

A few reflections & questions on PES from a citizen working in the private sector



Presentation given on the occasion of the Synerjob conference
organized by the Forem, VDAB & the EU

Laurent Ledoux

ledoux.laurent@gmail.com

Brussels - 01/12/10

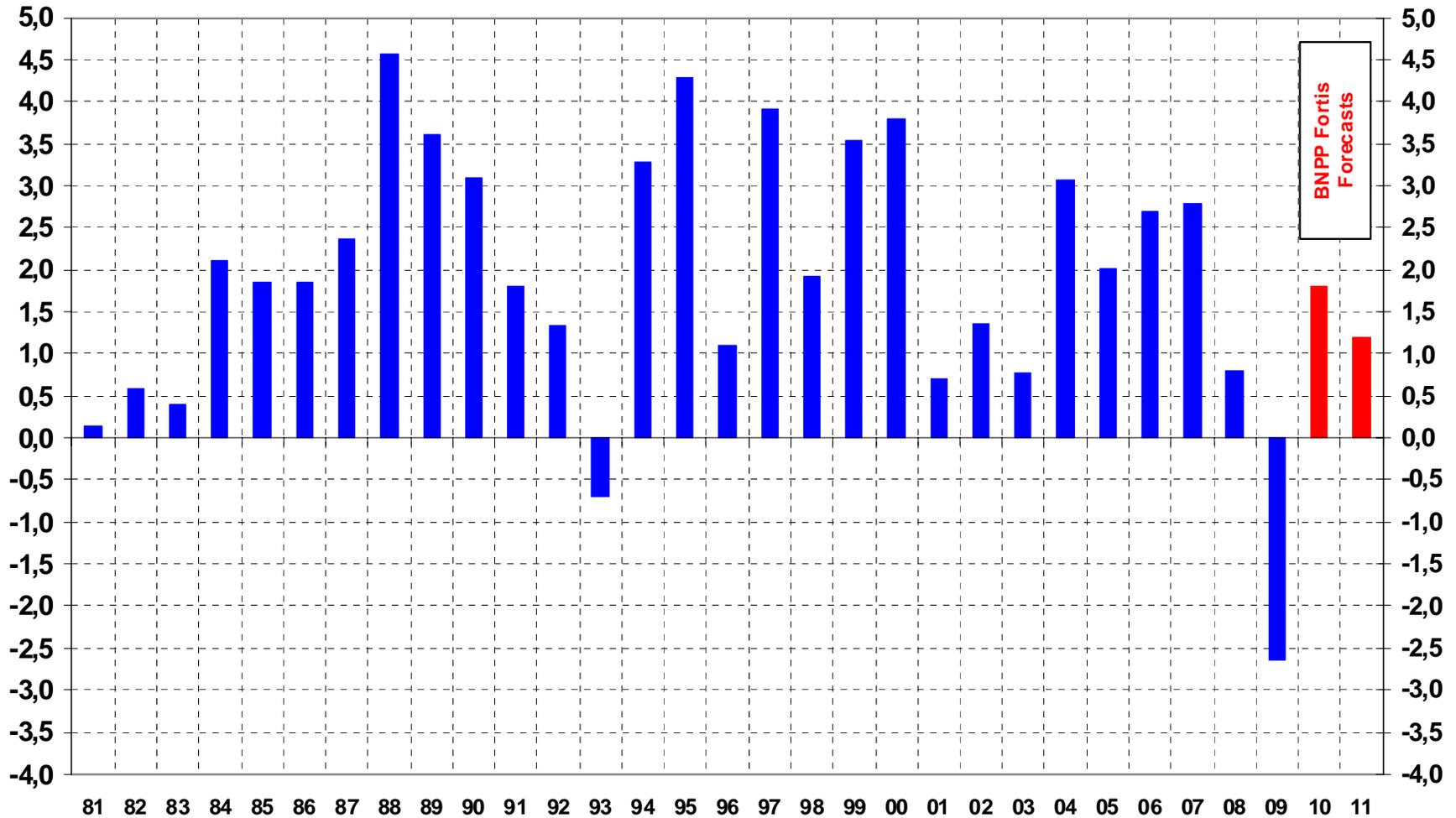
1 PES in perspective ?

2 PES under pressure ?

3 Questions for PES ?

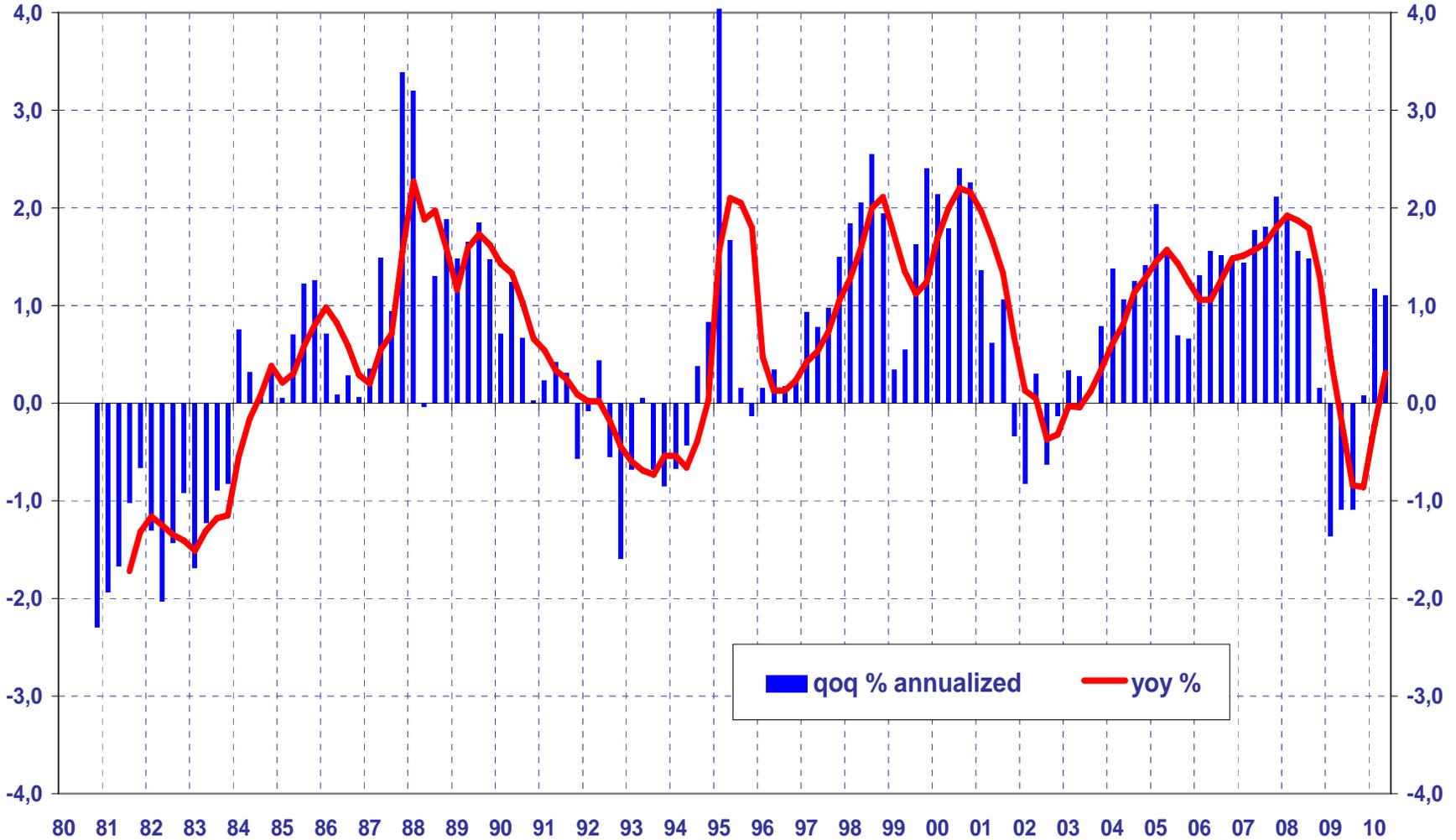
PES in perspective ? – GDP & Employment growth

BELGIUM : REAL GDP GROWTH (in %)
NBB figures

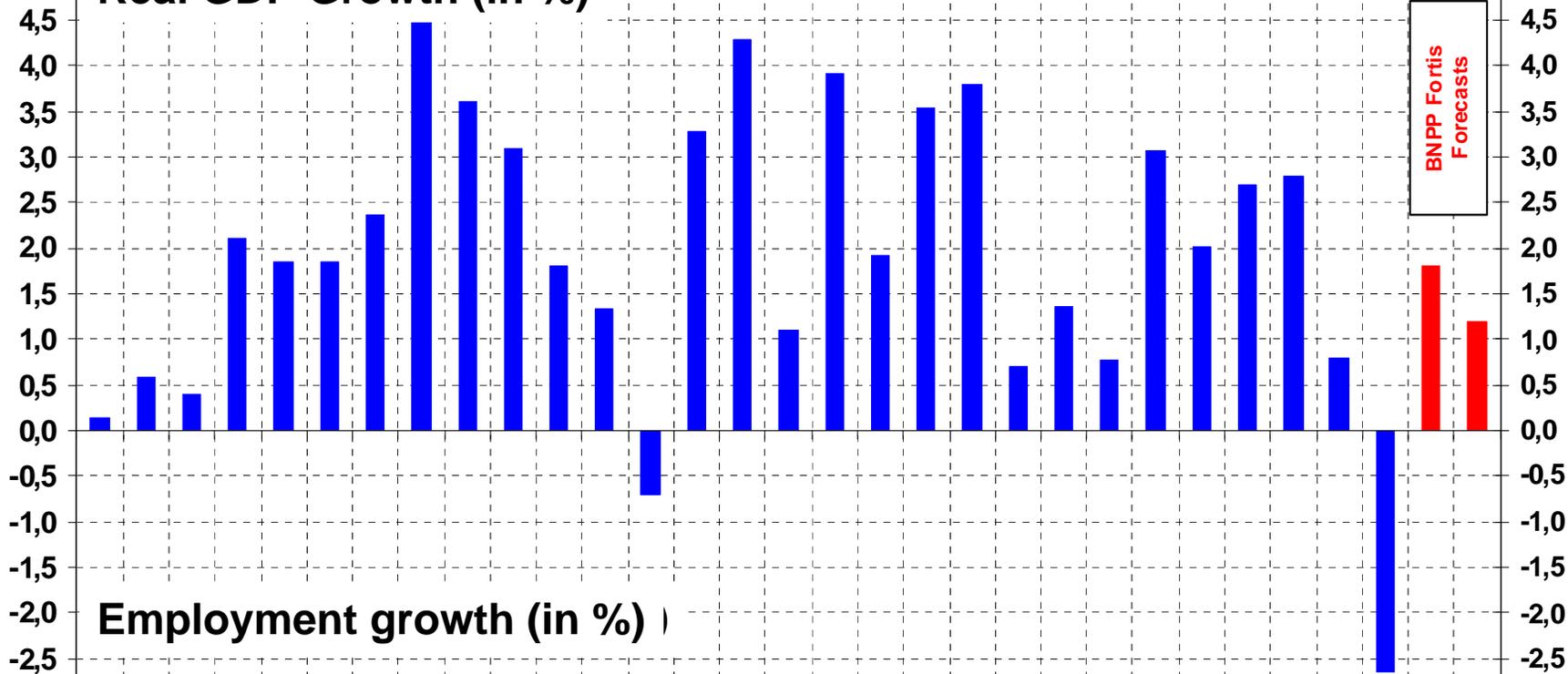


PES in perspective ? – GDP & Employment growth

BELGIUM: EMPLOYMENT GROWTH (in %)
 Figures *NBB*

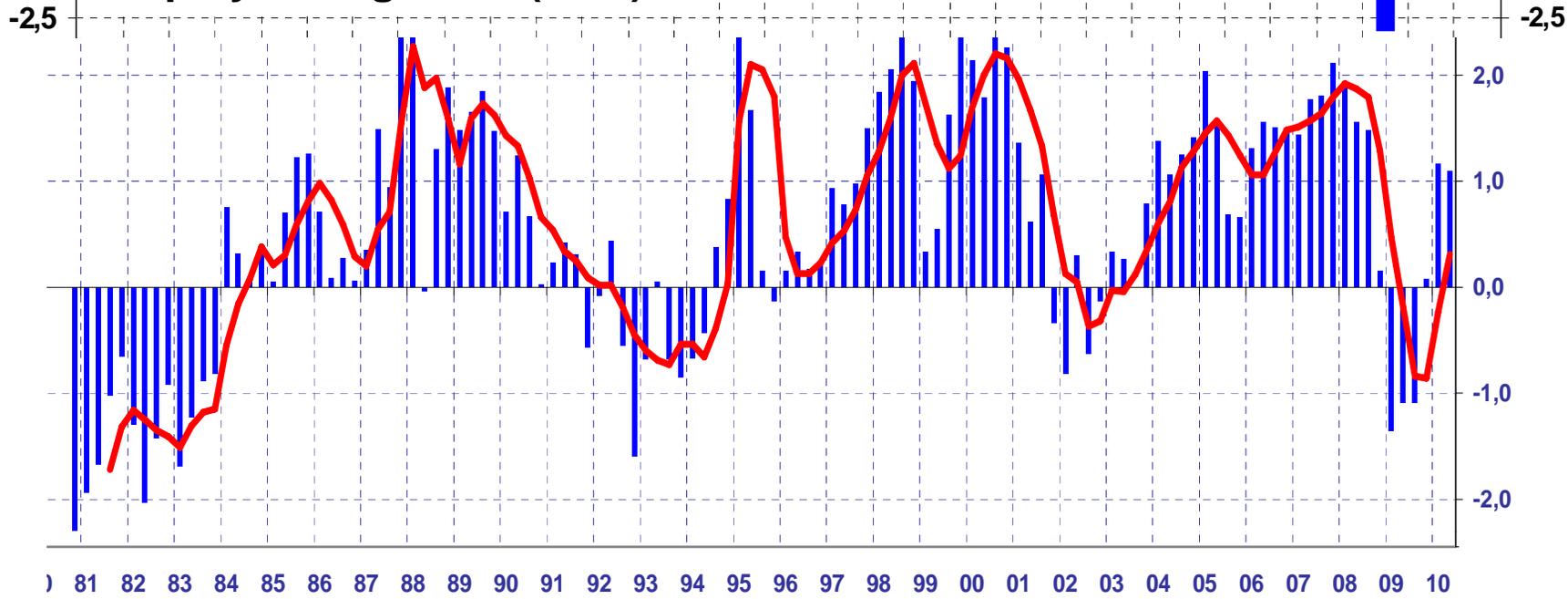


Real GDP Growth (in %)



BNPP Fortis
Forecasts

Employment growth (in %)



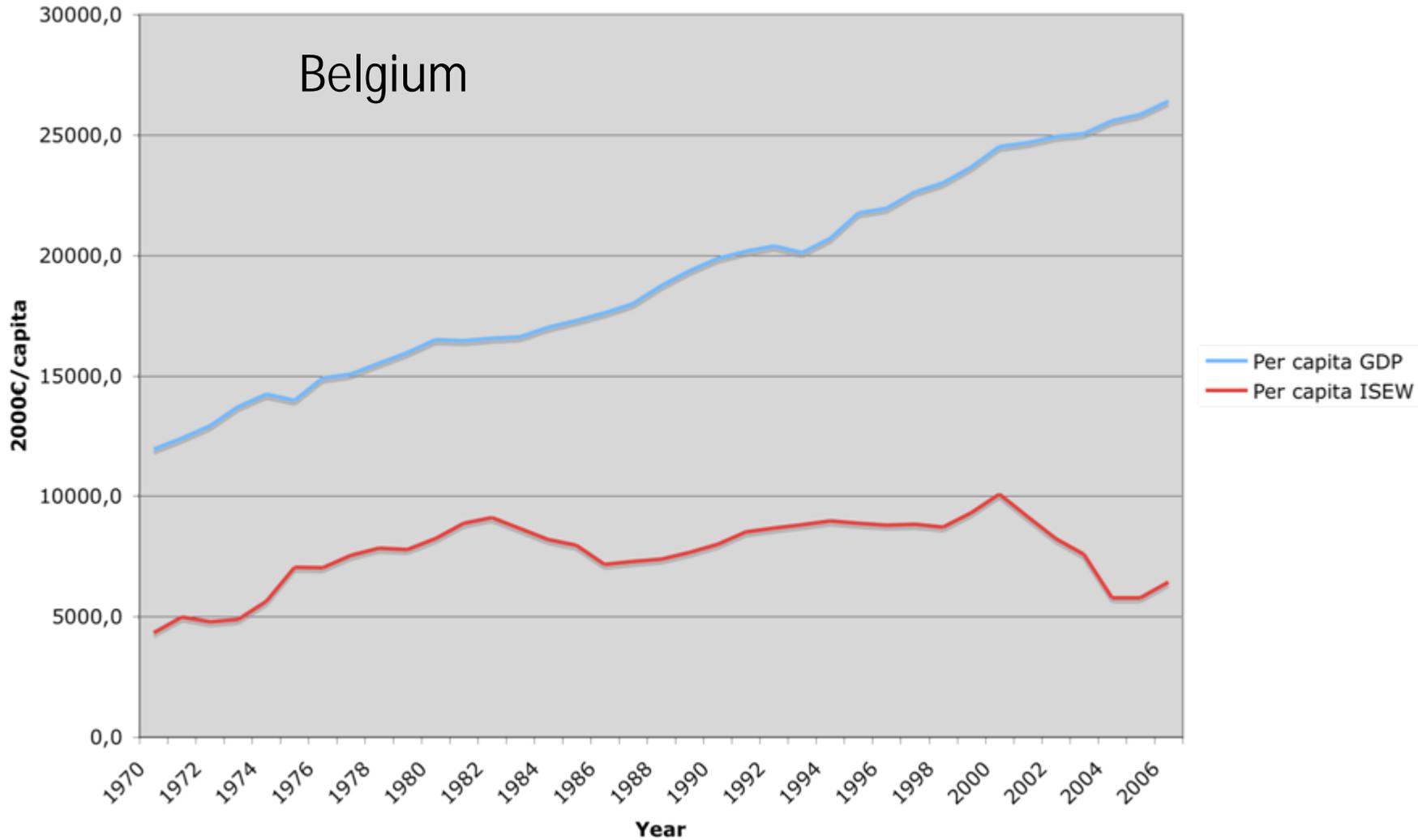
81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10

Time-series analysis in EU

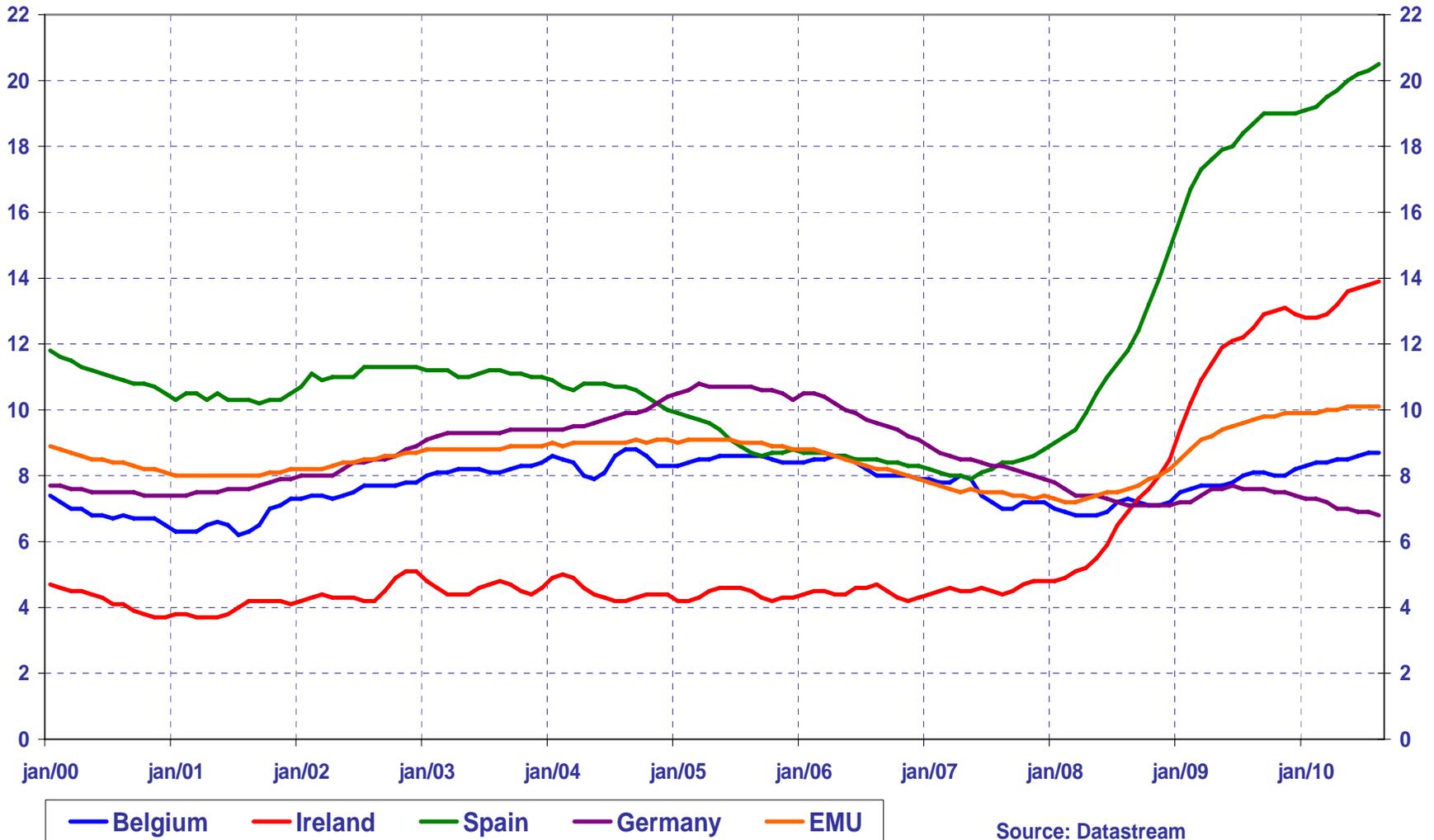
Elasticities by country (1970-1998)

Employment elasticities with respect to GDP		Employment elasticities with respect to growth	Unemployment elasticities with respect to growth	
1968-1978	0.20	0.53	USA	-0.40
1978-1988	0.63	0.41	EU	-0.27
1988-1998	0.84			
		0.76	Spain	-0.48
Unemployment elasticities with respect to GDP		0.46	Germany	-0.31
		0.43	UK	-0.39
1968-1978	-0.17	0.36	France	-0.21
1978-1988	-0.49	0.33	Netherlands	-0.36
1988-1998	-0.52	0.24	Austria	-0.10

PES in perspective ? – GDP or Indicator for Sustainable Economic Welfare ?

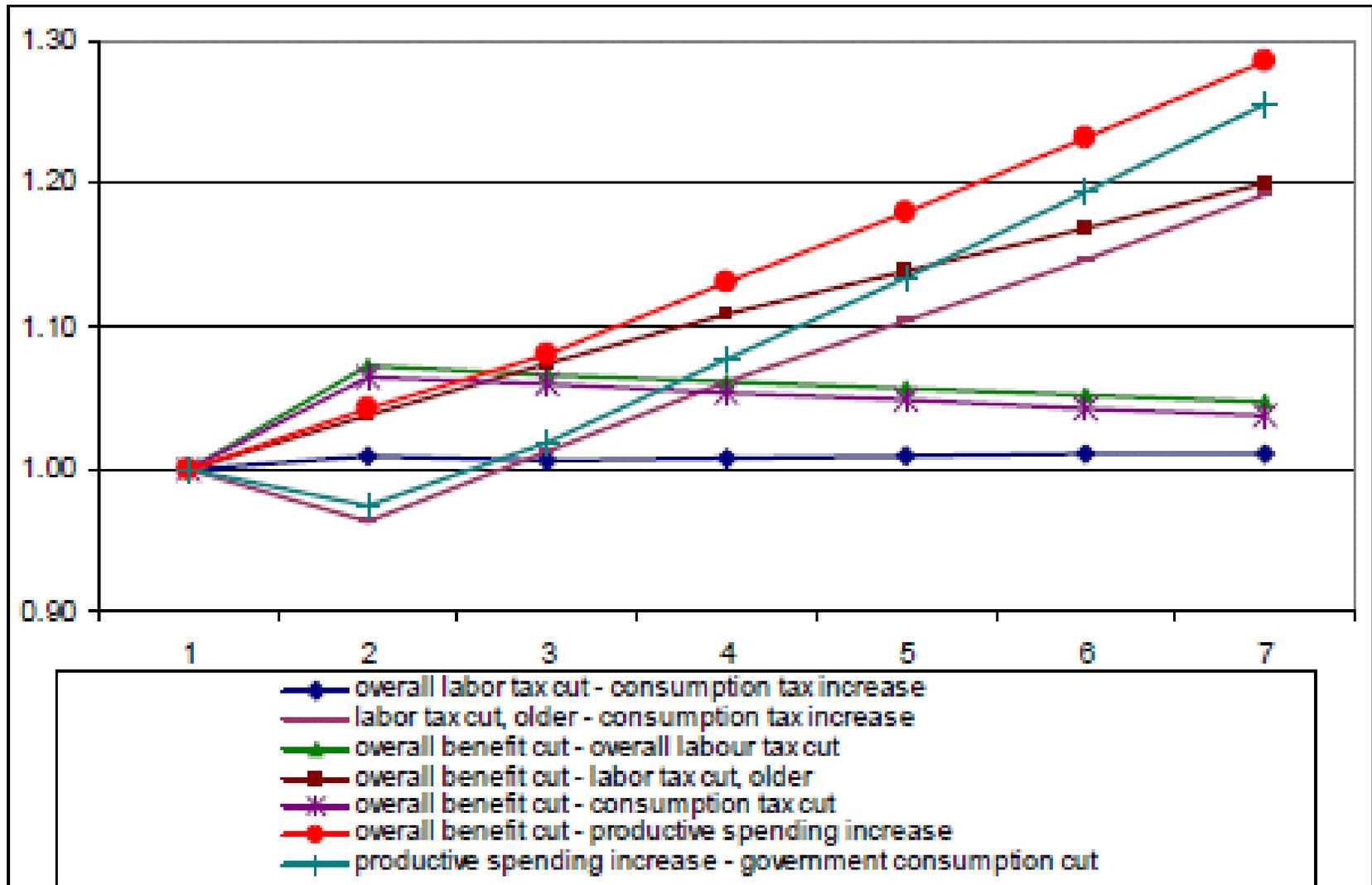


Unemployment rates in the EMU



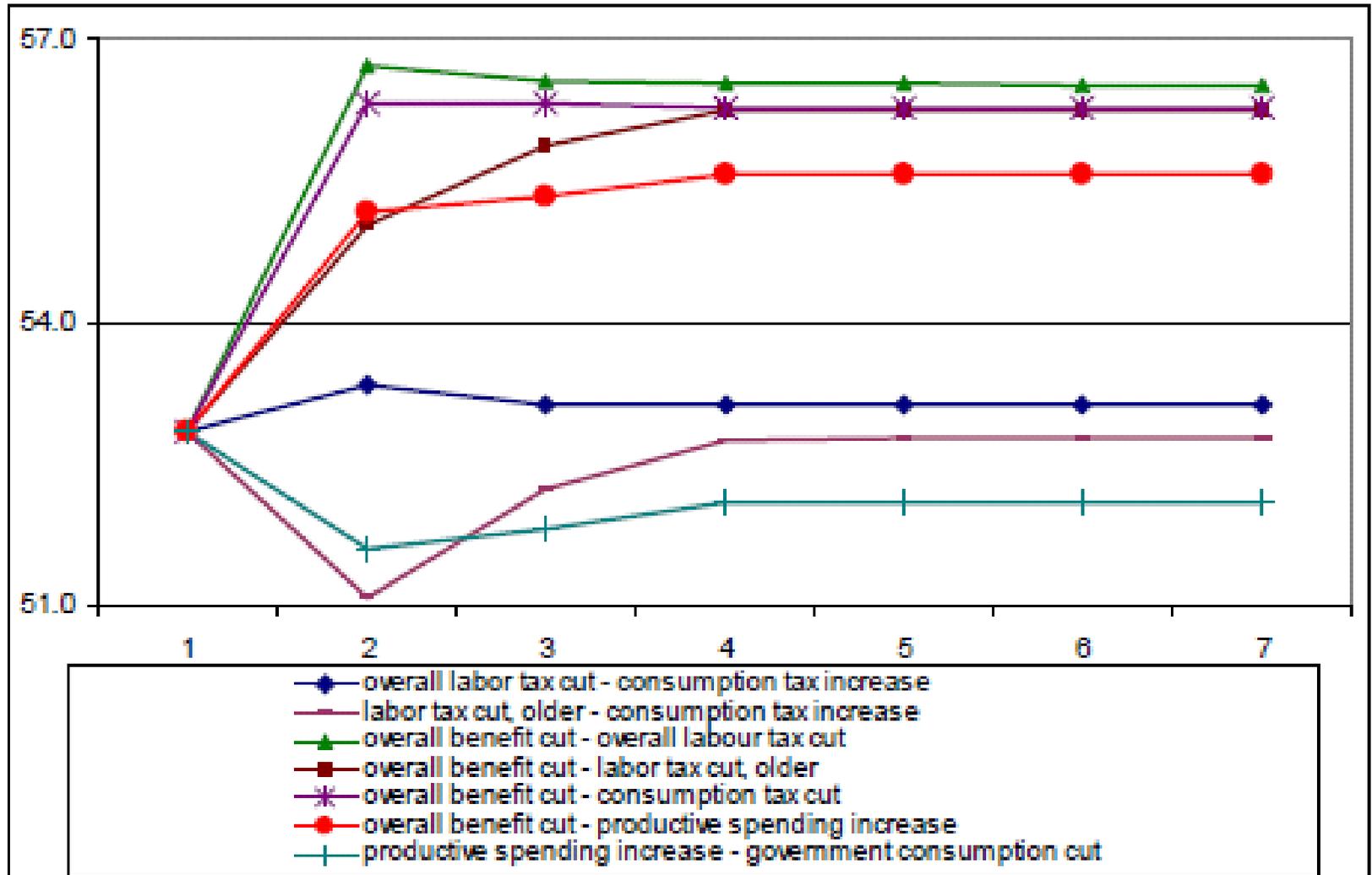
PES in perspective ? – Diversity explained ?

Output level evolution after permanent policy shocks in period 1 (index, benchmark=1)



PES in perspective ? – Diversity explained ?

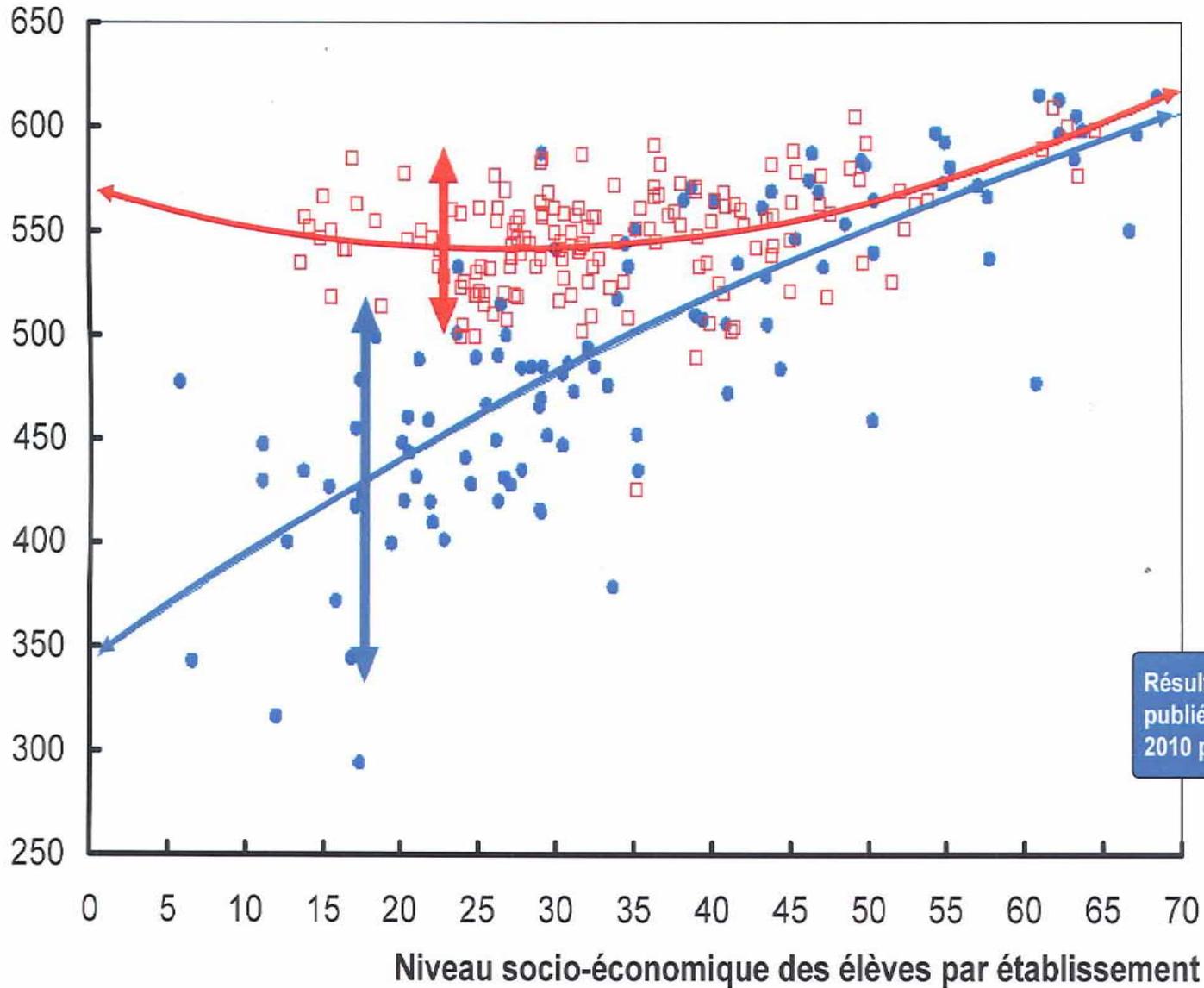
Aggregate employment rate (in hours) after permanent policy shocks in period 1
(benchmark in period 0 is the initial steady state)



PES in perspective ? – Diversity explained ? (Education)

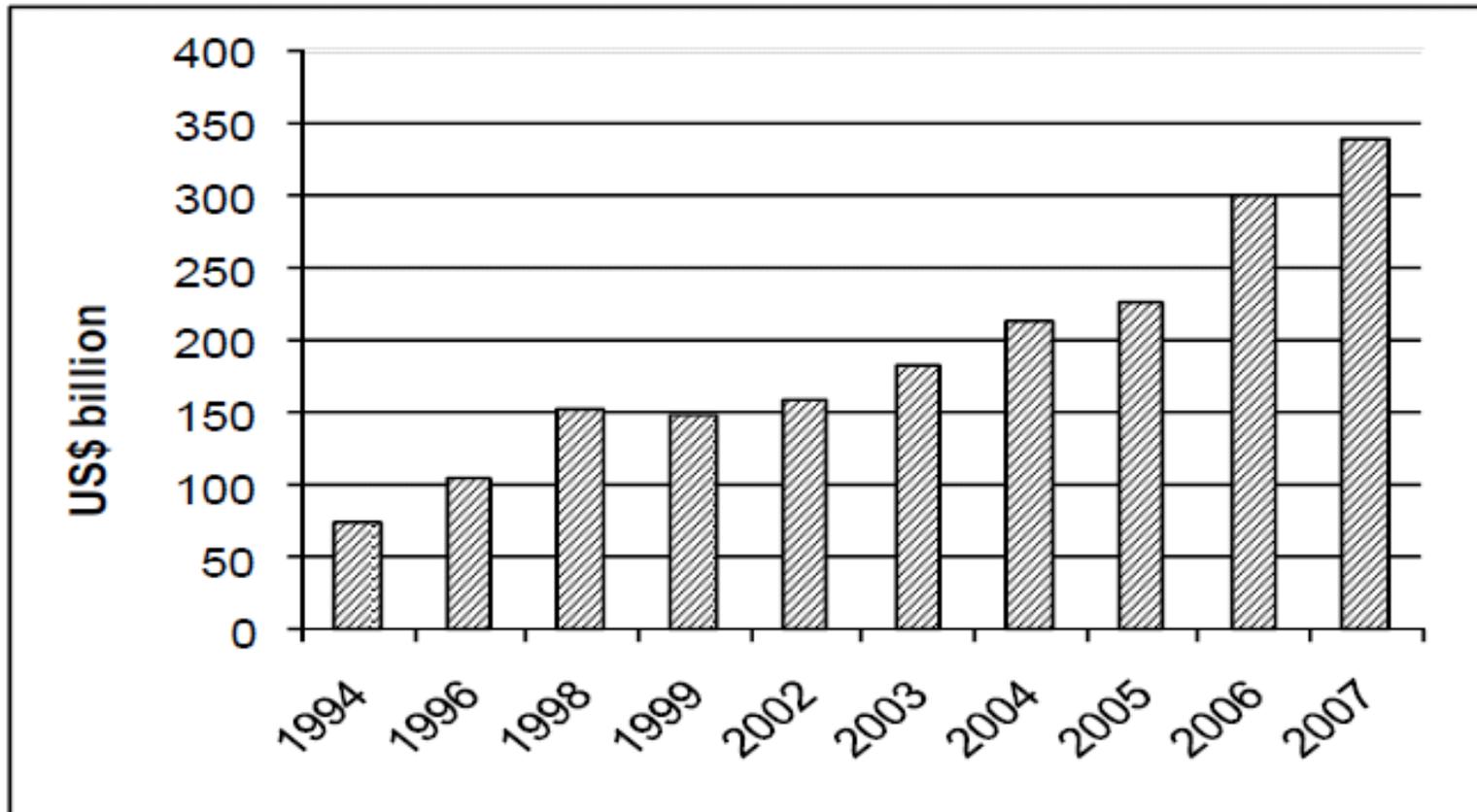


Moyenne des scores obtenus – PISA 2006



PES in perspective ? – Increasing importance of other actors ?

Private employment agency global market size, 1994–2007



Source: Adapted from CIETT (2009).

PES in perspective ? – Increasing importance of other actors ?

Agency work penetration rates, 1997–2007 (FTE percentage of total active working population)

Notes: ns: not significant; nlr: not legally recognized; na: not available; * 1999; ** 2001.

Source: Adapted, and augmented, from CIETT, 2009, op. cit., pp. 22 and 23.

	1997	2002	2007	Change in percentage points, 1997–2007
Europe				
Austria	0.5	0.8	1.5	+1.0
Belgium	1.3	1.6	2.2	+0.8
Denmark	0.2	0.4	0.8	+0.6
Finland	0.4	0.5	1.1	+0.7
France	1.6	2.4	2.5	+0.9
Germany	0.5	0.7	1.6	+1.1
Hungary	ns	0.8	1.4	–
Ireland	0.3	1.4	1.7	+1.4
Italy	nlr	0.4	1.0	–
Luxembourg	1.2	2.2	2.4	+1.2
Netherlands	2.3	2.1	2.8	+0.5
Norway	0.4	0.5	1.0	+0.6
Poland	ns	ns	0.4	–
Spain	0.7	0.7	0.8	+0.1
Sweden	0.4	0.9	1.3	+0.9
Switzerland	0.6	0.9	1.7	+1.1
United Kingdom	2.9	3.8	4.8	+1.9

Rest of the world

PES in perspective ? – Increasing importance of other instruments ?

*Average Treatment Effects of PES and SBA
(Percentage points except where noted)*

	<i>PES versus SBA (1)</i>	<i>SBA versus PES (2)</i>	<i>PES vs. non-participation (3)</i>	<i>SBA vs. non-participation (4)</i>
OUTCOMES				
Current experience				
Employed or self-employed	-1.02 (-10.77; 11.52)	-5.05 (-9.92; 2.95)	8.45 (3.19; 13.90)	6.14 (-0.44; 12.29)
Employed	2.30 (-8.11; 13.46)	-8.34 (-18.07; 0.38)	9.72 (4.17; 15.12)	2.8 (-3.93; 9.55)
Self-employed	-2.74 (-5.38; 0.08)	2.93 (-0.88; 0.67)	-1.17 (-3.75; 0.65)	2.37 (-1.01; 5.30)
Average monthly earnings (in thousand lei)	-37.56 (-133.27; 40.26)	-25.32 (-98.78; 36.73)	56.86 (10.49; 109.51)	37.58 (-13.25; 80.12)
During the two year period 2000-2001				
Employed for at least 6 months	10.70 (-0.86; 20.86)	-9.86 (-19.79; -3.07)	6.22 (2.35; 13.52)	8.38 (2.29; 14.13)
Employed for at least 12 months	17.28 (0.38; 26.70)	-17.02 (-26.02; -10.18)	7.65 (2.11; 13.73)	7.97 (-0.20; 14.40)
Average monthly earnings (in thousand lei)	-69.99 (-148.74; -15.99)	-63.94 (-140.56; -9.45)	87.32 (56.99; 130.21)	43.08 (-9.48; 87.58)
Months unemployed	-3.10 (-4.70; -0.32)	3.41 (1.66; 6.10)	-1.90 (-3.15; -0.92)	-1.82 (-3.00; -0.54)
Months receiving UB payments	-0.45 (-1.17; 0.87)	0.74 (-0.22; 1.47)	-0.74 (-1.18; -0.29)	-0.75 (-1.50; -0.05)
Sample size	643	643	1,748	1,311
Size of treatment group	401	242	743	350
Size of comparison group	242	401	1,005	961

Notes: Monthly earnings have been deflated using 1998 deflator. Bold numbers indicate significance at the 5% level (two-sided test).

Source : Nuria Rodriguez – Planas – Channels through which Public Employment Services & Small-business Assistance Programs work – Universitat Autònoma de Barcelona (based on data from Romania in 2000 – 2002)

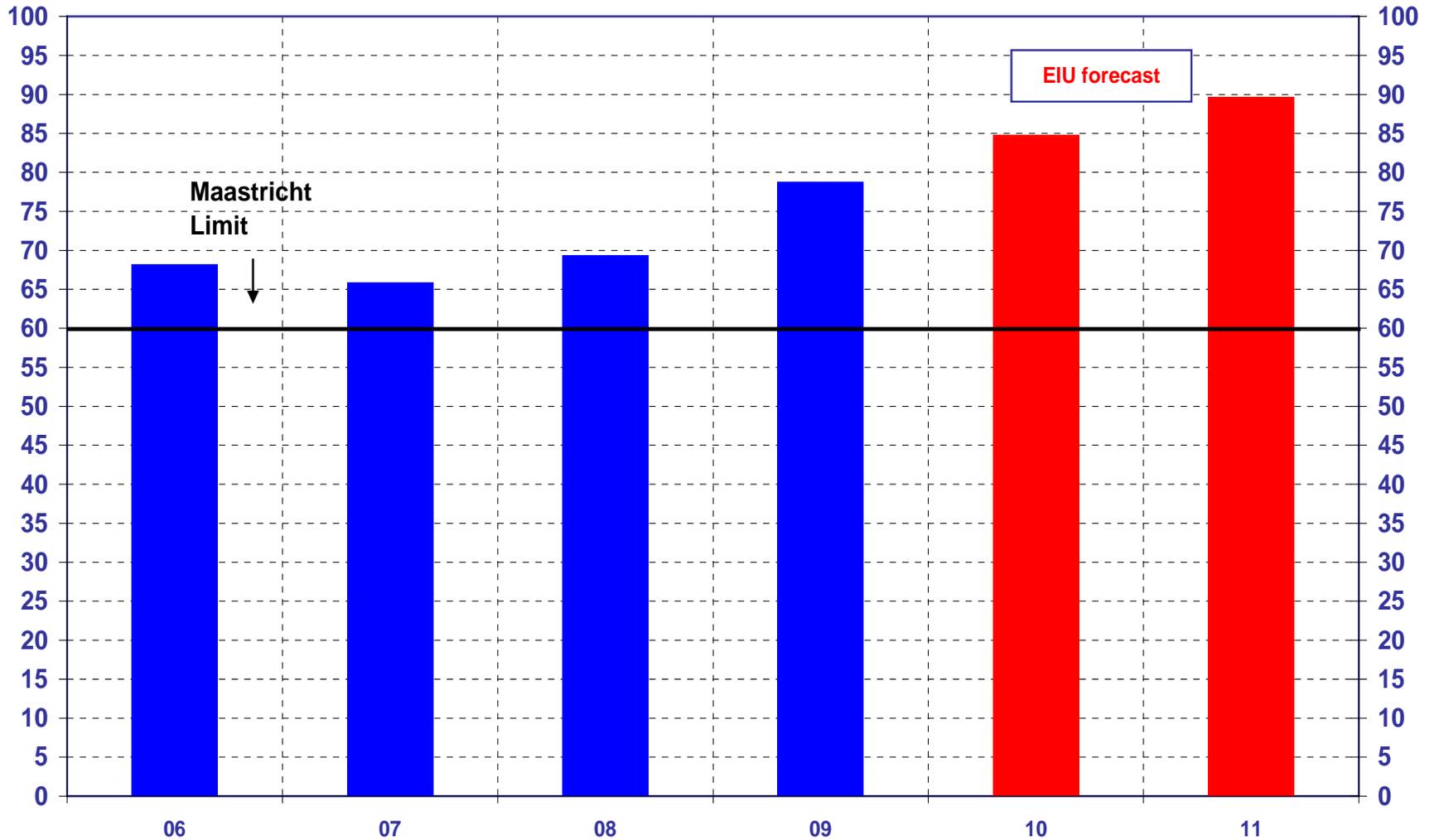
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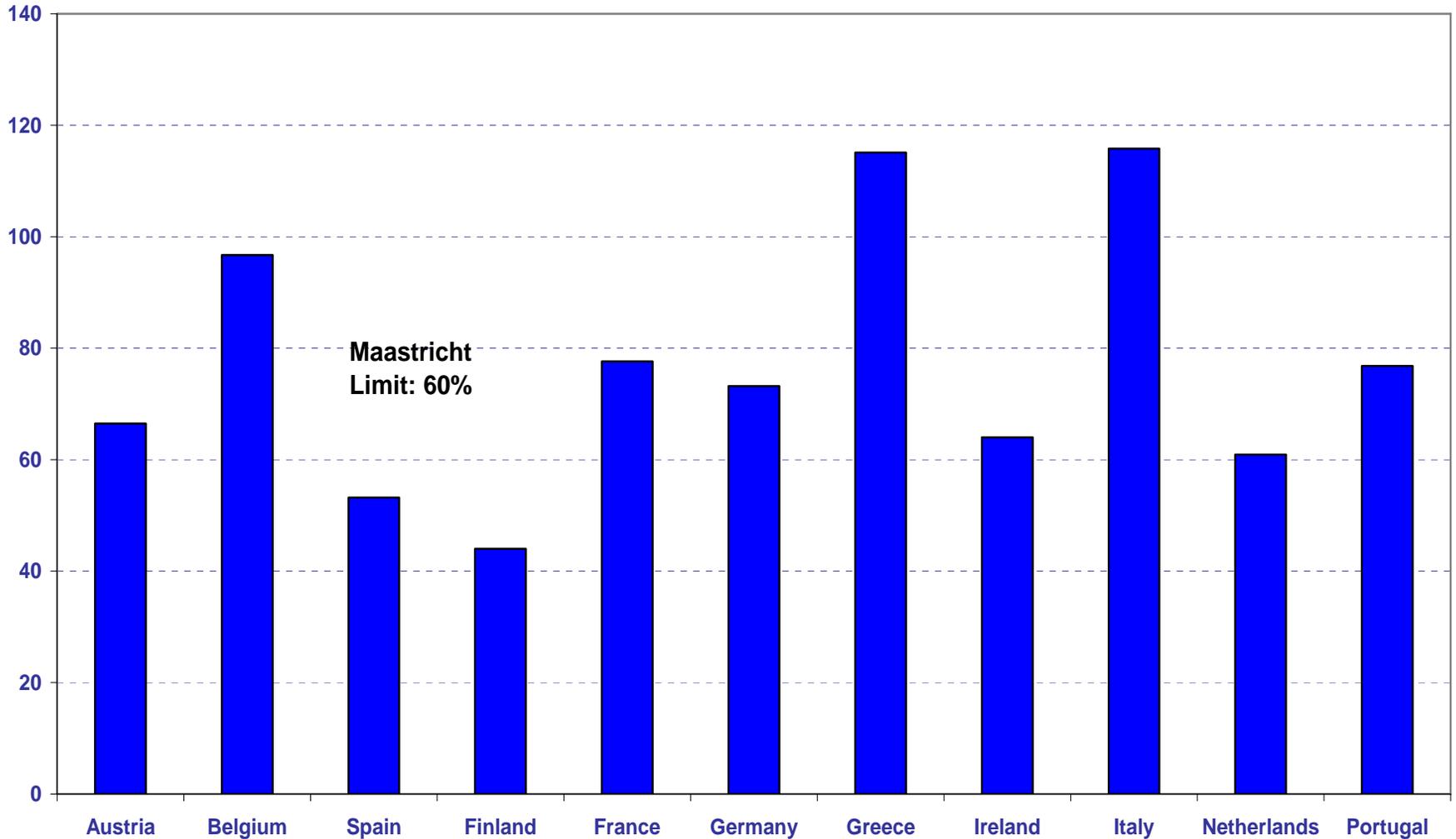
PES under pressure ? – Increasing public debts

EMU: PUBLIC DEBT (in % of GDP)
European Central Bank figures

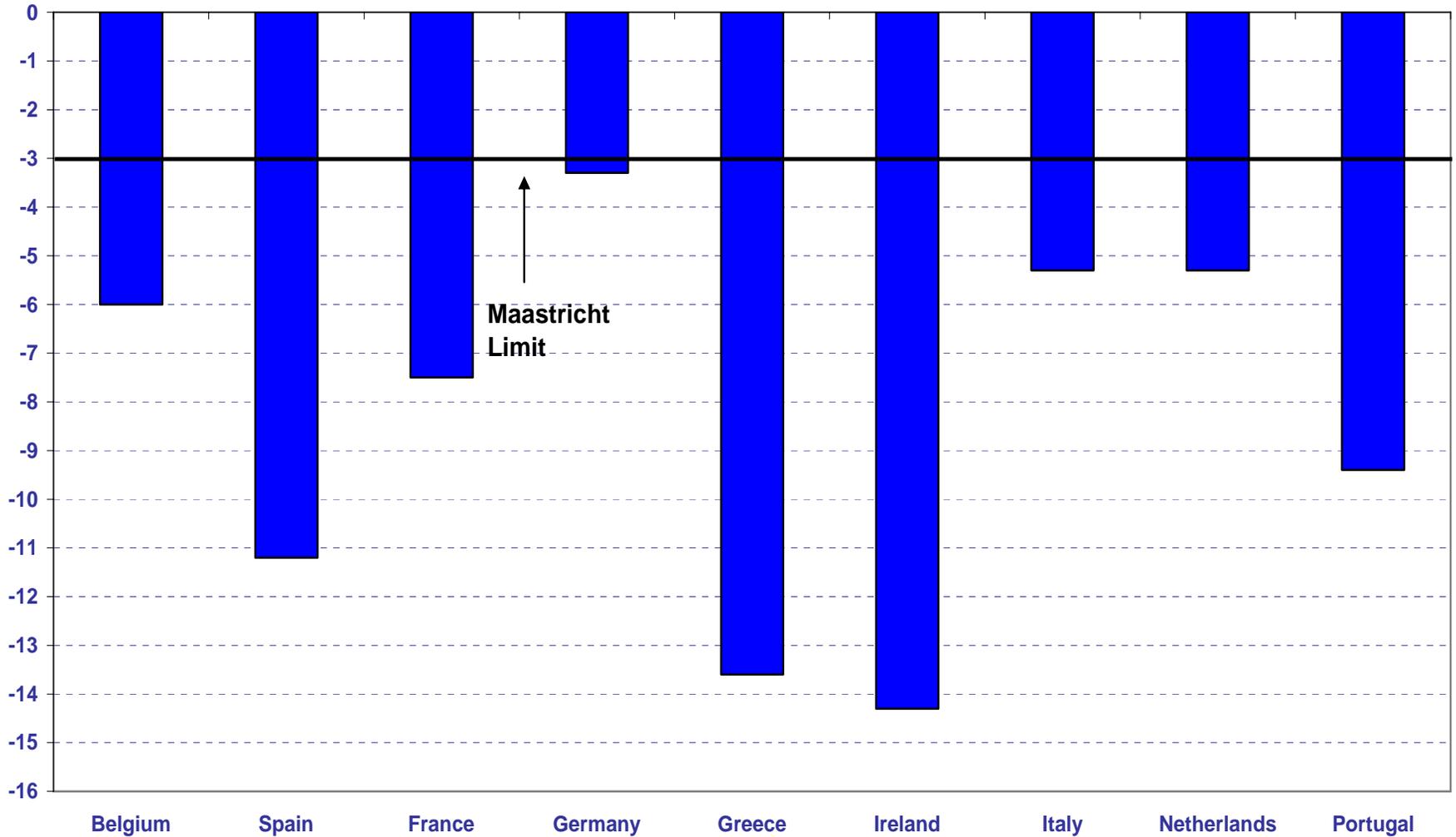


PES under pressure ? – Diversity in public debts at EU level

EMU GOVERNMENT DEBT IN 2009 (% of GDP)



EMU GOVERNMENT DEFICIT/SURPLUS IN 2009 (% of GDP)



PES under pressure ? – Diversity in public spending (2007 – 2008)

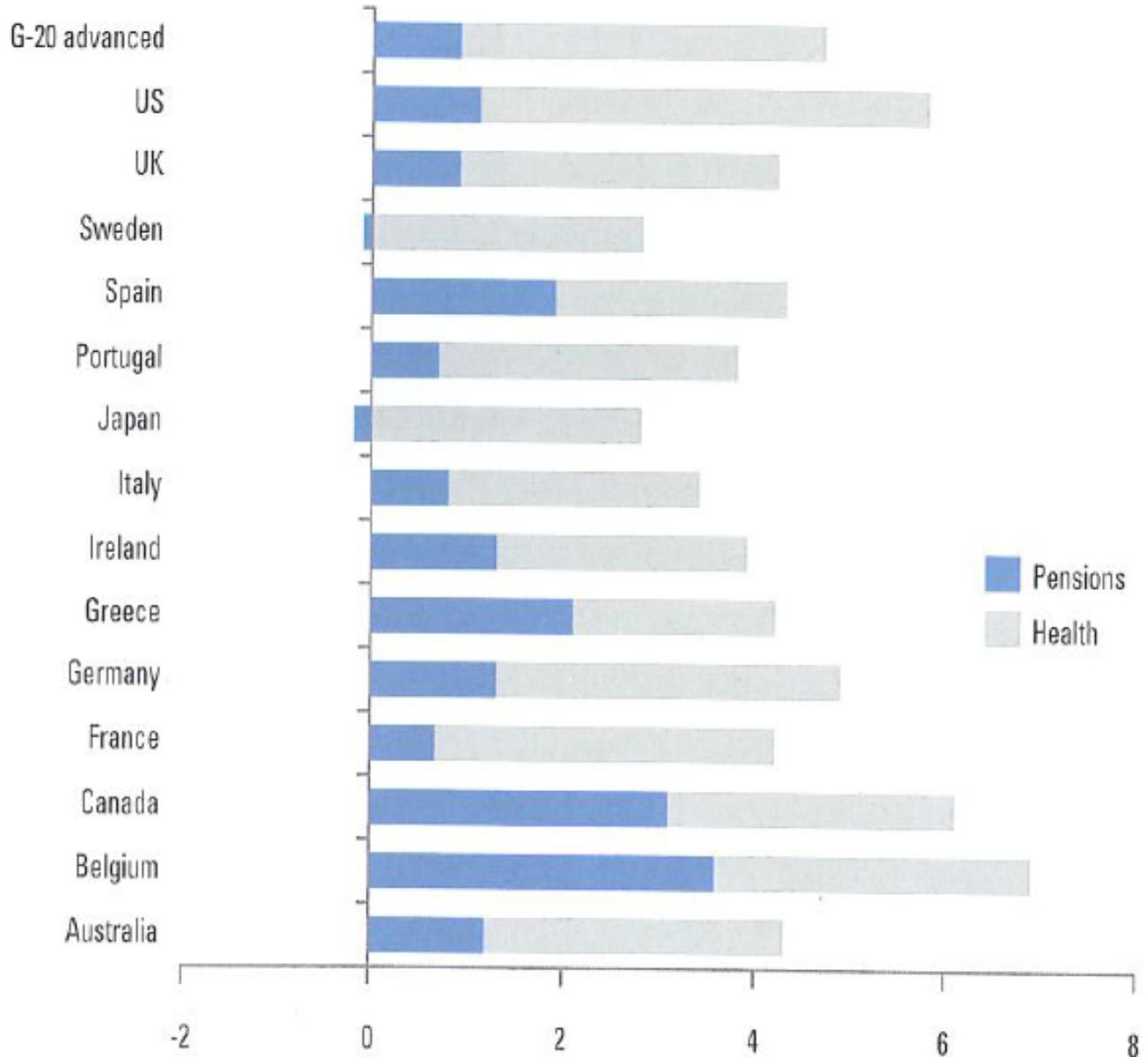
	% of GDP				
	Public spending	Employee compensation	Social benefits	Capital spending	Other spending
Australia	30.4	8.8	9.6	2.6	9.4
Belgium	46.2	12.1	23.3	1.7	9.1
Canada	36.1	11.6	7.5	1.4	15.6
Denmark	50.5	17.3	16.4	1.8	15.0
France	49.9	12.7	23.3	3.2	10.7
Germany	41.0	6.9	24.3	1.5	8.3
Greece	43.7	11.5	19.1	2.9	10.2
Ireland	41.0	11.1	13.8	5.3	10.8
Italy	43.6	10.9	20.4	2.2	10.1
Japan	33.5	6.2	17.7	3.6	6.0
Netherlands	43.8	9.1	20.2	3.5	11.0
Spain	39.5	10.8	15.0	3.8	9.9
Sweden	51.3	14.9	18.2	3.3	14.9
UK	45.0	11.0	13.1	2.3	18.6
US	36.1	10.2	12.9	1.0	12.0
G-20 advanced	37.7	9.5	15.2	2.0	11.1

Source: IMF — 'From Stimulus to Consolidation: Revenue and Expenditure Policies in Advanced and Emerging Economies' 2010

Quoted in KPMG – Meeting the deficit challenge

PES under pressure ? – Diversity in age-related spending pressures

**Projected rise
in spending
to 2030
(% of GDP)**



Source: IMF

Quoted in KPMG –
Meeting the deficit
challenge

PES under pressure ? – Diversity in public revenues (2007 – 2008)

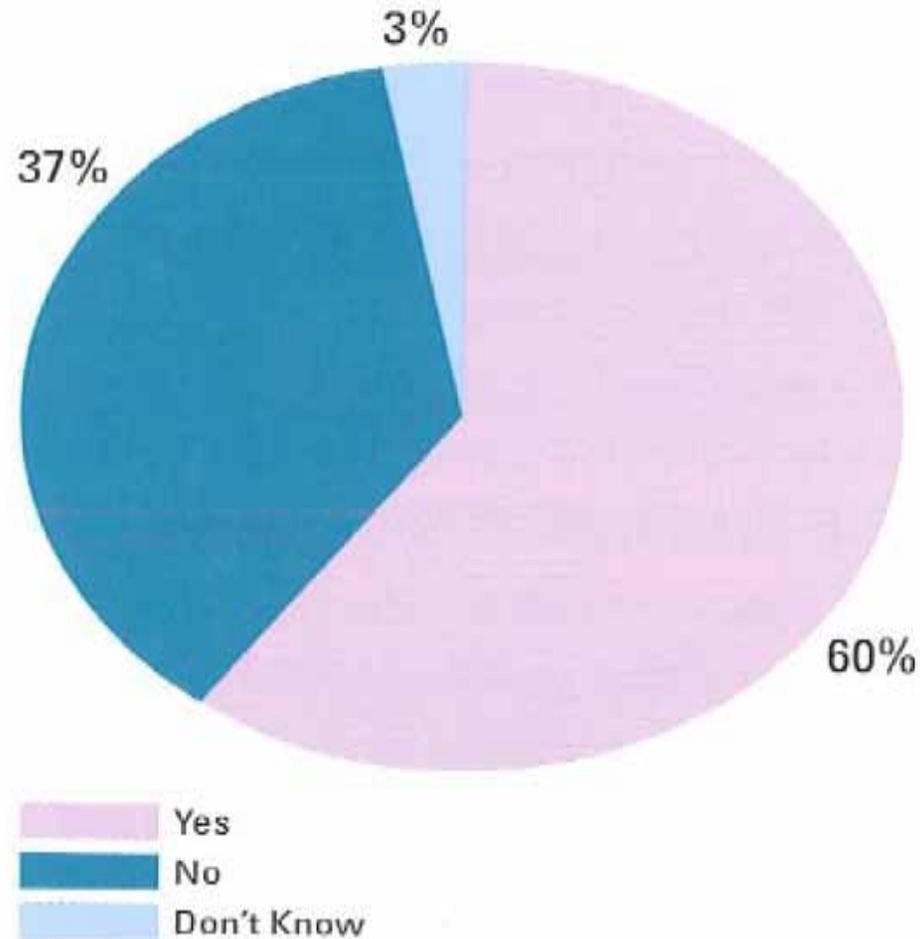
	% of GDP					
	Total Revenue	Income taxes	Corporate taxes	Social security taxes	Indirect taxes	Property taxes
Australia	37.1	11.3	7.1	1.5	8.2	2.8
Belgium	48.1	6.2	10.2	13.6	11.0	2.3
Canada	40.5	12.4	3.7	5.5	7.9	3.3
Denmark	55.6	14.8	14.0	1.2	16.4	1.9
France	49.6	7.5	7.5	17.4	10.8	3.5
Germany	43.9	9.1	2.2	13.2	10.6	0.9
Greece	40.0	4.7	2.6	11.7	11.3	1.4
Ireland	35.8	8.7	3.4	4.9	10.9	2.5
Italy	46.9	11.1	3.8	13.0	11.0	2.1
Japan	31.1	5.5	4.8	10.3	4.9	2.6
Netherlands	45.8	7.7	3.3	13.6	11.0	1.2
Spain	41.0	4.6	7.5	12.1	9.5	3.0
Sweden	53.6	14.9	3.8	15.3	12.9	1.2
UK	37.8	10.9	3.4	6.6	10.5	4.5
US	29.9	10.8	3.1	6.6	4.7	3.1
Average	42.4	9.3	5.4	9.8	10.1	2.4

Source: IMF — 'From Stimulus to Consolidation: Revenue and Expenditure Policies in Advanced and Emerging Economies' 2010

Quoted in KPMG – Meeting the deficit challenge

PES under pressure ? – Need be more efficient ?

Question to Public Organizations : Are you radically rethinking your organization's overall long term strategy to put it in a good position for the next decade ?



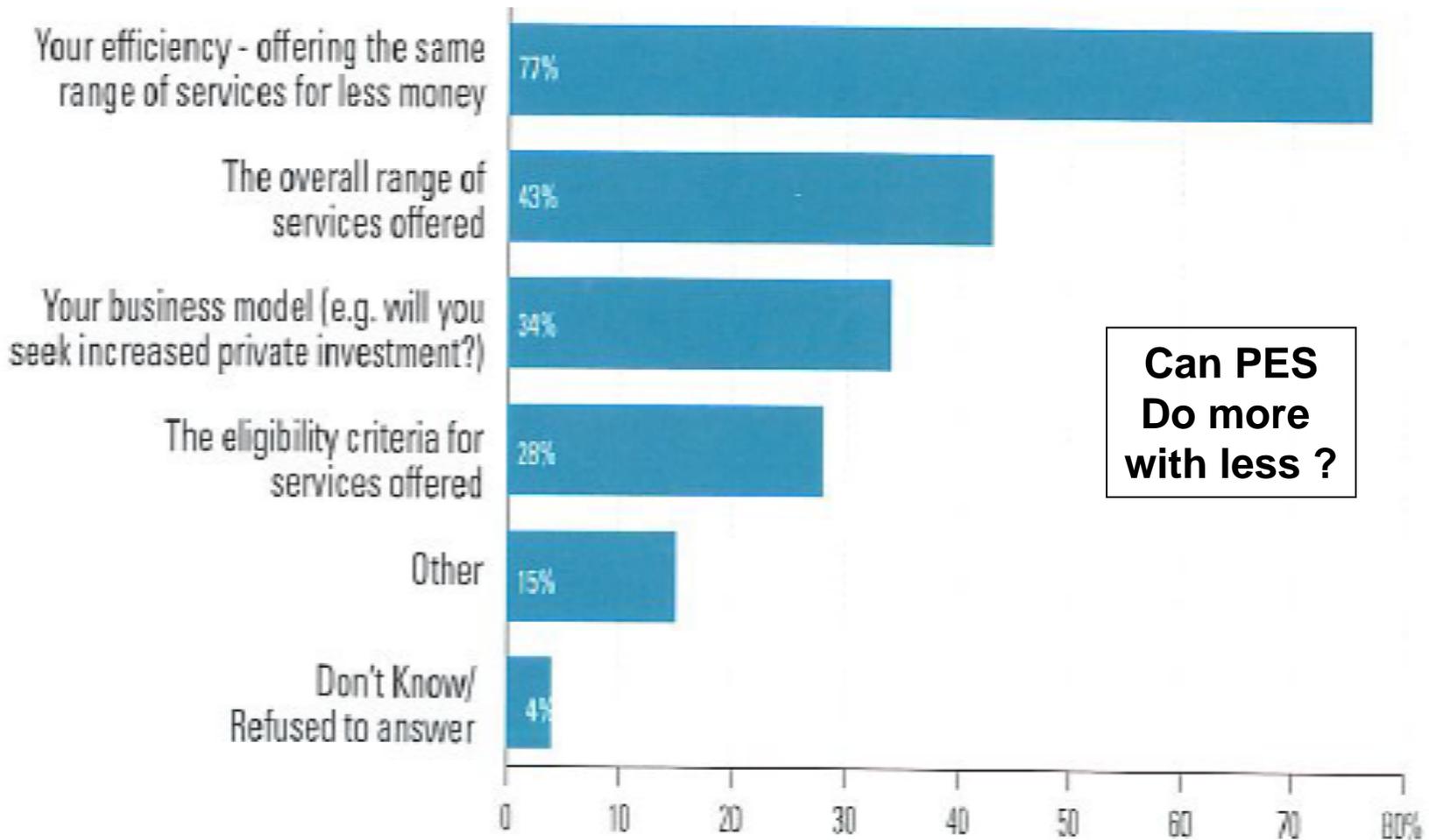
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Questions for PES ? – Where can PES go when taking into consideration the bigger picture ?

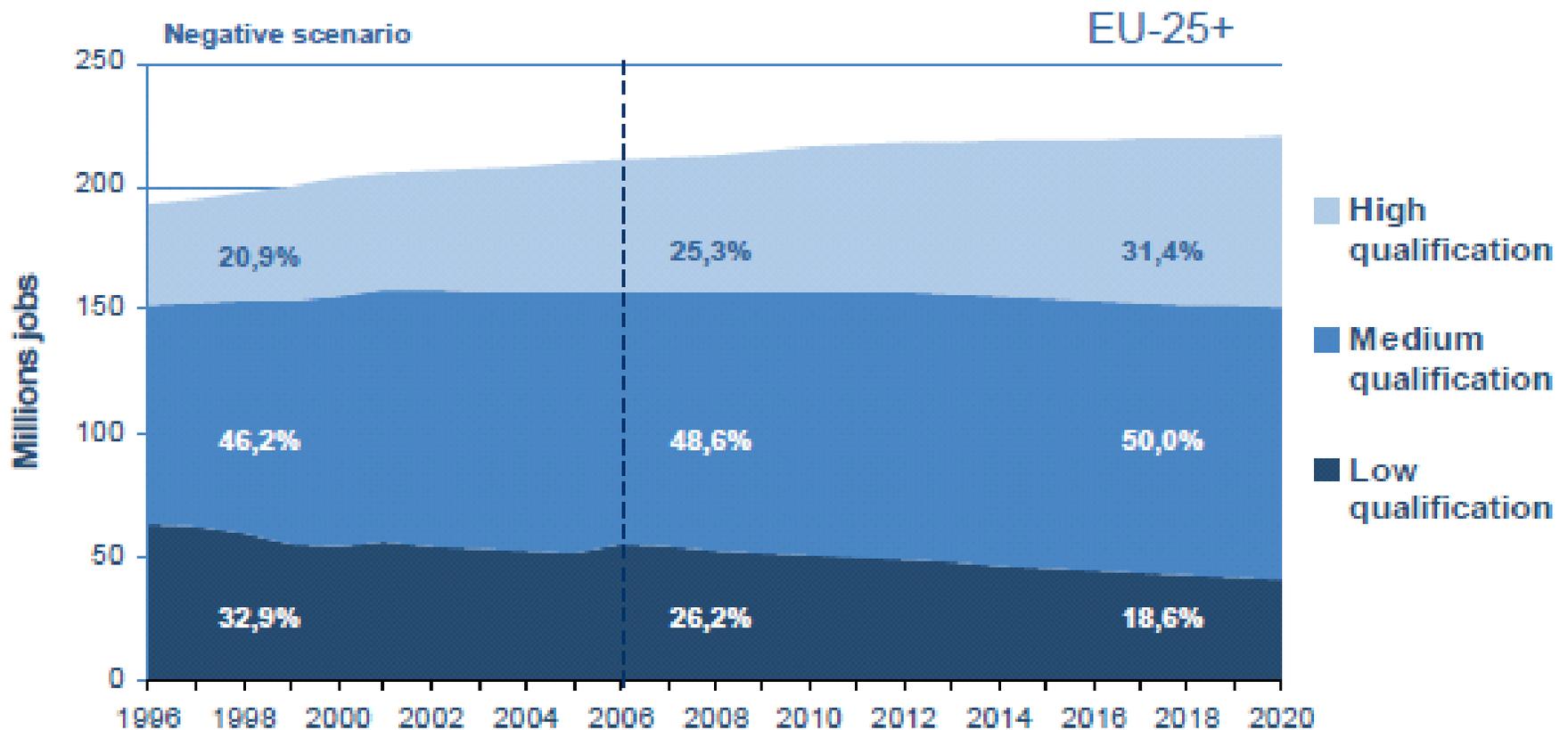
Question to Public Organizations : What do you plan to change as part of your long term strategy ?



Questions for PES ? – Should PES try to serve all citizens or be more focused ?

More high and medium qualified jobs in future

Employment trends, 1996-2020, by qualification



Questions for PES ? – Should PES try to serve all citizens or be more focused ?

Country	Young people	LTU	Older workers	Disabled	Health limitations	Single parents	Low income	Men	Women	Parents after childcare break	Carers	Ethnic minorities	Barriers to work	Foreign or language issues	Rural residents	Lack of education or qualifications	No previous employment	Ex-prisoners	Drug addicts
Australia																			
Austria	•		•							•			•						
Belgium		•																	
Canada												•							
Cyprus				•	•	•													•
Czech Republic	•	•	•		•					•									
Denmark	•																		
Estonia	•	•	•	•							•			•					
Finland																			
France	•	•	•	•			•												
Germany				•															
Greece													•			•			
Hungary																			
Ireland																			
Italy									•										
Latvia	•		•							•									
Lithuania	•		•					•	•						•				
Malta																			
Netherlands																			

Source : Alex Nunn, Tim Bickerstaffe & Ben Mitchell - For an International review of Performance management systems in Public Employment Services - UK Department for Work & Pensions

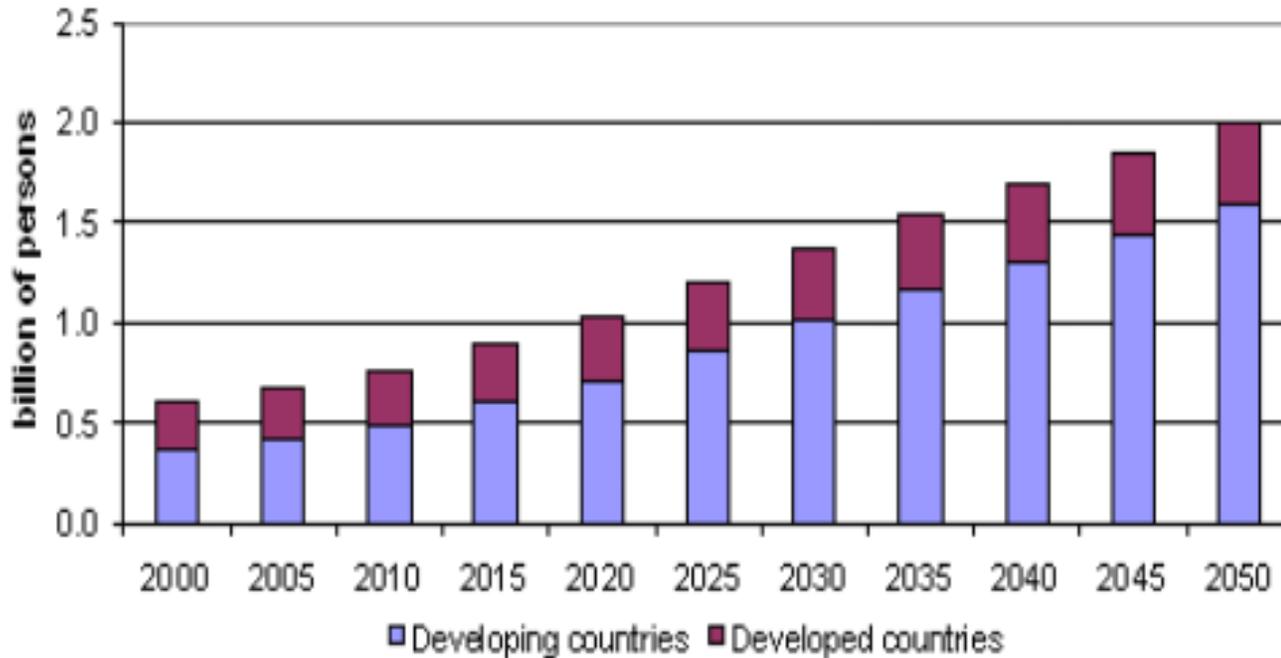
Questions for PES ? – Should PES try to serve all citizens or be more focused ?

Youth labour force participation rate, by region and sex, 2000, 2010 and 2015

	Total (%)			Male (%)			Female (%)		
	2000	2010	2015	2000	2010	2015	2000	2010	2015
WORLD	53.8	50.9	50.2	62.5	58.9	58.2	44.7	42.4	41.6
Developed Economies & European Union	53.1	50.2	50.2	55.9	52.6	52.5	50.3	47.7	47.9
Central & South-Eastern Europe (non-EU) & CIS	42.4	41.7	40.8	48.9	47.7	47.0	35.7	35.5	34.3
East Asia	67.2	59.2	56.9	65.8	57.0	55.0	68.7	61.6	59.2
South-East Asia & the Pacific	55.8	51.3	50.6	63.5	59.1	57.9	48.0	43.3	42.9
South Asia	48.0	46.5	46.3	66.1	64.3	64.0	28.5	27.3	27.2
Latin America & the Caribbean	54.2	52.1	51.4	66.5	61.3	59.3	41.7	42.7	43.5
Middle East	36.9	36.3	34.7	52.6	50.3	48.1	20.2	21.5	20.5
North Africa	39.4	37.9	36.5	53.4	52.5	50.2	25.1	22.9	22.3
Sub-Saharan Africa	57.8	57.5	57.4	64.1	62.7	62.1	51.4	52.2	52.7

Source: ILO, Economically Active Population Estimates and Projections, 5th Edition, revision 2009.

Questions for PES ? – Should PES try to serve all citizens or be more focused ?



Number of persons of working age to support each person aged 65 or over:

2000: 

2050: 

Questions for PES ? – Should PES try to serve all citizens or be more focused ?

*Summary of the Channels through which PES and SBA Work
(effectiveness of the program is measured relative to non-participation)*

	<i>Alternative theories:</i>			
Subgroups:	<i>Job matching</i>	<i>Segmented markets</i>	<i>Human Capital</i>	<i>Signaling</i>
Young vs. old	PES ought to work better for younger workers	SBA ought to work better for <u>younger</u> workers	SBA ought to work better for <u>more experienced (older)</u> workers	SBA ought to work better for <u>more experienced (older)</u> workers
Rural vs. urban	PES ought to work better for rural workers	SBA ought to work better for rural workers		
Educated vs. non-educated		SBA ought to work better for less <u>educated</u> Workers	SBA ought to work better for <u>more educated</u> workers	SBA ought to work better for <u>more educated</u> Workers
Low vs. high previous earnings		SBA ought to work better for workers with <u>lower</u> previous earnings	SBA ought to work better for workers with <u>higher</u> previous earnings	SBA ought to work better for workers with <u>higher</u> previous earnings

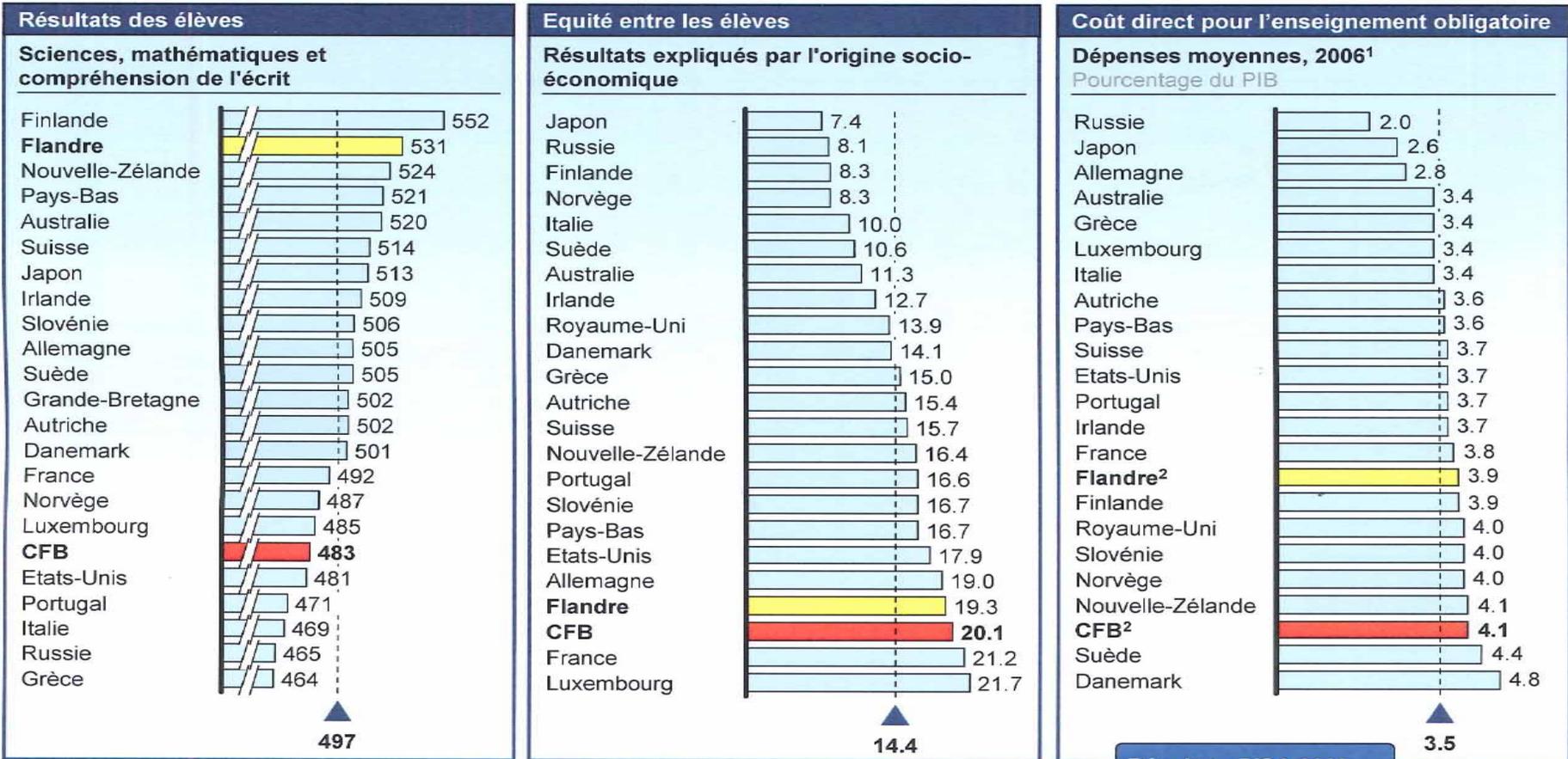
Note: Shaded cells indicate that the heterogeneity analysis is consistent with the result stated in the cell.

Questions for PES ? – Should/can PES join forces with the school system ?

50 PISA points more leads to 0.9% additional GDP growth in a sustainable way

Scores PISA, 2006

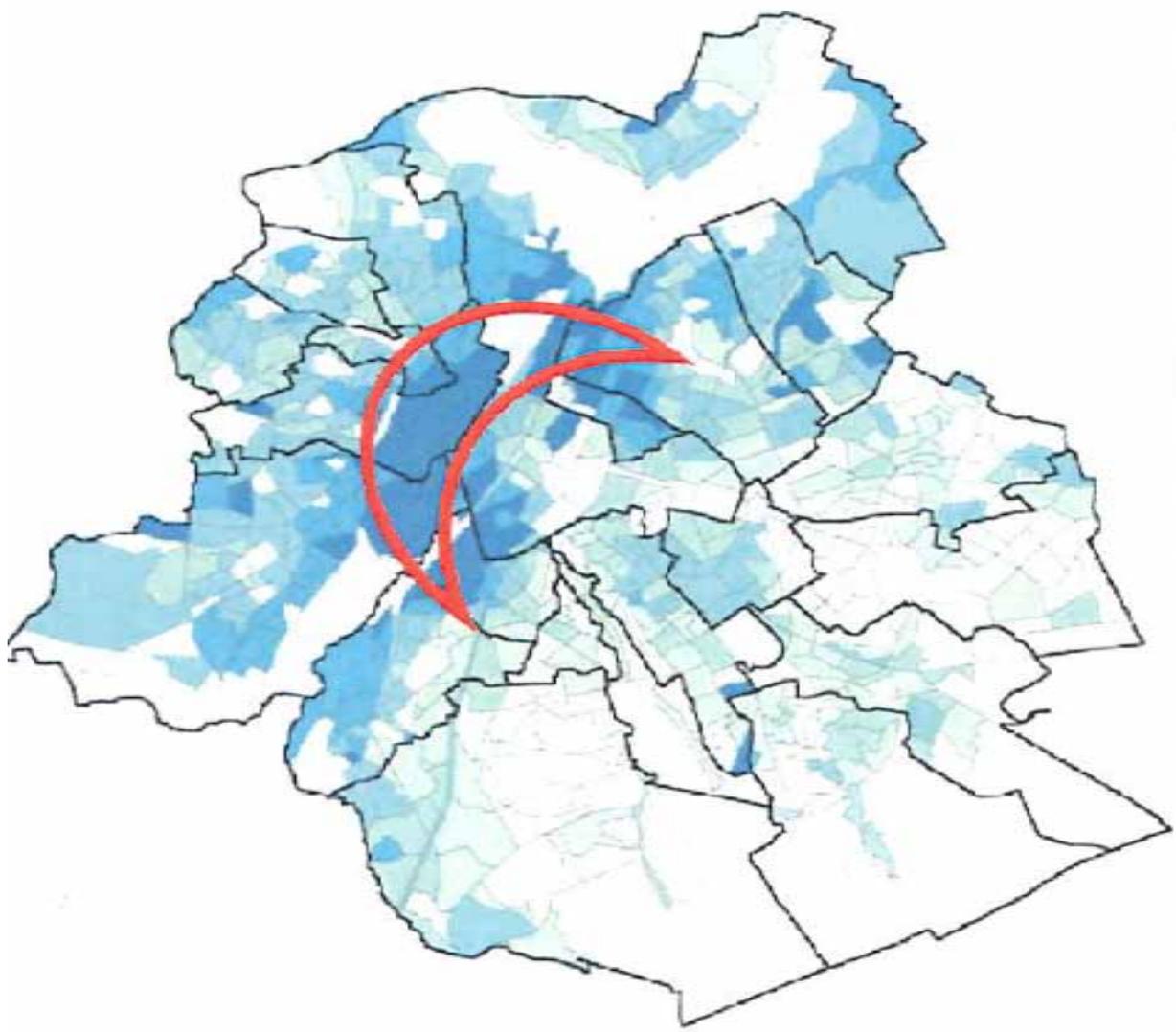
▲ Moyenne OCDE



1 Education primaire, secondaire et post secondaire (non supérieure)

2 Estimations

Résultats PISA 2009
publiés en décembre
2010 par OCDE



**% of people > 18 y
not pursuing studies
in Brussels**

-  >31.8
-  23.9-31.7
-  17.3-23.6
-  12.3-17.2
-  8.4-12.2
-  <8.4
-  <200 /hab.