

# European Employment Strategy and Austria

EES, NAP, NRP

WIIW Seminar

**„Public governance and structural reforms“**

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- (4) **Relaunch of Lisbon: NRPs – nothing new!**
- (5) **Conclusions: So what?**

# (1) Introductory Remarks/Conclusions

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- (1) **European citizens** asked for EU action against unemployment! My conclusions (after 10 years) - **rather sceptical!**
- (2) EES = **Micro-Coordination** (LMP) but **not macro-policies** (monetary, fiscal, wage)!
- (3) EES is **politically „binding“**, not legally!
- (4) EU-MS reluctant to **loose „social policies“** (monetary & (partly) fiscal policies already integrated!) Old (and new?) MS are **tired of integration!**
- (5) **Enlargement** (2004/2007): 12 new countries changed EU dramatically (**disintegration** through more heterogeneity?)!

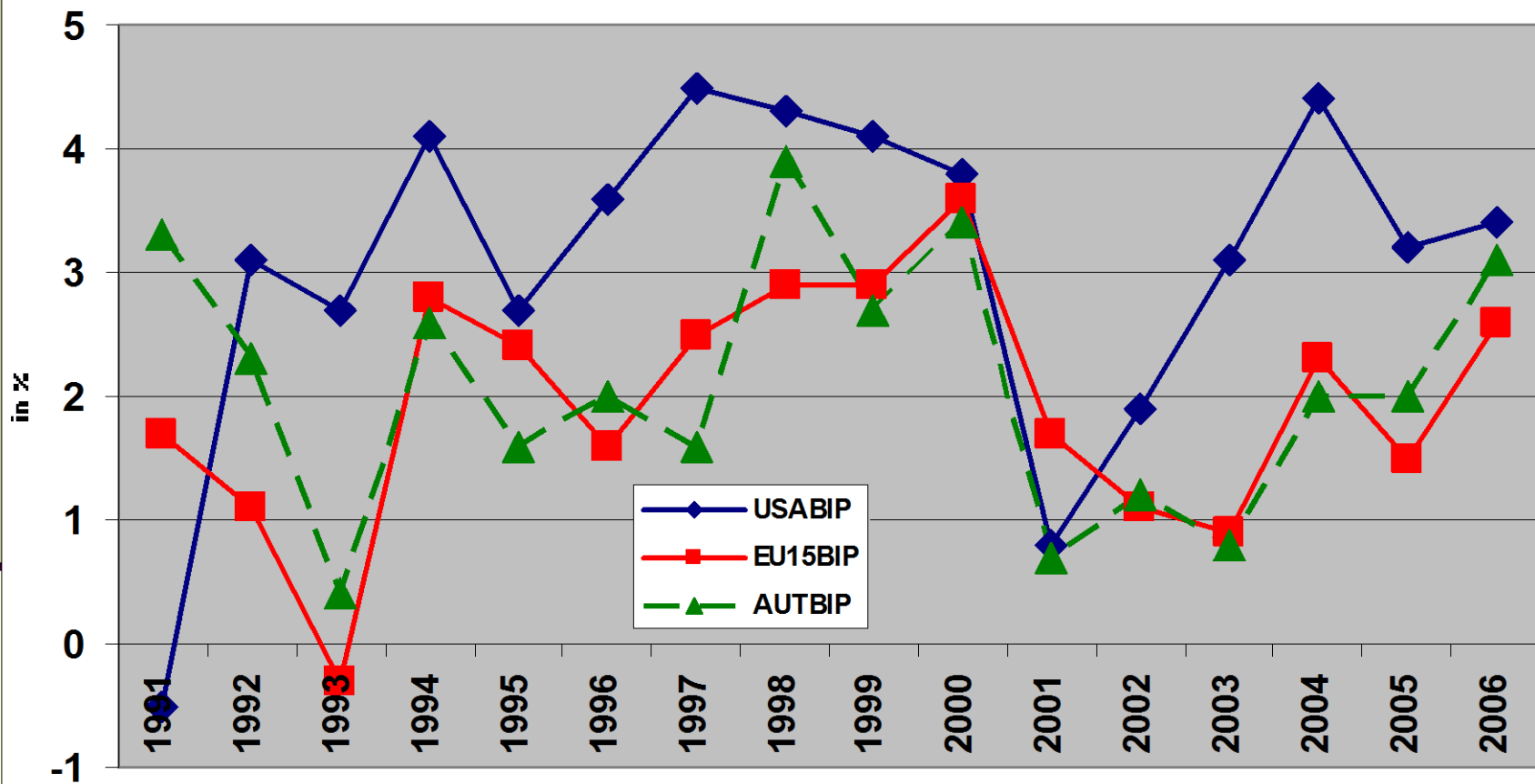
# (2aa) GDP Growth, Employment, Unemployment 1991-2006

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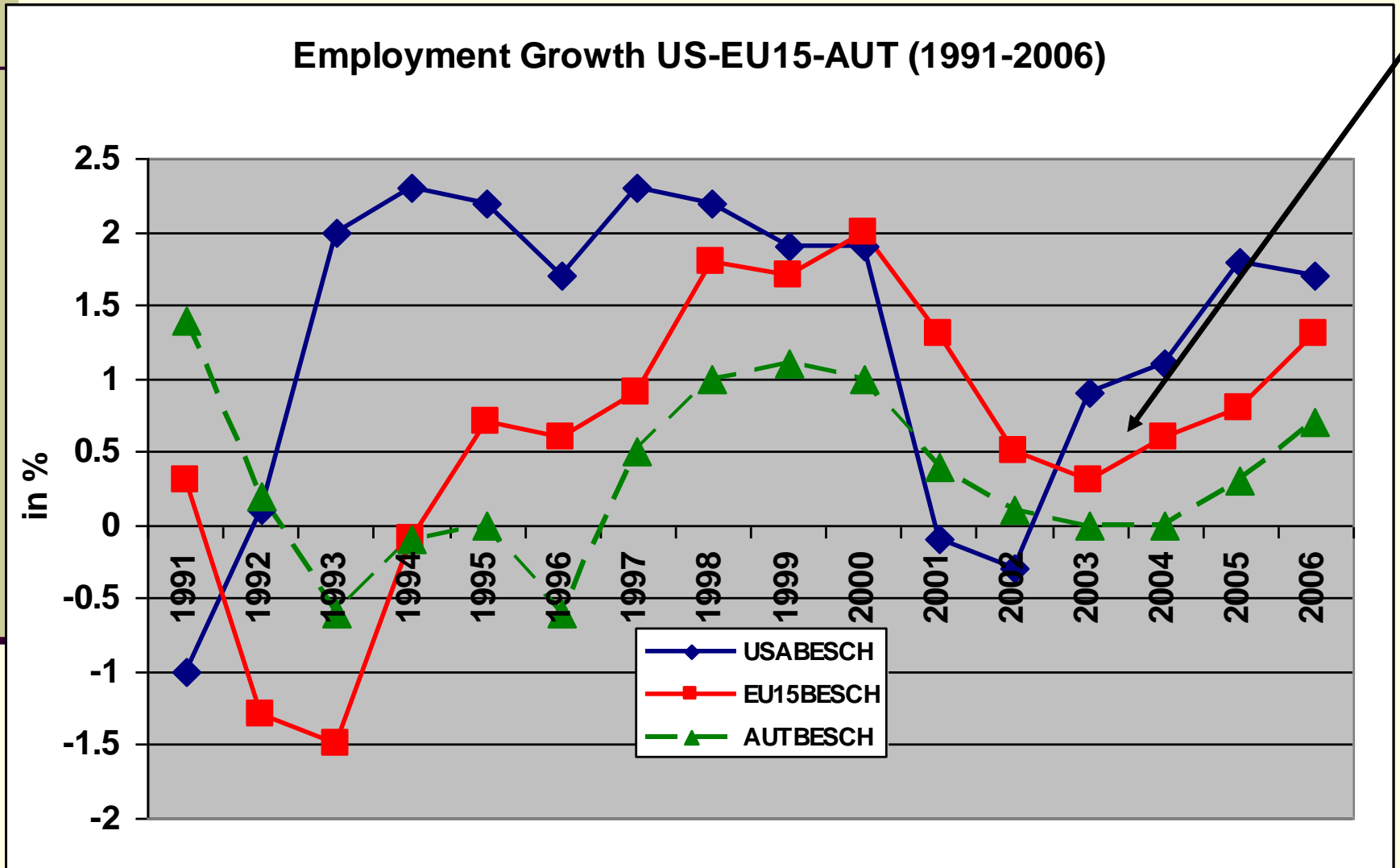
- **GDP-growth 1991-2006:**
  - Accumulated growth: 49,2%(USA), 31,3%(EU), 33,6%(AUT)
  - In 16 years, US-growth only in two years lower than EU rates
- **Employment growth 1991-2006:**
  - 20,7% (USA) – 9,9% (EU) – 5,5% (AUT) accumulated growth
  - But: growth more stable in EU in current down turn!
- **Unemployment 1991-2006:**
  - EU-UR increased in last downturn only marginally; AUT-UR constantly below US-levels!

# (2ab) Growth

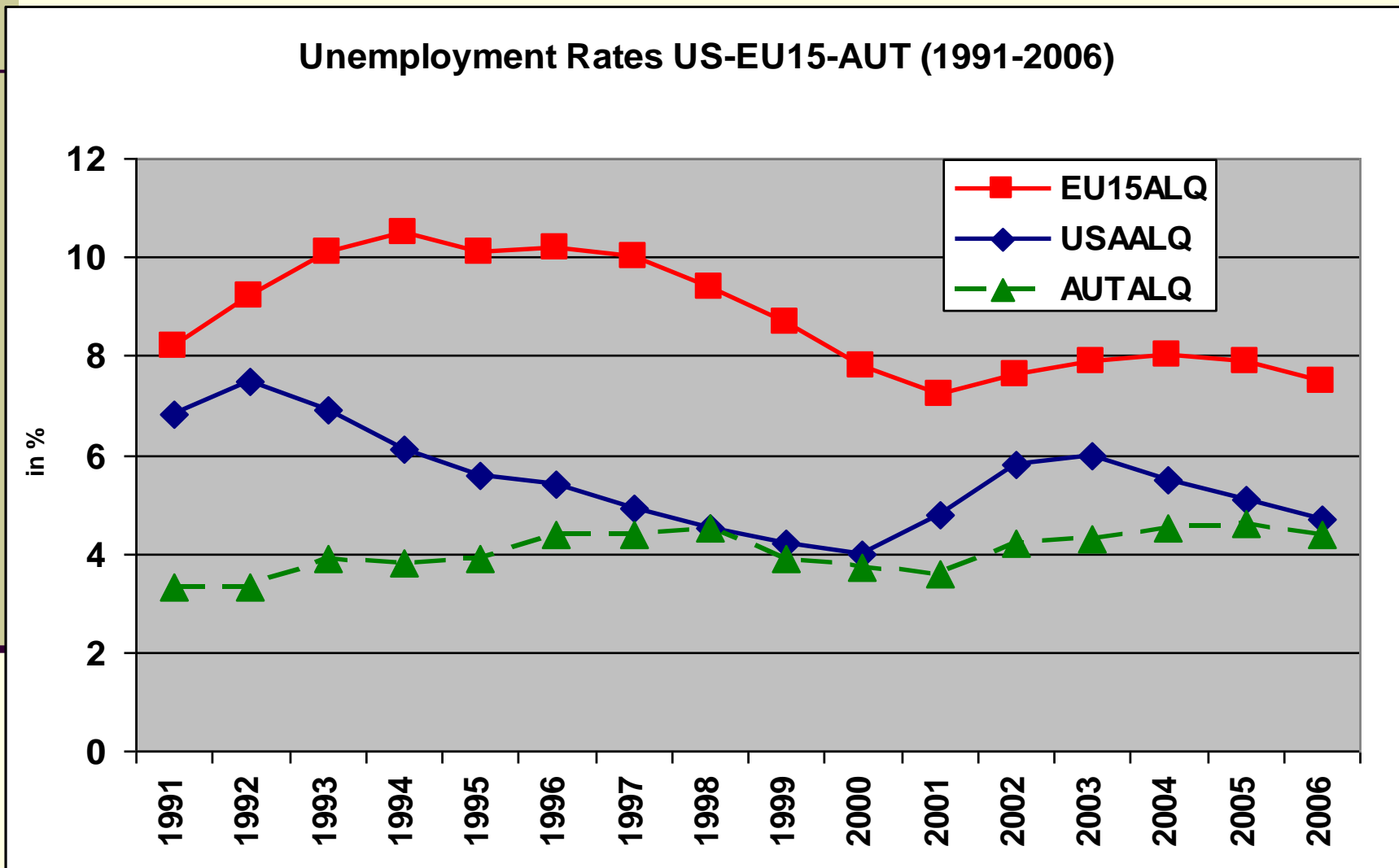
## GDP Growth US-EU15-AUT (1991-2006)



# (2ac) Employment



# (2ad) Unemployment



## (2ba) Birth of Luxemburg-Process in November 1997

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- EU economic policies in the 1990s: high UR, Maastricht criteria + Stability pact (inflation, public debts, deficits)
- Fight against unemployment – call for EU-action: EU summit of **Amsterdam** (employment title Art. 125-130 in the treaty, „*Imp-co-ordination*“) and **Luxembourg** (GL+ JER+ Recom.; structural reforms on the labour markets)
- **A new process: EU guidelines** – national implementation – yearly monitoring (Council+Com); new **Method of Open Coordination** (a new form of integration? **MbO**; decentralisrd implementation)



## (2bb) Birth of Luxembourg: Substance and Procedures in 1997

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- Employment **Guidelines** (many times adapted since!)
  - Area I **Employability** (e.g. LMP, LLL)
  - Area II **Entrepreneurship** (e.g. remove obstacles, reduce non-wage labour costs);
  - Area III **Adaptability** (e.g. modernise work organ., social partner)
  - Area IV **Equal opportunities** (Mainstreaming, Gender Gap, reconcil work and family life)
- **Joint Employment Report** (analysis of implementation)
- Country specific **recommendations** (e.g. AUT–Gender Pay Gap, LLL, increase labour supply, e.g. of older)

## (2ca) Impact Evaluation after 5 years 1998-2002

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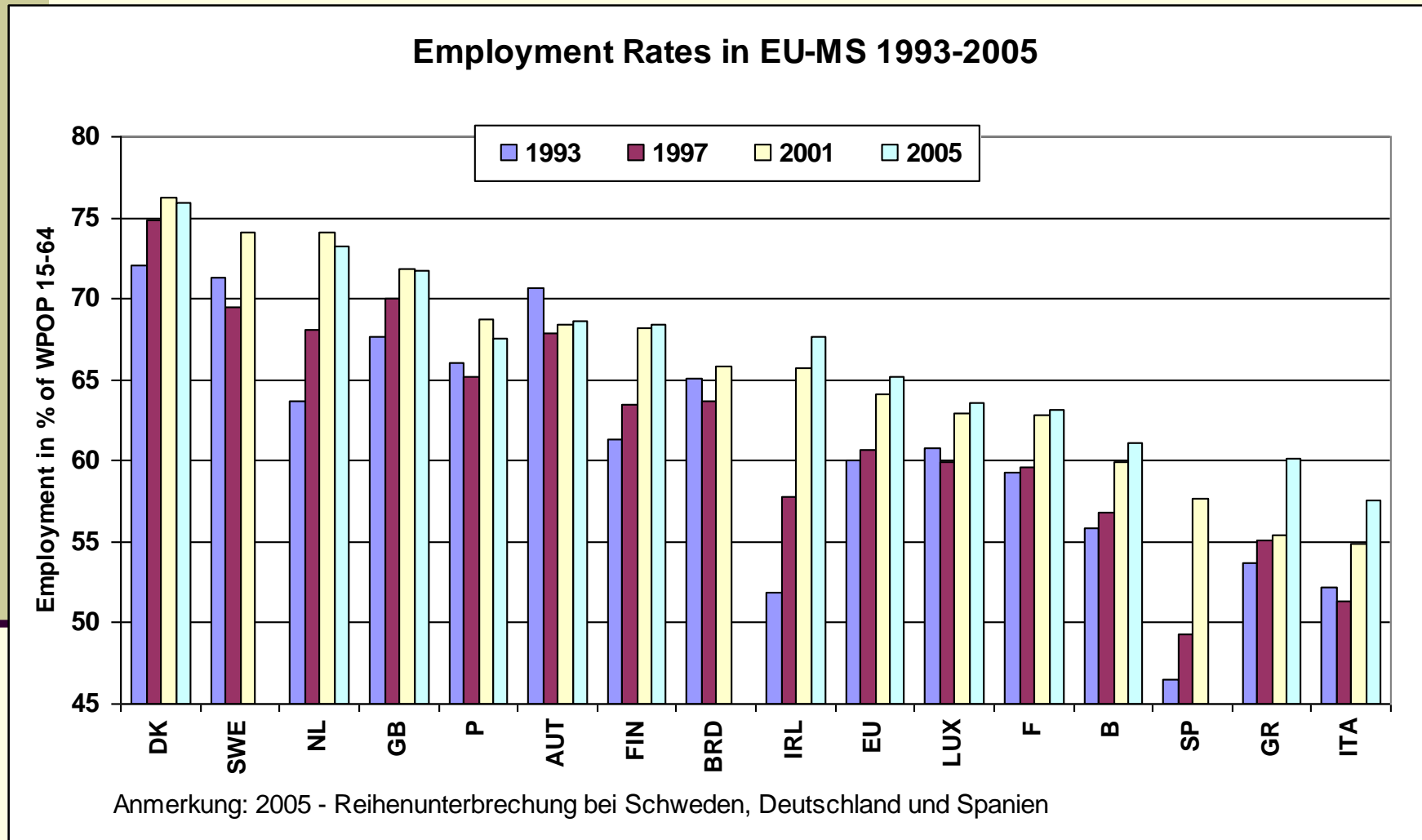
- ❖ **Some cross-border learning** (peer group pressure, mutual learning; **indicators/targets**; see **Lisbon targets!**)
- ❖ **MS take part in the new process - to some extend:** often, they report what they would have done anyway!
- ❖ **Improvements:** yearly new GL, **indicators** (monitoring), European summits in **Lisbon** (huge reform agenda!) und Stockholm
- ❖ **No active contribution of monetary, fiscal and wage policies** (Macroeconomic Dialogue failed)!
- ❖ Over the years, MS **disliked implementation** more and more (EURO, Enlargement)

## (2cb) Impact Evaluation 1998-2002

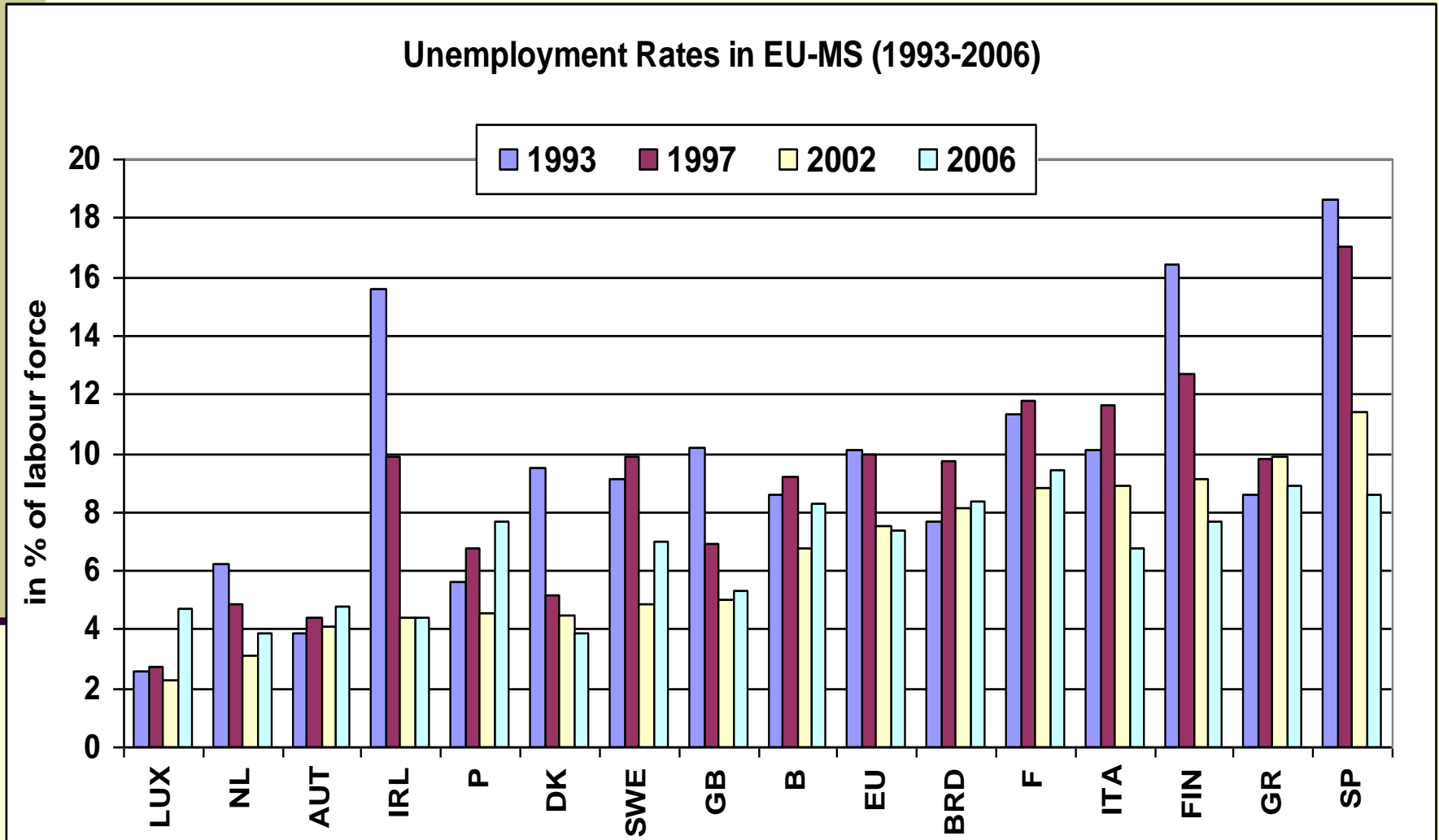
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- **Structural Unemployment:** has it decreased?
  - See period 1993-1997-2002-2006
  - Measured by: ER, UR, LTU, NAIRU, employment intensity of growth;
- **Implementation** of the EES: NAPs
  - causal links of national policies and NAPs were very weak (e.g. non-compliance rate)

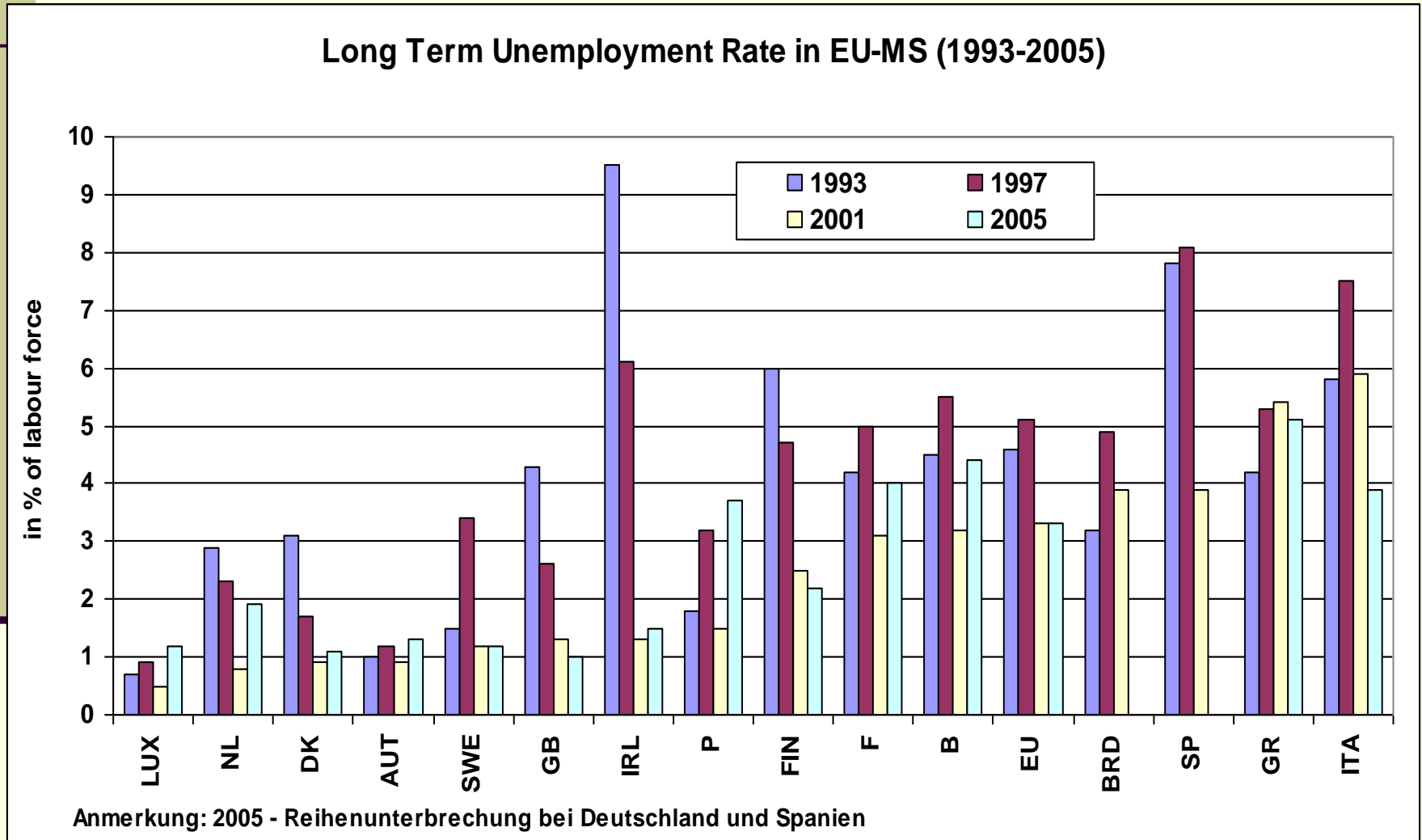
# (2cc) Employment Rates



# (2cd) Unemployment Rates

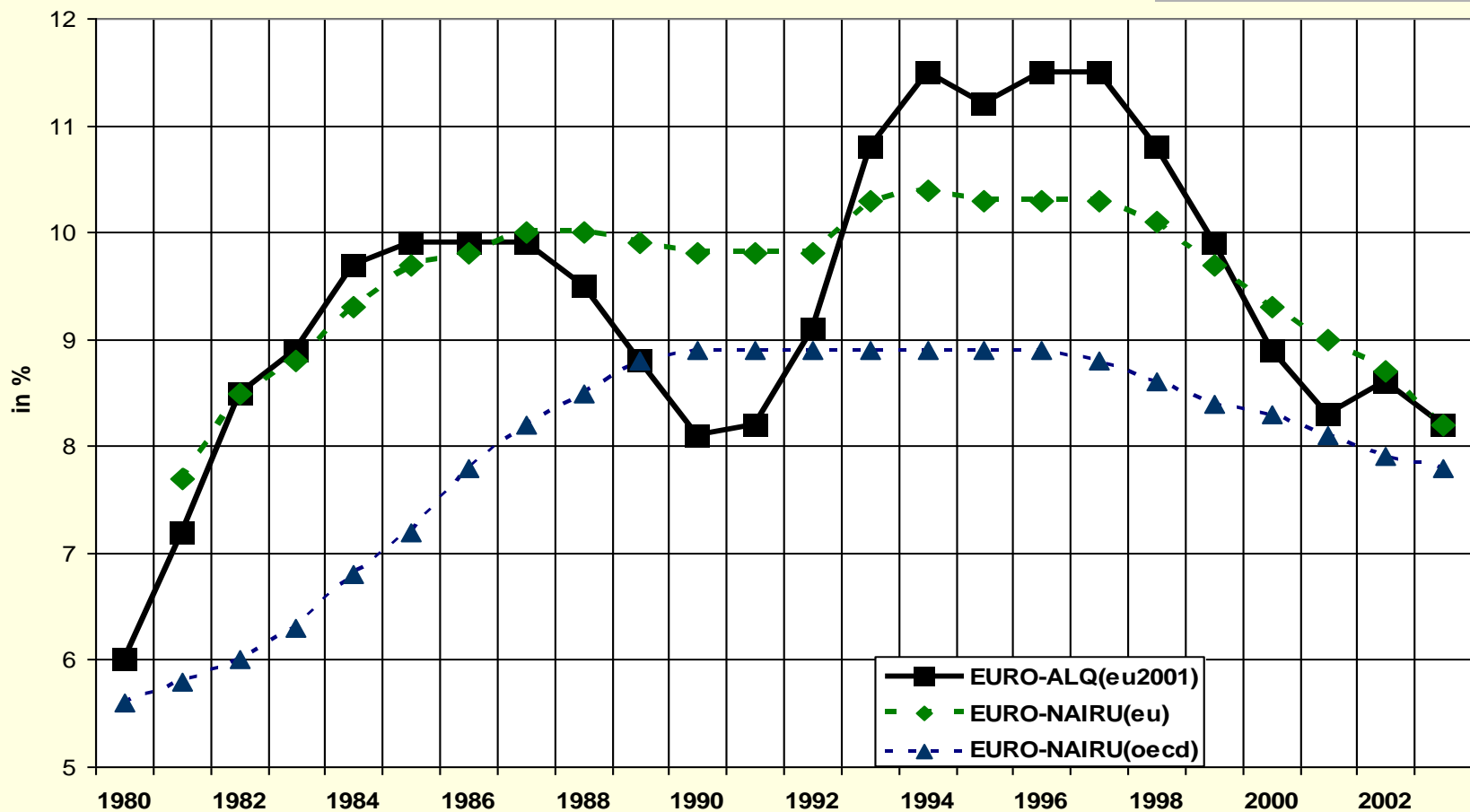


# (2ce) Long Term Unemployment Rates



# (2cf) Structural Unemployment

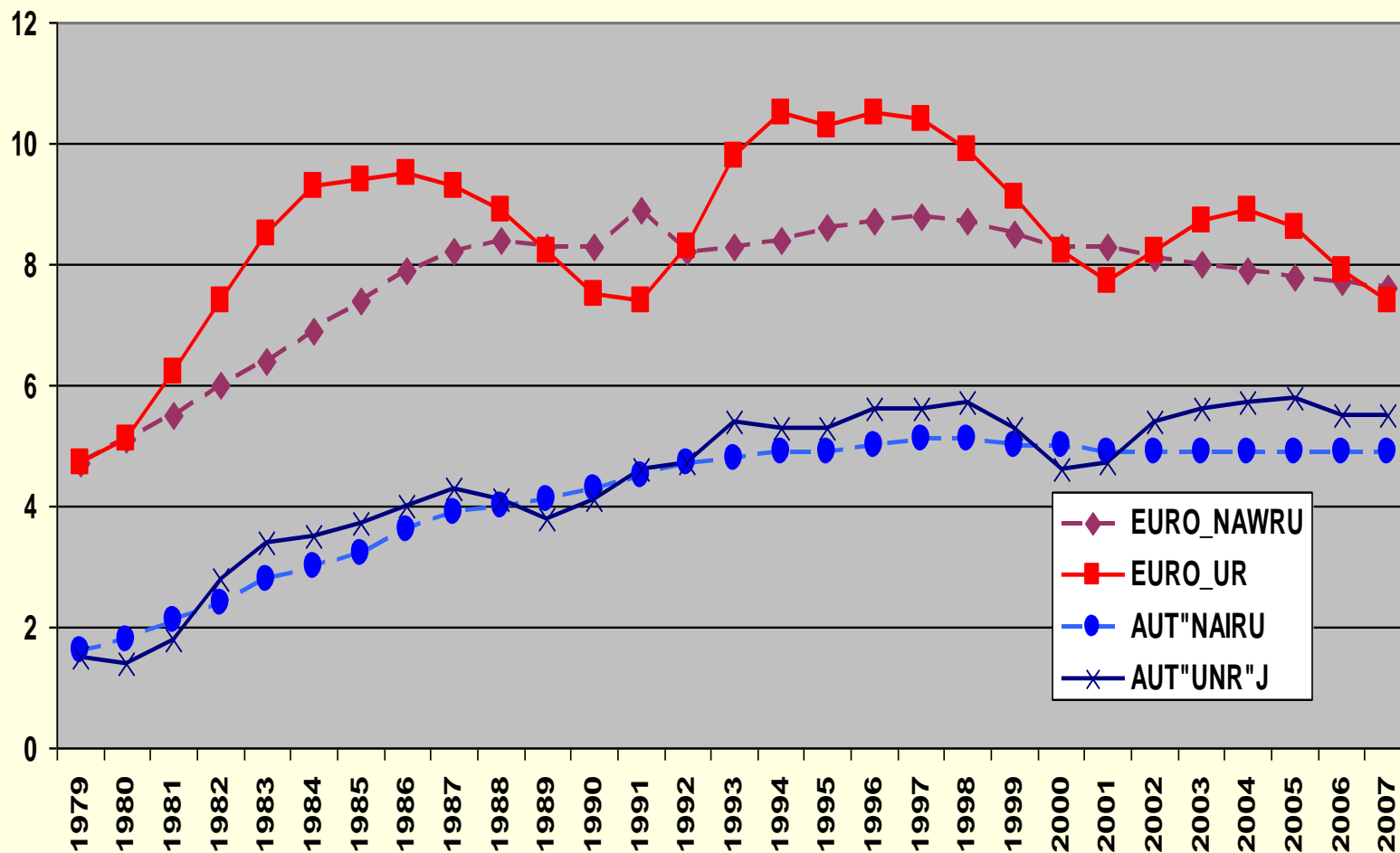
## Unemployment Rate and NAIRU in EURO-Area (OECD und EU-KOM)



Quelle: European Economy 2001, OECD/ECO und Denis et. al. (2002)

# (2cg) Structural Unemployment

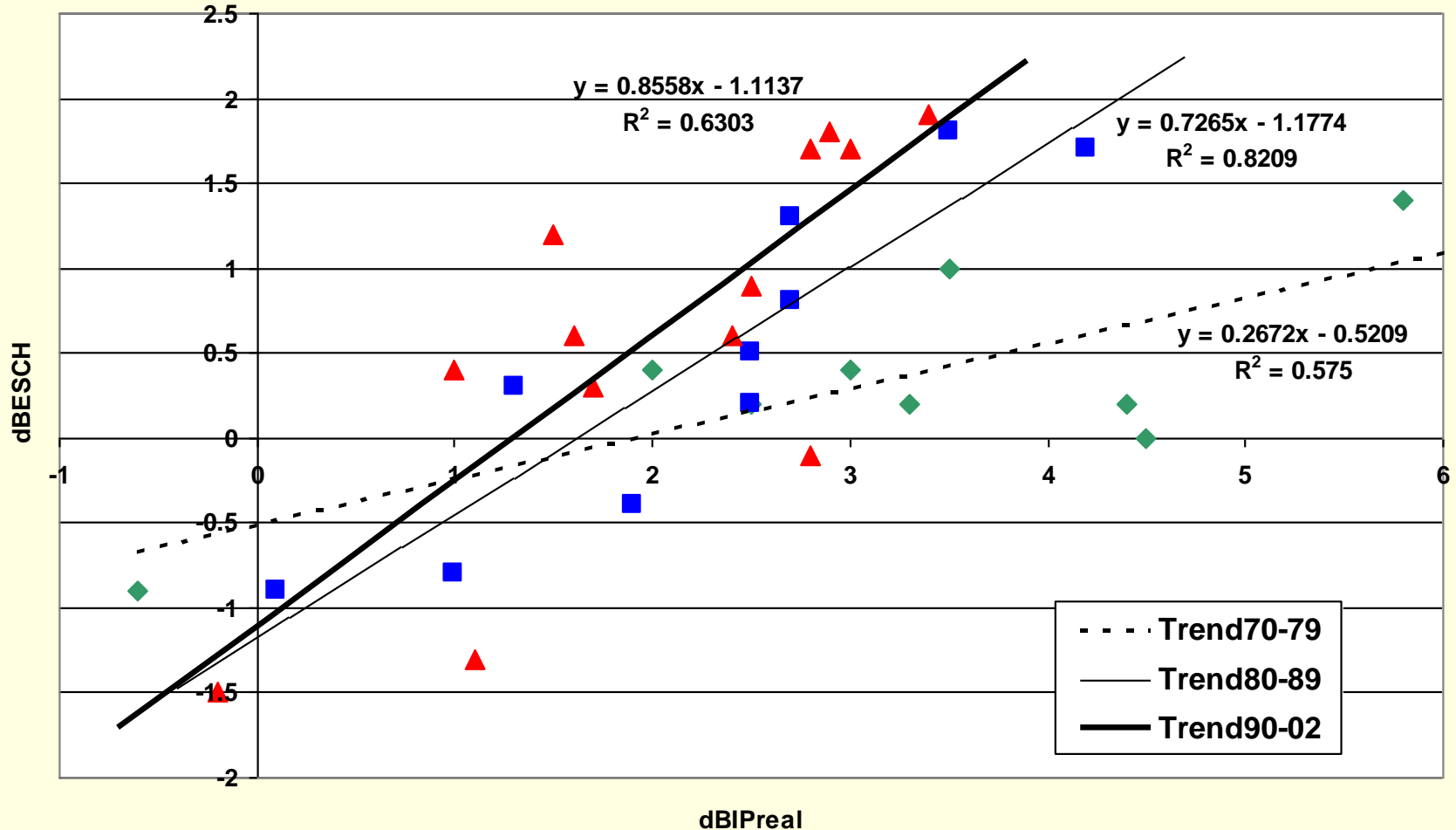
## Unemployment Rate and NAWRU in EURO-Area and AUT, 1979-2007





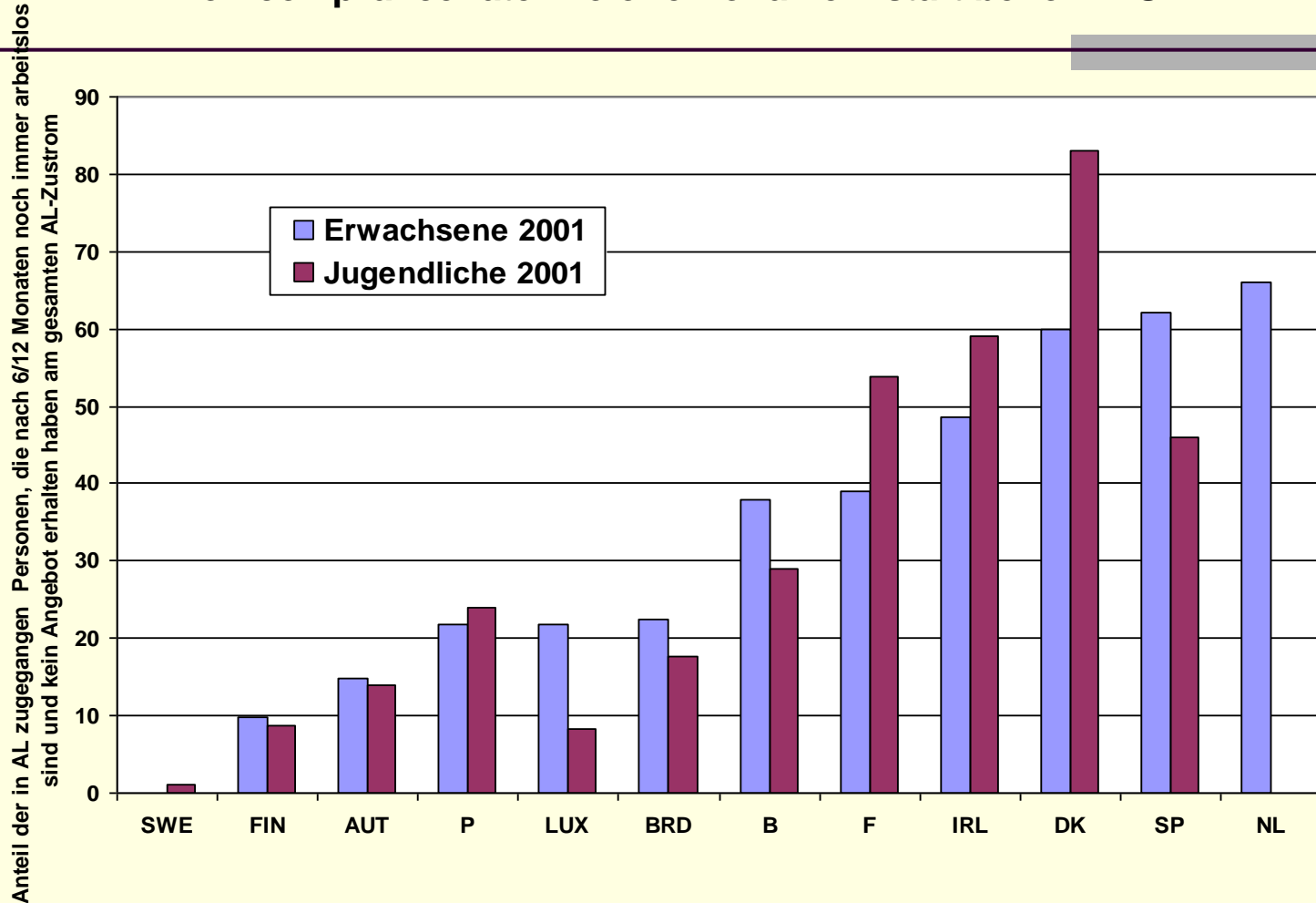
# (2ch) Employment Intensity

Employment intensity of growth EU 1970-2002



# (2ci) Non-compliance Rate

## Non-compliance rate: No offer for a new start bevor LTU



Anmerkungen: ITA und GR lieferten keine Daten; GB und NL (für Jugendliche) gehen, unrealistischerweise, von einer 100%-Erfüllung der Vorgaben aus; B=2000;  
Quelle: DG EMPL (2002b), p. 111f.

## (2cj) A new process for EES 2003-2006-2010?

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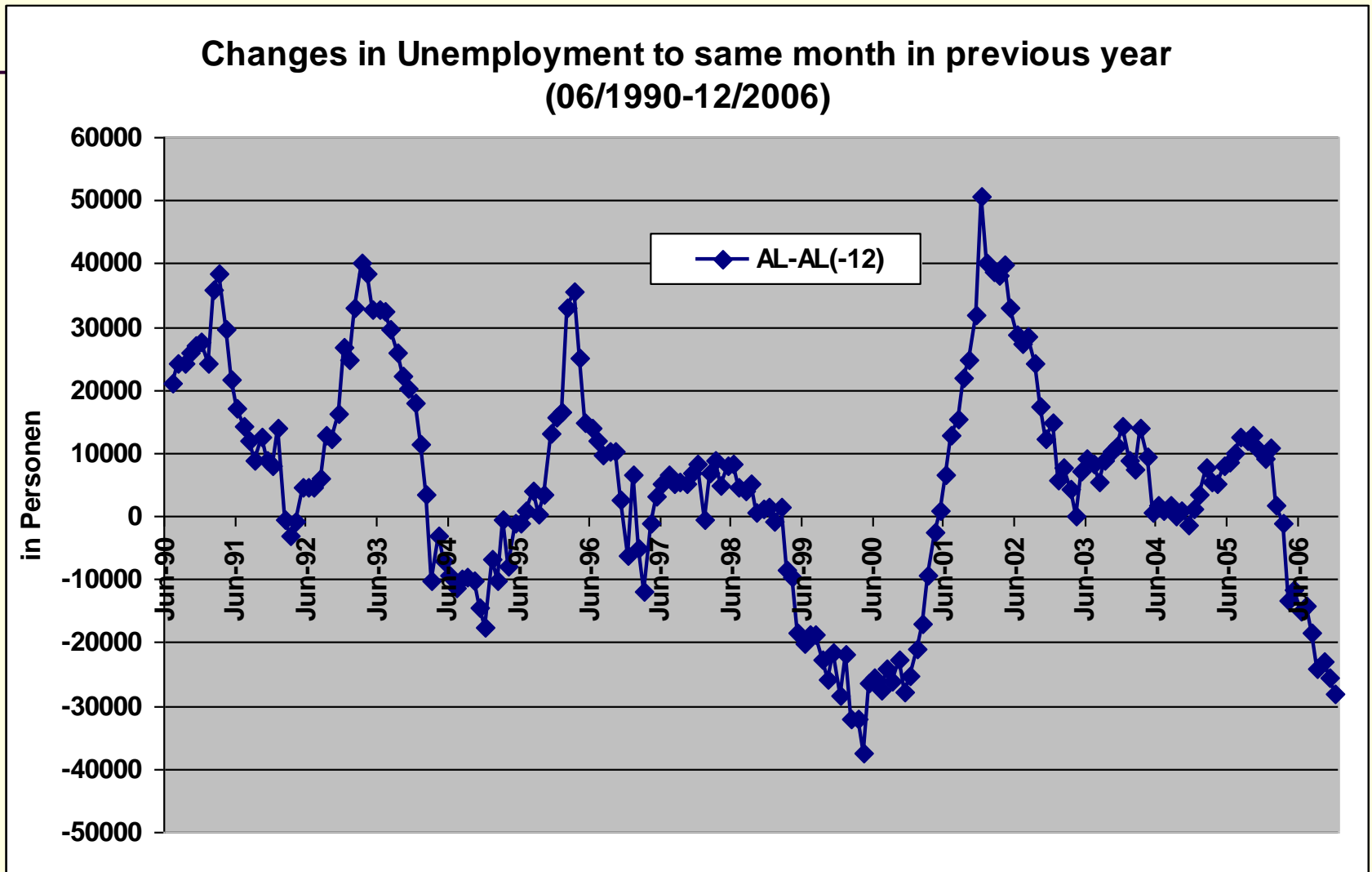
- New guidelines (June 2003)
  - Overarching goals: Full employment, quality in work, social cohesion
  - 10 new guidelines
- New recommendations
- JER
- **This new process lasted until March 2005 only!**

## (3a) Implementation of EES in AUT: NAPs

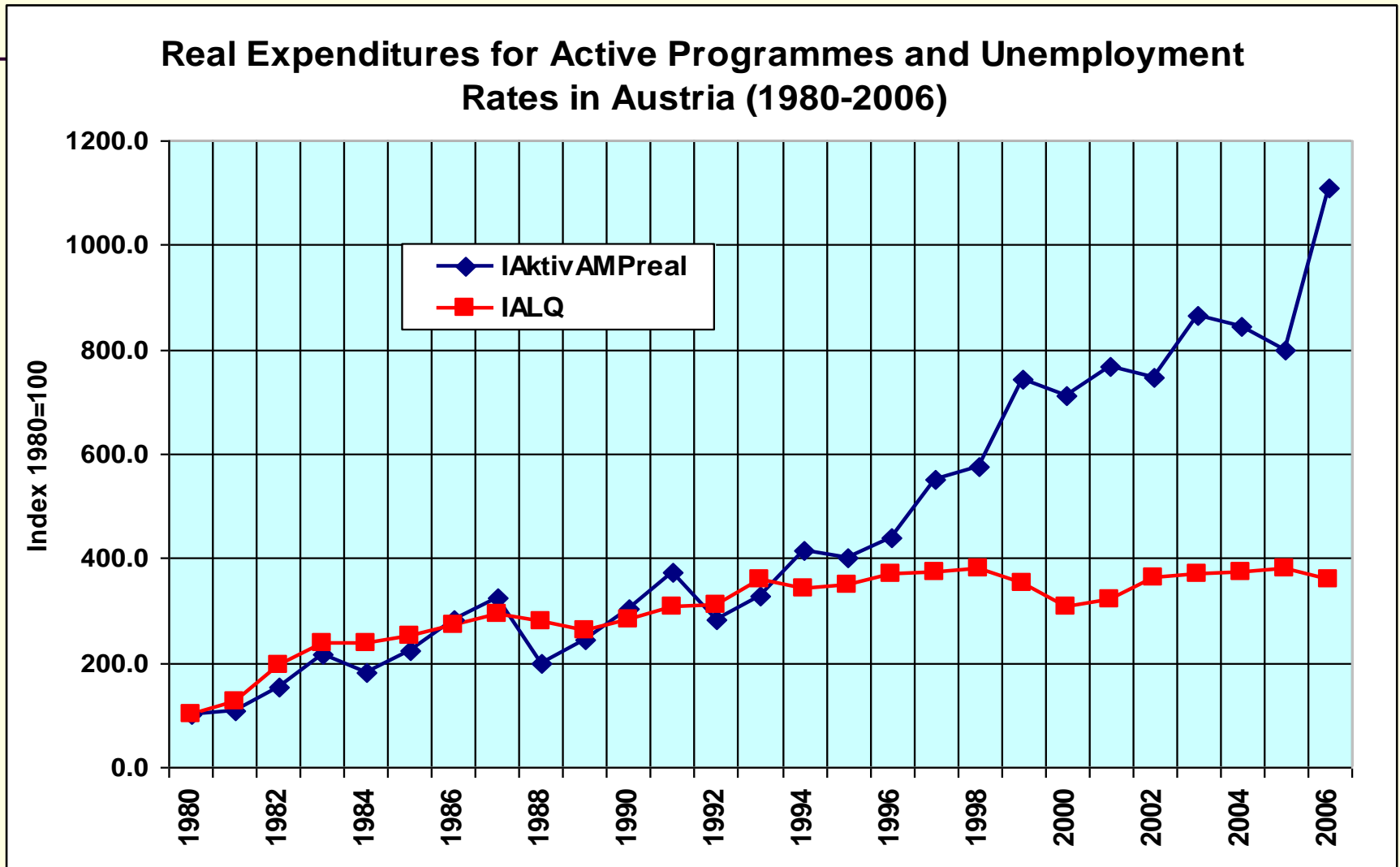
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- ✓ Since 1998: 7 AUT-NAPs (and 2 NRPs)
- ✓ **Main Priority: LMP (area 1):**
  - ✓ **youth**, older
  - ✓ Increasing **budgets active programs** (from € 587 Mio. 97 to € 1788 Mio. 06; including activated passive measures like part time work for older),
  - ✓ training for employed (ESF)
- ✓ Area II-IV: minor measures only!
- ✓ Causal link to EES: **not really** (policies for youth, older, active LMP)!
- ✓ **Not implemented:** Gender Pay Gap, Work organisation, LLL

# (3b) Changes in Unemployment in AUT

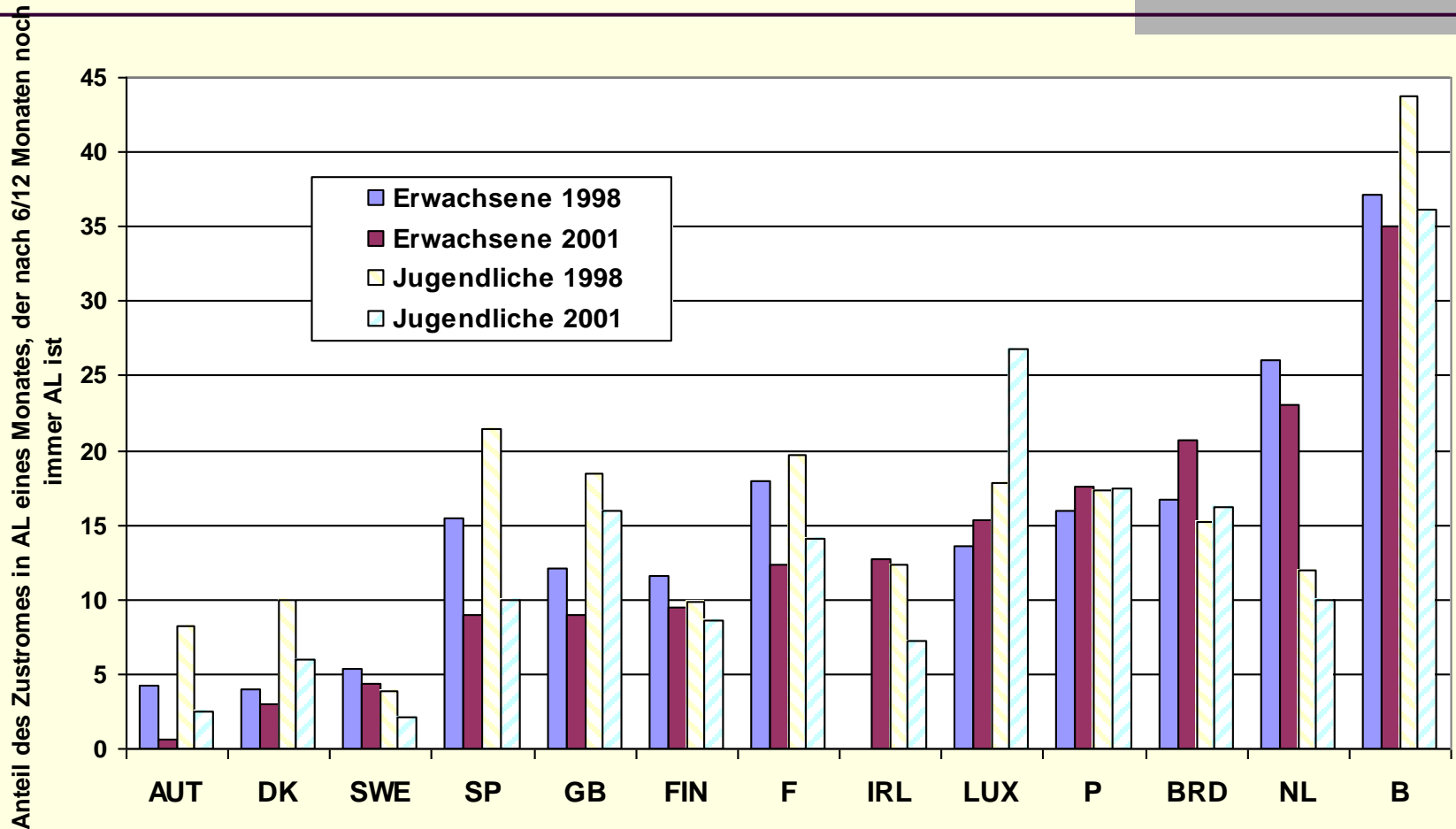


# (3c) Expenditures in ALMP



# (3d) Prevent LTU

## Inflow of youth and adults into LTU 1998/2001

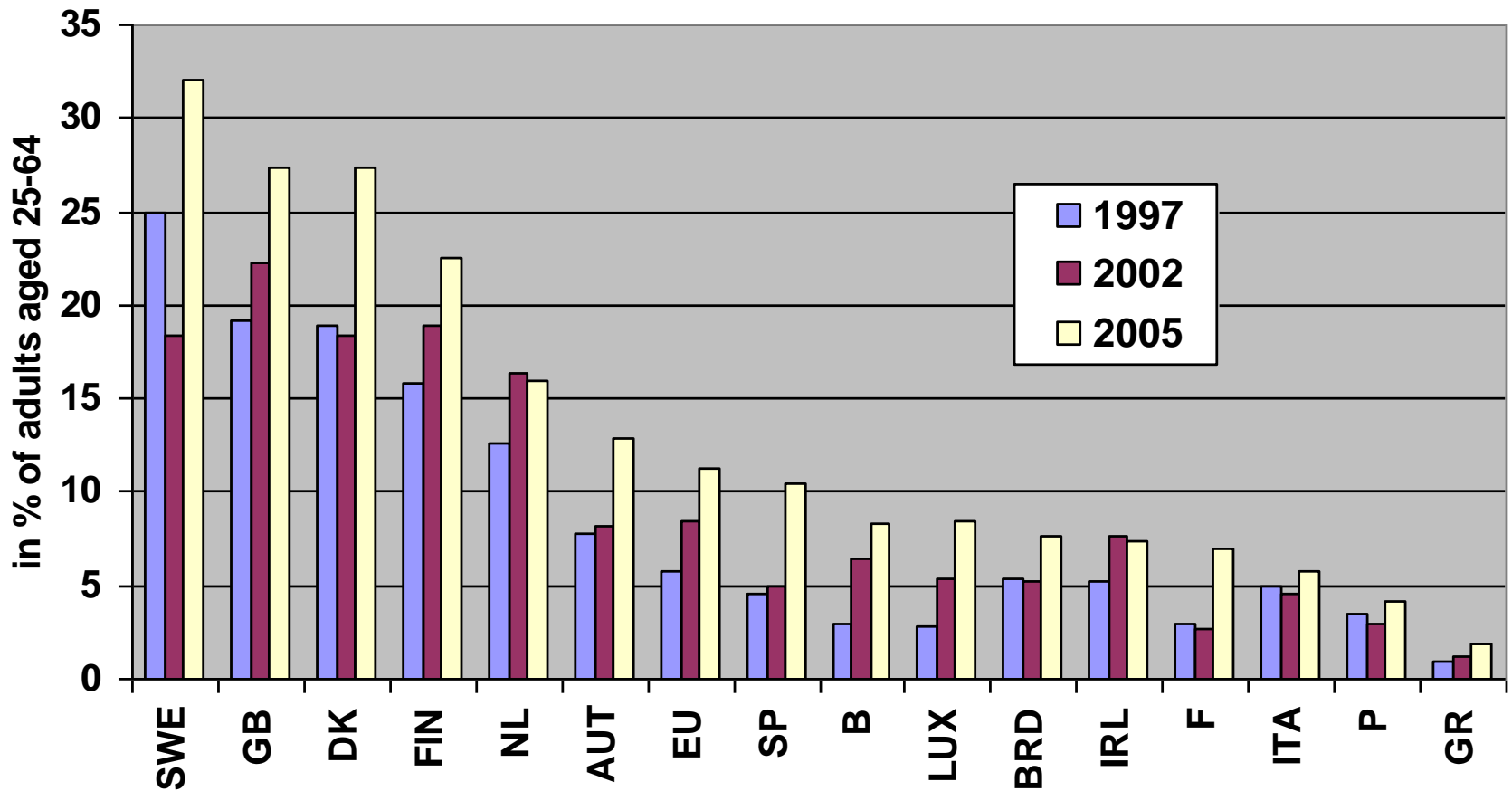


Anmerkungen: NL (Erwachsene)=1999, B (Erwachsene)=2000, IRL (Erwachsene, 1998)=k.A.

Quelle: DG EMPL (2002b), p. 111f.

# (3e) Life Long Learning

## Participation in Education and Training in EU-MS 1997-2005





## (4a) Re-launch of Lisbon-Process in 2005

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- Focus on **Growth** and **Employment** (not social inclusion & environment)
- Integrated GLs: macro, micro and employment (BEPG and EG); **very vague text!**
- Less indicators/Benchmarks – less binding commitments! (implementation? monitoring? KokII-report?)
- More responsibility for Member States?!
- Lisbon community program
- **First resumee** of NRP: many announcements!

# (4b) Re-launch of Lisbon-Process in 2005

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## **Integrated Guidelines for Growth&Employment (2005-2008)**

- **Macro+Micro:** Stability, Sustainability, Efficiency, Wage policies, EMU, R&D, Innovation, ICT, Industries, environment, Internal market, open markets, entrepreneurship, SME, infrastructure;
- **Employment**
  - (17) full employment, quality of work, social cohesion
  - (18) improve labour supply
  - (19) inclusive labour markets
  - (20) improve matching in LM
  - (21) flexicurity
  - (22) labour costs
  - (23) human capital
  - (24) education and training

## (5) Overall conclusions

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- **EU contributed to improve labour markets - only marginally!**
- Some **convergence understanding** LM & LMPs (peer group pressure, mutual learning, etc; activation, flexicurity, etc)
- **Indicators/targets** work to some extent!



- No support through ECB (monetary) and ECOFIN (fiscal)
- Structural policies, i. e. Luxembourg Process are of minor importance for labour markets!
- **MS didn't implement** what was agreed at EU-level in many cases
- AUT implemented some reforms (youth, older, activation in LMP) in line with EES
- ***EES is death (since 2005) and nobody cares about!***
- Relaunch of Lisbon: old wine in new bottles?!



# Thanks!