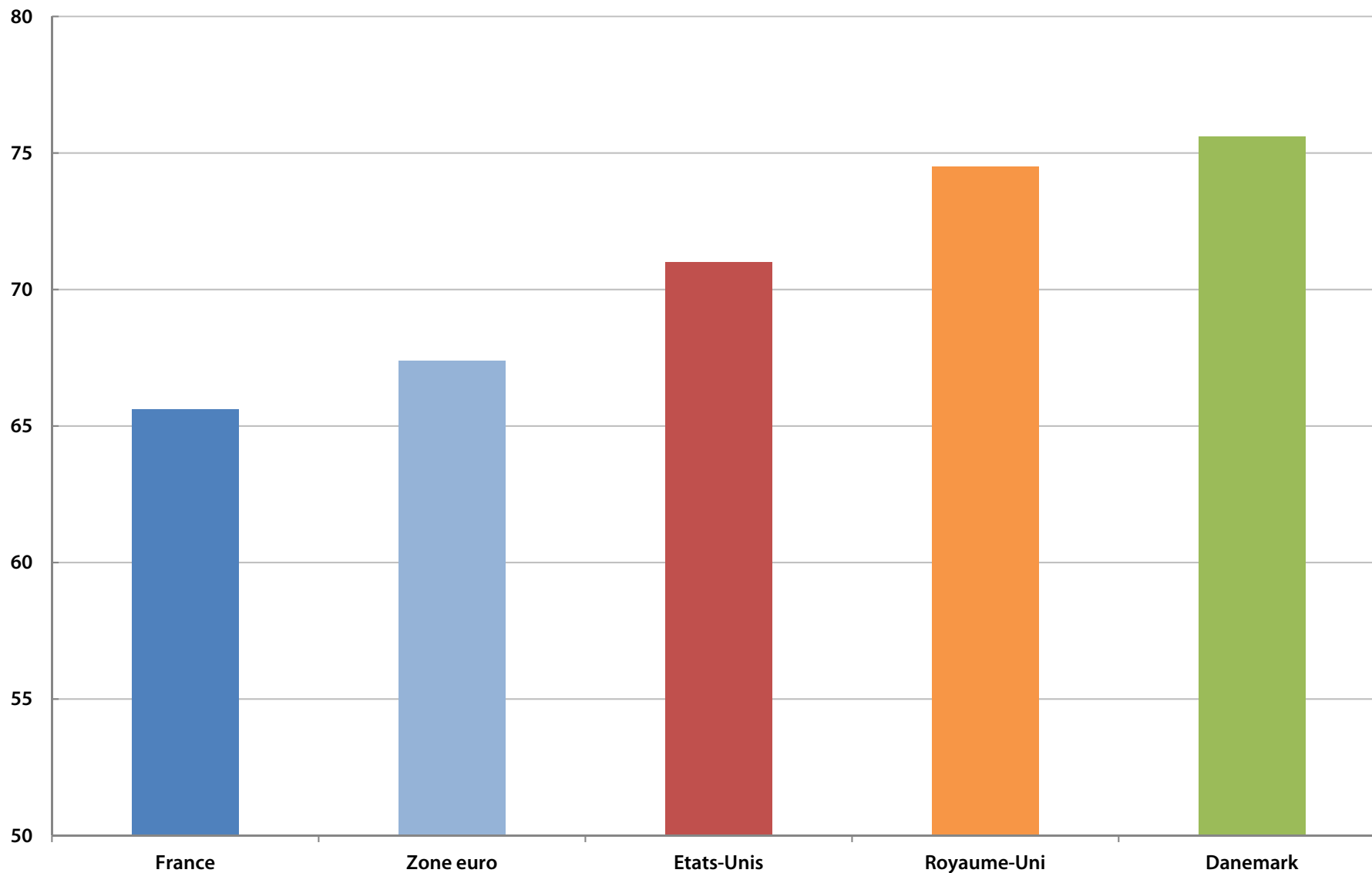
Why can't we move on?

- Heterogeneity on the labor market? important but manageable, if re-insurance (ETUC)
- Permanent transfer across countries? No.
- Poor incentives for reconvergence (Italy) : No, can be the contrary..

- Lack of political leadership... what about France?

Employment rate

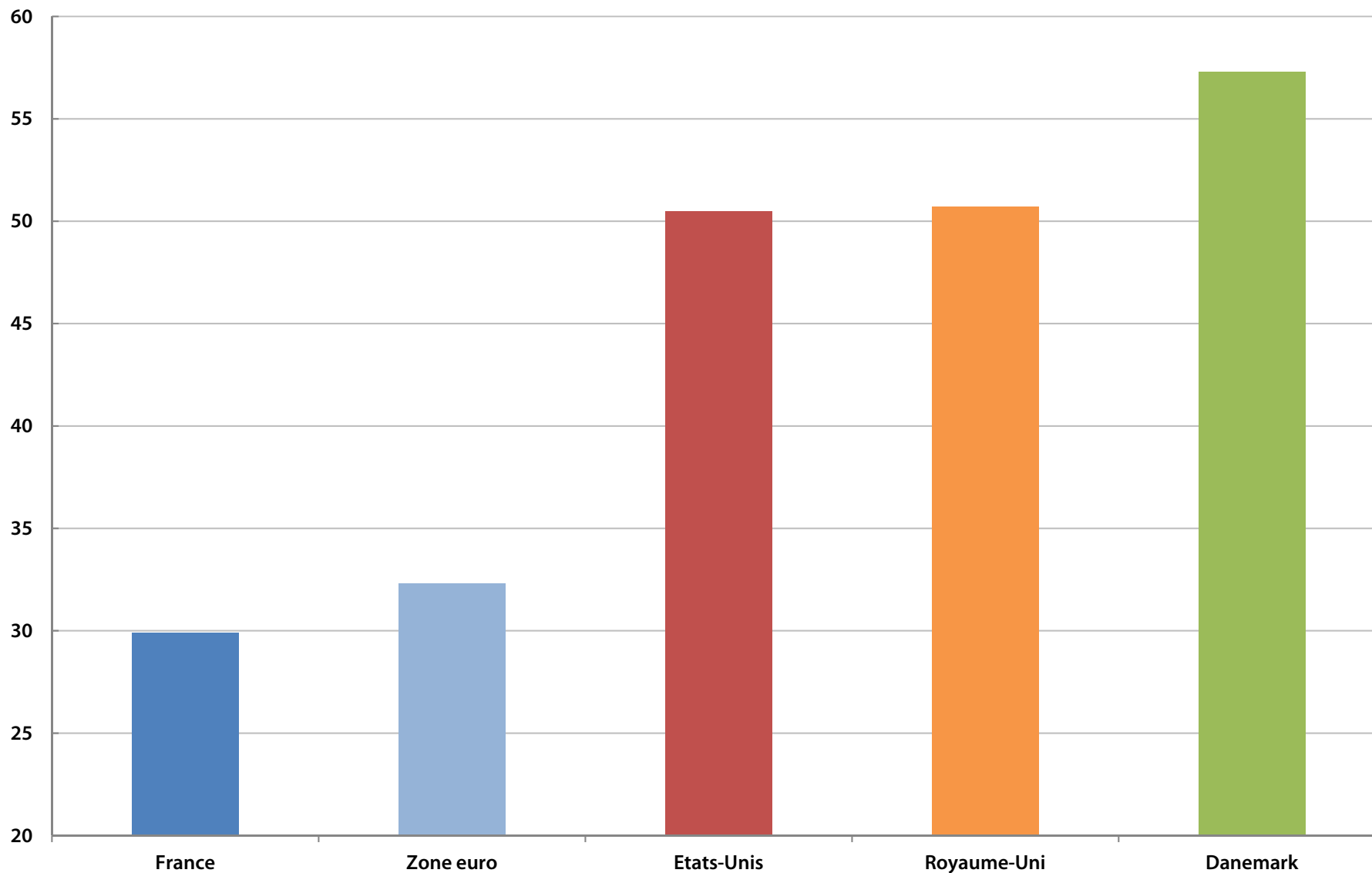
En % de la population en âge de travailler



Source : OCDE

Under 25 employment rate

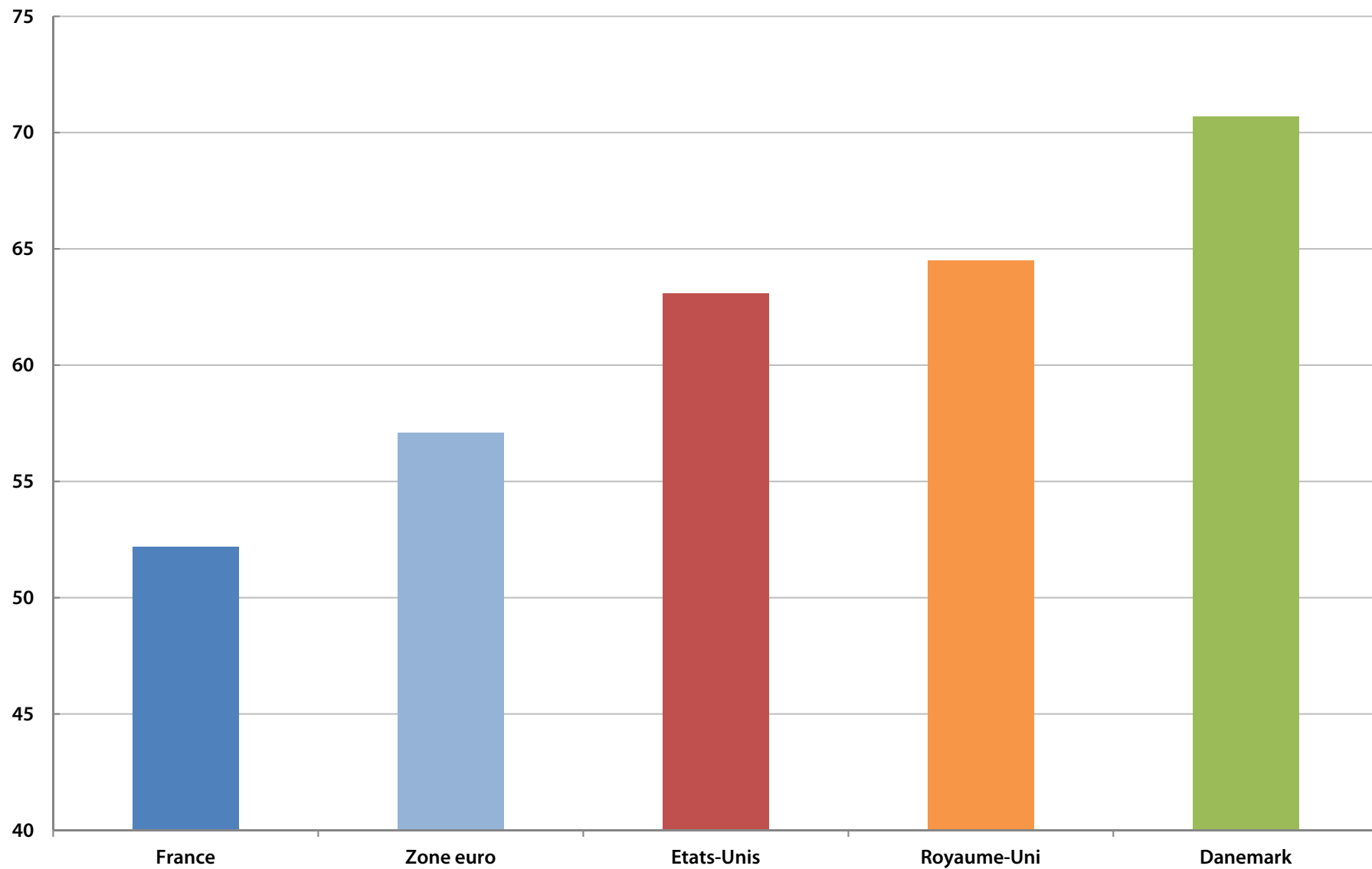
En % de la population en âge de travailler



Source : OCDE

Above 55 employment rate

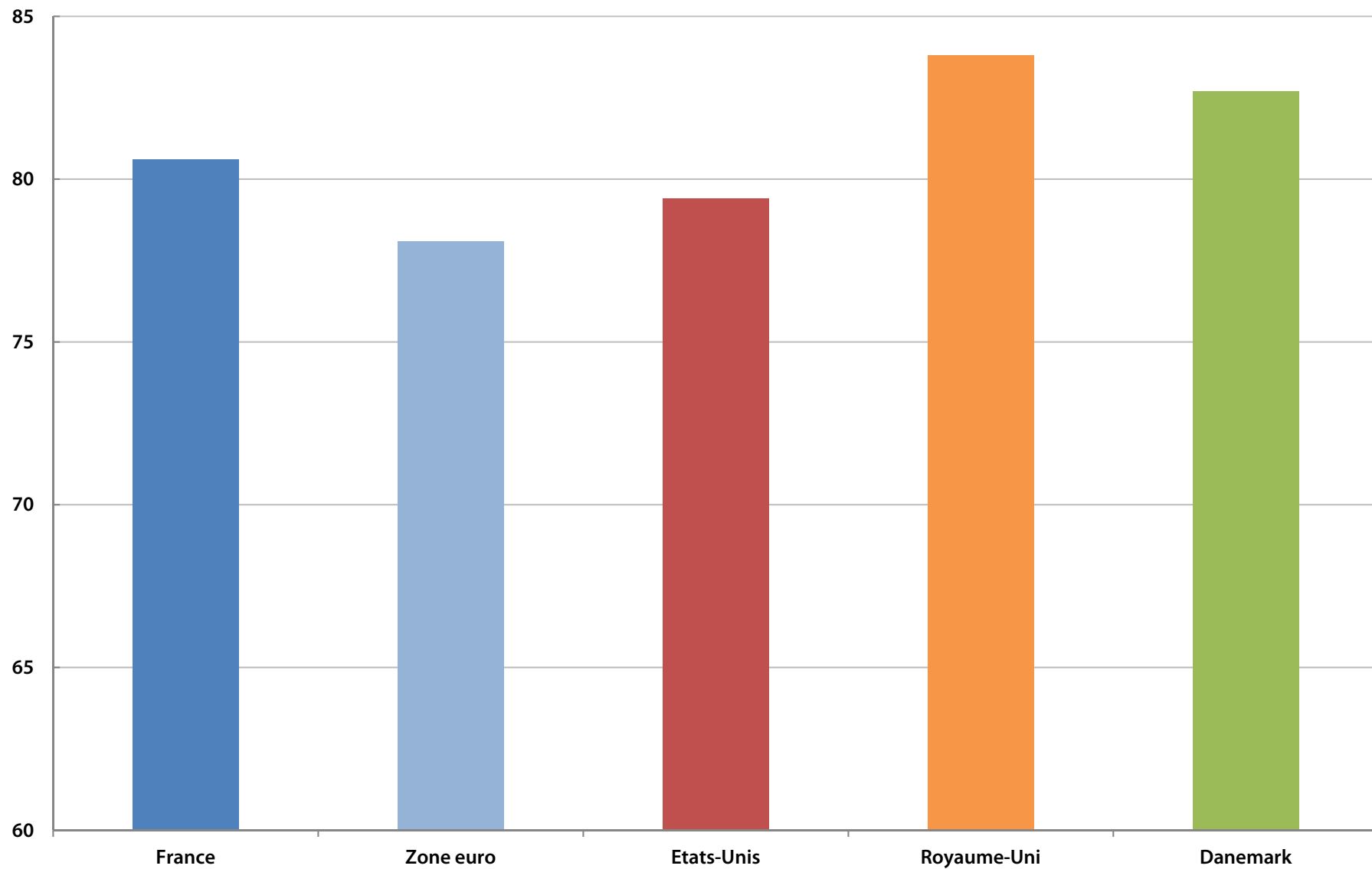
En % de la population en âge de travailler



Source : OCDE

25-54 employment rate

En % de la population en âge de travailler



Source : OCDE