

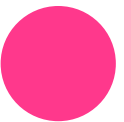
DISCUSSING FUTURE TRENDS AND POSSIBLE SCENARIOS: PROJECTIONS OF LABOUR SUPPLY AND DEMAND FROM THE E3ME MODEL (EVA ALEXANDRI AND RACHEL BEAVEN)

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The paper in a nutshell



THE PAPER IN A NUTSHELL

- production of (sectoral) labour demand and supply forecasts based on E3ME model using EU-LFS, AMECO, IMF, WB and National Account data;
- does not address skills and qualifications requirements or availability
- 3 scenarios: “baseline“, sensitivity analysis: “optimistic“ and “pessimistic“



THE PAPER IN A NUTSHELL

○ Key results:

- labour supply expected to increase before 2020 (due to later retirement age) and decrease after 2020 (due to population ageing);
- employment demand expected to increase at 0.4% pa (growth expected to resume in 2014);
- unemployment expected to fall



Key approaches and assumptions compared to 'NEUJOBS'



KEY APPROACHES AND ASSUMPTIONS IN RELATION TO NEUJOBS

- NEUJOBS: Creating and adapting jobs in Europe in the context of four transitions – socio-ecological, societal, territorial and skill-related: a wider scope including ecologic/skills/societal dimensions
- 6 scenarios: ‘friendly’ and ‘tough’ scenario; with 3 policy responses ‘no policy response’, ‘ecological modernization’ and ‘sustainability transformation’ vs. baseline and sensitivity analysis: more difference in scenarios
- Set of assumptions differs for each scenario: more variety in possible assumptions and their combinations



KEY APPROACHES AND ASSUMPTIONS IN RELATION TO NEUJOBS

- Approach/Methodology: **More mixed**
 - macro-econometric forecasting model NEMESIS is at the heart; receives quantitative and qualitative input: **similar to E3ME**
 - **micro simulation model** of labour demand and supply taking into account behavioral aspects
 - supply: based on behavioral (decision to work depends on dependent persons) vs structural (demographic process) determinants
 - demand: skill- and occupation-specific based on linked employer-employee data if possible; firm behavior taken into account
 - **production of *narrative scenarios*** of future composition of qualifications and skills as input for NEMESIS



KEY APPROACHES AND ASSUMPTIONS IN RELATION TO NEUJOBS

- **Example: Narrative scenarios on skills** focuses on equality in education, consequences of mass higher education, participation in lifelong learning, job polarization and low-skillness
- three scenarios:
 - “Business as Usual”: extrapolation of current trends; modest convergence towards international educational model
 - “OECD Dream”: public policy to increase equality of educational opportunities
 - “Backlash”: cost-effective solutions to provision of public education



KEY APPROACHES AND ASSUMPTIONS IN RELATION TO NEUJOBS

- Similarities in NEUJOBS and Alexandri and Beaven (2013):
 - Interest in projecting labour supply and demand
 - Economic recovery from crisis will occur by 2015
 - Demography will be more challenging in the future
 - Service sector will expand whereas agriculture and manufacturing will decline



Comments and Questions



COMMENTS AND QUESTIONS

- Sensitivity analysis only concerns variables related to the crisis; NEUJOBS offers a set of scenarios
 - ⇒ Why not include other uncertainties? (ecology, energy prices, demography,...)
- “Increase in labour supply caused by gradually rising rates of participation among older workers“ up to 2020
 - ⇒ NEUJOBS: shrinking labour supply in most EU countries by 2030; driven by behavioral and structural components: behavior determined by family structure; HH with dependent persons are assumed to work less); more educated labour.
 - ⇒ Why not take into account the behavioral dimension?



COMMENTS AND QUESTIONS

- Labour demand and supply are only broken down by sector; no breakdown by skill level was conducted;
⇒ Why not break down by skill level (and occupation level)?
- NEUJOBS: more educated labour supply drives growth and policy implication is to support R&D policies to absorb this highly qualified workforce
⇒ What are the policy implications of the report?



COMMENTS AND QUESTIONS RELATED TO SKILLS AND EDUCATION (ROB WILSON, SESSION 1)

- Distinction ‘Skill’ versus ‘qualification’ necessary (Rob Wilson; Session 1): ‘Low skilled’ is a label used to describe educational attainment but de facto utilization of skills may not correspond to qualification levels
 - ⇒ Who are the low skilled? Which skills are necessary beside those learnt at school?
- Massification of higher education may happen (1) in non-linear fashion (economic crisis spurs upward jump in higher education participation) and (2) heterogeneously across countries (laggards catch up faster)
 - ⇒ How do you account for this?



COMMENTS AND QUESTIONS RELATED TO SKILLS AND EDUCATION

- Green sector likely to increase need also for medium skills; key competences include soft skills,...

=> How do you account for new skills?

- Skill development: skill demand will translate into different sources to develop skills – DK more likely to increase training systems whereas SK more likely to ‘go back to school’

=> How do you account for this?

- Incentives for skill supply (Richard Florida’s creative class)

=> How do you account for changes in preferences?



Thank you very much for your attention. For more
information about NEUJOBS

www.neujobs.eu

