



# **Social fairness and the Covid-19 crisis: policies addressing the impacts of the pandemic**

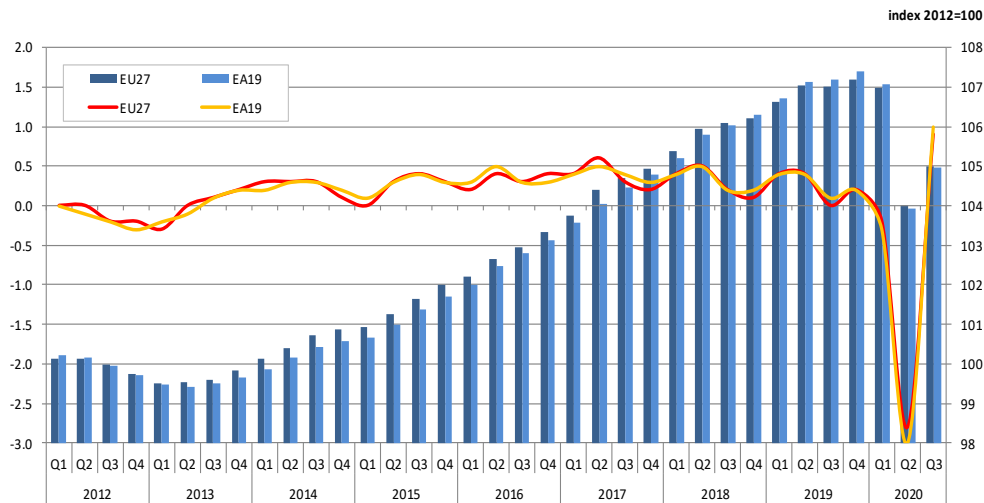
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European Commission, DG Employment, Social Affairs and Inclusion

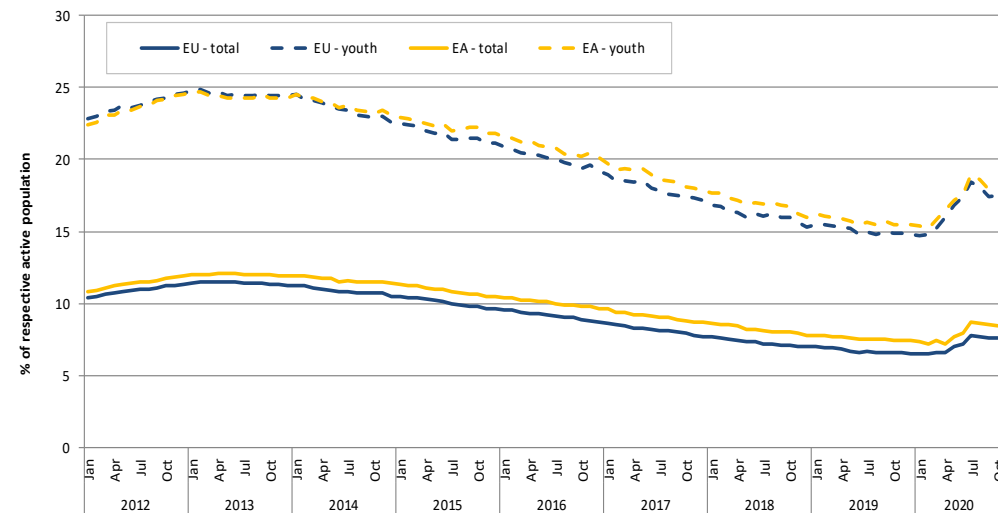
15th Conference "Social Monitoring and Reporting in Europe", 9 March 2021

# COVID-19 ended a 6-year long positive trend on the labour market

## Employment rate and its growth in the EU, %



## Unemployment rates in the EU, %

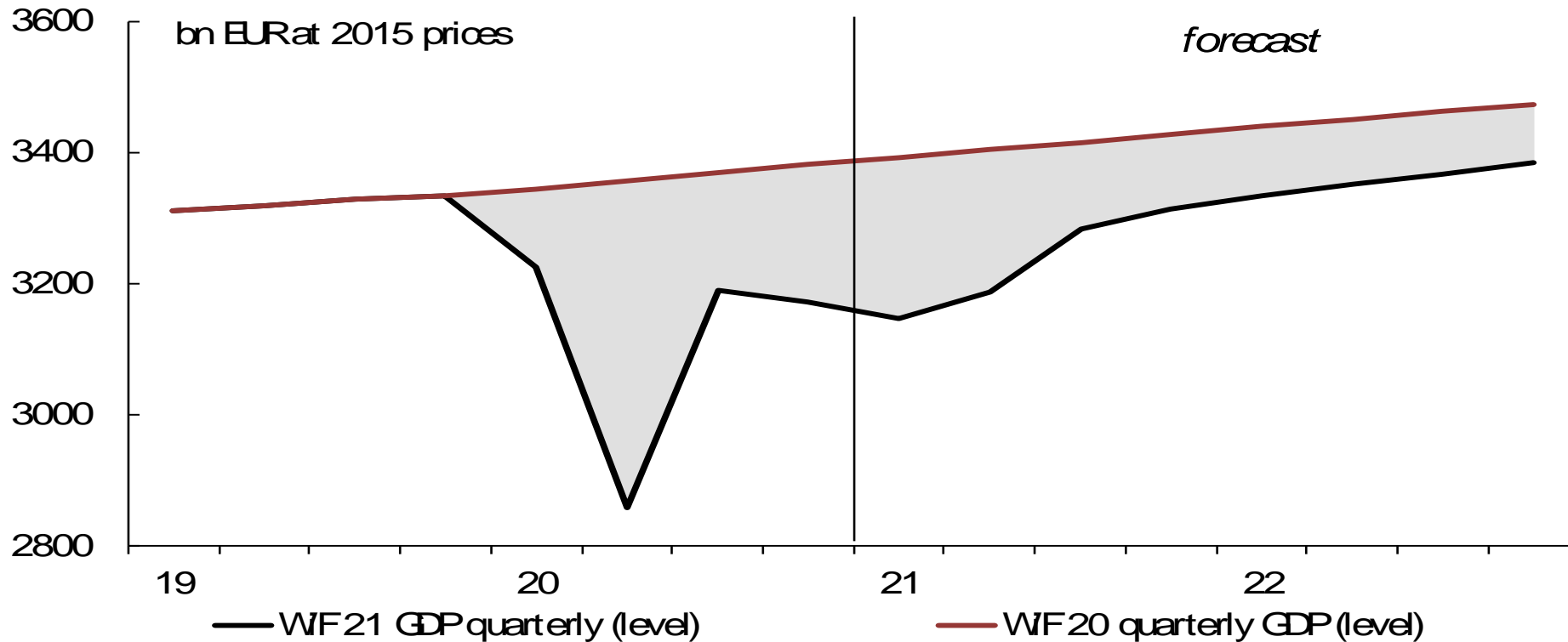


Source: European Commission, ESDE quarterly December 2020



# Employment decline follows an unprecedented collapse in economic growth

Real GDP (2012-2022), EU



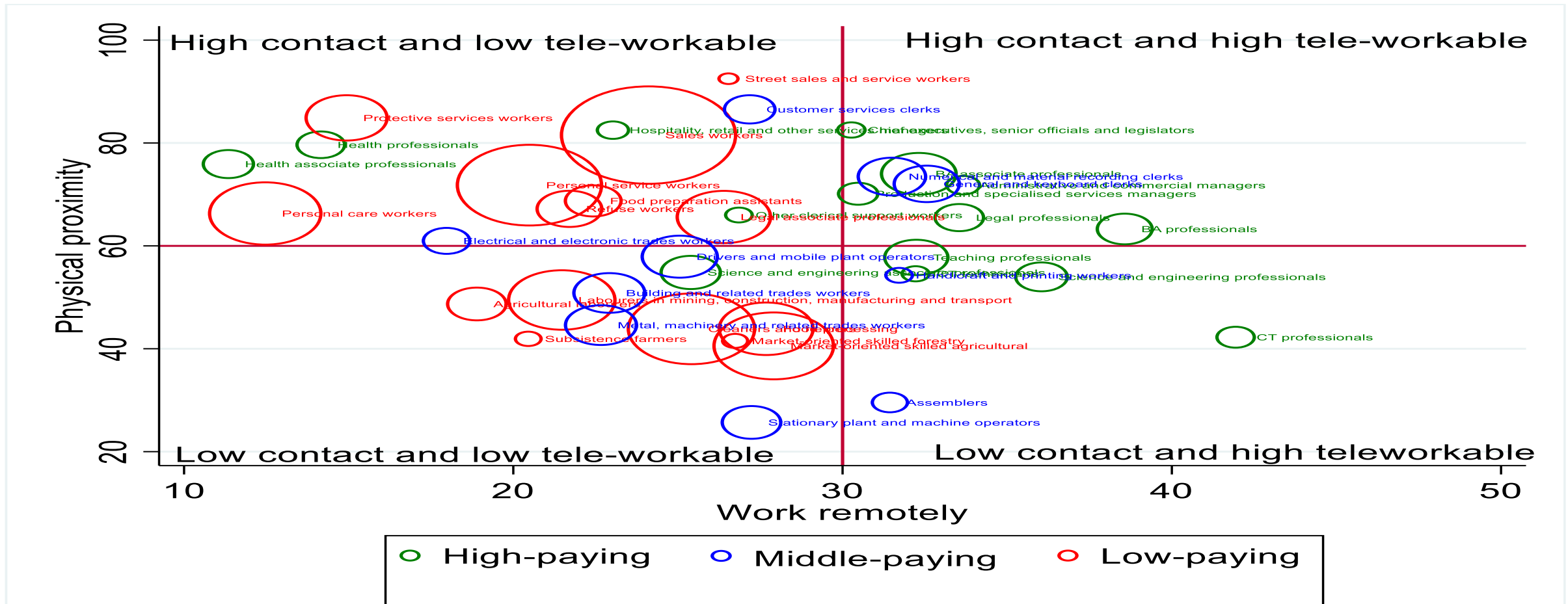
Note WF 20 for 2022 extrapolated from quarterly growth over 2021.



European Commission

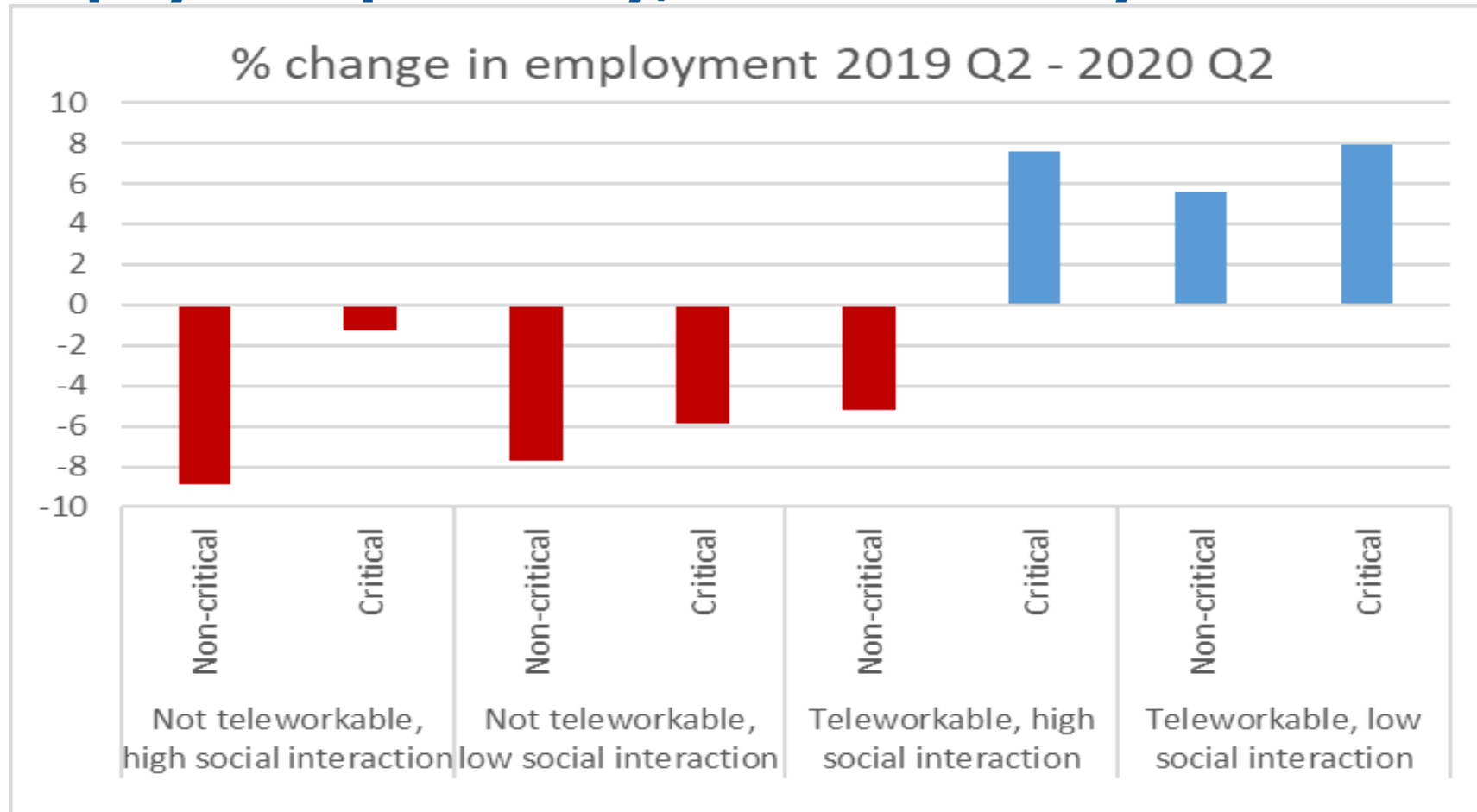
# Vulnerability of occupations:

## classification based on physical proximity and the ability to telework



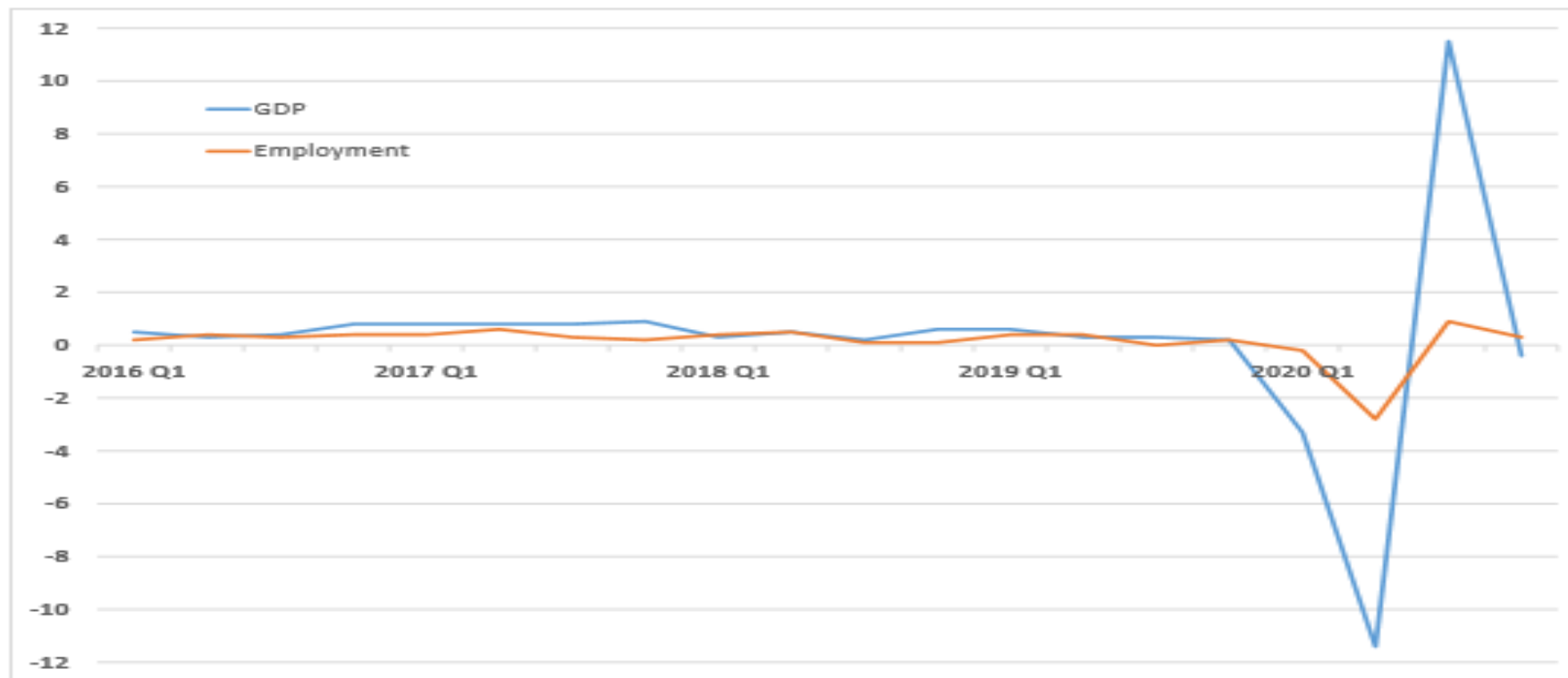
Source: Labour Market and Wage Developments in Europe 2020

# Vulnerability of occupations according to (non-)critical jobs, physical proximity, and the ability to telework

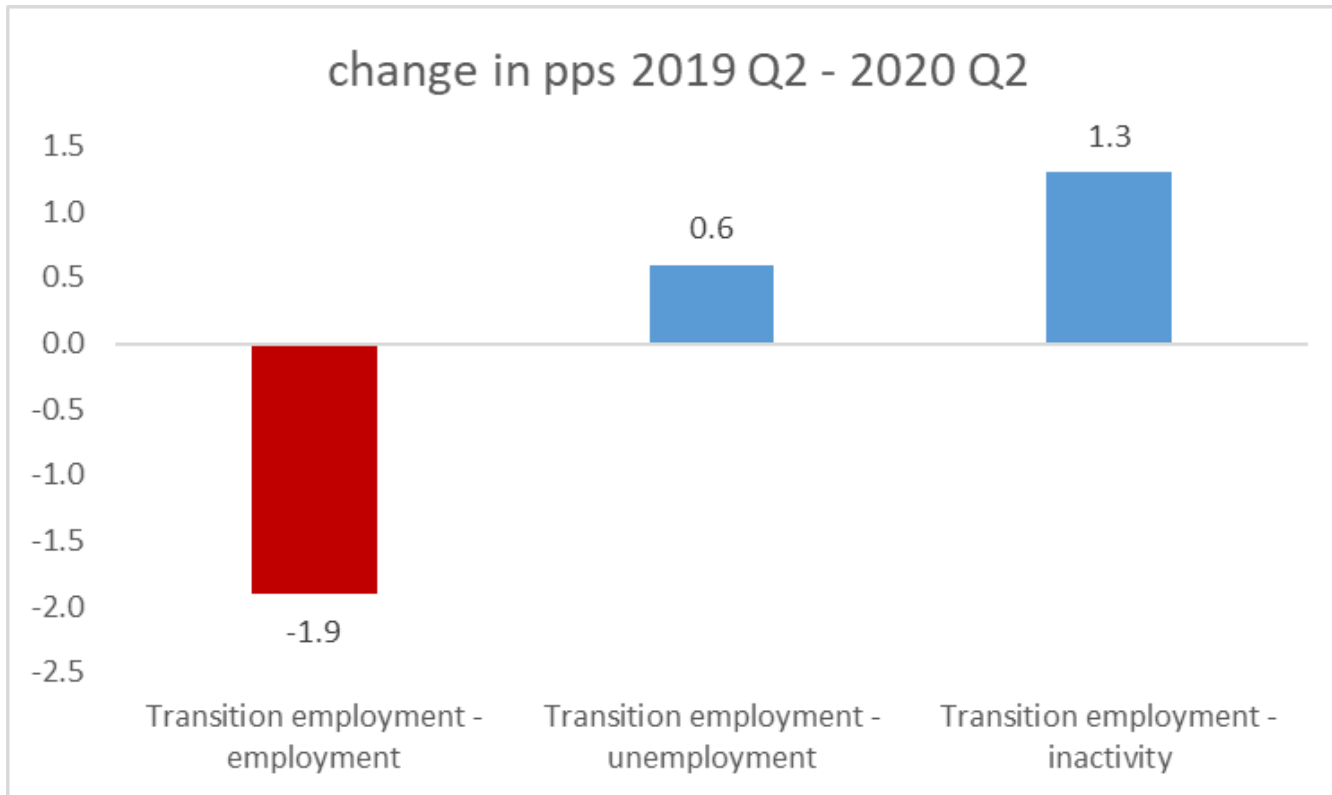


## Relative to the GDP decline, the impact on jobs remains moderate.

GDP and employment in the EU (2016-2020, percentage change on previous period, quarterly data)



## Quarterly labour market transitions for EU



Source: LFS based labour market transitions

**Unemployment reacted only moderately ...**

*.. also because some people went into inactivity..*

*Still, these effects appear low, compared with the massive GDP decline.*

**Main reason: Short Time Work schemes**

# Key features of Short Time Work schemes

Public programmes aimed at **avoiding excessive job destruction** in a downturn through a subsidised reduction of working time



## Firms

- Reduced labour costs
- Increased flexibility
- No firing costs
- Human capital preserved



## Workers

- Sustained incomes
- Lower unemployment risk
- More equal burden sharing



## Society

- Lower unemployment
- Sustained consumption
- Faster resumption of economic activities



**Effective tool to keep the economy afloat during lockdown**





# Measures taken by Member States

## ***Adaptation of existing schemes***

*Simplified administrative procedures*  
*Broader coverage*  
*Reduced costs for employers*  
*Increased duration*  
*Increased generosity*

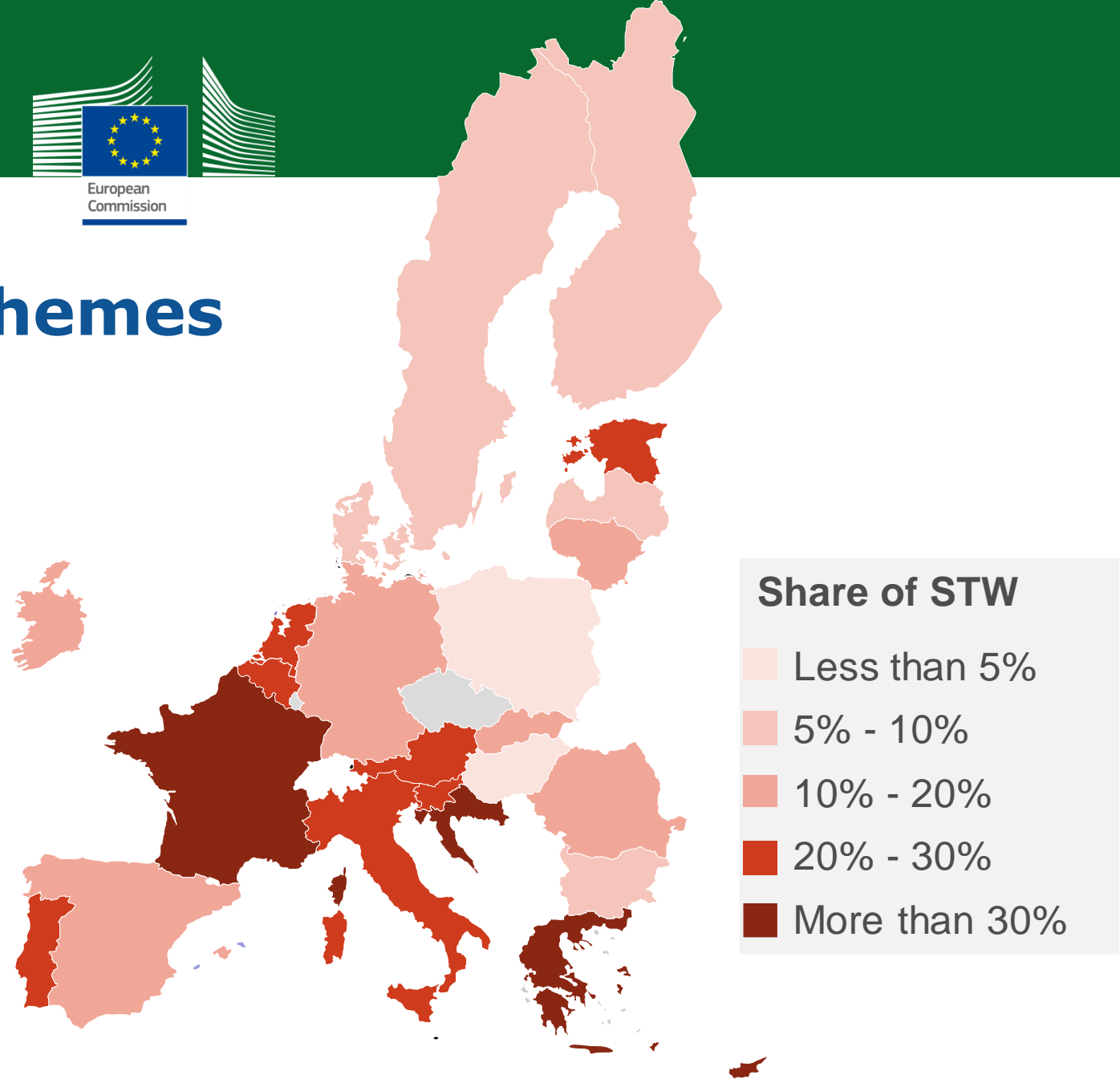
## ***Introduction of new ad-hoc schemes***

*Temporary*  
*Covering at least suspended sectors*  
*Support mainly given through employers*

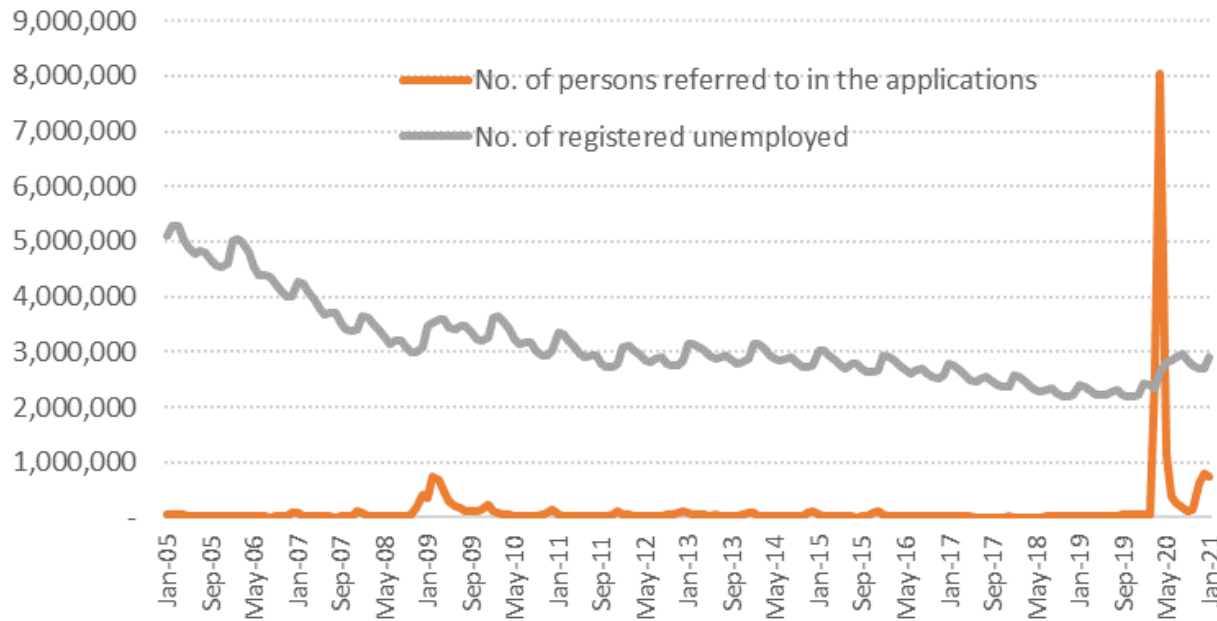
# Massive use of STW schemes

In April 2020, almost **20%** of employment across the EU were on STW

Great variety across countries though



# Kurzarbeit and unemployment in Germany



**Germany in April 2020:**

**Three times more workers on  
STW than unemployed**



**Helped prevent massive  
increase of unemployment**



# The 'SURE' system makes STW available in all Member States.

*Temporary **S**upport to mitigate **U**nemployment **R**isks in an **E**mergency*

*Financial assistance :*

*Up to EUR 100 billion in the form of loans*

*Activated on Sept 22, 2020*

*As of February 2021:*

EUR 90.3 billion that have been authorised for 18 Member States



# Three major initiatives to strengthen Social Europe in times of Covid-19

- *European Pillar of Social Rights Action Plan*
- *Strategy on the Rights of Persons with Disabilities*
- *Recommendation on an Effective Active Support to Employment following the Covid-19 crisis ("EASE")*

# Thank you



<https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8342&furtherPubs=yes>