

1st Trade Union related Economists Conference

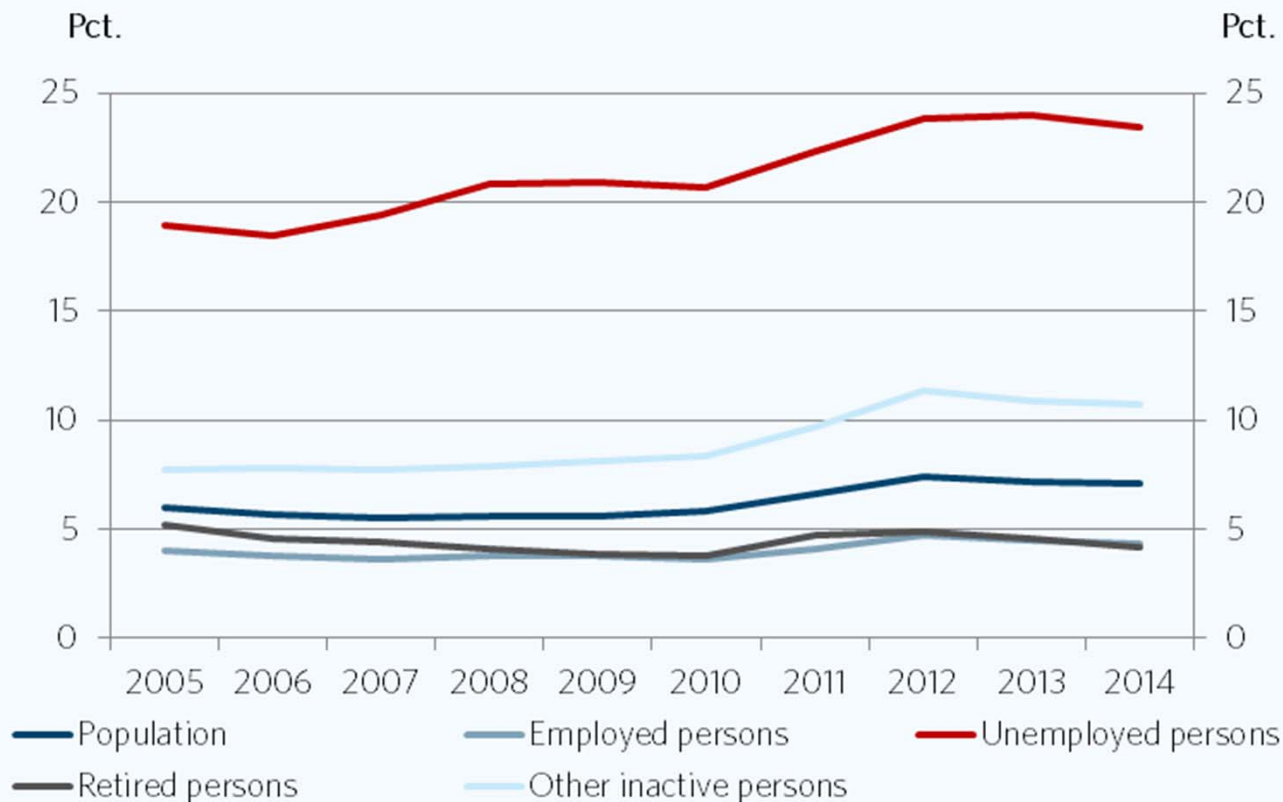
AK Wien, 22th of September 2016

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Development in severe material deprivation

(by activity status)

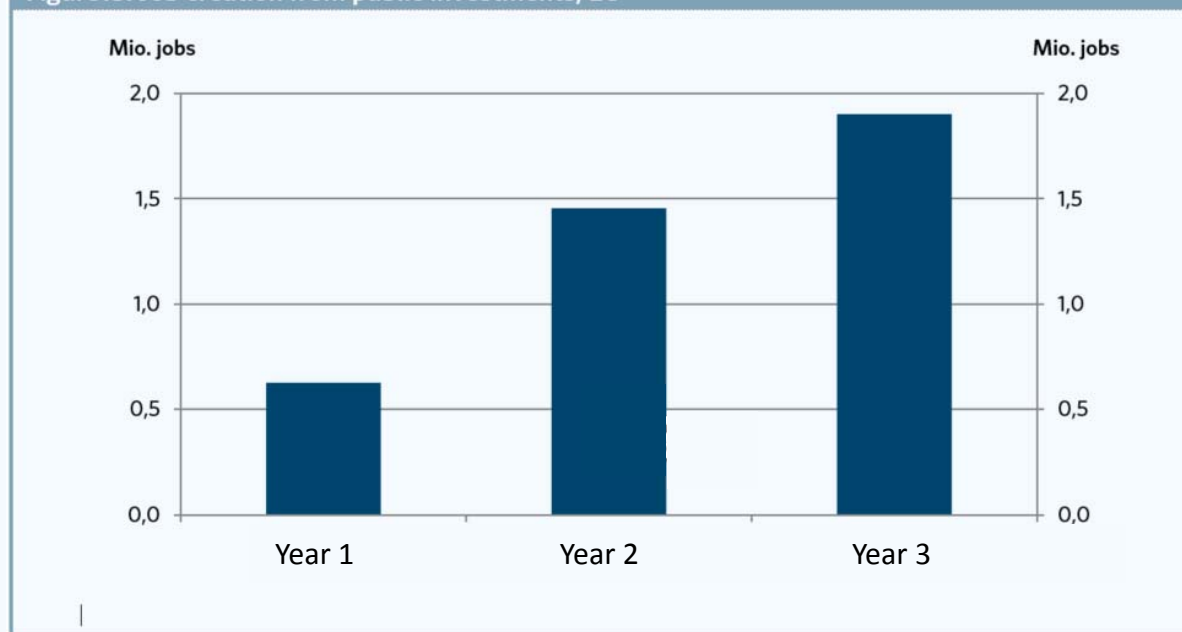
- Nearly one out of four unemployed in the Euroarea live in severe material deprivation
- The gap between unemp. and other groups has widened
- In the short run - Need to increase demand to create jobs



Example of job creation from public investments

- 7 European countries with limited room to manoeuvre
- Increase public investment with $\frac{1}{4}$ pct./GDP in “year 1” and additional $\frac{1}{4}$ pct/GDP in “year 2”, keeping that level in “year 3”

Figure15. Job creation from public investments, EU



Source: ECLM on the basis of the international macroeconomic model HEIMDAL.

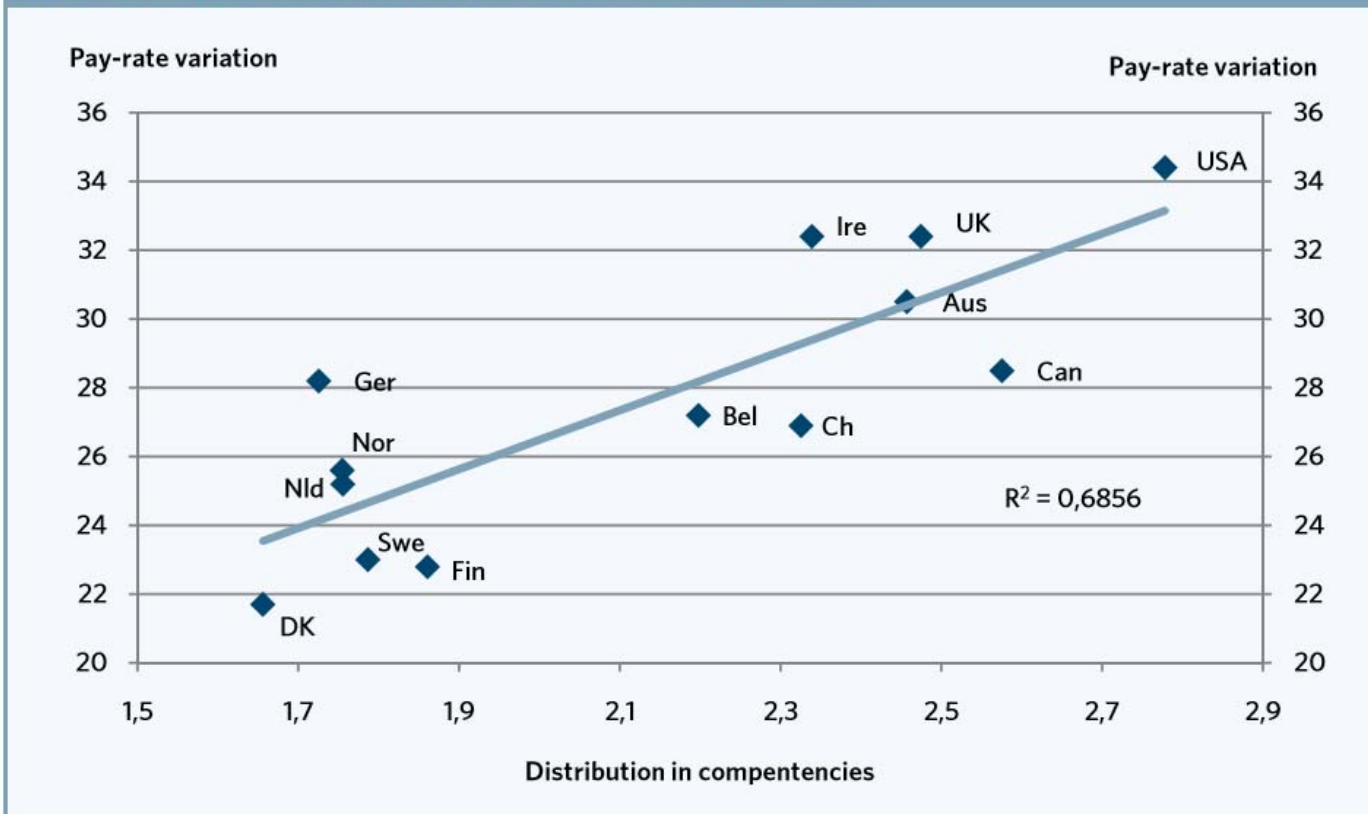
Result:

- Increased GDP level of 1 pct. in the EU in “year 3”
- Nearly 2 mil. Jobs created in the EU in 3 years
- No increase in inequality

Education

Equal competencies → more equal pay → less income inequality

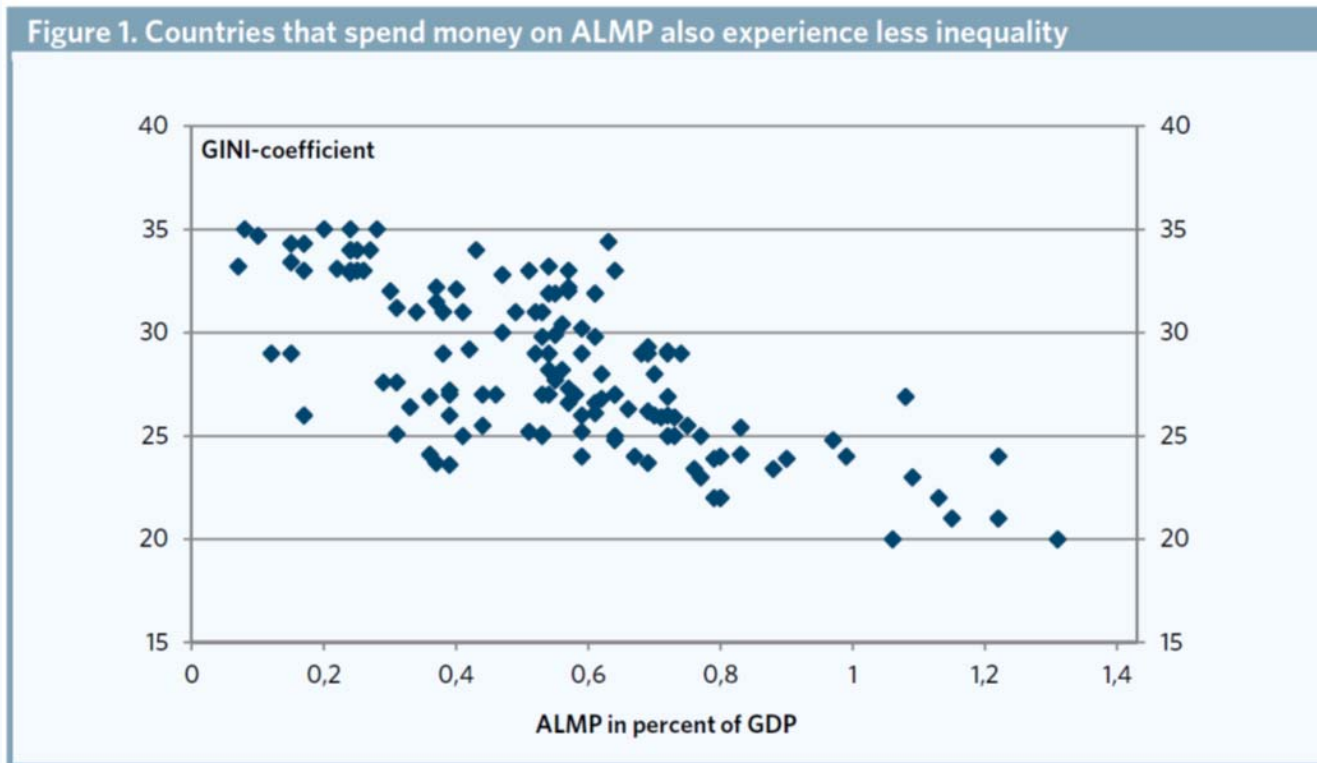
Figure 2. Pay-rate variation and distribution of competencies



Note: Distribution of competencies measured as the best 95% relative to the worst 5%.

Source: AE on the basis of OECD.

Correlation between inequality and money spend on ALMP



Note: We are looking at yearly data from 1995-2011 for Denmark, Sweden, Finland, Norway, France, Germany, The Netherlands, Italy, Spain and Greece

Source: Own calculations on basis of OECD-data.

Summing up

- **Austerity has harmed the European economy** and has had consequences for inequality, poverty, material deprivation ect.

We need policies that increase growth and reduce inequality

- In the short run we need to boost demand by increasing public investment.
- In the longer run we need to invest in ALMP and education