Foreword

As a result of the global crisis, unemployment has been increasing rapidly around the world affecting disproportionately young and manual workers. The steep increase in unemployment has raised concerns that the cyclical increase in unemployment may to a large extent turn structural. This may result in a further polarization of the labor market with growing inequality, social exclusion and increasing poverty, affecting also the children of men and women losing jobs.

Despite the economy is emerging from recession with GDP growth turning positive again in the second half of this year, unemployment is expected to continue to increase in the coming quarters as discussed by Konings and Raciborski. Using Okun's law it is forecasted that unemployment will reach a record high of 11.8% in the Euro area by 2012. To avoid social exclusion and increasing poverty, it is clear that stepping up active labour market policies remains a key policy priority to avoid a 'jobless' recovery, one of the remaining risks for labour market developments in the medium term.

Jan Svejnar and Vilem Semerak discuss the situation in the New Member States, focusing on the EU-10. The economic downturn has led to a reversal of the gradual increase in unemployment that most of the EU-10 had been experiencing before the beginning of the crisis. Given the high dependence of the EU-10 on the EU-15, the increase in unemployment came later than in the EU-15 member states. A significant part of the adjustment has come in the form of a shorter workweek in most EU-10. The groups that are most negatively affected are foreign workers, less educated workers and minorities. The policy recommendations include (i) increasing flexibility of product and factor markets, which can help reduce the risk of hysteresis and jobless recovery, (ii) adjusting the regulation of immigration and social support and (iii) stimulating intra-EU migration.

The importance of flexibility is also nicely illustrated in the contribution of Matteo Governatori, who documents the process of labour turnover and flows in the EU. An easy reallocation of labour from declining to more profitable sectors and activities is important for the economic adjustment process in response to shocks and crises, but labour market regulation, such as employment protection legislation can hinder such a process. A smooth reallocation process often means re-skilling of labour, in line with the future needs of the labour market. An obvious need, given the 'green' policies incorporated in the European Economic Recovery Plan, is the need for green jobs in the medium to long run. Pierre Dechamps highlights that a global transition to a low-carbon and sustainable economy can create large numbers of green jobs across many sectors of the economy. For instance, in Germany's renewable energy sectors between 1998 and 2006, 192 500 jobs were created. But green jobs go beyond the narrowly defined definition of jobs associated with 'green' energy, including jobs in legal and financial services. Thus, green jobs can be part of the solution to fight both the environmental and the economic crisis.

The global crisis also showed the vulnerability of particular groups in society, in particular foreign workers and migrants. Stefano Bertozzi tunes in on the latter and documents that in response to the crisis, countries of origin have implemented mainly three policy measures. The first was designed to help returnees fit back into the labour market in their home countries. The second was geared towards protecting the rights of migrant workers in host societies and the third was directed at identifying the least affected labour markets in the world.

The contribution of Anna Melich finally covers the attitudes towards unemployment in Europe, taken from the Eurobarometer opinions. In terms of work prospects, the most pessimistic are the Baltic States, the Slovak Republic, Bulgaria and Spain, while the most optimistic are the Netherlands, Luxemburg, Denmark and Austria. People also associate increased unemployment with increased poverty.

Jozef Konings