



Bruegel-IZA Workshop

Post-crisis Challenges for Employment Policy in Europe

11 November 2009, Bruegel

On 11 November 2009, a joint Bruegel-IZA (Institute for the Study of Labor) workshop on “Post-crisis challenges for employment policy in Europe” was held in Brussels. The event brought together experts and policy makers to examine suitable responses of employment policy in this post crisis situation of rising unemployment levels in the short run and possibly sluggish growth prospects in the medium term. The workshop benefited from the active participation of MEP Pervenche Berès, the new chair of the EP’s employment committee, and Robert Verrue, the new director general of DG Employment.

In the first panel “Short-term fixes and structural remedies”, the discussion focused on the optimal mix between internal and external flexibility. In particular, it was suggested by some that the benefit of external flexibility of having more employment in the longer run would typically outweigh its cost of higher unemployment in the short run. Also, the extent to which the crisis provides a window of opportunity for structural reforms was discussed.

The second panel “Addressing the European dimension” grappled with the question of how the impetus for common EU employment initiatives can be reconciled with the significant heterogeneity across member states. Some argued for the development of a “critical mass coordination”, possibly focused on subsets of member states. Questions were raised about how to best leverage the substantial resources of the European Social Fund to address the European unemployment challenge in the aftermath of the crisis. The role of mobility and migration in the post-crisis environment – and high-skilled migration in particular - was also discussed.

The third panel explored the national post-crisis employment challenges in two particularly hard-hit countries, Spain and the UK, and the various remedies currently under consideration.

Other topics discussed included the mismatch between the skills gained in the university and those required in the labour market, the role played by active labour market policies and the crisis impact on unemployment rate by gender. A major concern expressed by some speakers involved the influence of electoral cycles on the implementation of labour market structural reforms.