Developing Alternative Scenarios

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Overview

• Update of baseline projections
• Scenario development
• Points for discussion
Update of Baseline Projections

- Incorporate latest data into E3ME
- We are not expecting detailed national inputs this time around
- A full forecasting exercise will be carried out in 2011
Alternative Scenarios: Introduction

- The aim of this exercise is to identify the key uncertainties in the baseline trends and sensitivities to future developments.
- We are focusing on six key themes that could influence future development:
  - economic growth and the recovery
  - innovation and technology
  - government finance (debts)
  - European structural and cohesion policies
  - environmental ‘green jobs’
  - occupations and qualities of work and qualifications
Alternative Scenarios (cont)

• The questionnaire will help to design the scenarios
• For each theme we aim to construct an alternative scenario based on the key uncertainties
• The main (but not only) dimensions are:
  – differences between member states
  – possible sectoral, occupational differences
  – developments over time
• The focus of the results will be on labour demand and supply
Links between the first 3 themes

- Government finance
- Public sector employment
- Social benefits
- Labour supply
- Economic recovery
- Technology

Labour demand
Economic Growth and the Recovery

• Closely linked to innovation and government finance themes
• Differences between countries important and linkages between countries
• Sectoral differences also still important, particularly in relation to investment
• Are employment patterns moving as expected?
Innovation and Technology

• Predicting technological development is always a key area of uncertainty – but even more so after the crisis
  – eg R&D cuts, innovative companies closing
• Can we make any predictions on labour market effects?
Government Finances

• This is also an area of uncertainty, not the scale of debts (which have little direct effect on jobs) but the market responses...

• ... and the policy responses
  – eg spending reductions or higher labour taxes could reduce labour demand, but higher income taxes could reduce supply
European Structural & Cohesion Policy

• Previous projections have implicitly included assumptions about the direction of future policy – can we be more explicit about this?

• Are there particular effects on labour market indicators?
The Environment and Green Jobs

• This is likely to be a key area of policy development at European and national level
• For example, targets have been set for 2020, but not the means with which they will be achieved
• This could be viewed as part of a wider topic of restructuring
Occupations, Quality of Work

- This topic is more directly related to the labour market
- It covers issues of skills polarisation and the wider effects of this
Implementation

• **The basic methodology is:**
  – develop scenario narrative
  – outline the main drivers and link to model inputs
  – quantify changes
  – carry out the model runs
  – compare results to qualitative assessment and baseline
  – summarise key trends
  – note any assumptions, simplifications or shortcomings that may impact on results
To start the discussion

• Should other themes be considered?
  – we have outlined six main themes as important to
determining future patterns of development

• What are the main drivers within the themes?
  – what is the background in each case?
  – can these drivers be measured and quantified?

• What about the interactions between drivers and between themes?