

There is more to services than high-quality jobs

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ETUI-ETUC *Europe at a Crossroads*

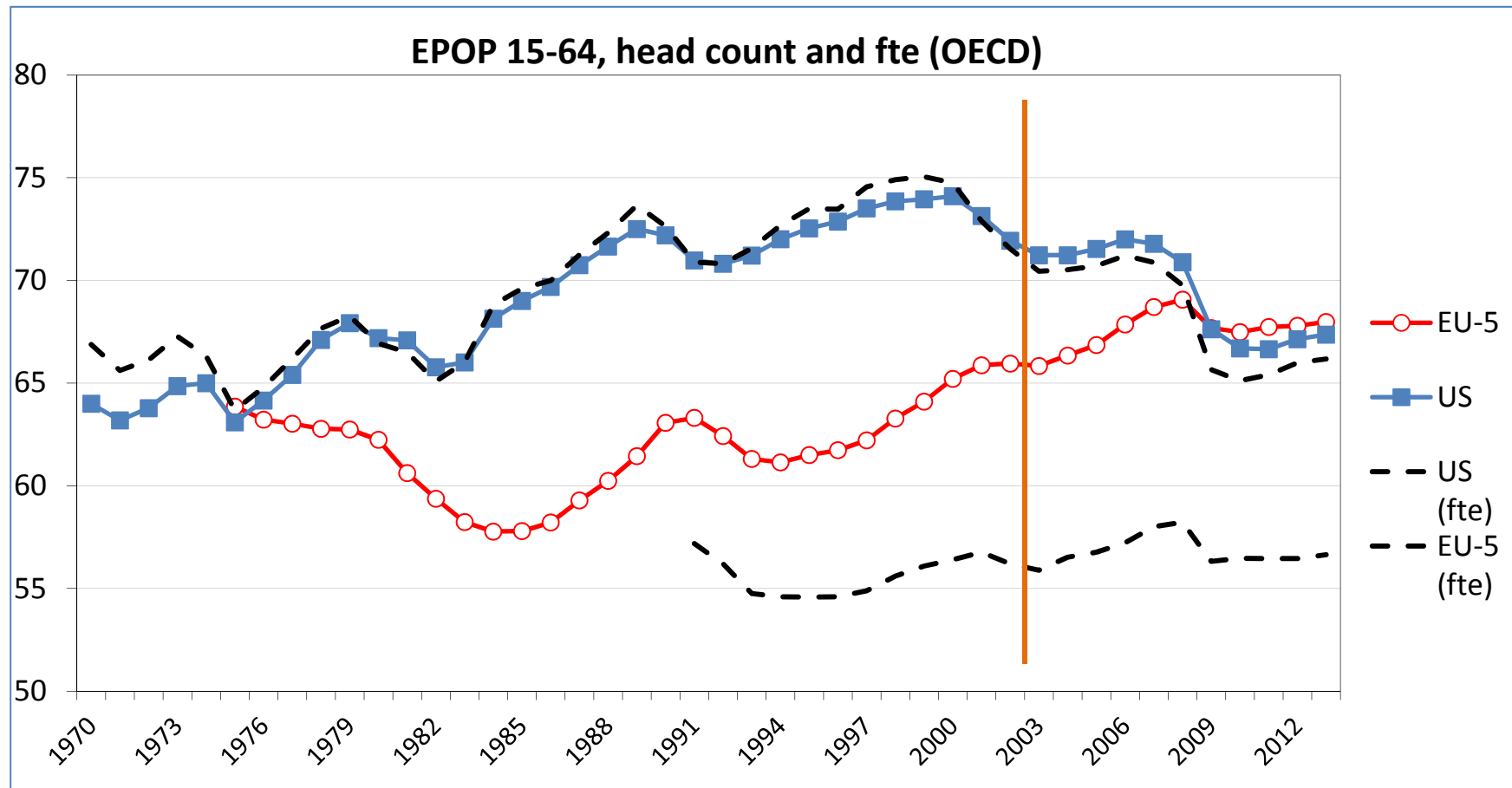
24-26 September 2014, Brussels

Bring together results from two projects

- **DEMPATEM** (2000-2003): Analysis from demand side of the employment gap between 5 EU countries – DEU, ESP, FRA, NLD, UK – and the USA (*a very light update*)
- **GINI** (2010-2013) *Growing Inequalities' Impacts*, in 30 countries worldwide: today inequality in relation to the labour market

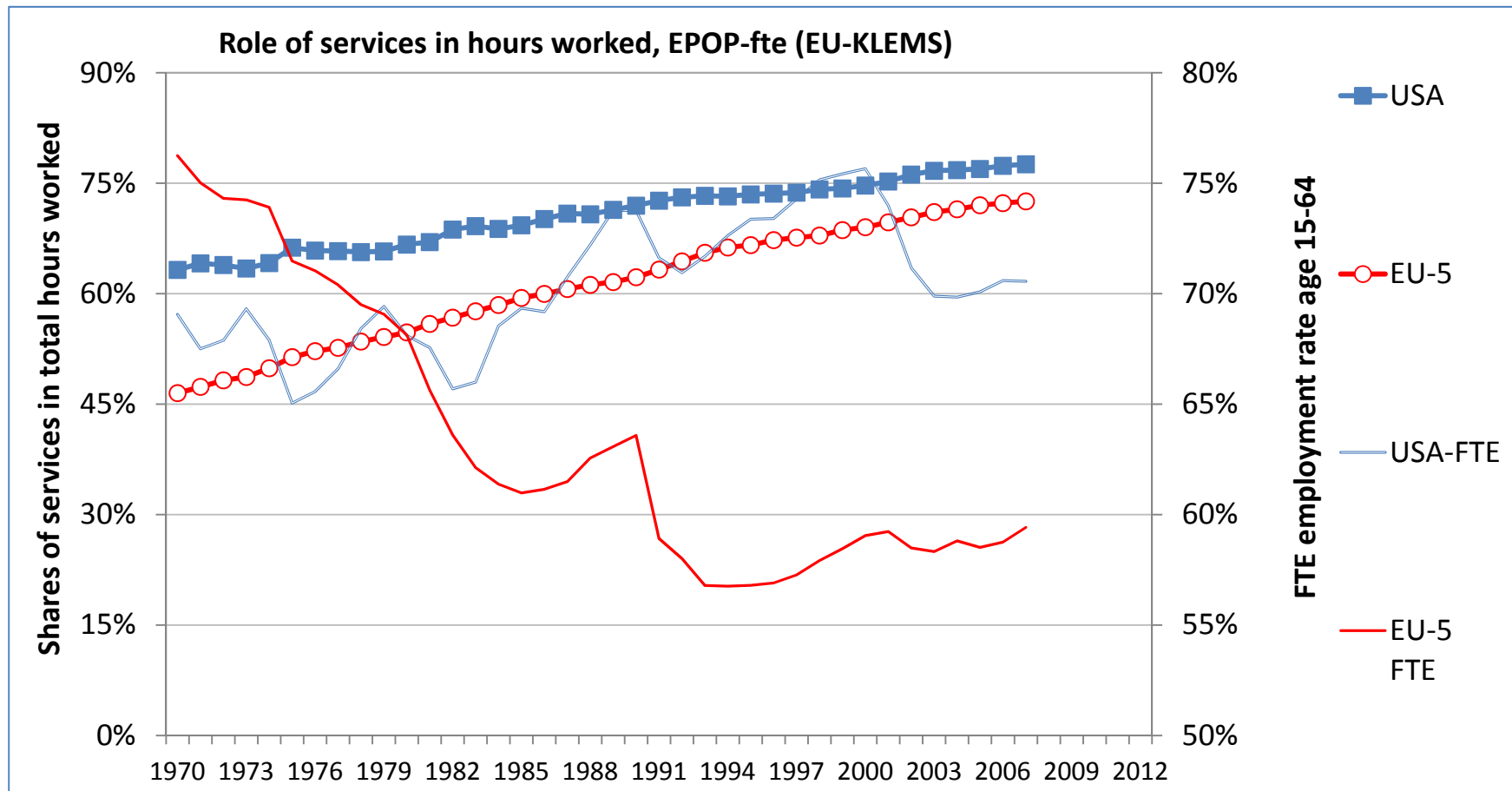
Back to earlier worrying times

- **DEMPATEM**'s US-EU(5) employment gap has gone, for persons but not for hours worked > *regulations of hiring no problem; long stagnation*



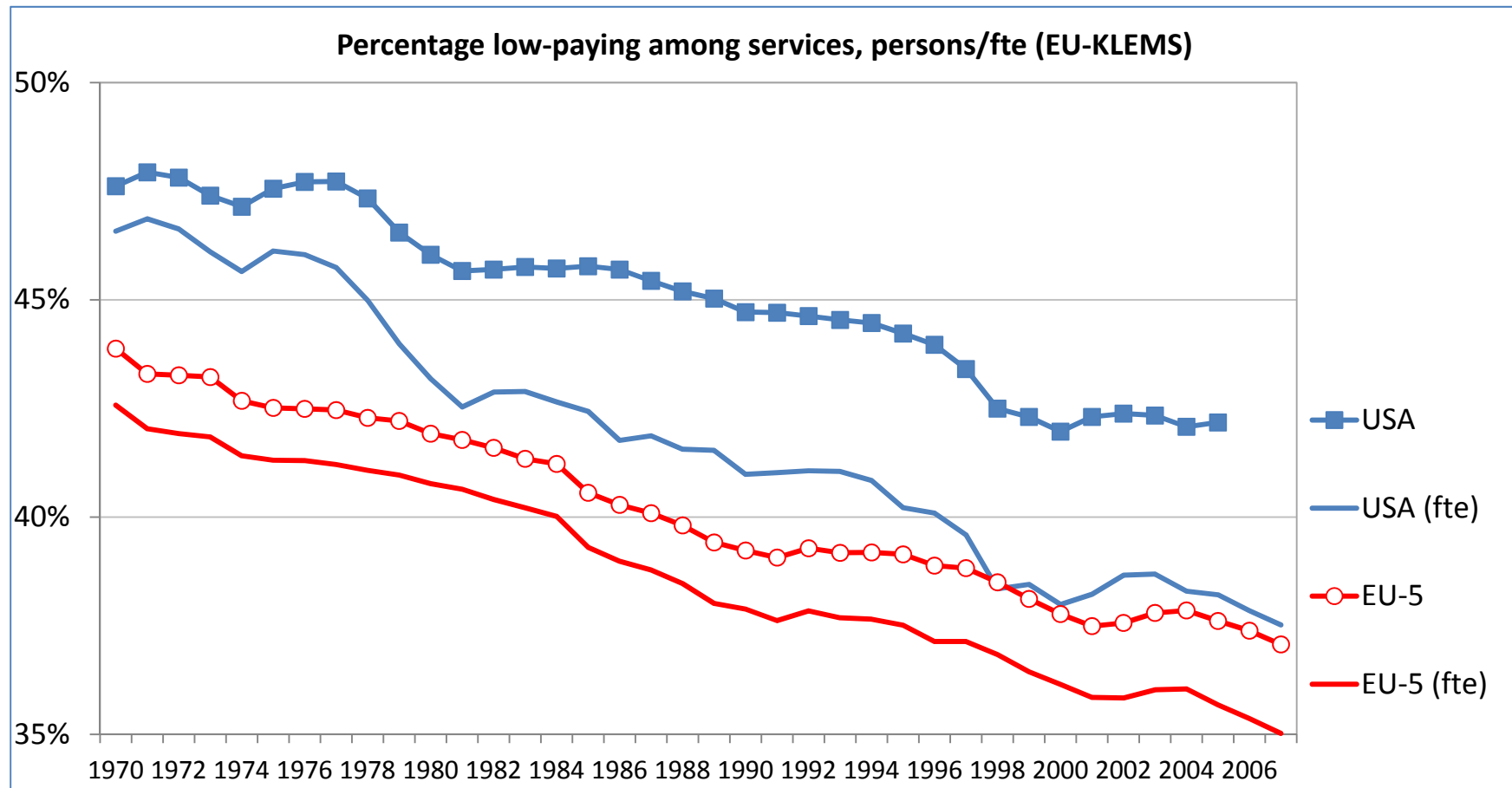
Overwhelming role of services

- *Within* employment European services have largely bridged the gap; the aggregate (hours) level is higher in USA but structure is almost the same



The divide between services

- Low-paying services are large but declining among services (growing per capita however), with a growing part-time presence (gap persons/fte)

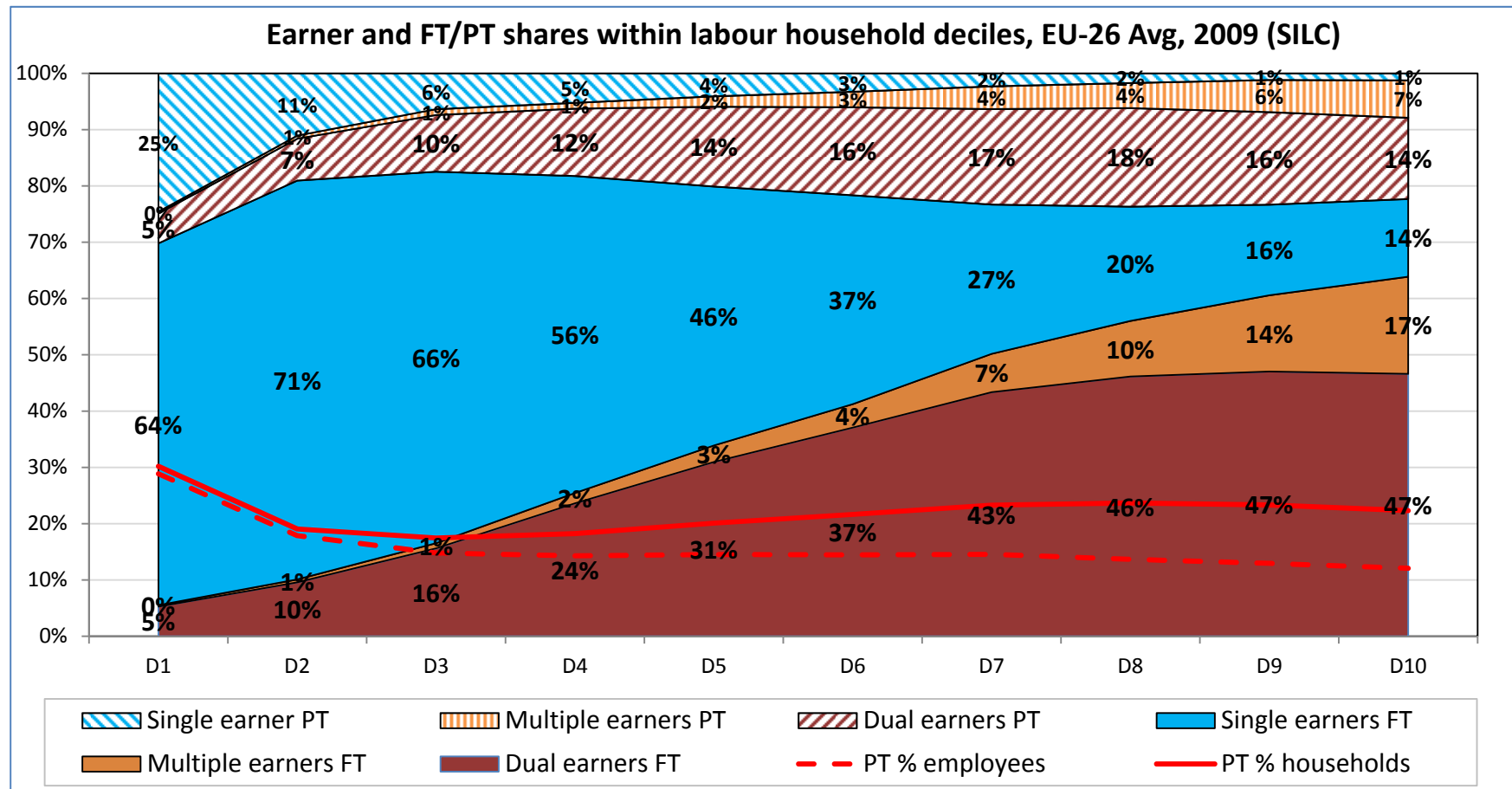


The growth in part-time jobs

- Part-time work may be (almost) equally paid (hourly) but it is low-paid nonetheless because of its sectoral concentration
- The lower the occupational level of a job, the higher the incidence of part-time employment (NLD 80%)
- Many better educated persons are found in low-skill occupations (NLD 80%), overeducation is only growing
- Working part-time facilitates two combination scenarios:
 - with participation in education (strong international differences)
 - with household work, read second earners > found up to top of household income distribution
- Compete with low-skilled labour supply, who are in need of full-time jobs

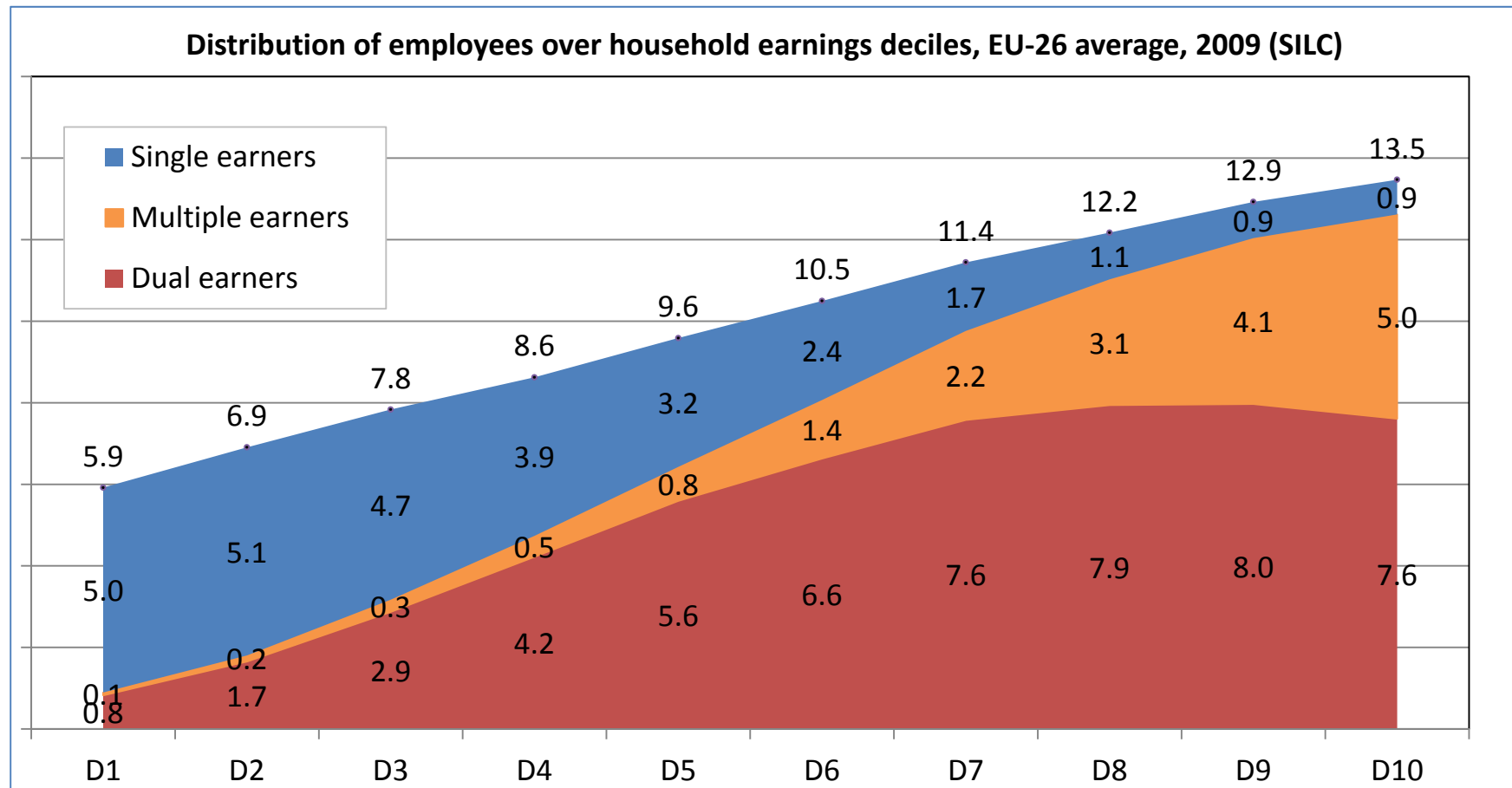
The household side of labour

- Part-time/low-paid workers are found all over the household income distribution, up to the top; single earners concentrate at the bottom



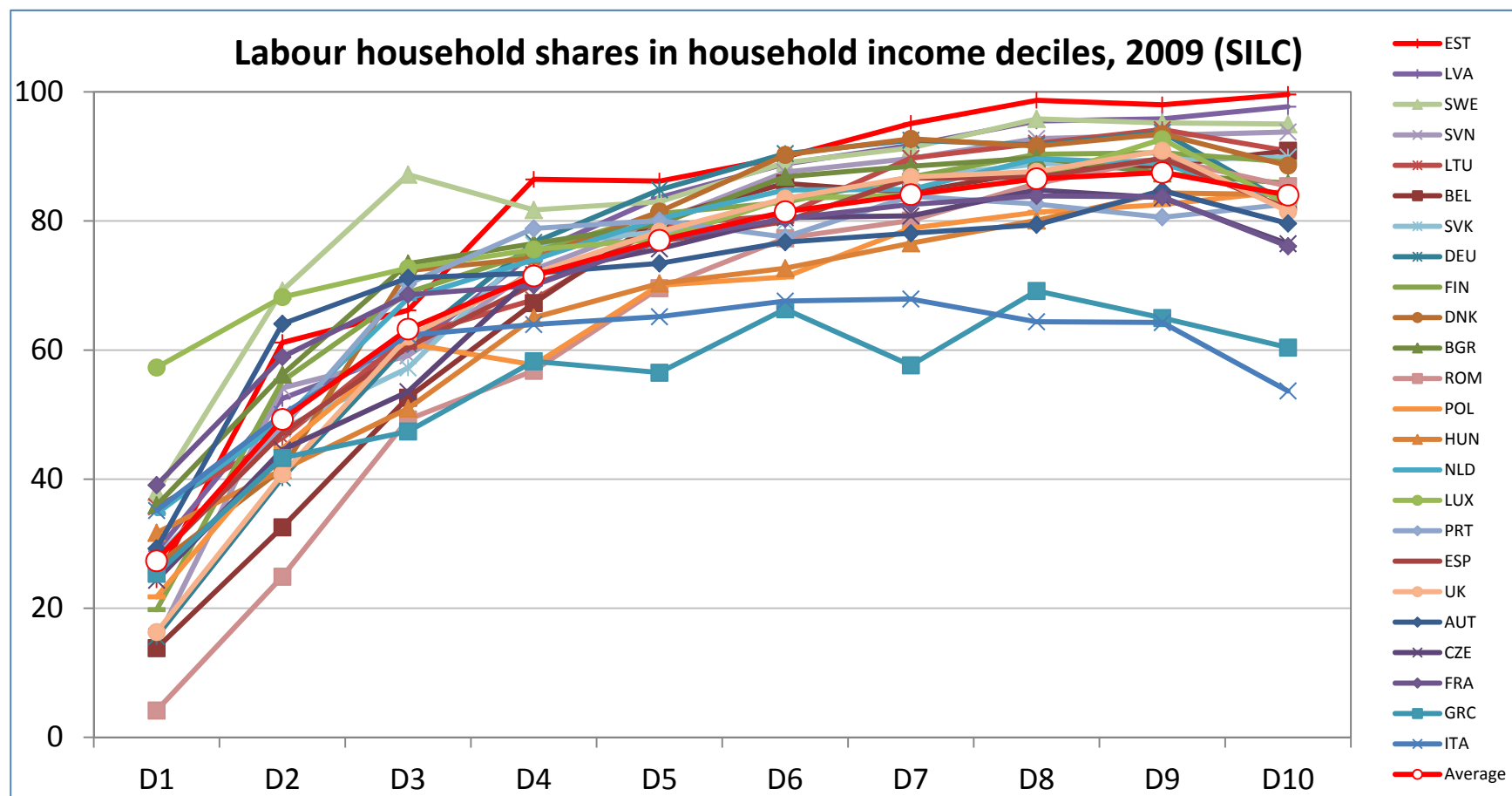
The household side of labour

- All over EU two-/more-earners households are majority of working households, obtaining incomes higher up the income distribution



The labour side of income distribution

- Labour households comprise 80-100% of the higher income deciles in most EU countries – there is not just a problem of top incomes



Conclusions

- Demise of the single-breadwinner model makes traditional measures directed at individual workers & wages ineffective for household income redistribution
- Instead target families directly, with an EITC, that compensates for involuntary part-time draws in the low-skill jobs lottery
- Add a MW, to save on EITC costs and support individual fairness at the workplace
- This is the moment to start both EITC & MW (60% average hourly wage?) with EU coordination

Conclusions

- Let's not worry about high-paying services, they take care of themselves, also through collective action
- Try instead to get the effects of labour-market competition for low-paying jobs under control

Literature

DEMPATEM

- Mary Gregory, Wiemer Salverda and Ronald Schettkat, editors. *Services and Employment: Explaining the US-European Gap*. Princeton University Press , 2007

GINI

- Wiemer Salverda, Brian Nolan, Daniele Checchi, Ive Marx, Abigail McKnight, István György Tóth, and Herman van de Werfhorst, editors. *Changing Inequalities in Rich Countries: Analytical and Comparative Perspectives*. Oxford University Press, 2014 (+ companion volume with 30 country studies)