

## **ILO study says workplace inequality in Europe has increased significantly since start of financial crisis**

***ILO, 29 February 2012***

Workplace inequalities have increased significantly across Europe as a result of the global economic crisis and will continue to do so as more and more countries introduce austerity measures and labour reforms, according to “Work Inequalities in the Crisis: Evidence from Europe“, a new study published by the International Labour Office (ILO) and co-funded by the European Commission.

Workplace inequalities have increased significantly across Europe as a result of the global economic crisis and will continue to do so as more and more countries introduce austerity measures and labour reforms, according to a new study published by the International Labour Office (ILO) and co-funded by the European Commission.



[\*Work Inequalities in the Crisis: Evidence from Europe\*](#) analyses how working conditions, wages and incomes, employment and gender equality, among other workplace issues, have been deteriorating across the continent since the start of the crisis. It includes data from 30 countries and 14 national studies by leading European specialists.

For example, the study looks at how countries that have relied on external flexibility adjustments, such as Spain, have experienced severe difficulties on the employment front. More importantly, it sheds light on one aspect of the crisis that has been poorly documented so far: its microeconomic effects at enterprise level on different worker categories and the areas of work that directly matter to them.

The volume also shows that wage differentials between the top and the bottom earners increased in countries like Bulgaria, Hungary and the United Kingdom.

“The central message of this volume can be summarized in simple terms: not only did work inequalities contribute to generating the economic crisis, but these inequalities have even become worse as a result of it”, says Daniel Vaughan-Whitehead, the ILO’s Special adviser, responsible for wages policies, professor at Sciences Po in Paris and editor of the book. “Our general economic system will thus continue to be at risk until we properly address this critical issue.”

**Other key findings include:**

- Workers on temporary contracts were massively affected by job cuts and used as “a sort of employment buffer”, as shows the example of Spain where 90 per cent of employment losses affected temporary workers.
- Young people are experiencing unemployment rates nearly double those among older workers in the majority of European countries, with strong sharp increases in the Baltic States of Estonia, Lithuania and Latvia, as well as in Ireland, Spain and Greece.
- Low-skilled workers have been especially hard hit in the crisis as manufacturing companies started to lay off part of their staff.
- Despite male workers being initially more affected by the crisis than women (6 per cent more in the three Baltic states, Ireland and Spain), discriminatory practices against female workers have worsened over the past years.
- Women employed in male-dominated sectors were the first to be dismissed or experienced higher wage cuts than men.

The book cites a number of “best policy practices” implemented by governments to address the impact of the crisis. These include the “German miracle” of low unemployment adjustments in the crisis, which was also achieved thanks to the expanded short-time working schemes; Sweden, which set up specific measures to help young people to keep their jobs or engage in training; and Italy, where the “Cassa Integrazione” system helped limit immediate unemployment effects from the crisis. The volume also underlines that industrial policies aimed at supporting sectors in difficulty, such as construction and automobiles – and supported by public expenditure – proved to be efficient.



The authors also cite the significant role played by social dialogue in negotiating alternatives to layoffs generally through wage and/or working time reductions, as in Germany and France. In countries with limited wage bargaining such as Estonia, Latvia and Lithuania, both employment and wage cuts were immediate and substantial.

The book also shows that countries that relied on temporary contracts, such as Spain, experienced severe difficulties on the employment front: “Massive reliance on temporary contracts for nearly 20 years has left the country vulnerable and employment has plunged in response to the economic slowdown.” Compared to 2009, in 2011 the risk of poverty had increased by 2 percentage points in Spain, reaching 21.8 per cent.

New labour market reforms decided for 2012 to boost competitiveness, for instance the minimum wage freeze and cuts in social protection in Spain, the decision to multiply short time schemes in France, and further wage moderation and low pay sector increase in many countries may directly increase inequalities, according to the

29 February 2012

publication. A greater number of people will also become more vulnerable to future crises, it adds.

In the longer term, the study warns that the crisis may also halt progress made in Europe towards better quality jobs and working conditions. For instance, it says reductions in spending on training at the enterprise level combined with reduced training programmes financed by the state will have a negative effect in the long term.

“This should motivate all policymakers and economic actors – even in a period of fiscal consolidation – to place the fight against inequalities at the core of their policy agenda and develop a full set of policies addressing those inequalities in the world of work”, concludes Daniel Vaughan-Whitehead.

## Further resources

### **ILO Publications**

- ILO. 2012. [\*Global employment trends 2012: Preventing a deeper jobs crisis\* \(pdf 1.87 MB\)](#) (Geneva).
  - [Résumé analytique](#) (pdf 109 KB) • [Resumen ejecutivo](#) (pdf 100 KB)
- ILO. 2012. [\*The Impact of the crisis on wages in South-East Europe\* \(pdf 1890 KB\)](#) (Geneva).
- ILO. 2011. [\*The global crisis: causes, responses and challenges\* \(pdf 3.33 MB\)](#) (Geneva).
- ILO. 2011. [\*Global employment trends 2011: the challenge of a jobs recovery\* \(pdf 2.27 MB\)](#) (Geneva).
- ILO. 2011. [\*Building a sustainable job-rich recovery\* \(pdf 2.76 MB\)](#) (Geneva).
- ILO. 2011. [\*Global Employment Trends for Youth: 2011 Update\* \(pdf 1.87 MB\)](#) (Geneva).
- ILO. 2011. [\*Youth employment in Eastern Europe: Crisis within the crisis\* \(pdf 501 KB\)](#) (Geneva).
- ILO. 2010. [\*Global wage report 2010/11: wage policies in times of crisis\* \(pdf 5244 KB\)](#) (Geneva).
- ILO. 2010. [\*Trade and Employment in the Global Crisis\* \(pdf 2008 KB\)](#) (Geneva).
- ILO. 2009. [\*Labour market policies in times of crisis\* \(pdf 699 KB\)](#) (Geneva).
- ILO. 2009. [\*A common economic crisis but contradictory responses : the European experience 2008-09\* \(pdf 276.58 KB\)](#) (Geneva).
- ILO. 2009. [\*Recovering from the crisis : a global jobs pact\* \(pdf 93.22 KB\)](#) (Geneva)
  - [Français](#) (pdf 105.47 KB) • [Español](#) (pdf 107.50 KB)

### **ILO Videos**

- [Global Employment Trends 2012](#) - 
- [Facts and Figures on Global Employment - An Interview with ILO's Steven Kapsos](#) - 
- [The Employment Challenge in 2012 - An Interview with ILO's Ekkehard Ernst](#) - 

### **ILO Websites**

- [Global Employment Trends](#)
- [Conditions of Work and Employment Branch \(TRAVAIL\)](#)
- [Working conditions](#)
- [Global Job Crisis Observatory: Employment Promotion](#)
- [ILO Library Resource guide on minimum wages](#)
- [ILO Library Resource guide on gender equality in the world of work](#)
- [ILO Library Resource guide on youth employment](#)