

Diverging Europe : a cause for concern?

Green European Journal presentation event
"Social Europe: a Broken Promise?"
9th Central European Round Table of Green Local Councillors

11 October 2013 in Vienna, Austria

Input based on ETUC and ETUI *Benchmarking Working Europe 2013*

*Romuald Jagodzinski, Senior Researcher,
Research Department*

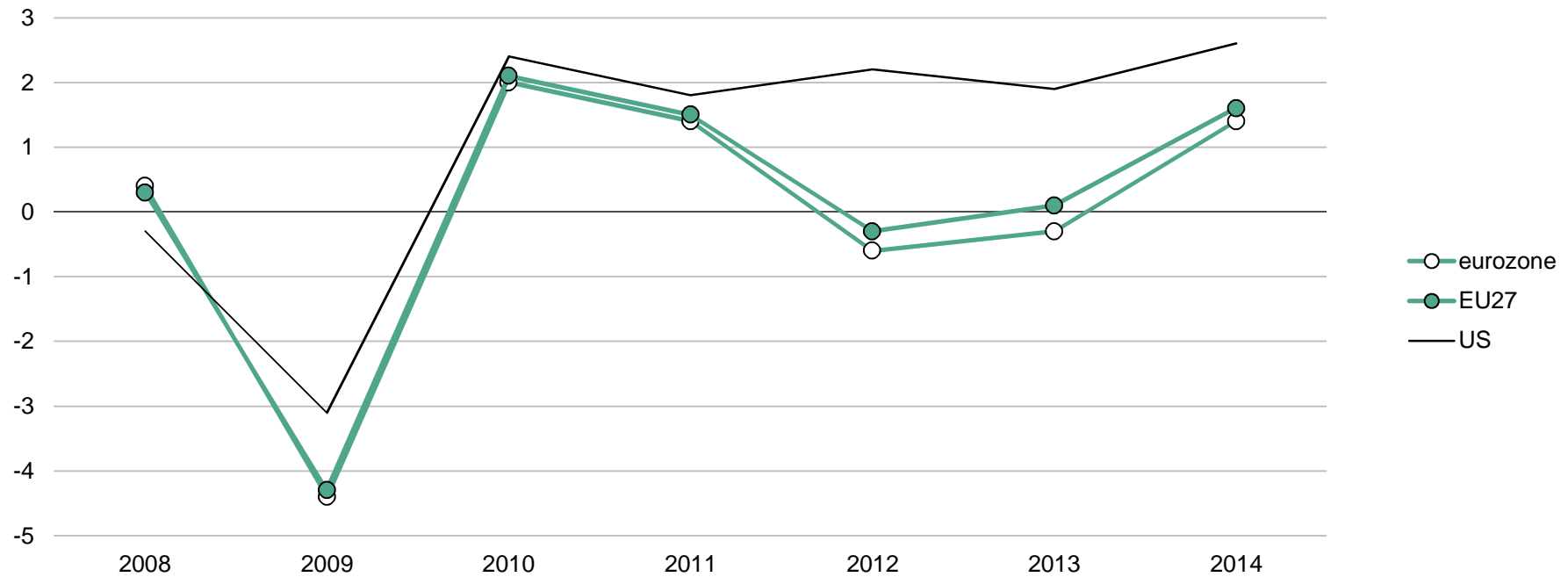


etui.

Agenda

1. Different 'faces' of divergence:
 1. Macro-economic indicators
 2. Labour market indicators
 3. Wage developments – enforced legal convergence
 4. Green divergence

Figure 1.1 Real GDP growth EU27, eurozone, US, 2008-2014(f), annual data

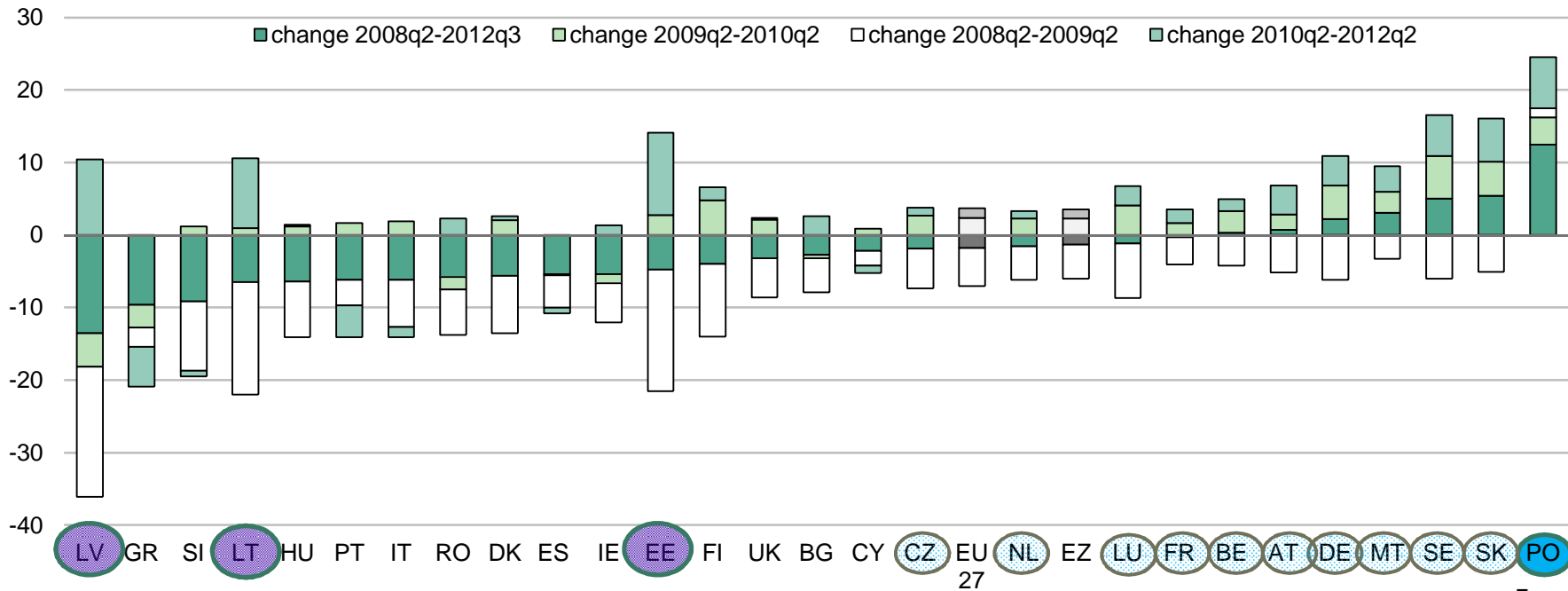


Source: own calculations based on AMECO (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 1.2 Change in real GDP, 2008Q2-2012Q2

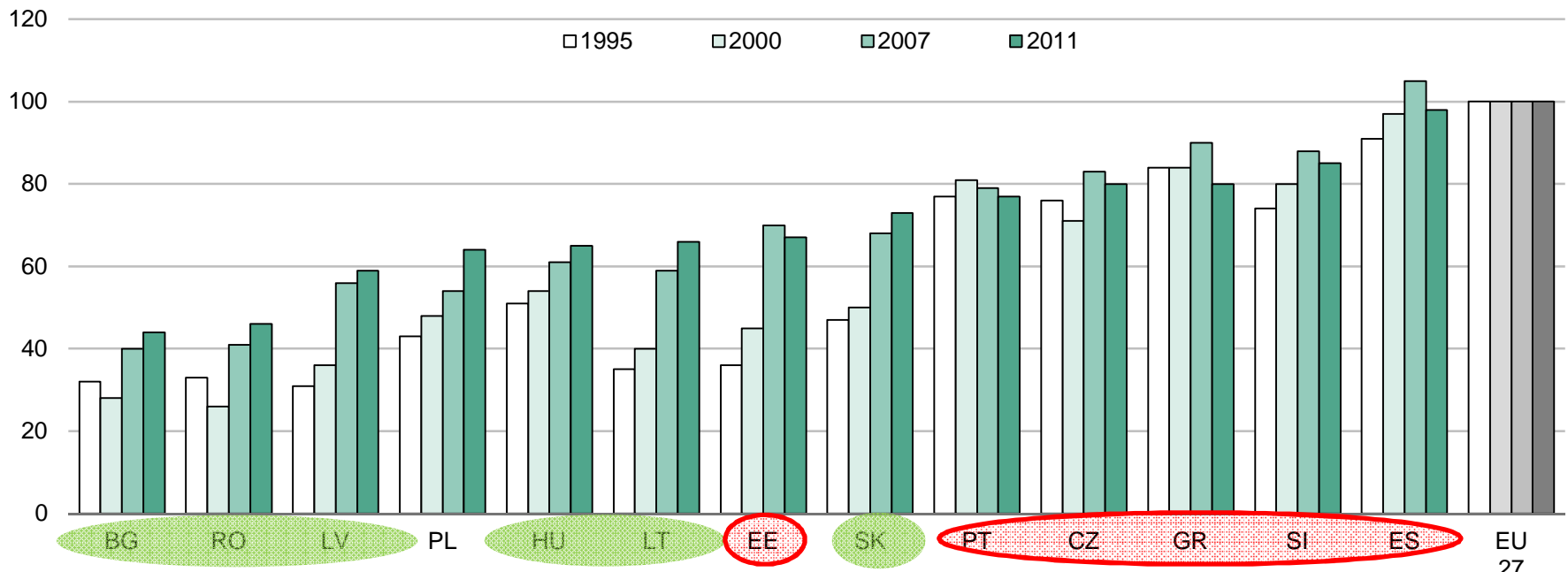


Source: own calculations using Eurostat (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 2.1 Income gaps and convergence: GDP/capita as percentage of EU27 total for selected years and countries (based on market prices at PPS)

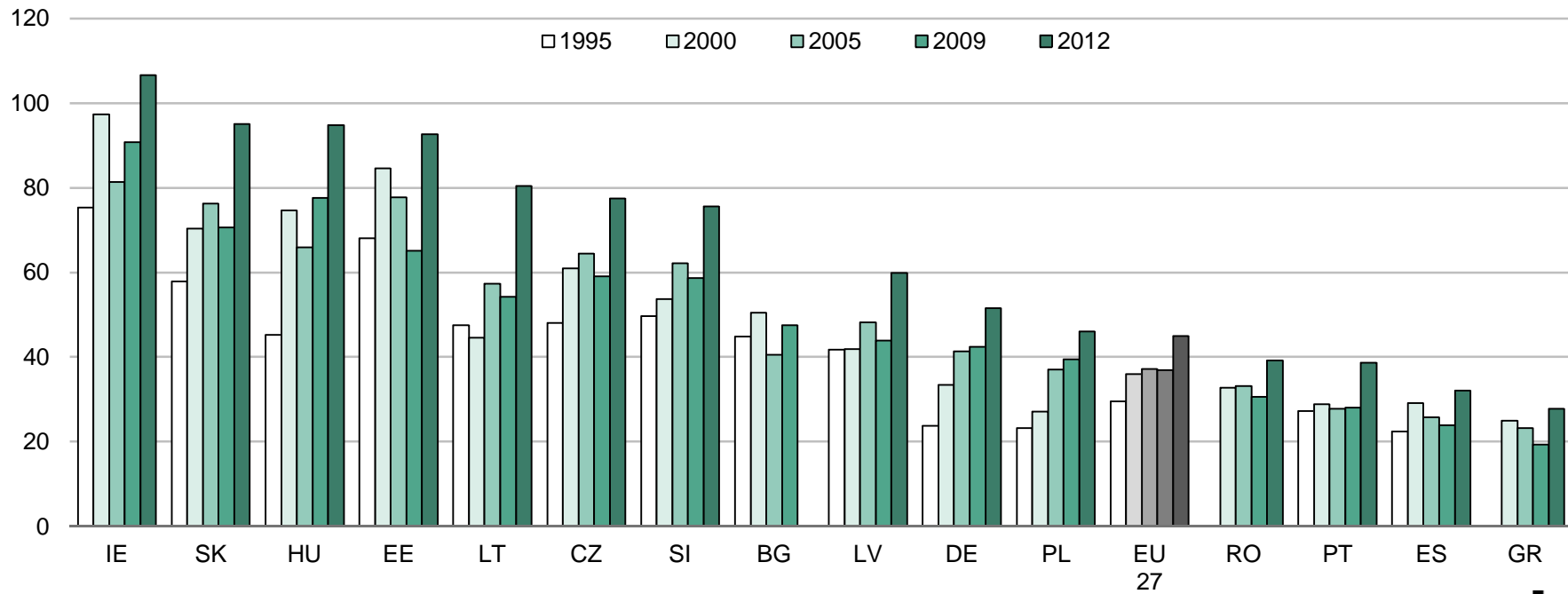


Source: Eurostat (2012).
 Note: data for BG and RO: latest year 2010.

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org



Figure 2.3 Exports of goods and services (% GDP)

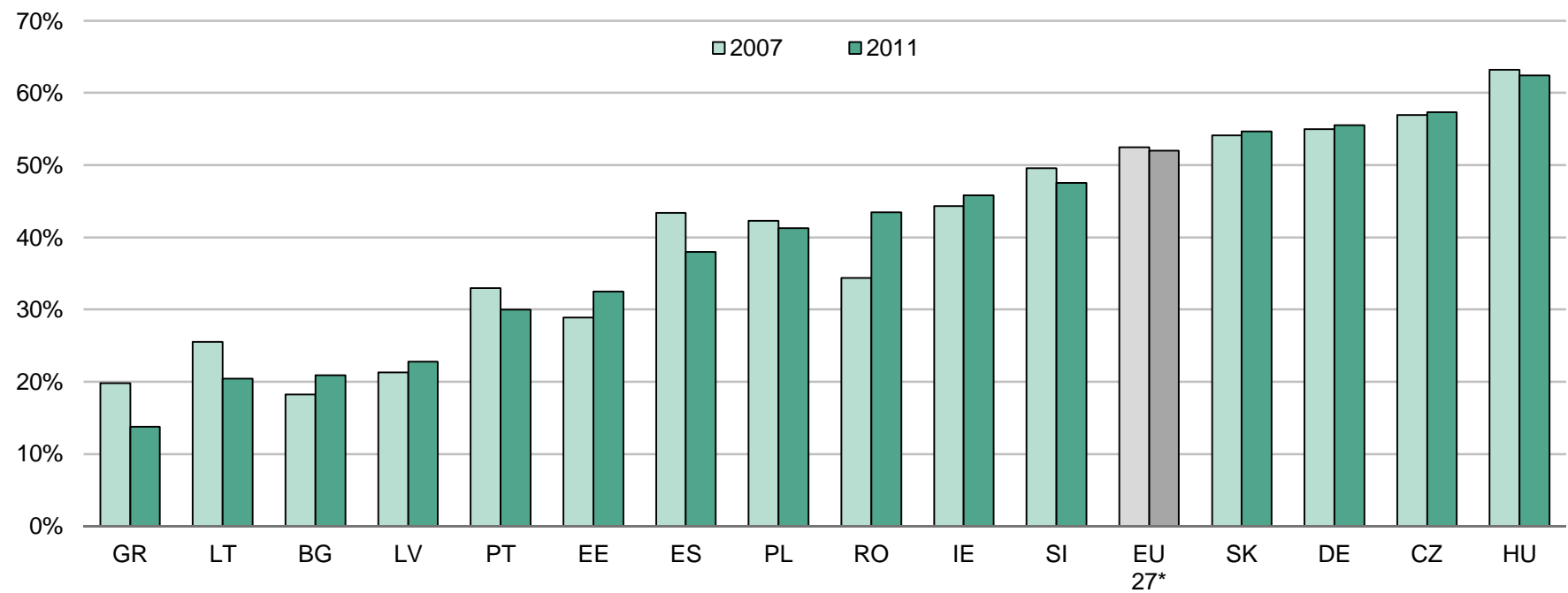


Source: Eurostat (2013).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 2.5 Share of complex sectors in the exports of individual member states (%)

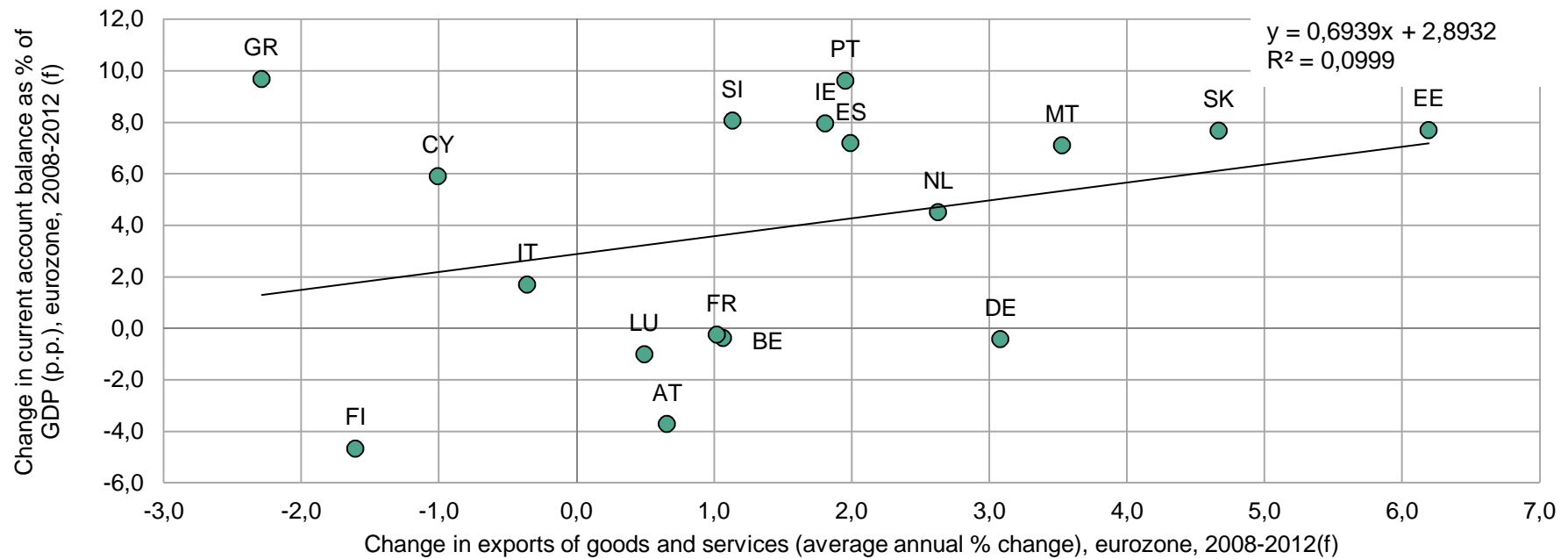


Source: calculated from the COMTRADE database (<http://comtrade.un.org>). Complex sectors: (SITC 7, 54, 87, 88) EU27 exports to the rest of the world.

Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org



Figure 1.4 Exports and the current account balance, eurozone member states, 2008-2012 (f)

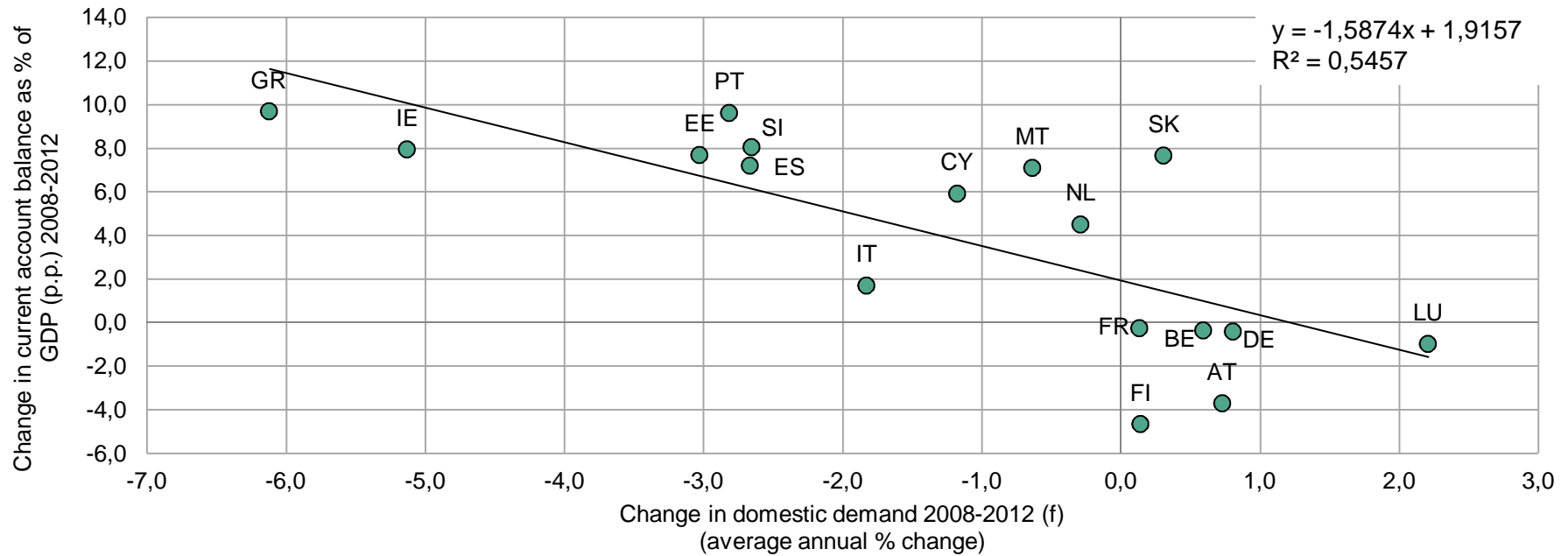


Source: own calculations using AMECO (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 1.5 Domestic demand and the current account, eurozone member states, 2008-2012

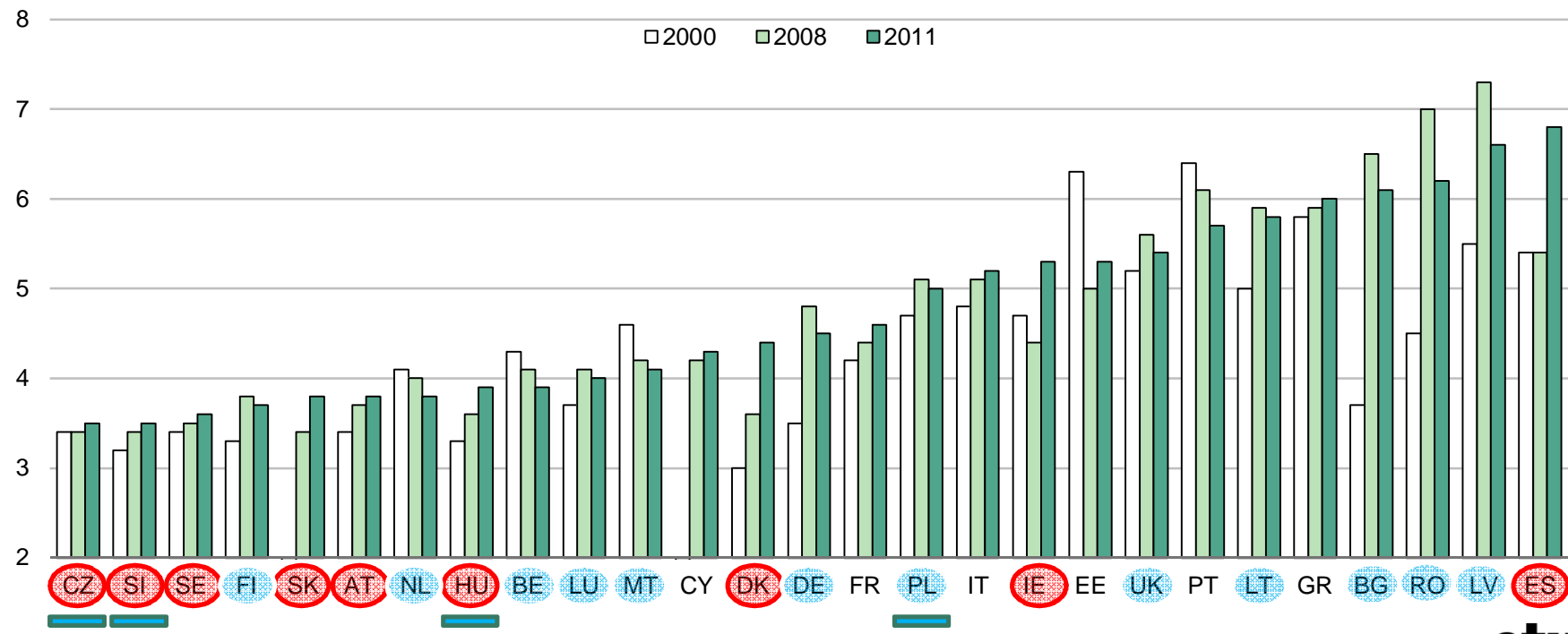


Source: own calculations using AMECO (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 3.11 Inequality of income distribution (80/20 income quintile share ratio) in the EU, 2000, 2008 and 2011



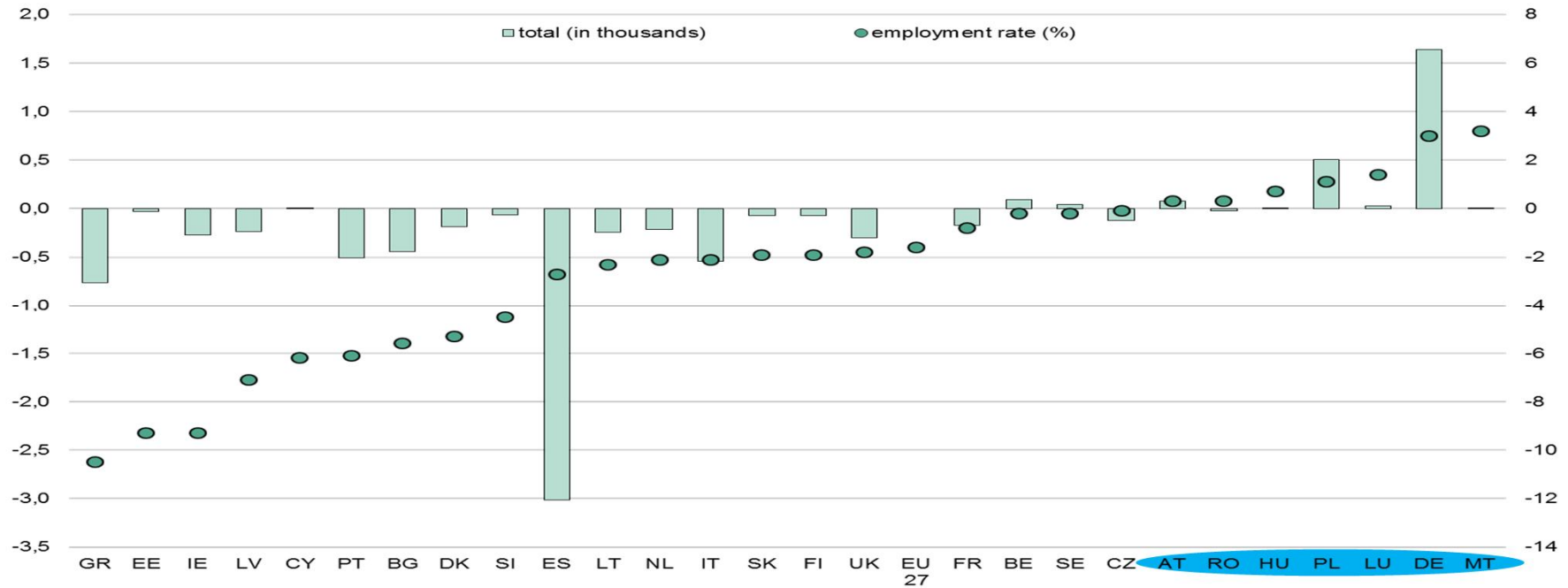
Source: Eurostat (2012).

Note: for CZ, DK and SE, figures refer to 2001 data. For SK and CY, no data is available for 2000 and 2001.

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org



Figure 4.6 Change in total employment and in employment rate by country - 2008-2012 (15-64) (quarterly estimates)

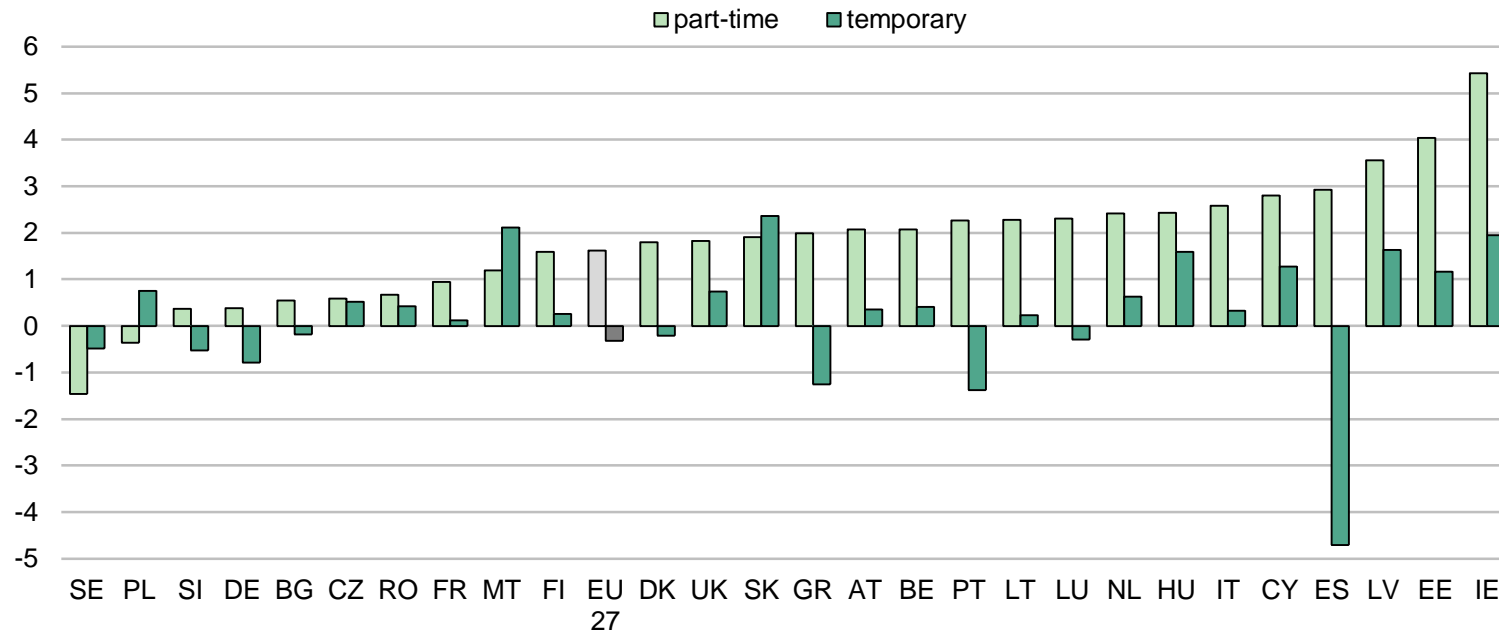


Source: Eurostat (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 4.8 Percentage point change in temporary and part-time work in 2008 Q2 to 2012 Q2

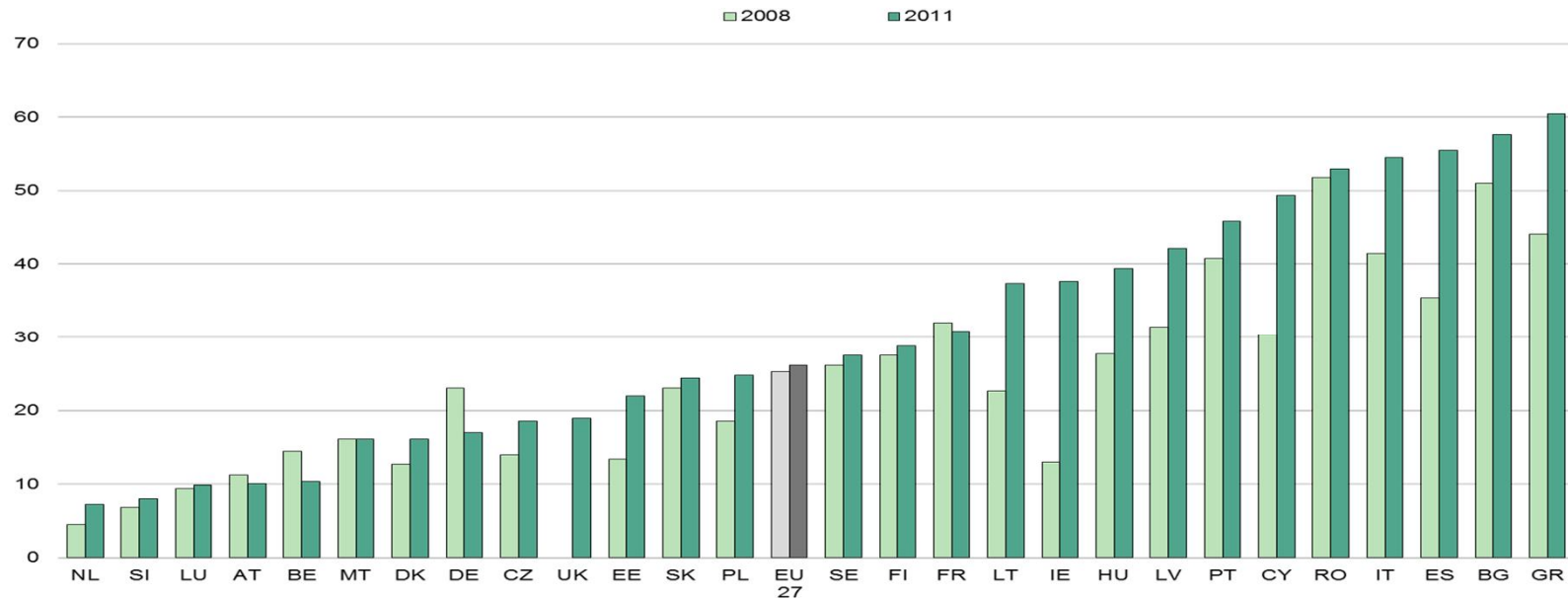


Source: Eurostat (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 4.9 Involuntary part-time as a proportion of all part-time employment by country 2008-2012 (15-64) (quarterly estimates)

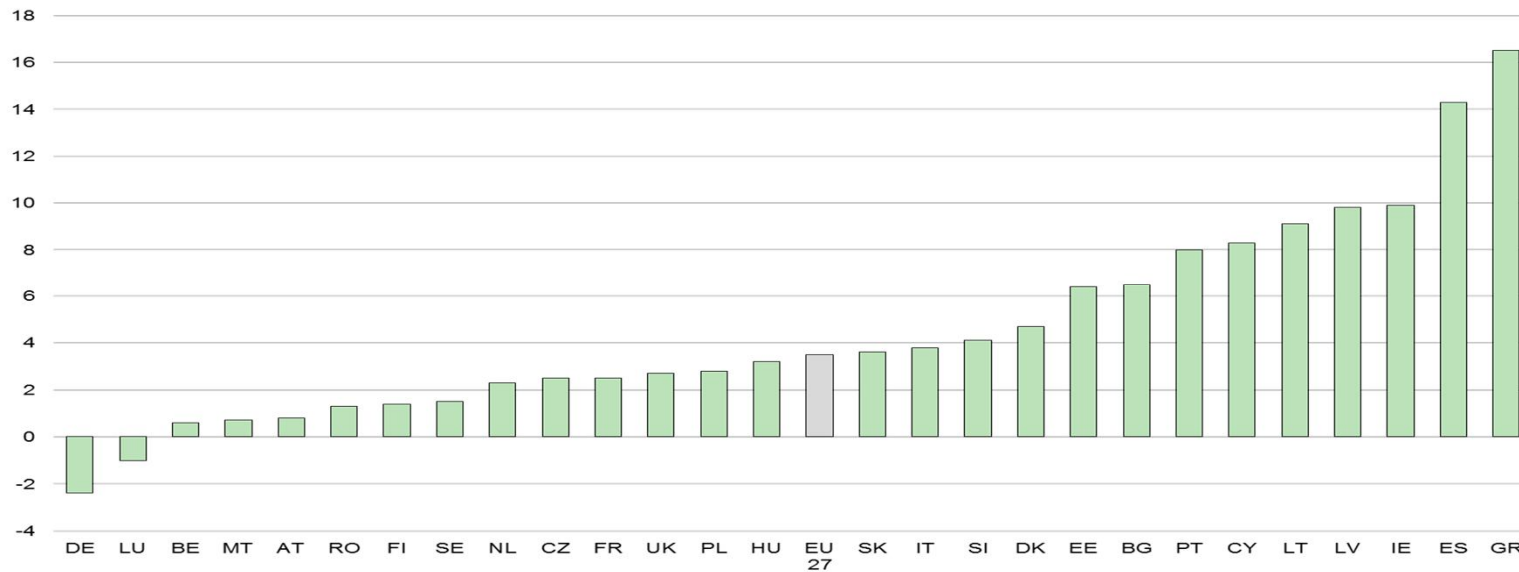


Source: Eurostat (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 4.12 Change in unemployment rates (percentage points) by country, 2008-2012 (15-64) (quarterly estimates)

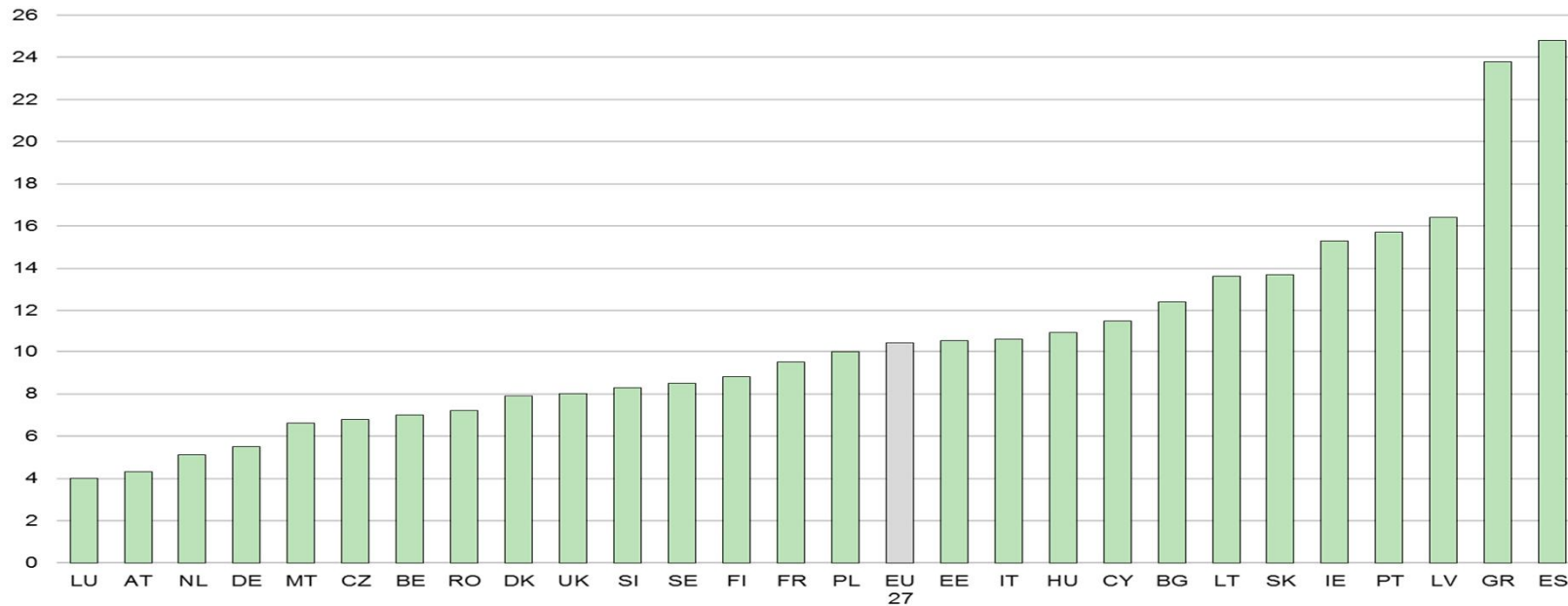


Source: Eurostat (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Figure 4.13 Unemployment rate by country 2012 Q2 (15-64) (quarterly estimates)

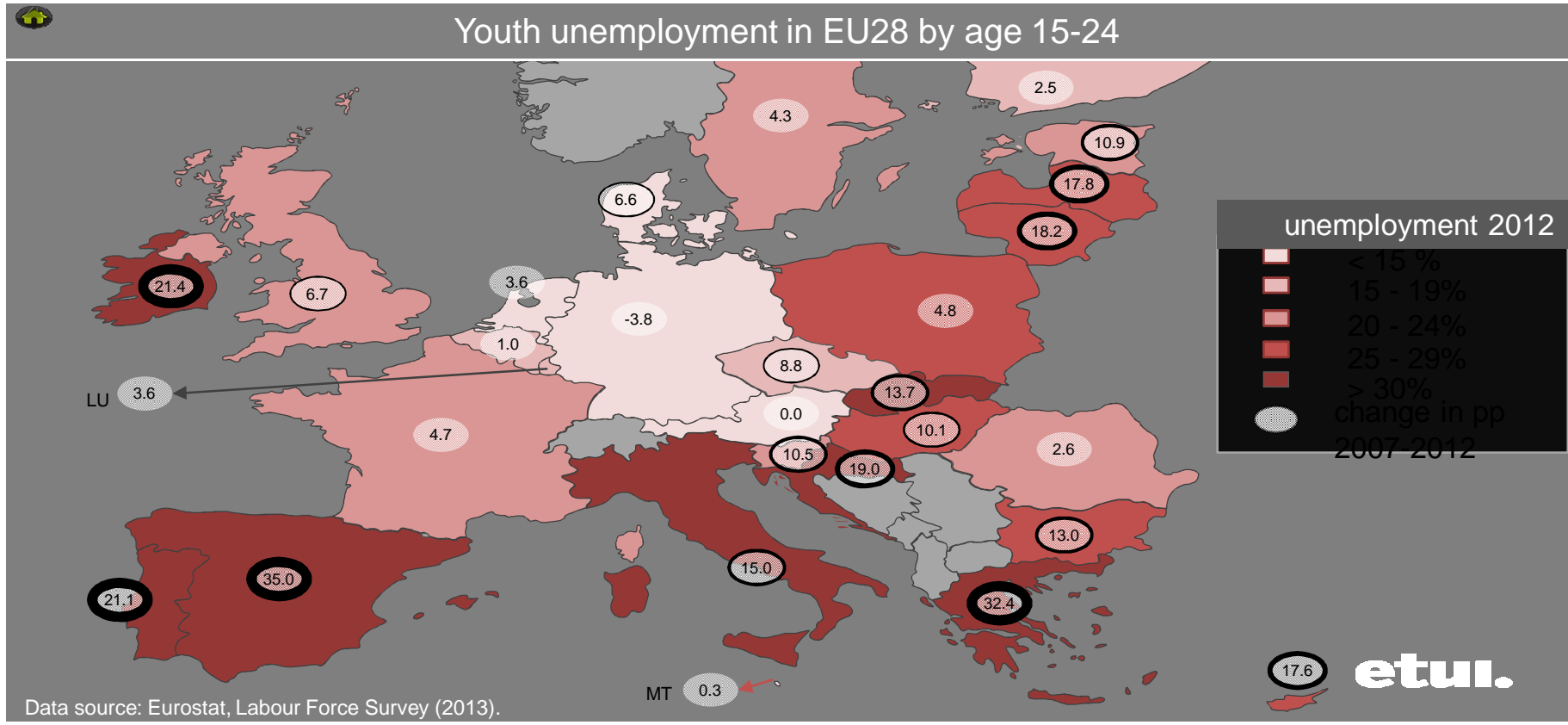


Source: Eurostat (2012).

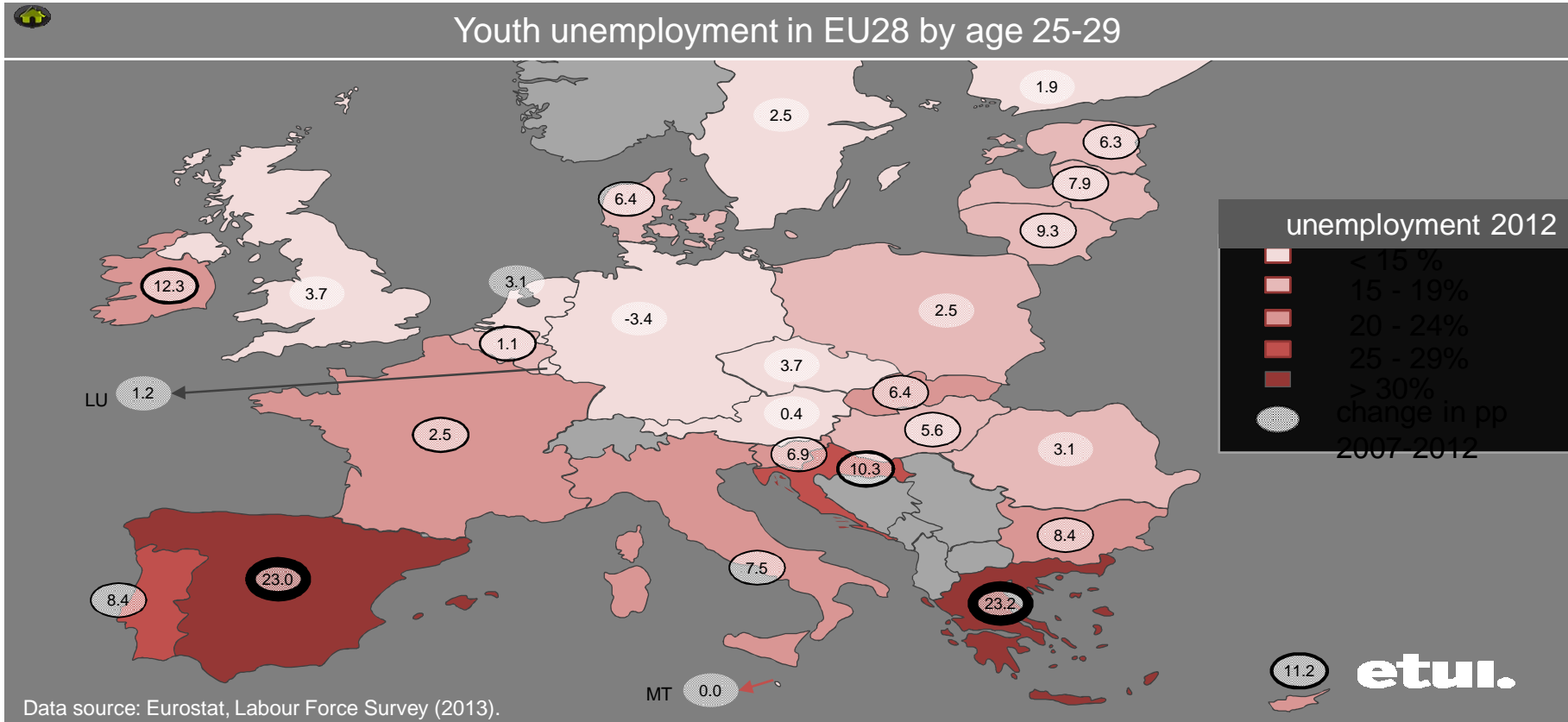
ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Youth unemployment in EU28 by age 15-24

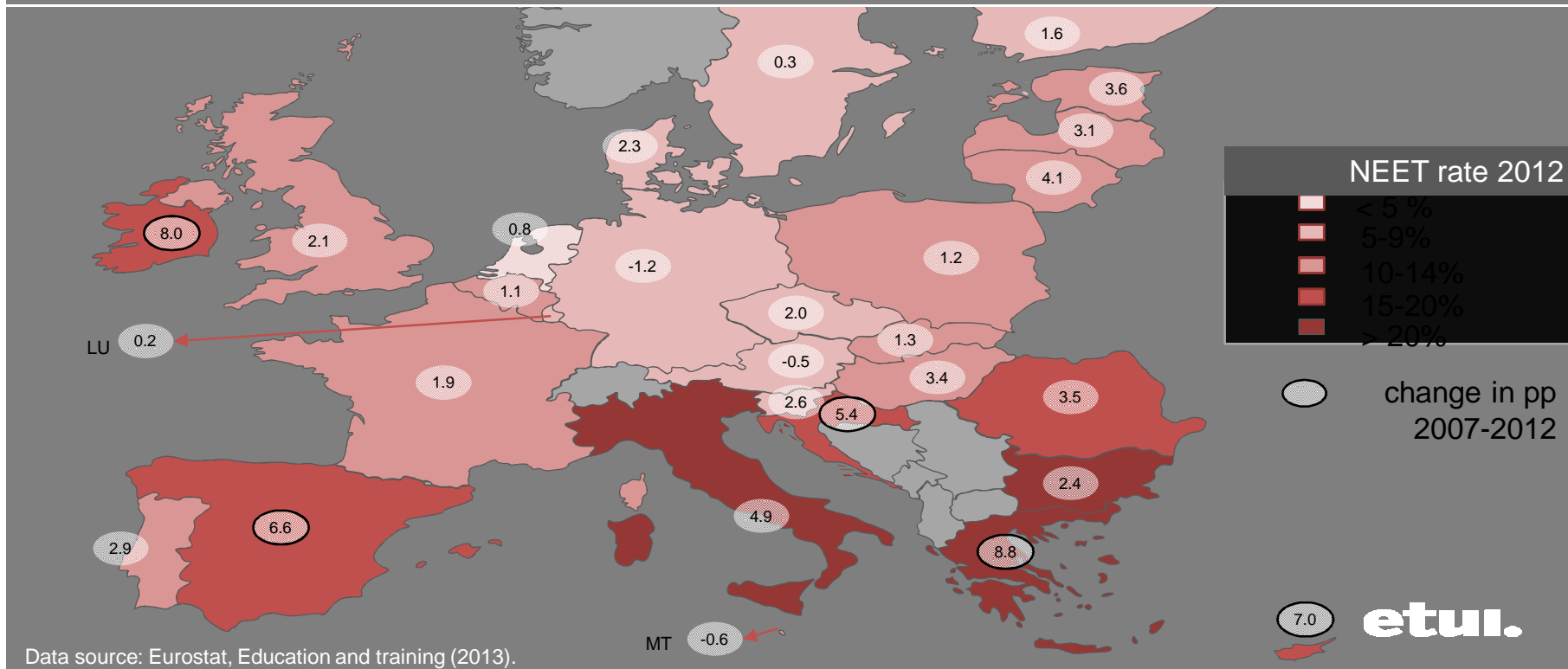


Youth unemployment in EU28 by age 25-29





NEET rates in EU28 by age 15-24



Data source: Eurostat, Education and training (2013).

etui.



NEET rates in EU28 by age 25-29

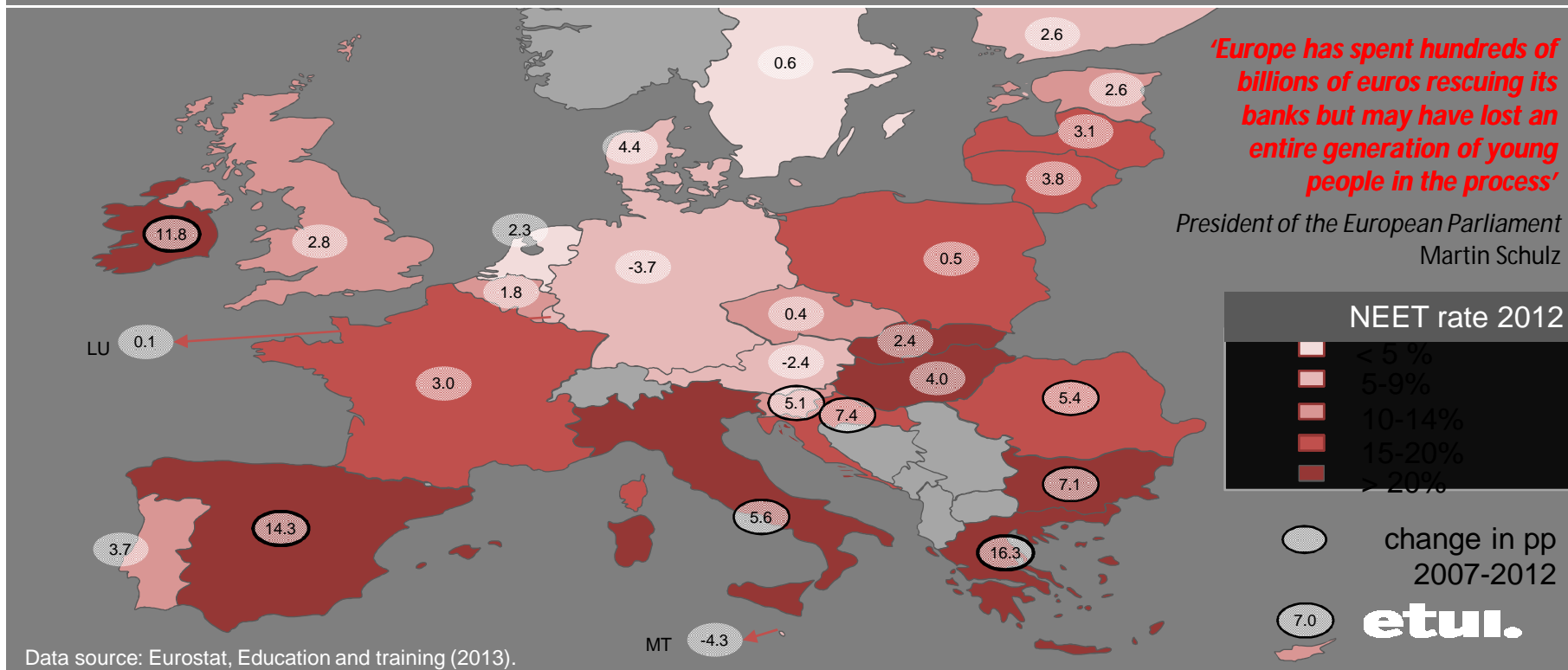


Figure 6.1 Announced and/or adopted changes to IR/CB systems and certain aspects of labour law

| | AT | BE | BG | CY | CZ | DE | DK | EE | ES | FI | FR | GR | HR | HU | IE | IT | LT | LU | LV | NL | NO | PL | PT | RO | SE | SI | SK | UK | |
|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|---|
| Reform of Industrial relations and collective bargaining systems (incl. decentralisation of CB) | | ● | ● | ● | | | | ● | ● | ● | ● | ● | ● | ● | ● | ● | | ● | | ● | | ● | ● | ● | | | ● | | |
| Changes to individual/ collective dismissal rules | | ● | | ● | ● | | | ● | ● | | ● | ● | ● | ● | | ● | ● | | ● | ● | ● | ● | ● | ● | | ● | ● | ● | |
| Changes to working time legislation | ● | ● | | | ● | ● | ● | | ● | | ● | ● | | ● | ● | ● | ● | ● | ● | ● | | ● | ● | ● | ● | ● | ● | ● | ● |
| Changes to rules on atypical contracts | ● | | ● | | ● | ● | ● | ● | ● | ● | ● | | ● | ● | ● | ● | ● | | ● | ● | | ● | ● | ● | ● | ● | ● | ● | ● |
| Creation of new types of contract in particular for youth | | ● | ● | | ● | ● | | ● | ● | | ● | ● | ● | ● | | ● | ● | ● | ● | ● | | ● | ● | ● | ● | ● | ● | ● | ● |

Source: ETUI own research.

Diverging Europe : same diagnosis, different remedies?

etui.
23/04/2013

Figure 6.2 European Commission Country-specific recommendations 2012-2013 (social field only)

| | | AT | BE | BG | CY | CZ | DE | DK | EE | ES | FI | FR | HU | IT | LT | LU | LV | MT | NL | PL | SE | SI | SK | UK |
|------------------------------------|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Wages | reviewing wage indexation | | ● | | ● | | | | | | | | | | | ● | | ● | | | | | | |
| | reviewing wage-setting system - align with productivity developments | | ● | | | | ● | | | | ● | ● | | ● | | | | ● | | | ● | ● | | |
| EPL | adjusting Employment Protection Legislation | | | | | | | ● | | | | ● | | ● | ● | | | | ● | ● | ● | ● | | |
| Labour Market participation | enhancing participation of women | ● | | | | ● | ● | | | | | | ● | ● | | | | ● | | ● | | | ● | ● |
| | enhancing participation older workers, promoting active ageing, LLL | ● | ● | | | | | | | ● | | ● | | | | ● | | ● | ● | | | ● | | |
| | reducing tax disincentives for second earners | | | | | | ● | | | | | | | | | | | | ● | | | | | |
| Youth employment | facilitating transition school to work by incentives for companies to hire young people | | | | | | | | | ● | ● | | | | | | | | | | | | | |
| | facilitating transition school to work through apprenticeships and work-based learning | | | | | | | ● | ● | ● | | ● | | ● | ● | ● | ● | ● | | ● | | ● | ● | ● |
| | reducing school/education 'drop outs' | ● | | | | | ● | ● | | ● | | | ● | ● | | ● | | | | | | | | ● |
| Pensions | explicit link between pensionable age and life expectancy | ● | ● | | ● | | | | | ● | ● | | | | ● | ● | | ● | ● | ● | | ● | ● | |
| | reducing early retirement | ● | ● | ● | | ● | | ● | | ● | | | | | | ● | | ● | ● | ● | | ● | | |
| Vulnerable | ensuring the adequacy and coverage of social protection systems | | | | ● | | | | ● | | | | | | | | | | | | | | | |
| | access to quality social services | | | ● | | | | | | | | | | | | | | | | | | | | |
| | better targeting social assistance | | | ● | | | | | ● | | | | | ● | | ● | | | | | | | | |
| Child poverty | making child support more effective | | | | | | | | | ● | | | | | | | | | | | | | | |
| | facilitating access to childcare services | | | ● | | | | | | | | | | | | | | | | | | | | ● |
| Tax | shift away from labour, with focus on low income earners | ● | ● | | | ● | ● | | | ● | | ● | ● | | | ● | | | | | | | ● | |

Source: European Commission Country-specific recommendations 2012-2013; note that GR, IE, PT and RO did not get specific recommendations but were in general recommended to implement their respective Memorandums of Understanding (incl. eventual subsequent supplements).

EUROPEAN COMMISSION Working 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org



Intervention in Collective Bargaining Procedures

Figure 3.3 Decentralization of collective bargaining systems in countries subject to direct supranational intervention

| Changes implemented | GR | IE | PT | IT | ES | HU | LV | RO |
|--|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| More restrictive criteria for extension of collective agreements | Dark Green | Light Green | Dark Green | Light Green | Light Green | Light Green | Dark Green | Dark Green |
| Facilitating derogation of firm-level agreements from sectoral agreements or legislative (minimum) provisions | Dark Green | Light Green | Dark Green | Dark Green | Dark Green | Dark Green | Light Green | Light Green |
| Suspension of favourability clauses | Dark Green | Light Green | Light Green | Light Green | Dark Green | Light Green | Light Green | Light Green |
| Promoting bargaining capacities of company-level actors to negotiate firm-level agreements in addition to or independently from trade unions | Dark Green | Light Green | Dark Green | Light Green | Dark Green | Dark Green | Light Green | Dark Green |
| Reducing the period of validity of an agreement after its expiry | Dark Green | Light Green | Light Green | Light Green | Dark Green | Light Green | Light Green | Light Green |

Sources: Clauwaert and Schömann (2012); Schulten (2012a); Szabó (2013); Trif (2013).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

etui.

Intervention in Bargaining Outcomes

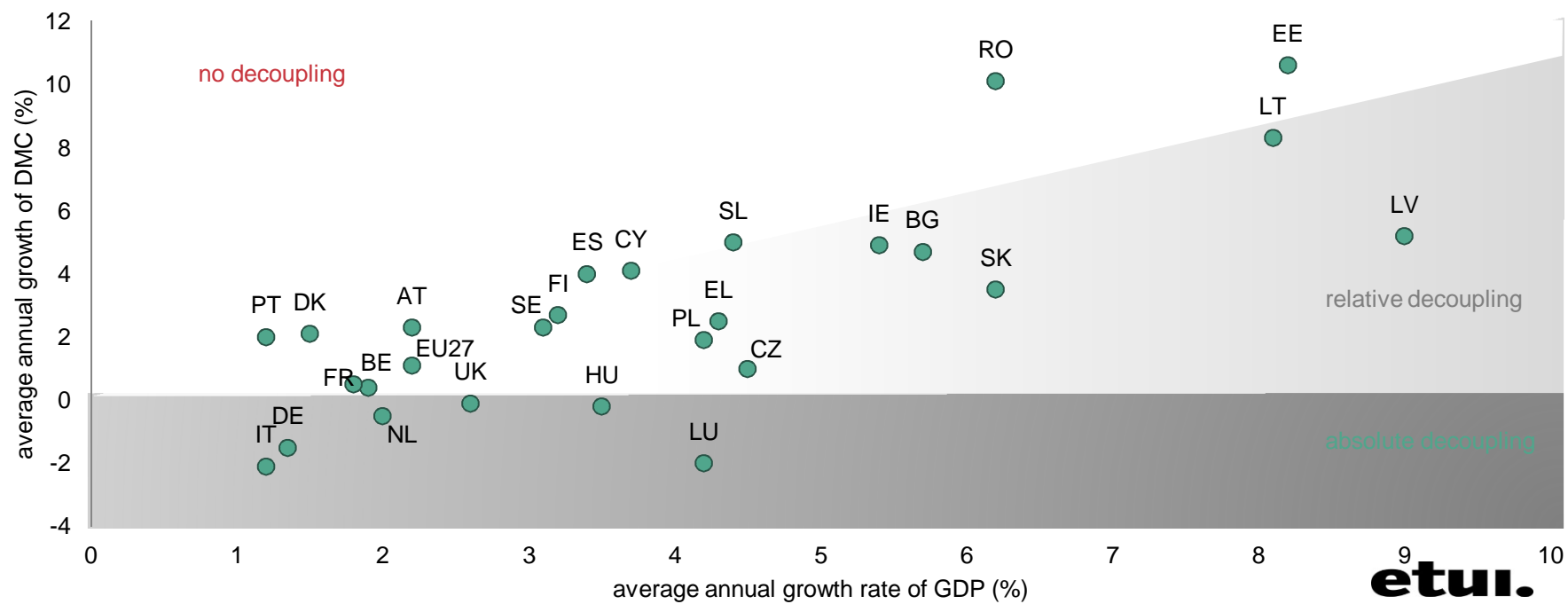
Figure 3.4 Wage policies in countries subject to direct supranational intervention

| Changes implemented | GR | IE | PT | IT | ES | HU | LV | RO |
|--|----|----|----|----|----|----|----|----|
| Minimum wage cuts | | | | | | | | |
| Suspension of automatic wage increases | | | | | | | | |
| Wage freeze or wage cuts in the public sector (incl. bonuses and extra payments) | | | | | | | | |

Sources: Karnite (2012); Kallaste and Woolfson (2012); Karnite (2012); Schulten (2012a), Szabó (2012); Trif (2012).

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

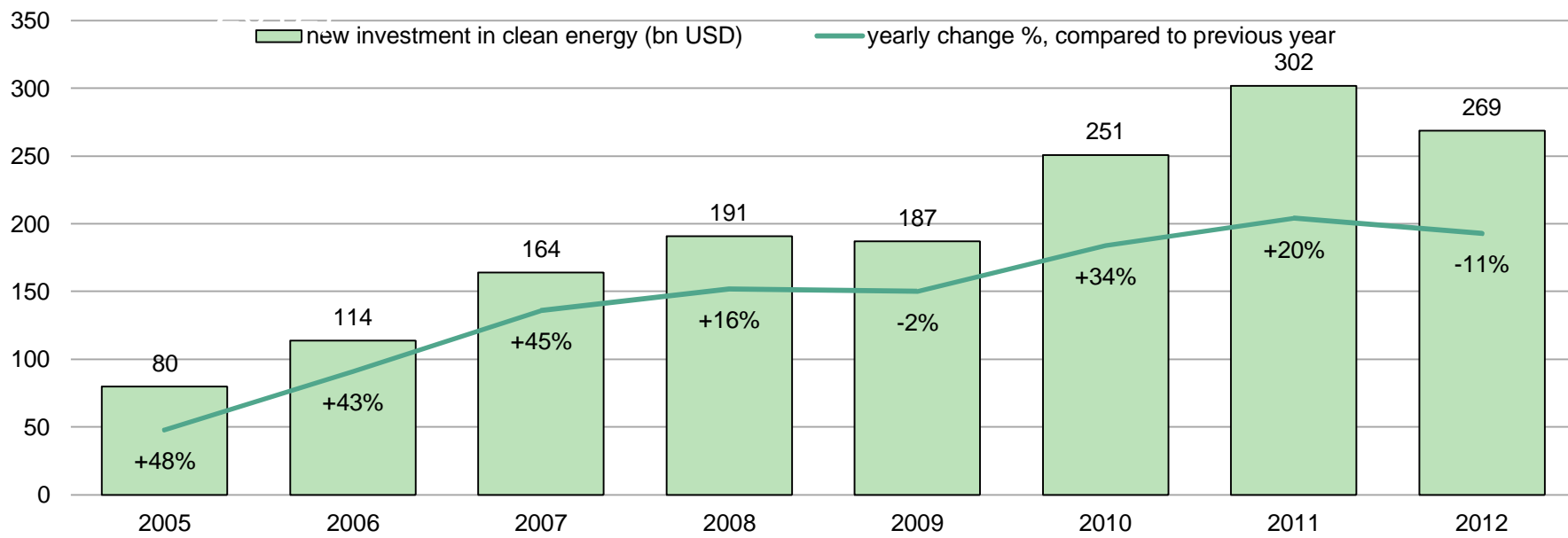
etui.



Source: Eurostat (2011).

etui.

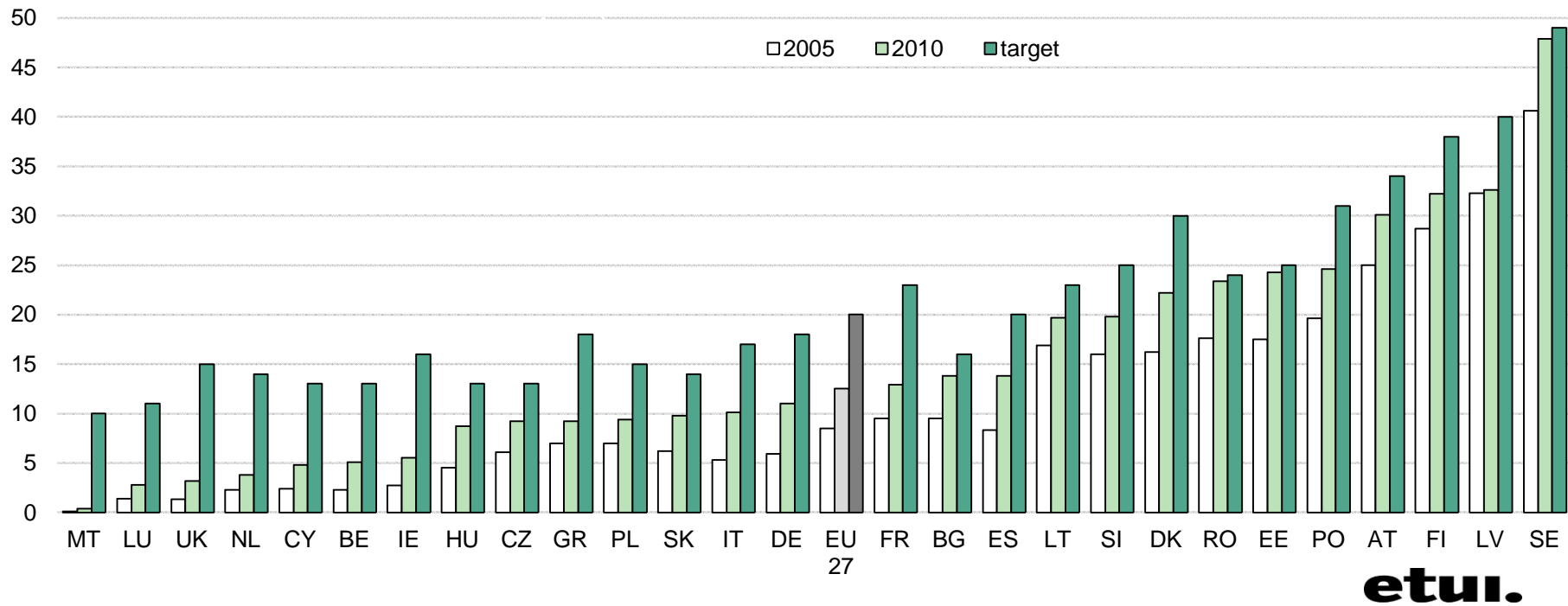
Figure 5.2 Global total new investment in clean energy (2005-



etui.

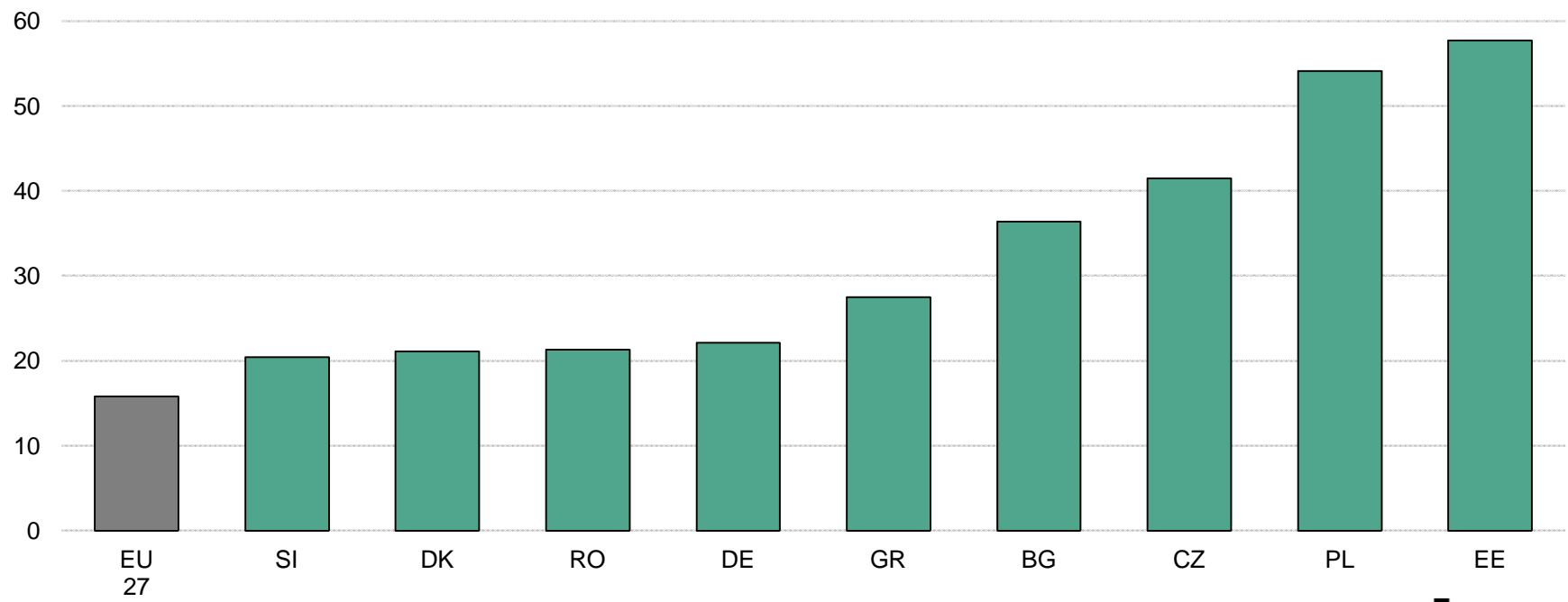
Source: BNEF (2013).

Figure 5.4 Share of renewable energy and target (% of total)



Source: Eurostat (2012).

Figure 5.6 Share of coal in energy generation % - for MS above



etui.

Source: Eurostat (2011).

Conclusions

- Austerity: based on wrong diagnosis and thus not providing the cure
- New division lines and deepening of existing divergent trends + a break of convergence prior to 2008
- EU interventionism and imposition of policies based on debtor-creditor relationship lead to **deepening of EU democratic deficit**
 - **Support for the EU down from 50% to 30%** (Eurobarometer)
- Dismantling of European Social Model
 - the EU is to promote economic, social and territorial cohesion and solidarity among the member states (articles 3 TEU and 174 TFEU).
 - The EU and MS must strengthen and not dismantle the social dimension of the European project
- Crisis reinforcing **competitiveness** discourse
 - **internal devaluation** and (downward) wage flexibility as elements of **supranational wage interventionism**
 - **Need for critical reassessment**
- Huge social costs that will not be easily addressed

ETUC & ETUI Benchmarking 2013 – Diverging Europe: a cause for concern? © rjagodzinski@etui.org

