

CHANGES IN THE POLICY OF EMPLOYMENT ON A EUROPEAN-WIDE SCALE

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Abstract: The work presents the changes in the policy of employment on a European-wide scale and in the evolution of the main statistic index on a European basis in the labour market field. Five years after introducing the Lisbon Strategy, in March 2005 it was considered essential to re-introduce the Lisbon Strategy and to re-orientate towards promoting economic development and *more and better* jobs, as prerequisites for the consolidation of the European Social Model, for the social cohesion and the lasting development. Thus, Europe must update the basis for competitiveness, increase the potential of development and consolidate the social cohesion, all these by stressing the importance of knowledge, innovation and the optimization of human capital.

During the analyses of the Lisbon summit, in March 2000, the European Commission presented a series of documents to offer a representation of the economic and social status of the European Union. As a general conclusion, regarding employment, considerable progress has been made to support the creation of new jobs. At the same time, the main characteristics of the deficit for employment in Europe have been identified, namely:

- *the service trap* – the European Union has a much lower level of employment in the service field than the U.S.A.;
- *the trap caused by gender* – only half of the women in the EU are employed as opposed to two thirds in the U.S.A.;
- *the age trap* – the rate of employment for the age group of 55 to 65 years is low;
- *the skills trap* – the skills required in the EU do not agree with the present technical support;
- *the long term structural unemployment* – almost half of those who are not in the work field have been unemployed for more than one year;
- *the unbalance of the regional markets* in Europe as well as in the member states – the unemployment in the EU is concentrated in southern Italy, in Spain and in Greece. The most increased level of unemployment can be found in less developed specific regions, in the outlying regions and in the areas with an industrial decline.

Five years after introducing the Lisbon Strategy, in March 2005 it was considered essential to re-introduce the Lisbon Strategy and to re-orientate towards promoting economic development and *more and better* jobs, as prerequisites for the consolidation of the European Social Model, for the social cohesion and the lasting development. Thus, Europe must update the basis for competitiveness, increase the potential of development and consolidate the social cohesion, all these by stressing the importance of knowledge, innovation and the optimization of human capital.

Regarding employment, the EU and each Member State will focus on three basic priorities of action:

- Bringing and keeping as many people on the labour market, the multiplication of workplaces and the modernization of systems of social protection. At present it is essential to reach the target of complete employment and to limit unemployment and idleness, by increasing the request and the offer on the labour market. This purpose must be correlated with increasing the attractiveness of jobs and of the labour quality and productivity.

The increase in the level of employment is the most efficient way of generating economic sustainable growth and of promoting social inclusion on one hand and to support those who are incapable of working on the other hand. Approaching labour from a new perspective – namely the approach regarding the entire cycle of the active life, “lifecycle approach to work“- and the modernization of systems of social protection will have an important role in the future, when the number of population aged for labour is estimated to decrease. Increased attention should be directed towards the issues of differences in employment of women and men and of the low rates of employment of elder and young people.

Another important direction is that of persons seeking employment. As far as this category, it is essential to facilitate the access to vacant jobs, to offer information about the labour market, all this in order to support their possibilities to become employed.

- The improvement of workers’ and companies’ adaptability. Increasing the volume of investments in the human capital through education and vocational formation. The objectives set at Lisbon and the subsequent accepted objectives for education and formation are more valid than ever. These priorities have been set by the member states for themselves. The statement is not intended to offer indications on what should be done in a certain country and the issues raised here are not more important for some countries than for others. The main responsibility for the achievement of the accepted objectives must be assumed by the authorities responsible for the education and formation in the present and future member states.

The increase of investment in the human capital through better systems of education and formation. This priority of the strategy of Lisbon implies: increase and improvement of investment in human resources and the development, the facilitation, the absorption of ICT and sustained use of these resources. Knowledge and innovation also contribute to the creation of a powerful European industrial basis.

In the Commission’s strategic Report regarding the economic reform at community level of December 2007 it’s stated that three years after introducing the Lisbon Strategy for growth and employment, success has been achieved. Thus, the economic growth was of 3% in the EU 27 by 2006 and it’s estimated to maintain its level of 2,9% for the next years. In the last two years, approximately 6,5 million jobs have been created and it’s estimated that by the year 2009 another 5 million jobs will be created, and the rate of unemployment will drop at less than 7%. It has also been noticed that for the first time within the last decade the significant increase of the rate of employment has been followed by an increase in productivity.

In order to better understand the changes occurred in the employment at European level I will present a review of the evolution of the statistic index of labour market in the European Union.

Table 1

**The evolution in the rate of employed population as a total
and on age groups EU-27**

INDEX	2001			2002			2003			2004			2005			2006		
	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	B	F
Rate of employed population	625	709	543	623	703	544	625	703	548	629	703	554	634	708	560	643	716	571
Rate of employed population (15-24)	375	407	342	367	396	338	36	389	331	36	39	331	359	388	329	363	393	332
Rate of employed population (25-54)	762	855	669	76	848	671	761	847	675	765	847	684	769	851	688	78	859	70
Rate of employed population (55-64)	377	477	282	385	484	291	40	499	307	407	503	316	422	515	335	435	526	348

Source: EUROSTAT, Employment in Europe 2007

As you may notice in this table, as a characteristic for the E.U. there is a tendency of increase in the employed population from 62,2% to 64,3%, while the overall objective for the year 2010 is of 70%, another observation can be pointed to the differentiated evolution in long term employment of men and women. Thus, as far as employed female population, there is a tendency of increase from 53,7% to 57,1%, while the objective for the year 2010 is of 60%, on the other hand the rate of employed male population has an unequal evolution in time, however in 2006 an increase can be observed as opposed to the former periods. As far as the rate of employment in age groups, there is a tendency of decrease in the employment of the young population and a quite significant increase in the rate of employment of the population aged between 55 to 64 years, from 36,9 to 43,5, as opposed to the objective of 50% and also an increase in the rate of employed population aged between 25 to 54 years. It may also be noticed that there is a decrease in the rate of employment of female population aged between 15 to 24 years.

The great challenges on the labour market are the globalization, which caused the migration of labour, the ageing and the decrease in birth rate. The solution identified by the specialists is continuous investment in lifetime learning, in order to improve on workers' mobility and adaptability. It is also necessary to improve on the mobility of the labour at regional and national level and to define a settled policy with measures meant to provide for the economic and social integration of the immigrants.

The employed population represents an average of 68,6% in 2000, maintaining this level until 2002, after which it recorded a continuous increase, thus representing 70,1%, at the level of EU-27 in 2006.

Just as for the employed population, the rate of active population has also recorded a decrease for the age group between 15 to 24 years, from 45,9% to 44%. It can also be noticed that there is an increase of the active female population from 60,1% to 62,8% and an unequal evolution in time of the rate of active male population, which will decrease the difference between sexes in the rate of employment by 3%.

Table 2

The evolution in the rate of active population as a total and on age groups EU-27

INDEX	2001			2002			2003			2004			2005			2006		
	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	B	F
Rate of active population	68,6	77	60,2	68,6	76,8	60,5	68,8	76,9	60,9	69,3	77	61,6	69,7	77,3	62,1	70,1	77,5	62,8
Rate of active population (15-24)	45,6	49,2	41,9	45	48,5	41,4	44,3	47,9	40,6	44,3	47,8	40,8	44,1	47,7	40,5	44	47,4	40,5
Rate of active population (25-54)	82,5	91,6	73,4	82,6	91,4	73,7	82,8	91,4	74,3	83,3	91,4	75,2	83,6	91,7	75,5	84,1	91,9	76,2
Rate of active population (55-64)	40,3	51,1	30,1	41,1	52,7	31,1	42,7	53,3	32,7	43,6	54	33,7	45,2	55,2	35,8	46,3	56,1	37,1

Source: EUROSTAT, Employment in Europe 2007

Despite the marked increase in the rate of employment in all age groups, it can prove not to be sufficient in order to achieve the objective of the European Union for reaching 50% by 2010.

The continuous acceleration in the technical progress and the intensification of international competition has raised new problems for the European states regarding the provision for new jobs for the active population.

The evolution of the employment in Europe during the last 15 decades has been marked by **two characteristics**:

1. the evolution recorded a **cyclic feature** caused by the cyclic evolution of the European economy;
2. **the small number of jobs which have been created [1].**

Table 3

The evolution of the employed population on fields of activity EU-27

INDEX	2000	2001	2002	2003	2004	2005	2006
Employed pop. in Services	66,1	66,5	67,2	67,7	68,1	68,4	68,6
Employed pop. in Industry	26,5	26,3	26	25,6	25,4	25,2	25
Employed pop. in Agriculture	7,4	7,2	6,8	6,7	6,5	6,4	6,4

Source: EUROSTAT, Employment in Europe 2007

As a consequence of the great number of new jobs created in the field of services, the distribution of the employment by fields is marked by an evolution in the direction of the increase in the share of employment in this field, in the detriment of industry and agriculture, proven by the increase in the rate of employed population in the field of services from 66,1% in 2000 to 68,6% by 2006. During the same period, there is a tendency for continuous decrease in the rate of employment for the other two fields.

In 2006, approximately two thirds of the total European labour was working in this field, shares varying from 53,9% in Portugal, to 79,8% in Luxembourg. The increase in share of employment in the service field was more pronounced in Luxembourg, Greece, Austria, Germany and Ireland, while in Portugal it suffered a decline.

Table 4

The evolution in the rate of unemployment EU-27

INDEX	2001			2002			2003			2004			2005			2006		
	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F
Rate of unemployment	84	75	97	88	80	10	90	81	10	90	82	10	87	79	97	79	72	88
Rate of unemployment (15-24)	181	169	194	188	18	197	19	185	195	191	186	197	186	183	189	175	17	181

Source: EUROSTAT, *Employment in Europe 2007*

The increased level of unemployment in the UE can be explained also by the restrictions imposed on European economic policies to achieve the criteria set by the Treaty regarding the creation of the Economic and Monetary Union.

Despite the positive evolutions in the activity and in the rate of employment, the unemployment in the European Union is still unacceptably high. In Europe, the measures set by the Council of Lisbon and by the European Strategy for jobs target an increase of employment. The diminution of social exclusion, of sexual differences and of unemployment, especially for young people, represents a great priority.

At country level, the member states with relatively high levels of unemployment have contributed the most to the decrease observed in the rates of unemployment. The rates of unemployment in Spain, France, Belgium and Ireland have had the most rapid decline, decreasing the rates of unemployment between 2002 and 2003 from 15,9% to 14,1% in Spain, from 11,2% to 9,5% in France, from 8,8% to 7% in Belgium and from 5,6% to 4,2% in Ireland, while in 2006 their level was of 8,6% in Spain, 9,4% in France, 8,3% in Belgium and 4,4% in Ireland. Among countries where the rates of unemployment remain relatively high, Germany and Finland have had the slowest decline. The relatively moderate decrease in the rate of unemployment in Germany shows, at least partly, discordance between the tendencies in Eastern and Western Germany. The decrease in unemployment was also reduced in those countries which had low rates of unemployment, especially in Luxembourg, Austria, Denmark and The Netherlands. The rates of unemployment still have pronounced variations in the member states reaching from 3,9% in Denmark and The Netherlands to 13,9% in Poland, with rates of unemployment above the average in the European Union in: Spain, Greece, Italy, France and Finland.

The rates of unemployment have dropped both for men and for women, giving an average rate of unemployment among women in the European Union of less than 10%. Despite the considerable decrease, in Spain, Italy, France and Finland the rate of unemployment among women is still considerably higher than 10%, reaching a peak in Spain with 20,6%. Despite a pronounced decrease in the rates of unemployment among women with more than two percentage points, 1,4 million active women are still unemployed in Spain.

Spain is still marked by the greatest difference among sexes regarding unemployment in the European Union with a rate of unemployment in women more than twice as higher as unemployment in men. Other countries marked by differences between the rates of unemployment by sexes are: Greece, Italy, France and Belgium. In all these countries the rate of unemployment for women is constantly higher than for men.

The rate of unemployment among young people has dropped by almost a quarter since 1998 and with 1,8 percentage points only in 2003, reaching 16,1%. With more than 3,5 million or one of 6 European teenagers aged between 15 and 24 years, the

unemployment among young people remains one of the great challenges for Europe in the direction of complete employment. The rate of unemployment for young people in Europe is still more than twice as higher as in the U.S.A. and Japan.

The rate of unemployment among young people has increased until 2004, from 17,8% to 19,1%, and then it dropped, reaching 17,5% in 2004, lower than in 2000. The rates of unemployment among young people are marked by pronounced variations in the entire European Union. In Italy and Greece, for example, almost one of three young persons aged between 15 and 24 years is unemployed. The rate of unemployment among young people of almost 30% in these countries contrasts with the rates of approximately 5% in The Netherlands and Austria. In France, Spain, Finland and Great Britain, the rates of unemployment among young people remain higher than the overall rates of unemployment, indicating structural problems referring to the integration of young people seeking a job on the labour market. On the other hand, the rates of unemployment among young people in The Netherlands, Denmark, Portugal, Luxembourg, Ireland, Austria have been close to the overall rate of unemployment and lower than the rate of unemployment of young people in the U.S.A. (9,3%).

I am estimating that the EU is still far from reaching the objectives regarding the employment set for 2010, especially since, given the present rate of employment, it would be necessary to create another 20 million jobs by the year 2010 for the objective to be reached.

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