

Labour mobility in Europe during the Great Recession

This blog piece was originally posted on [Social Europe](#). Its authors are Martina Bisello and Enrique Fernández-Macías, both researchers at Eurofound, and Vincenzo Maccarrone, University College Dublin.

The Great Recession had lasting effects on European labour markets, both in terms of employment levels and structure. Not only did employment rates drop significantly – taking years to return to pre-crisis levels, with some countries not fully recovered yet – but the crisis also accelerated structural change and generalised a pattern of job polarisation across Europe. In other words, we witnessed a relative decline in mid-paid jobs compared to those at the top and bottom of the occupational structure.

But what happened to workers who lost their jobs during the recession, beyond the headline unemployment statistics? Did they remain unemployed or were they able to find other jobs? And what kind of jobs? Were the opportunities for upward occupational mobility affected by the crisis?

The crisis not only changed employment levels and structure, but also the flows and transitions between jobs and different employment statuses. In a recently published Eurofound report, we investigate patterns of employment mobility and occupational flows associated with broad labour market developments during the crisis in countries with different economic and social structures. The main findings show that even countries with very different social systems can have a similar degree of occupational mobility in their economies. We evaluated the nature of these flows from an occupational perspective, taking into account the quality of the jobs from and into which labour is flowing, by differentiating them into wage quintiles.

The analysis was carried out by comparing labour market transitions from 2006 to 2013 in six European countries (France, Italy, Poland, Spain, Sweden and the UK), among which a significant degree of cross-country variation in mobility patterns was expected, both because of a different institutional setting and a heterogeneous impact of the crisis in terms of duration and intensity. Three separate time periods were analysed: just before the crisis (2006–2007), immediately after (2009–2010), and a few years into it (2012–2013), when some countries started to recover and others remained in recession.

The results distinguished three pairs of countries on the basis of the degree of occupational mobility in their labour markets:

- Sweden and the UK, with a high level of occupational mobility and frequent flows from unemployment into low-paid employment (but not vice versa);
- France and Italy, with comparatively less mobile labour markets and

limited flows between jobs or employment status;

- Poland and Spain, where the mobility patterns suggest a dual labour market in which job opportunities for the unemployed are particularly skewed towards low-paid jobs, and workers in low-paid jobs face a particularly high risk of unemployment.

The fact that Poland and Spain, the two countries with the largest shares of temporary employment in Europe, generated by similar labour market reforms (although 20 years apart), and France and Italy, characterised by comparatively less dynamic labour markets, are paired together is not particularly surprising. But the pairing of Sweden and the UK is somewhat unexpected; these countries had similar employment and occupational flows despite their very different socio-economic models, which are often described as being at opposite extremes of European classifications (for instance, Sweden and the UK have the lowest and highest levels of wage inequality in the EU, respectively).

Furthermore, occupational mobility in Sweden and the UK remained high during the crisis, although this partly reflects better general economic conditions (both are non-euro countries whose employment levels recovered faster though the UK saw a fall in real wages). In both countries, there was a high level of mobility not only between employment and unemployment but also between different categories of jobs and pay levels. And although the transition from unemployment into employment is more often into low-paid jobs rather than high-paid jobs, the fact that there are no equivalently high flows from low-paid jobs into unemployment suggests that low-paid jobs in Sweden and the UK do offer chances of later advancement

Table 1: Mobility tables – Sweden

Table 2: Mobility tables – UK

Notes: The values shown in the cells reflect percentage of people coming that was in a particular status 1 year ago and in a particular status in the current year. The status possible status are : Q1 = Quintile 1, Q2 = Quintile 2, etc.; U = unemployment ; I = Inactivity

Source: EU-SILC (authors' calculations). Mobility tables for other countries and further breakdowns available in the report.

Yet notwithstanding these remarkable similarities, a closer look at mobility flows taking into account relevant individual characteristics, such as being a woman, reveals substantial differences which one would expect when comparing Sweden and the UK. Indeed, being a woman in the UK increases the risk of losing one's job relative to men, while in Sweden the effect is exactly the opposite or otherwise insignificant. Similarly, the negative effect of the arrival of a new child in the household on women's employment is clear in the UK but negligible in Sweden, where the social system is very supportive of maternal employment. This suggests that a high level of mobility can be the result of (or, at least, can coexist with) very different

socio-economic models.

While a certain degree of occupational mobility as in Sweden and the UK is probably desirable, to the extent that it is not limited to the lower occupational levels but allows the possibility of upgrading to better jobs, a proper evaluation of the actual implications of each type of transition for the individuals affected would be needed to draw sound policy implications. This would require expanding the analysis to the actual wage and income levels involved, as well as the generosity of unemployment benefits and other attributes of the social system. However, these results show that there is no single track to higher occupational mobility.

Overall, our results show very different patterns and levels of mobility in the six European countries studied. While through the recession high-mobility countries like Sweden and the UK maintained a very dynamic labour market, the crisis hit particularly hard in Spain and its effect on unemployment risks expanded into the middle quintiles (with only the top quintile remaining more or less protected). A better understanding of the flows that lurk behind aggregate numbers, that are continuously taking place into and out of employment and from job to job, is necessary to understand the impact that the recent crisis had on life chances among individuals.

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European Commission President Juncker: New US sanctions on Russia only after consultation of allies

In the wake of Donald Trump signing off on stricter US sanctions against Russia, President Jean-Claude **Juncker** expressed his satisfaction, in principle, over the softening of the bill after the EU had expressed its concerns. *"I stated at the G7 summit in Taormina, Italy, and at the G20 summit in Hamburg, Germany, that if the Americans proceeded [with the adoption of new sanctions], we would be ready to react adequately in a matter of days. As a result, a significant proportion of the intended sanctions against Russia have been dropped. Moreover, the US Congress has now also committed to only apply sanctions after the country's allies are consulted. And I do believe we are still allies of the US"*, President Juncker said. European interests can thus be taken into account in the implementation of any sanctions. If not, the President of the European Commission reserves the right to take adequate measures. If the US sanctions specifically disadvantage EU companies trading with Russia in the energy sector the EU is prepared to take appropriate steps in response within days. *"We are prepared"*, President **Juncker** said during a radio interview with the ARD's European studio in Brussels, broadcast on 2 August on NDR Info. *"We must defend our economic interests vis a vis the United States. And we will do that."* The full statement is available online in [EN](#), [FR](#) and [DE](#). (For more

information: Mina Andreeva – Tel.: +32 229 91382)

Eurostat: Le volume des ventes du commerce de détail en hausse de 0,5% dans la zone euro

En juin 2017 par rapport à mai 2017, le volume des ventes du commerce de détail corrigé des variations saisonnières a augmenté de 0,5% dans la zone euro (ZE19) et de 0,4% dans l'UE28, selon les estimations d'Eurostat, l'office statistique de l'Union européenne. En mai, le commerce de détail avait progressé de 0,4% dans la zone euro et de 0,3% dans l'UE28. En juin 2017 par rapport à juin 2016, l'indice des ventes de détail s'est accru de 3,1% dans les deux zones. Un communiqué de presse est disponible [ici](#). (*For more information: Vanessa Mock – Tel.: +32 229 56194; Maud Noyon – Tel.: +32 229 80379)*

Antitrust: Commission sends supplementary Statement of Objections to Visa on inter-regional interchange fees

The European Commission has sent a supplementary Statement of Objections to Visa Inc. and Visa International. This is a procedural step in the Commission's ongoing investigation under EU antitrust rules into the collective setting of the fees that merchants are charged by the Visa card holder's bank for each Visa card payment carried out at their shops. The cost increase caused by these fees is not charged directly to the Visa card user but is spread across all consumer transactions at different merchants (shops). It could potentially lead to higher prices for consumer goods and services. The supplementary Statement of Objections follows the one [adopted in 2012](#) against Visa. In [February 2014](#), the Commission adopted a decision that rendered legally binding commitments from Visa Europe and closed the proceedings against it. The current supplementary Statement of Objections covers inter-regional interchange fees. These fees are charged on payments made with cards issued outside the European Economic Area (EEA) for purchases in the EEA, most typically by tourists or other travellers. Inter-regional fees represent an important part of the total fees within the Visa scheme. Since Visa Inc. and Visa International did not offer commitments in 2014, the case against these companies continued. The supplementary Statement of Objections sent today: i) focuses the analysis on the conducts that were not already addressed by the Visa Europe commitments of 2014; ii) includes inter-regional fees applied on transactions with consumer debit cards (in addition to the inter-regional fees with credit cards); and iii) takes into account the fact that in June 2016 Visa Europe became a subsidiary of Visa Inc. and ceased to exist as a separate undertaking. More information is available on the Commission's competition website, in the public case register under the case number AT.39398. (*For more information: Daniel Rosario – Tel.: + 32 229 56185; Yizhou Ren – Tel.: +32 229 94889)*

Mergers: Commission clears joint venture by Magna and HAPM in automotive sector

The European Commission has approved, under the EU Merger Regulation, the creation of a joint venture by Magna International Inc. of Canada, and Hubei Aviation Precision Machinery Technology Co., Ltd. (HAPM), ultimately controlled by AVIC Electromechanical Systems Co. Ltd., of China. Magna is active in the supply of a broad range of automotive components, including body, chassis, exterior, seating, powertrain, active driver assistance, vision, closure and roof systems, as well as complete vehicle engineering and contract manufacturing. HAPM supplies seat mechanisms and structure components. The joint venture will cover the manufacturing and sale of components for automotive seats for passenger cars and light commercial vehicles. The Commission concluded that the proposed acquisition would raise no competition concerns given that the joint venture will not be active within the European Economic Area. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8560](#). *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears acquisition of Vantage Data Centers by Digital Bridge, PSPIB and TIAA

The European Commission has approved, under the EU Merger Regulation, the acquisition of Vantage Data Centers Holding Company of the US by Digital Bridge Holdings LLC, the Teachers Insurance and Annuity Association of America (TIAA) both of the US, and the Public Sector Pension Investment Board (PSPIB) of Canada. Vantage Data Centers owns and operates five fully leased data centres across two US campuses in Santa Clara, California and Quincy, Washington. Digital Bridge owns interests in communication infrastructure companies in the US. PSPIB is the investment manager of the pension plans of the Canadian Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force. TIAA provides investment products and services to those who work in the academic, research, medical and cultural fields in the US. The Commission concluded that the proposed acquisition would raise no competition concerns since Vantage Data Centers is only active in the US. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8558](#). *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears acquisition of Færch Plast by Advent

The European Commission has approved, under the EU Merger Regulation, the acquisition of Færch Plast Group A/S of Denmark by Advent International Corporation (Advent) of the US, through certain investment funds. Færch Plast manufactures plastic trays for food packaging. Advent is a private equity investment firm. The Commission concluded that the proposed acquisition would raise no competition concerns because of the limited horizontal overlaps and vertical links between the companies' activities. The

transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8551](#). *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears acquisition of sole control of Wirtgen by Deere

The European Commission has approved, under the EU Merger Regulation, the acquisition of sole control of Wirtgen of Germany by Deere of the United States. Wirtgen is active in the manufacture and sale of road construction and mining equipment worldwide. Deere manufactures and sells agricultural, construction and forestry machinery, lawn care equipment as well as diesel engines and other components globally. The Commission concluded that the proposed acquisition would raise no competition concerns because the companies' product portfolios are complementary and the market is characterised by the presence of several large competitors all over Europe. The operation was examined under the normal merger review procedure. More information will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8493](#). *(For more information: Daniel Rosario – Tel.: + 32 229 56185; Maria Sarantopoulou – Tel.: +32 229 13740)*

[Upcoming events](#) of the European Commission (ex-Top News)

June 2017 compared with May 2017 – Volume of retail trade up by 0.5% in euro area – Up by 0.4% in EU28

In June 2017 compared with May 2017, the seasonally adjusted volume of retail trade rose by 0.5% in the **euro area** (EA19) and by 0.4% in the **EU28**, according to estimates from **Eurostat, the statistical office of the European Union**. In May the retail trade volume increased by 0.4% in the **euro area** and by 0.3% in the **EU28**.

[Full text available on EUROSTAT website](#)

Transparency and data quality: new cross-cutting EFSA guidance in a nutshell

Two new guidance documents – on the weight-of-evidence approach and biological relevance assessment – will help to further harmonise methodologies across the areas in which EFSA works.

Scientific methods are the recipes of scientific assessments. A cookery recipe indicates the scope (e.g. so many servings), a list of ingredients and instructions for preparation. Assessment methodologies are just as important in food safety.

Prof Tony Hardy, Chair of EFSA's Scientific Committee, said: "Our scientific 'recipes' state the questions we've been asked, our evidence needs and assumptions – including how we use expert judgement – and a plan of execution.

"These new guidance documents will help in transparently and consistently reporting all of this information, which is essential in ensuring that the assessment process and its conclusions are understandable.

"To complete the analogy, they have to be fit for consumption so our advice is trusted."

Harmonising approaches across EFSA's scientific panels

EFSA's Scientific Committee has developed three key methodological frameworks to improve the robustness, quality and transparency of the scientific assessments done by EFSA's 10 sectoral scientific panels:

- Weight of evidence – a practical three-step approach for assembling, weighing and integrating evidence on the basis of its reliability, relevance and consistency; it considers qualitative and quantitative approaches and provides simplified reporting tools.
- Biological relevance – a flexible framework that clarifies definitions and concepts and sets criteria for determining the nature/magnitude of an observed effect and for deciding if the effect seen is adverse, beneficial or neither (i.e. relevant for an assessment).
- Uncertainty – how to assess and combine the limitations in our knowledge at the time of the assessment and identify the data gaps that need filling (to reduce uncertainty).

The first two pillars of this harmonised approach are published today. Guidance on uncertainty has been trialled internally at EFSA over the past year. Based on the experience, it will be fine-tuned and finalised in late

2017/early 2018 to complete the series.

Prof Hardy added: "These three documents are interlinked building blocks that will make our assessments more robust and transparent, founded on the best quality data available, and better able to help decision-makers ensure European food safety."

Next steps

EFSA will gradually integrate these blueprints for weight of evidence and biological relevance into the daily workings of all of its scientific panels and other scientific groups. However, the three approaches are interdependent and overlap. Therefore, EFSA will intensify this process once the guidance on uncertainty is complete and following the renewal of EFSA's Scientific Committee and 10 scientific panels in July 2018.

Both guidance documents are available on EFSA's free open-access online scientific journal, the EFSA Journal. Two technical reports on public consultations held during the development of the guidance documents will be published shortly.

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ARD's European studio in Brussels, broadcast today (Wednesday) at 20:30 on NDR Info. *"We must defend our economic interests vis-à-vis the United States. And we will do that."*

The EU is maintaining its own sanctions against Russia. However, in order to fully implement the Minsk Agreements, the G7 must unanimously agree on the sanctions, with close cooperation between the allies. The US bill could have an unintended impact on EU interests relating to energy supply security. The sanctions would affect energy transport and the maintenance of pipeline systems in Russia which supply the Ukrainian gas transit system. The new US sanctions could also impact EU efforts to further diversify the energy sector, particularly in the Baltic.