



ESDE 2021

Towards a strong Social Europe in the aftermath of the COVID-19 crisis: reducing disparities and addressing distributional impacts

Highlights

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Overview

- **Main employment and socio-economic developments**
(COVID impact on GDP, employment, working hours, activity)
- **Socio-economic impacts of the coronavirus pandemic**
(on household income, occupation and population groups)
- **Spatial impacts**
(by population density, on regional GDP)
- **Better together - the role of social dialogue**
(contributions to the response)

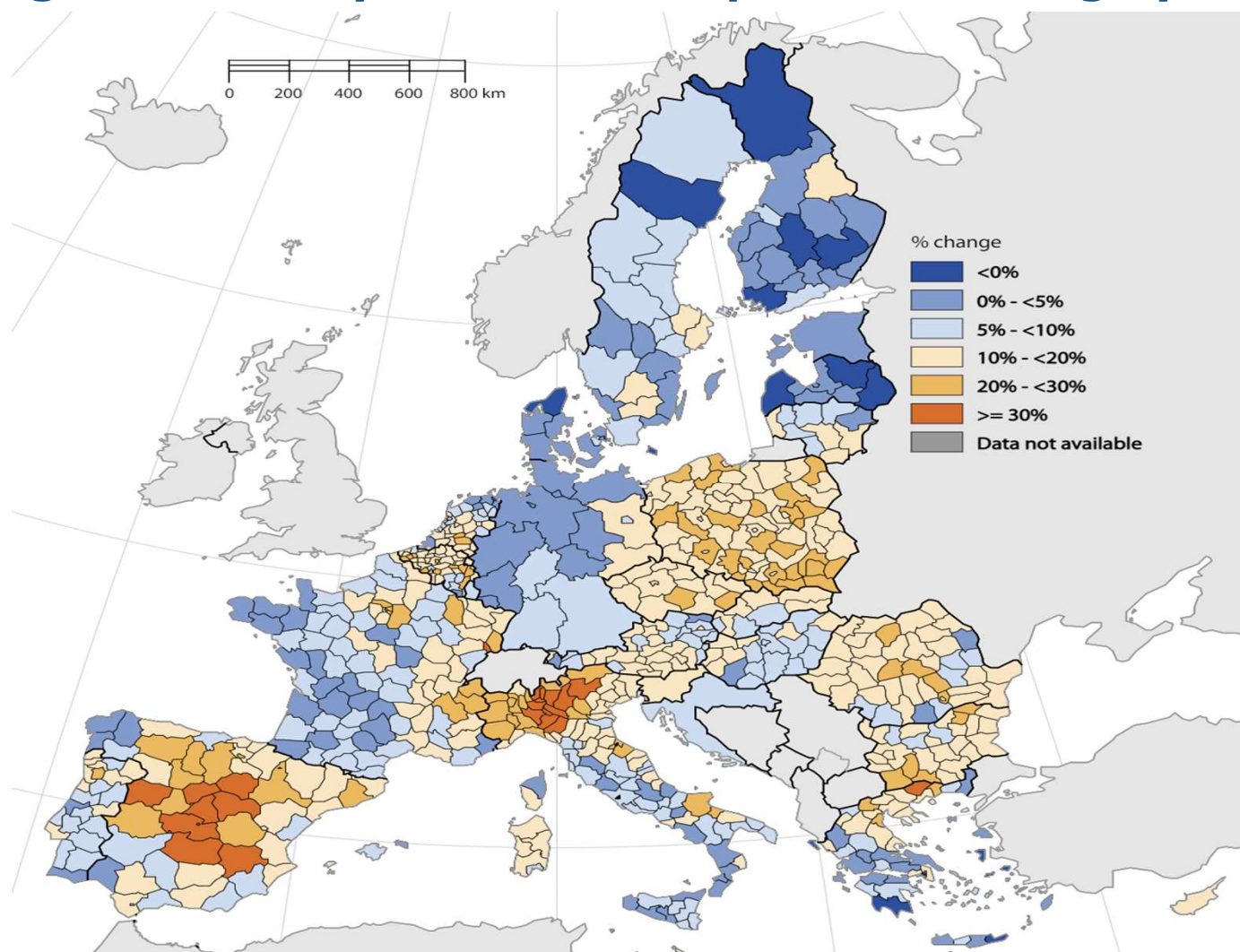
Employment and Social Developments in Europe

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Chapter 1: COVID-19 impacts on mortality

Higher mortality in the EU compared to average years



Source: Eurostat

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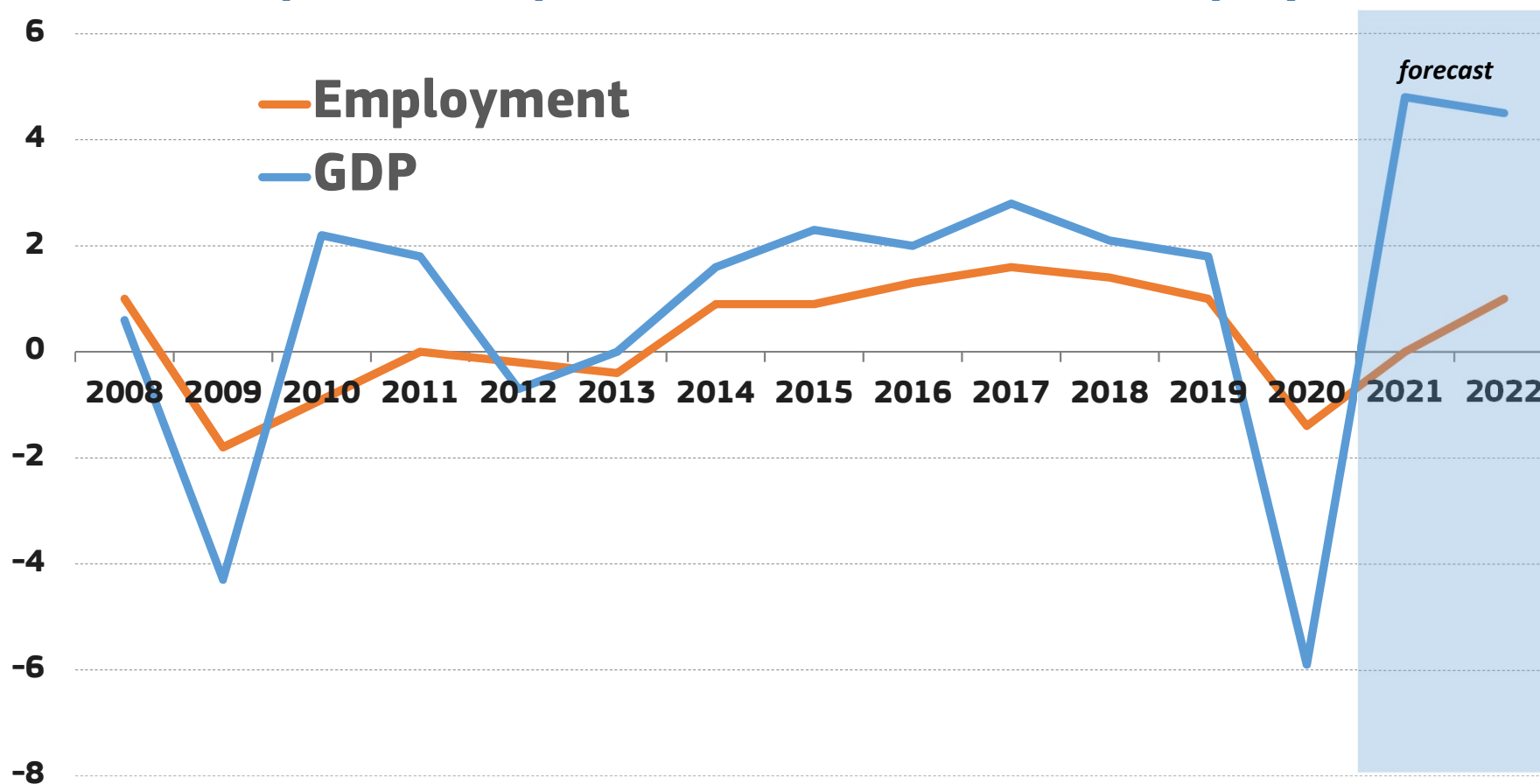
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Chapter 1: COVID-19 impacts on labour markets

COVID impact more pronounced on GDP than employment



Source: Eurostat and Commission Summer Economic Forecast 2021

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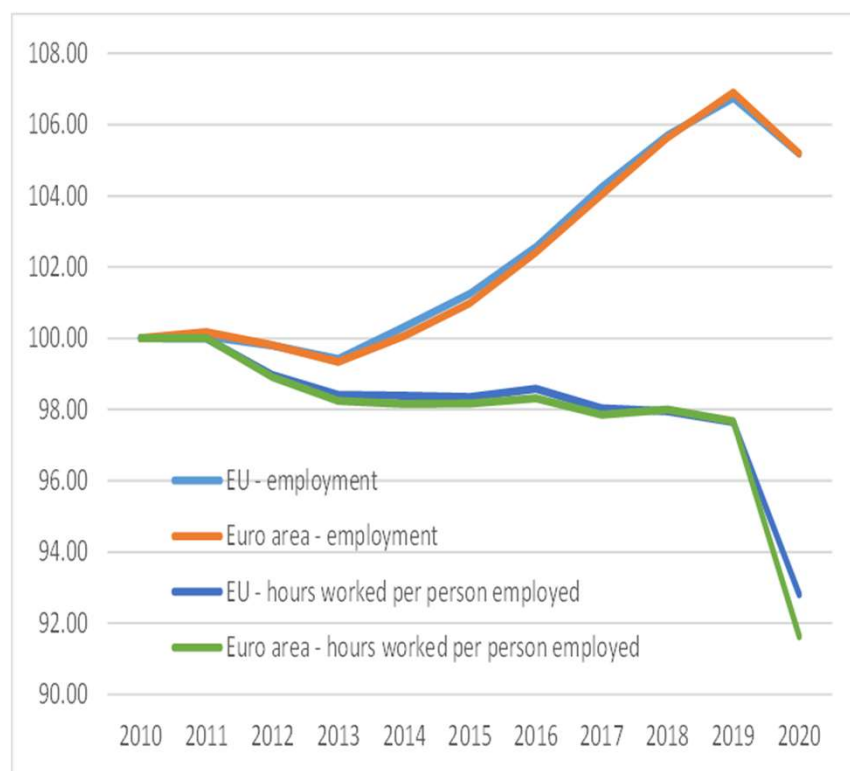
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Chapter 1: COVID-19 impacts on labour markets

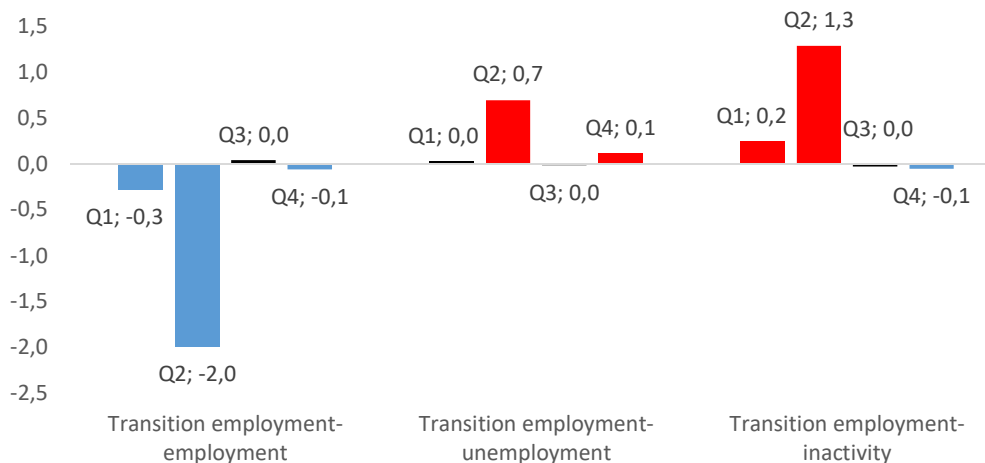
Unemployment rose moderately in view of:

A decrease in total hours worked per person employed



The considerable transition to inactivity in 2020 Q2

difference from same quarter of previous year in pps, 2020

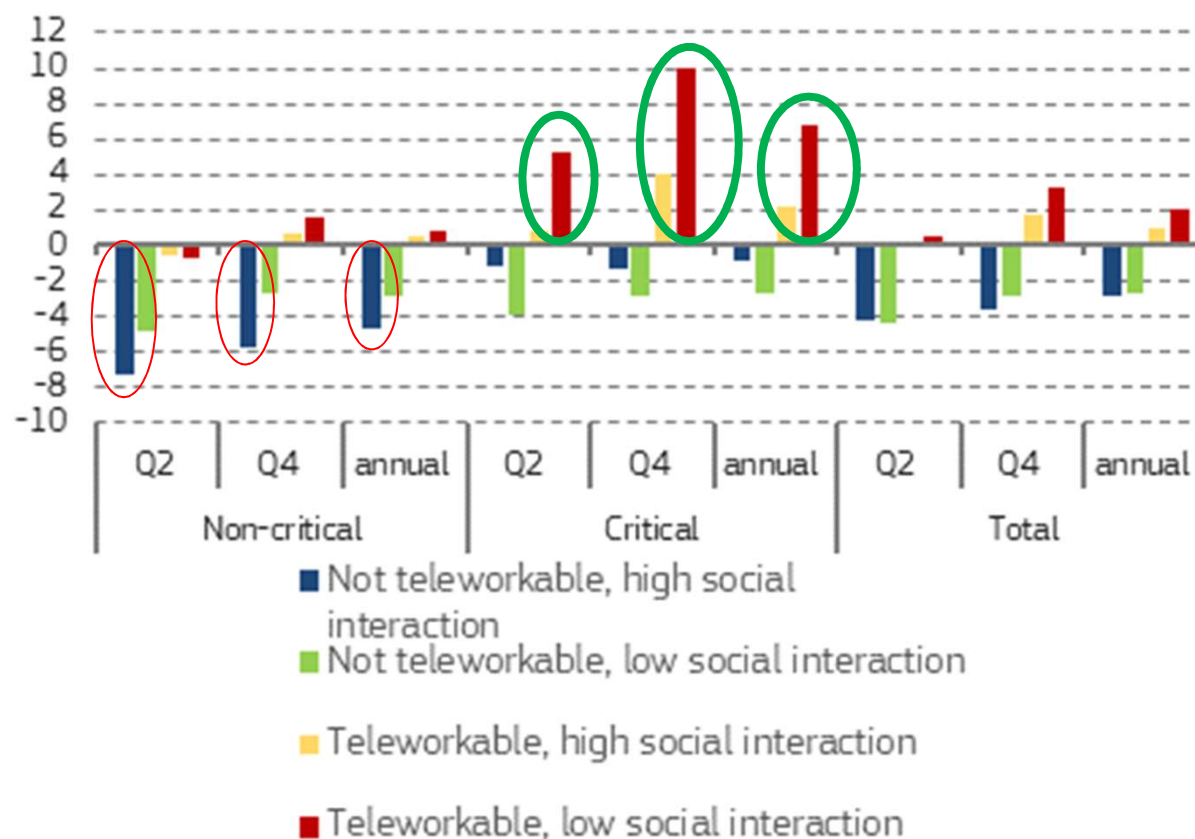


Source: Eurostat

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Employment developments across the different groups



Source: Calculations by the European Commission's Joint Research Centre, based on EU-LFS data and on indexes produced in Sostero et al. (2020)

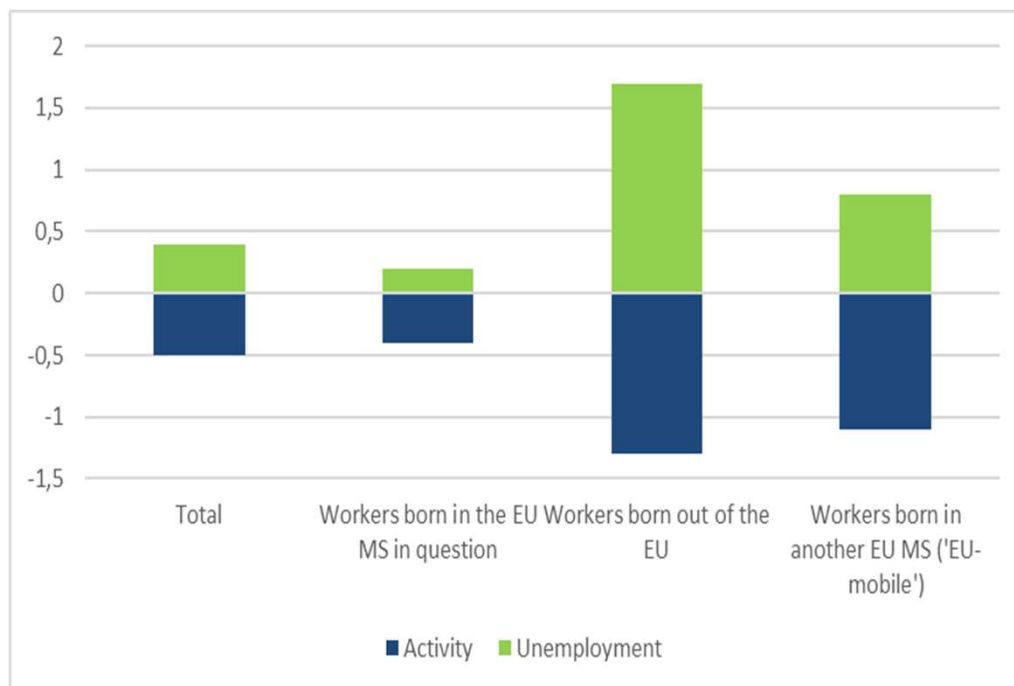


Vulnerable groups were hit harder in the crisis

LABOUR MARKETS

Migrants born out of the EU experienced more significant rises in inactivity and unemployment

Unemployment and inactivity by country of birth, difference in percentage points, 2019-2020



BEYOND LABOUR MARKETS...

Persons with disabilities: pre-existing health conditions, access to health care and services, assistance

Homeless persons:

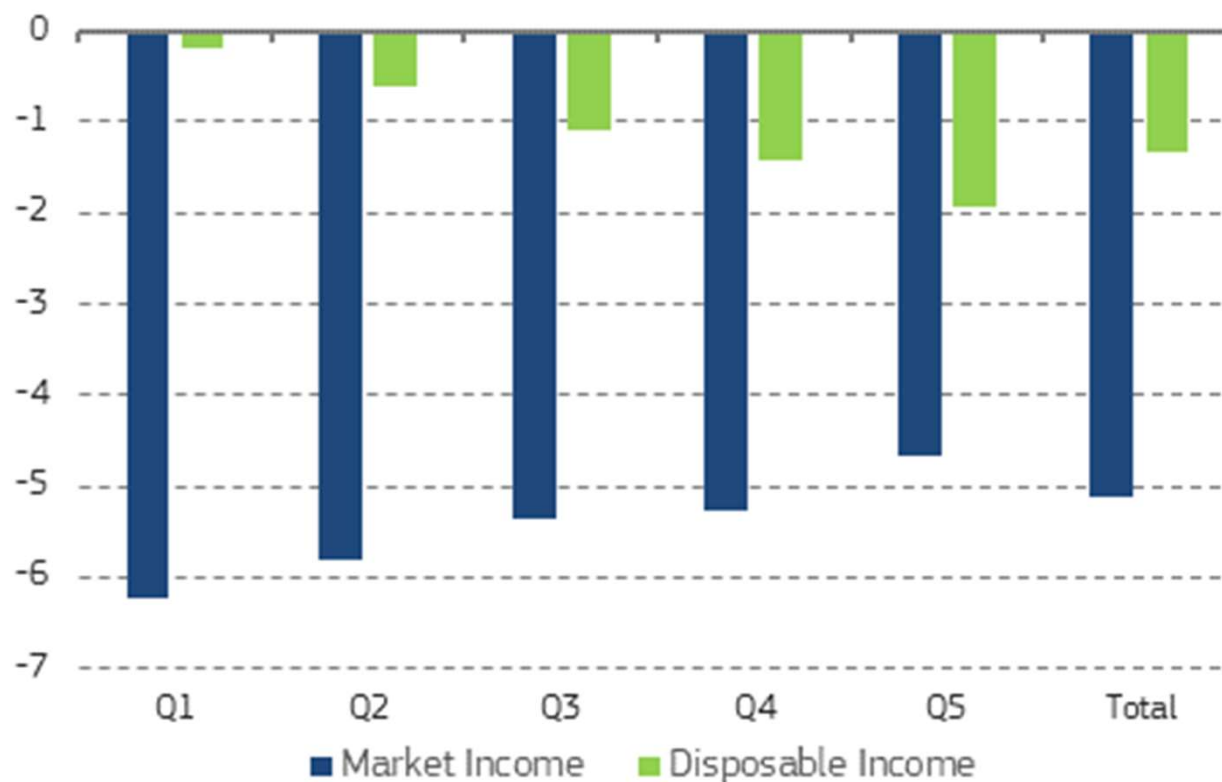
Increased exposure to contagion e.g. due to crowded shelters, and resulting difficulties to comply with sanitary measures

Migrants: vulnerabilities in several dimensions: health, work, education

Source: Eurostat



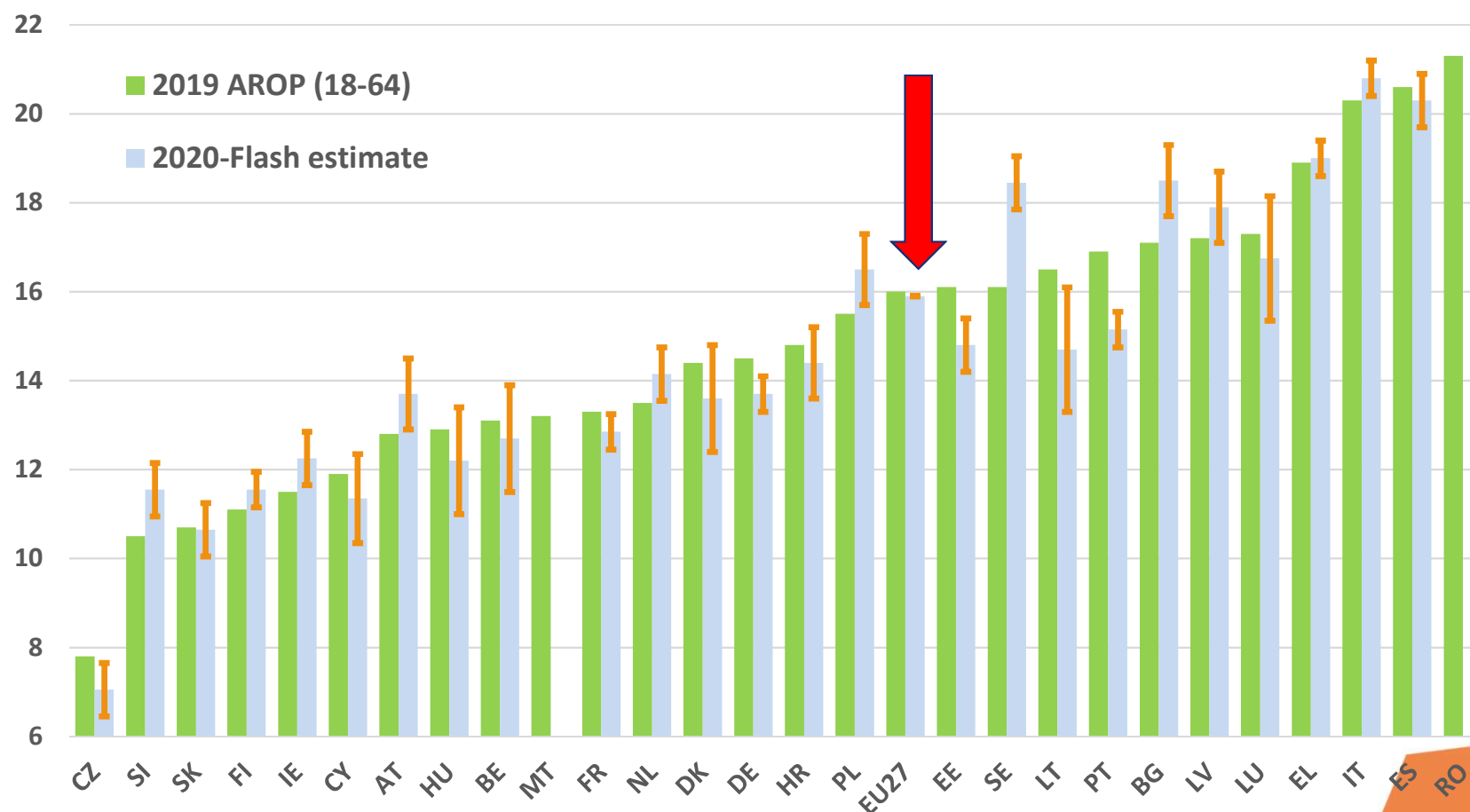
Lower incomes suffered the largest market income losses, but were strongly compensated by tax-benefit systems



Source: Christl et. al (2021) based on EUROMOD



Risk of poverty broadly stable at EU level in 2020 thanks to the operation of tax benefit systems



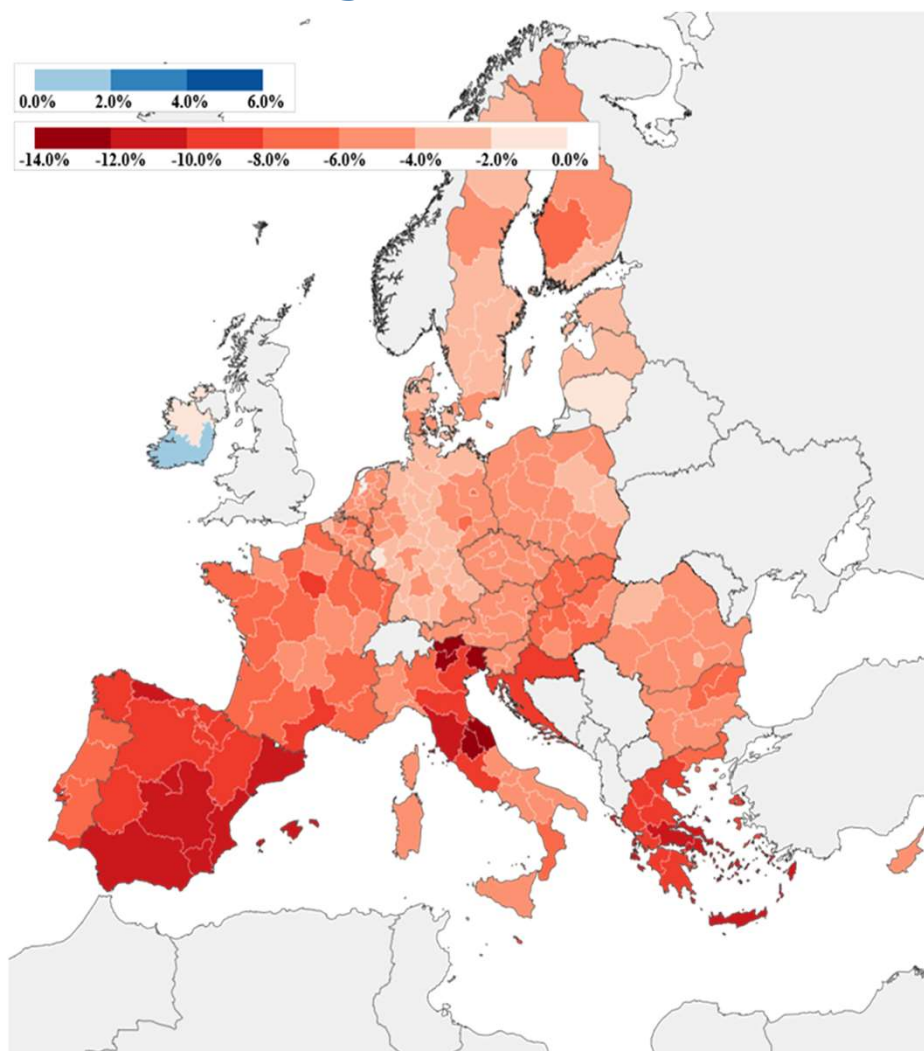
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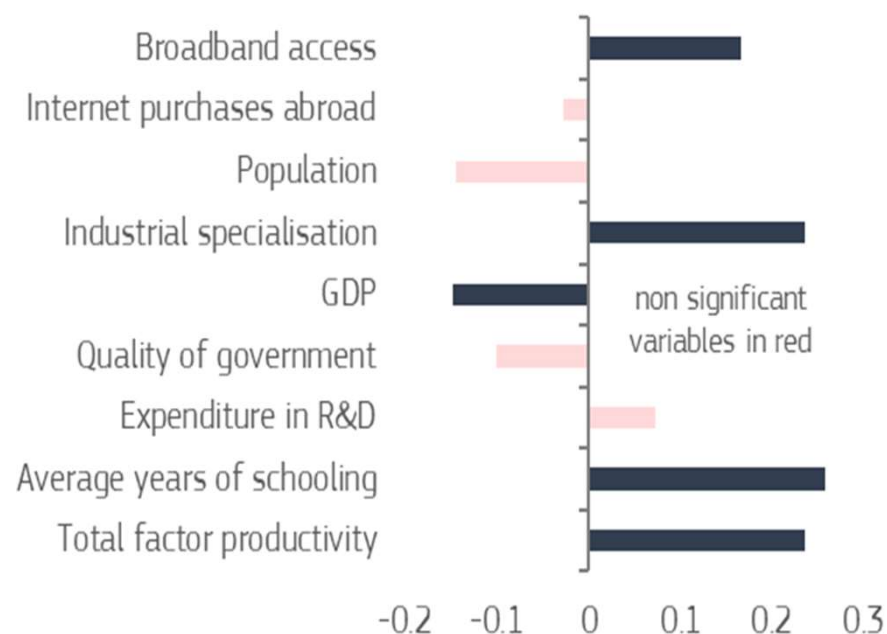
Chapter 3: spatial impacts on regional GDP

COVID impact on regional GDP in 2020 at regional level*



Drivers of regional resilience

Factors impacting GDP change (2019/2020) at regional level. Standardized coefficients (OLS)

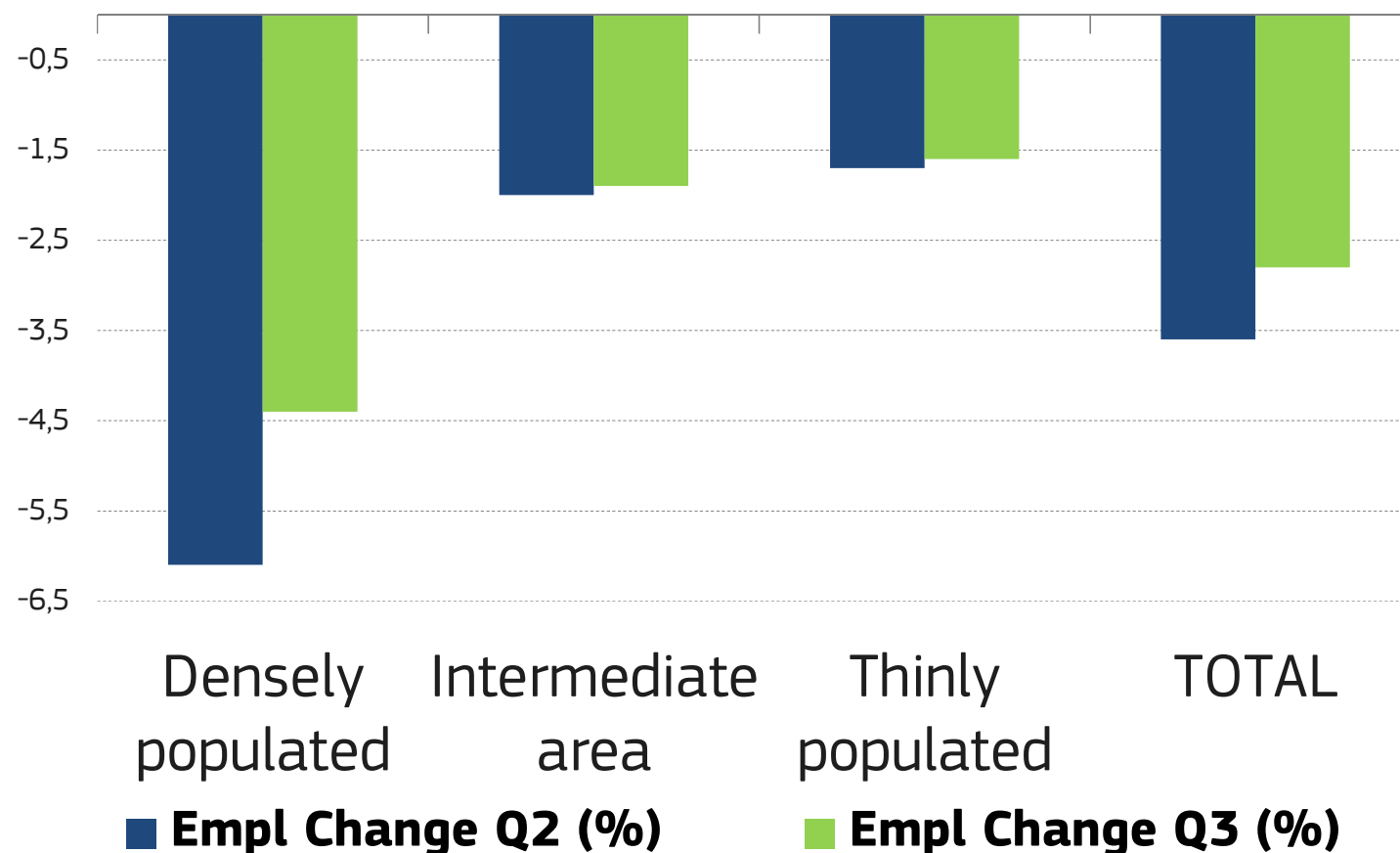


*Rhomolo simulations based on ECFIN spring forecast

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Employment* declines most strongly in densely populated areas in 2020 Q2 and Q3 compared to same Quarter in 2019

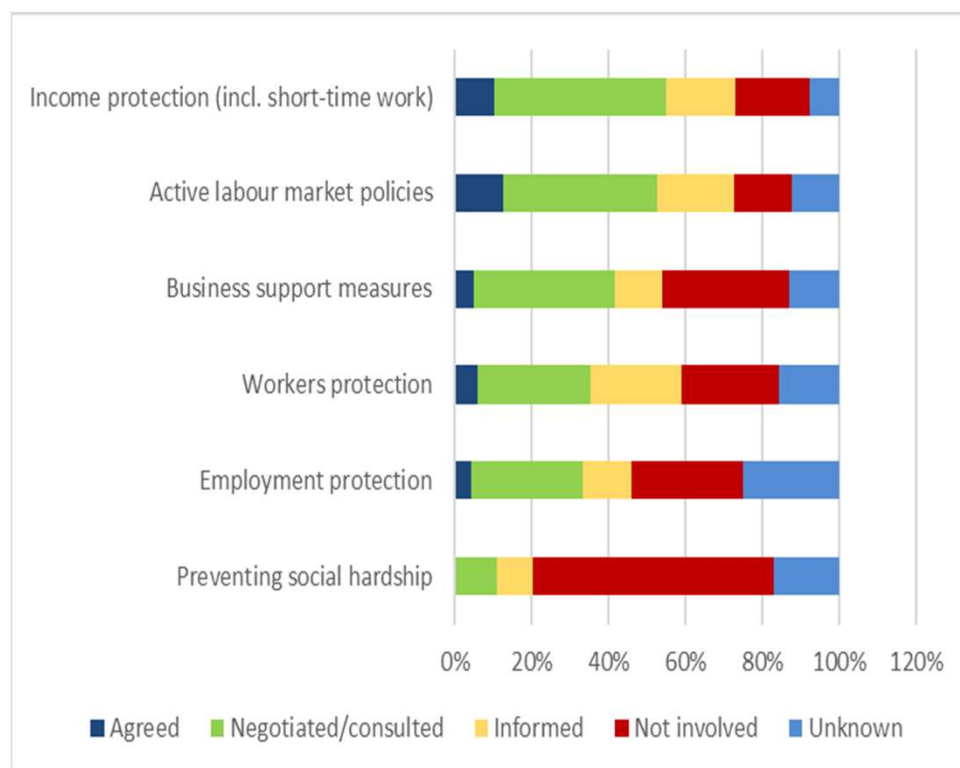


* Number of people employed

Source: JRC computations on the basis of LFS extractions for 2020 and EU26 (DE missing)



Social dialogue: social partners play key role in COVID response



- Strong involvement of social partners in crisis response
 - e.g. social protection & ALMPs
- Differences across Member States linked to social partners' capacity and practice of involvement

Source: COVID 19 Policy Watch (Eurofound)

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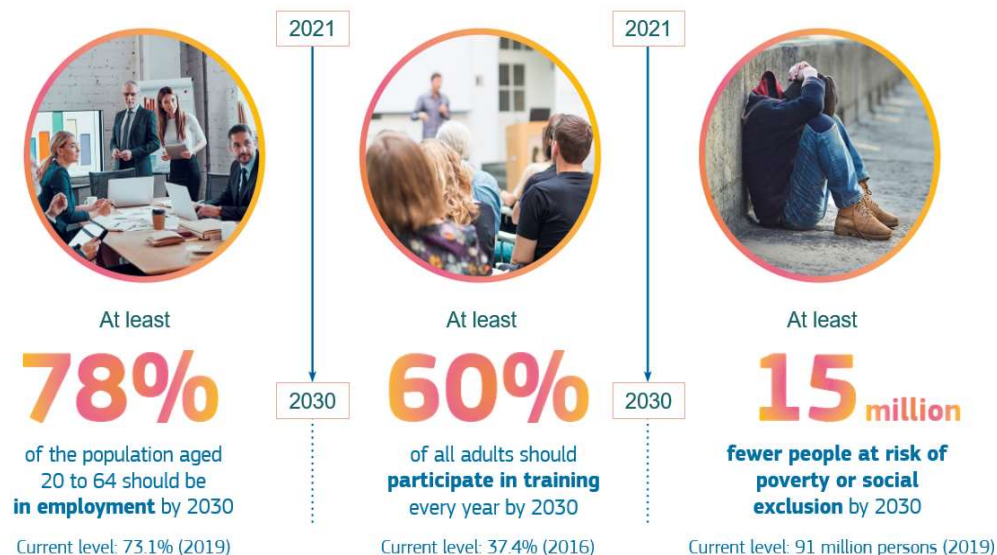


EU crisis response & key instruments

Key frameworks and instruments

European Pillar of Social Rights is our guiding **compass in the recovery** and for the **twin transition**

The Action plan and the **EU 2030 headline targets** are important elements to make a **strong social Europe a reality**:



EU response to crisis and beyond:

- Flexibilisation of
 - **state aid rules,**
 - **Stability and Growth Pact rules**
 - **and cohesion funds rule (CRII & CRII+)**
- **SURE-instrument** worth EUR 100 Billion
- Recovery and Resilience Facility
- Invest EU
- REACT EU
- ESF + other cohesion funds
- Just Transition Fund

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Read the full report [here](#)

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