



# EU employment situation and social outlook

September 2009





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## HIGHLIGHTS

- Latest data covering the period up to July/August 2009 indicate that, although the pace is slowing, EU labour markets continue to deteriorate. Employment continues to contract and unemployment to rise, job vacancies have still not picked up and companies continue to announce more job reductions than creation. Moreover, the labour market outlook for the coming months remains unfavourable. However, a relative improvement in confidence among businesses and consumers, including their employment and unemployment expectations, although still pessimistic, add support to the view that the pace of labour market deterioration is moderating.
- The recession in the EU eased in the second quarter of this year, as GDP declined by a more modest 0.2 % compared to the previous quarter, although nevertheless remaining markedly down (by 4.8 %) on a year earlier. Most of the Member States are in recession, however the economies of France and Germany started to expand again in the second quarter, to join Greece, Poland and Slovakia in posting positive quarterly growth. The moderation in the economic recession resulted from a certain reduction in deterioration of activity in industry and was supported by recent increases in retail trade turnover, while construction output declined over May and June.
- After declining in the third and fourth quarters of 2008, employment in the EU contracted by a stronger 0.8 % in the first quarter of this year, and declined by a further 0.6 % in the second quarter. Compared to the same quarter of the previous year, employment in the EU is estimated to have contracted by 1.9 % by the second quarter of 2009. Labour market performances continued to deteriorate across almost all Member States, and most notably in the Baltic States and Spain.
- Unemployment continued to rise in July, though more moderately than in the first four months of the year, with young people and migrants continuing to be hit particularly hard. Overall unemployment rose by 225 000 (or 1 %) to reach 21.8 million, an increase of 5.1 million (or 30 %) compared to July 2008. The EU unemployment rate edged up 0.1 pps to 9 %, 2 pps higher than a year earlier.
- While hard data have so far remained depressed, survey data indicate positive signs that the downturn might be bottoming out. The EU Economic Sentiment Indicator improved further in August for the fifth month in a row, while the OECD's Composite Leading Indicator started to suggest a firm halt to deterioration in the economic situation in Europe. Furthermore, consumers are feeling relatively more confident about the general economic situation and their fears regarding unemployment levels continue to ease, while firms are less pessimistic regarding their employment expectations for the months ahead.
- At the same time, in its latest September Interim Economic Assessment, the OECD reports that recovery from the global recession is likely to arrive earlier than had been expected a few months ago, and consequently deterioration in labour market conditions should ease, but the pace of the economic and labour market recovery will likely to be modest for some time to come. The latest Commission interim economic forecast released in mid-September also indicates that the downturn may be ending but points to a slow recovery and continued labour market deterioration in the months ahead.
- There are persisting negative signs for the labour market in coming months. Unemployment continues to rise in line with prior worsening expectations, increasing the risk of long-term unemployment. The unemployment rate might deteriorate for some time before the lagged effect of the turnaround in consumers' expectations takes hold, alongside any associated upturn in economic activity.
- In this month's edition there is a special focus on the hotels and restaurants sector.

This monthly monitoring report responds to the need to monitor the impact of the current economic crisis on different sectors, as announced in the Commission Communication "From financial crisis to recovery" (COM (2008) 706), and to a more general need for timely information on labour market developments. It is not a detailed analytical document; rather, it presents a situation update on recent developments and the outlook concerning employment, making use of a wide range of sources of more timely data. Some of the data may be of lower quality and less harmonised than usually reported in Commission analysis (specifically, not all data here is fully harmonised across Member States), but it is more up-to-date than generally available from most of the standard statistical sources.

A wide combination of information sources have been used to produce this report, including Eurostat statistics, reports and survey data from the Commission Directorate General for Economics and Finance, national and sectoral statistics, restructuring data from the European Restructuring Monitor (collected by the European Monitoring Centre on Change) and articles from respected press sources. The report has also benefited from preliminary contributions from public and private employment services. The section on restructuring trends has been prepared by the European Foundation for the Improvement of Living and Working Conditions.



**I. SITUATION AND OUTLOOK**

**1. Labour market trends**

Latest data<sup>1</sup> covering the period up to July/August 2009 show that EU labour markets continue to deteriorate in reaction to the economic downturn, although the pace of deterioration is slowing. Employment continues to contract and unemployment to rise, affecting particularly young people, job vacancies have still not picked up and companies continue to announce more job reductions than creation.

However, while hard data have so far remained depressed and the labour market outlook for the coming months, even if recently improved, remains unfavourable, survey data continue to indicate a relative improvement in confidence among businesses and consumers, alongside clearer signs of a deceleration in the pace of economic and labour market deterioration.

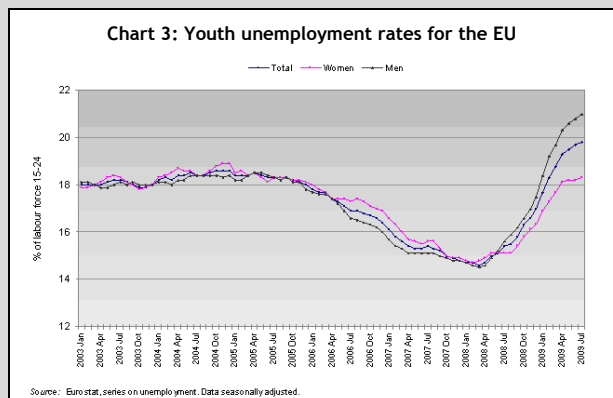
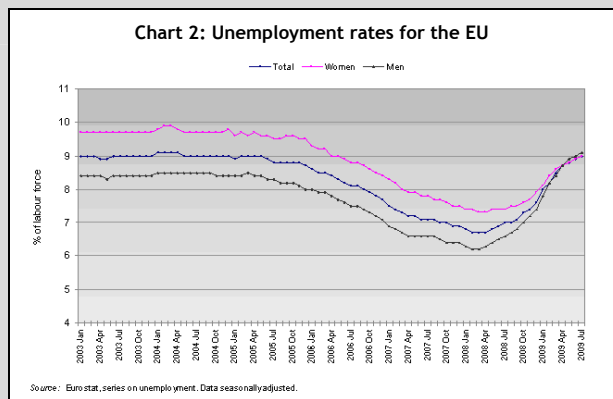
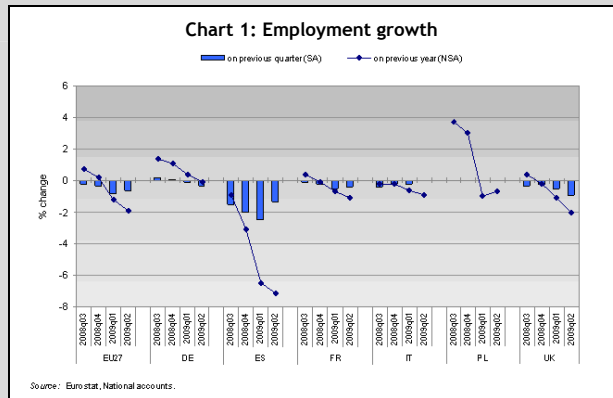
*Employment in the EU contracted strongly in the first half of 2009...*

After declining in the third and fourth quarters of 2008, EU employment contracted by a stronger 0.8 % in the first quarter of this year, and declined by a further 0.6 % in the second quarter. As a result, compared to the same quarter of the previous year, employment in the EU is estimated to have contracted by 1.9 % by the second quarter of 2009 (Chart 1).

Labour market performances have generally deteriorated across Member States. In the second quarter of this year employment fell in almost all compared to the previous quarter (excluding Greece, where it rose slightly, and Italy, where it stabilised). Among the larger Member States, declines were most notable in Spain (-1.3 %) and the UK (-0.9 %), and worsened slightly (down to -0.3 %) in Germany. Employment contraction remained particularly strong in the Baltic States. In a longer-term perspective, by the second quarter of 2009 year-on-year growth was negative for all Member States for which data are available.

*... while unemployment continued to increase in July, albeit at a slower pace...*

Unemployment in the EU has been heading upwards since it troughed in spring of last year, gaining momentum since last autumn in reaction to the economic downturn before increasing more moderately from May onwards. Marked rises in the months from October to April have given way to the unemployment rate edging up in the subsequent three months (by 0.1 percentage points (pps) per month) to reach 9 % in July, some 2 pps higher than a year earlier. As a result, the progress over the three years from mid-2005 to



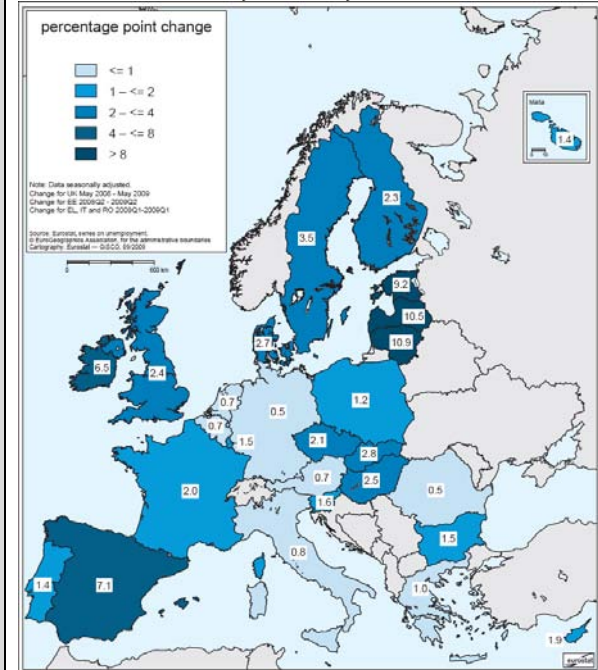
mid-2008 in bringing the unemployment rate down from 9 % to 6.7 % has been reversed in just 15 months (Chart 2).

While showing a more limited increase than in any month since October, the seasonally adjusted level of unemployment nevertheless rose by 225 000 (or 1 %) in July to reach 21.8 million (21.4 million non-adjusted), an increase of 5.1 million (or around 30 %) compared to July 2008.

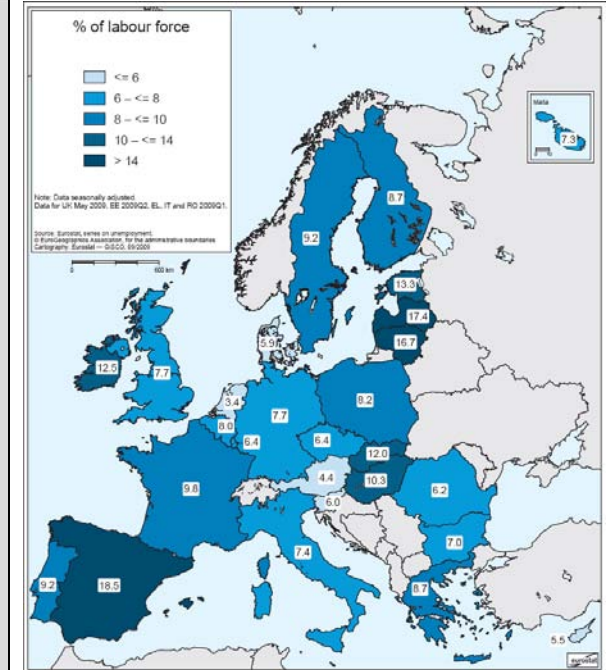


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**Chart 4: Unemployment rate changes  
July 2008 - July 2009**



**Chart 5: Unemployment rates, July 2009**



*... with recent rises in rates now similar for men and women...*

Initially, men contributed significantly more than women to the increase in unemployment, with the male unemployment rate edging up by 0.2-0.4 pps per month from October to May compared to rises generally only of the order of 0.1-0.2 pps for women. As a result, the gender gap in the unemployment rate, still above a percentage point in the beginning of 2008, had disappeared by April 2009, with the male unemployment rate subsequently exceeding the one for women. However, in June and July rates for both men and women rose by 0.1 pps per month, confirming that the initial focus of the impact of the recent economic downturn on predominantly male-oriented sectors in terms of employment, such as the construction and automotive industries, has been diminishing.

*... and the youth unemployment rate remaining historically high*

The youth unemployment rate has been increasing since spring 2008, and strongly so since last autumn. After significant rises of 0.3-0.7 pps per month since September to April, increases dropped to 0.2 pps in May and June and to 0.1 in July. As a consequence, the youth unemployment rate has almost reached 20% (19.8%, the highest level since Eurostat data for the EU27 became available, and up by 4.4 pps on July 2008). Consequently, improvements achieved since

early 2005 in reducing the unemployment rate for youth have been more than reversed by the recent deterioration. The marked increase in the youth unemployment rate has been driven mainly by the very sharp rise recorded in the unemployment rate for young men (Chart 3).

In July, youth unemployment reached a seasonally adjusted 5.3 million (5.4 million non-adjusted), reflecting a relatively small increase of 24 000 (or 0.5%) compared to the previous month but 1.1 million (or around a quarter) compared to July 2008.

Over the year to July, youth unemployment has risen most in the Baltic States (Estonia, Latvia and Lithuania), Ireland, Spain and Sweden, all with rises of around 10 pps or more. As a result, the youth unemployment rate is now around 25% or more in these Member States, along with Hungary and Slovakia, and has even reached as high as 38% in Spain.

*Increases in the unemployment rate continued in most Member States in July, though often at a more moderate pace...*

In reaction to the economic downturn, unemployment has been rising for more than a year in most of the larger Member States: in Italy and Spain since mid-2007 and in France and the UK since the beginning of 2008. Labour markets in Germany and Poland for a long time remained relatively resilient, with unemployment increasing only since the end of 2008/beginning of 2009



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and changing little in June/July. In general, for all Member States the recent increases in unemployment have been more limited than those recorded over the period from autumn 2008 to April 2009.

Compared to the previous month, the unemployment rate still increased most in Spain in July (by 0.3 pps, significantly less than the increases observed between September and April), but also rose by 0.2 pps in France, and by 0.2 pps in the UK in May. In contrast, in Germany and Poland the unemployment rate remained stable in July.

The unemployment rate increased compared to the previous month in most of the remaining Member States (for which data is available), though only Lithuania recorded a significant rise (of 1 pp), while the rate remained stable in Austria, Hungary and Portugal and even decreased in Belgium, Denmark and Slovenia.

*... and with the unemployment rate higher than a year ago in all Member States*

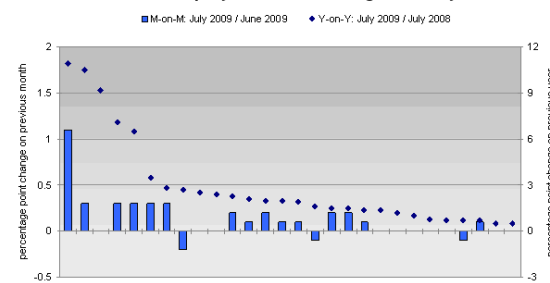
Compared to a year earlier, the unemployment rate in July was higher in all Member States. The rate was substantially up in Spain (up 7.1 pps) at 18.5 % in July (with underlying unemployment at a seasonally adjusted 4.3 million), and it remains twice as high as the EU average and the highest in the EU. Over the year, the rate also climbed noticeably (by 2 pps) in France to 9.8 % in July (equivalent to 2.8 million unemployed), and in the UK by 2.4 pps to 7.7 % in May (2.4 million unemployed). In Italy the rate rose by 0.8 pps over the year to 7.4 % (1.9 million unemployed) in the first quarter of 2009. Although rises have been more restrained, the rate in July was also higher (by 0.5 pps) than a year earlier in Germany at 7.7 % (3.3 million unemployed) and in Poland, up by 1.2 pps to 8.2 % (1.4 million unemployed).

Among other Member States, the unemployment rate rose most substantially over the year (by 9-11 pps) in the Baltic States. In July it remained highest in the Baltic States (exceeding 13 % in all three) and Hungary, Ireland and Slovakia (all with rates of at least 12 %), while it remained relatively low in Austria and the Netherlands (at 4.4 % and 3.4 %, respectively) (Charts 4 & 5 & 6).

*The unemployment rate in the US has stabilised, narrowing the gap to the still rising EU rate*

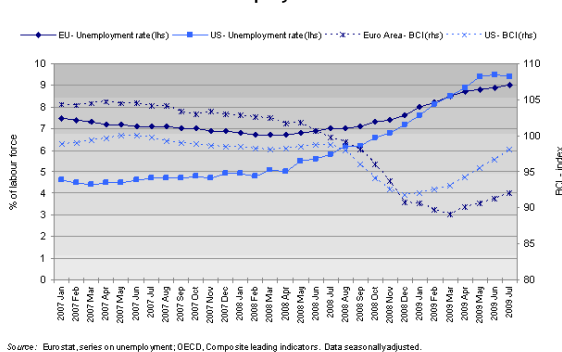
Overall, the effects on the labour market of the comparatively sharper economic downturn and stronger falls in business confidence in the EU have been less dramatic than those in the US. By July 2009 the unemployment rate in the EU had increased by 2 pps compared to one year earlier, while in the US it had increased by a more marked 3.6 pps. However, the unemployment rate in the US has been broadly stable at 9.4 % since May, in line with prior firmer improvements in business confidence, while that in the EU has continued to edge up to 9 %, hence reducing the

Chart 6: Unemployment rate changes to July 2009



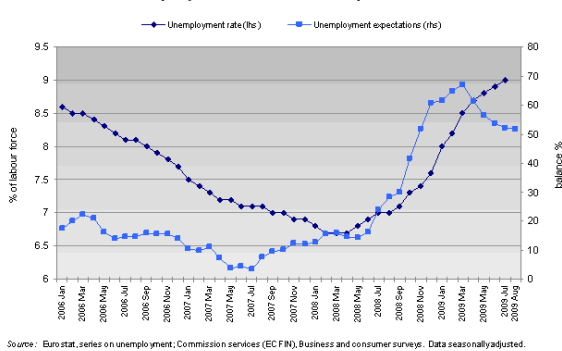
Source: Eurostat, series on unemployment. Data seasonally adjusted. \*Recent data for EE, EL, IT, RO and UK not available. Annual change for UK refers to May 2008 - May 2009. Annual change for EE refers to 2008:02 - 2009:02. Annual change for EL, IT and RO refers to 2008:01 - 2009:01.

Chart 7: Unemployment rate and BCI



Source: Eurostat, series on unemployment; OECD, Composite leading indicators. Data seasonally adjusted.

Chart 8: Unemployment rates and expectations for the EU



Source: Eurostat, series on unemployment; Commission services (EC FNI), Business and consumer surveys. Data seasonally adjusted.

EU's recent positive unemployment rate gap with respect to the US (Chart 7).

*EU consumer's fears of unemployment continued to ease, albeit marginally, in August*

Since April, EU consumers have started to feel relatively more confident about the general economic situation, and have reported reduced fears regarding levels of unemployment for the year ahead. Following strong falls over the second quarter, consumers' unemployment expectations continued to ease, though more moderately, in July and August, continuing the



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turnaround from the pronounced rises recorded between September 2008 and March 2009 (Chart 8).

Nevertheless, the unemployment rate continues to increase in line with the prior worsening expectations, and can be expected to deteriorate further before the lagged effect of the turnaround in consumers' expectations takes hold, alongside any associated upturn in economic activity.

*Firms still expect to reduce staff levels, although employment expectations continued to show a relative improvement in all sectors...*

Similarly, since spring firms have shown a relative improvement in their employment expectations for the months ahead, although the expected demand for new workers generally continues to be negative on balance. Following the consecutive declines from late 2007 up to early 2009, the employment outlook has shown a relative improvement over recent months across all main sectors. Remaining generally on an upward trend for around half a year now, employment expectations were again less negative in August in industry, but also improved again significantly in services and construction after remaining somewhat flat in July. Employment expectations remained broadly unchanged in retail trade in August, after the moderate improvements reported during the second quarter of 2009, and remained at a positive balance in financial services despite a slight deterioration over the summer months (Chart 9).

The latest Manpower Employment Outlook Survey<sup>2</sup> also reports that the stabilisation in the employment market continues, with a slight improvement in overall hiring sentiment for the fourth quarter. However, the report dispels any expectations of an early resumption of jobs growth - the stabilisation is more due to fewer layoffs and not because of more hiring. The majority of employers still report no changes in their staffing levels, a reflection of their concern of losing skilled workers that will be hard to replace. Rather than losing skilled employees companies are adjusting to lower workloads through shorter working weeks and by increasing part time employment.

The Manpower report warns that it will be some time before recent signs of improvement in the economy translate into jobs growth, as the weak outlook for hiring suggests a long labour market recovery after the crisis. Unemployment and the shortage of job opportunities will continue to undermine consumer confidence.

*... and job vacancies have still not started to pick up...*

The relatively low level of labour demand compared to the situation last year is confirmed by official sources, such as those in the UK and Germany. In the UK, latest data from its vacancy survey show that vacancies continue to drop: in the three months to July job

Chart 9: Employment expectations for the EU

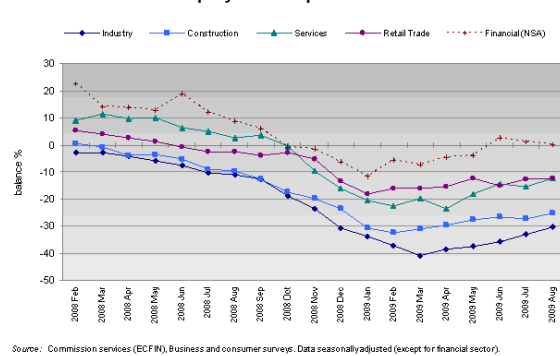
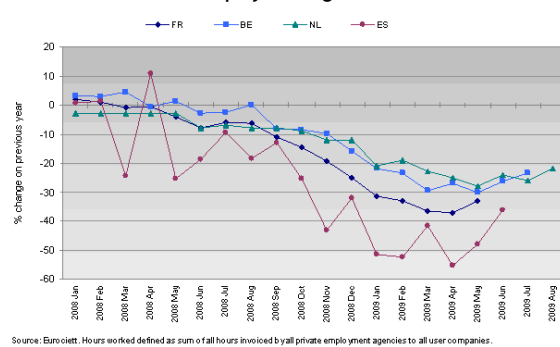


Chart 10: Number of hours worked invoiced by private employment agencies



vacancies were down a further 26 000 (or 5.6 %) on the preceding three months, and around 203 000 (or a third) on the year. Nevertheless, overall vacancy levels remain reasonably high at around 427 000. In Germany, the demand for labour in August remained stable, as indicated by the Federal Employment Agency's job index (BA-X). This remained broadly unchanged for the third month in a row at 121 points in August, after having dropped by 4-5 points per month over the first part of the year. Compared to August 2008 the index has fallen 44 points, signalling a strong decrease in demand. Nevertheless, the number of vacancies is still relatively high, with around 484 000 jobs reported as available.

*... while temporary agency work continues to be particularly affected*

Temporary agency work continues to be hit particularly hard by the downturn. Recent data from Eurociett<sup>3</sup> generally covering May to August continued to show a year-on-year contraction in the number of hours invoiced by private employment agencies, ranging from 22-24 % in the Netherlands and Belgium to 33 % in France and 36 % in Spain according to the respective reference periods (Chart 10).



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In the UK, in line with the trend seen throughout the past year, agencies' billings from the employment of temporary/contract staff continued to fall in July. However, the rate of decline eased for the fifth month in a row to its slowest since last September, reflecting a smaller reduction in clients' demand for short-term staff.

## 2. Restructuring trends

The economic crisis and resulting deterioration in the situation on EU labour markets is reflected in European Restructuring Monitor (ERM) data collected by the European Monitoring Centre on Change<sup>4</sup>. Though job losses continue to outnumber job gains in the ERM, monthly levels of announced job losses have continued to decline from their December 2008/January 2009 peaks. Total announced job losses were 67 828 during the traditionally quieter months of July/August.

*Announced job losses continued to outnumber announced job gains...*

There have been almost three times as many announced job losses as job gains in ERM restructuring cases since September 2008. In total, the ERM has recorded 735 796 announced job losses over the twelve month period (Sep 2008 - Aug 2009) and 244 007 new jobs. In July 2009, there were 94 new cases of restructuring-related job loss accounting for approximately 48 000 job losses. In August 2009 instead, there were 41 new cases of restructuring-related job loss accounting for slightly less than 20 000 job losses (Chart 11).

*... with most of the recent job loss announcements relating to Germany and the Netherlands*

The member states with largest announced job losses in July and August 2009 were Germany (13 977 jobs), the Netherlands (12 750 jobs), the Czech Republic (7 995 jobs), Poland (7 715), France (6 376 jobs) and the United Kingdom (6 191 jobs). Overall, between last September and the end of August 2009, 1 785 restructuring cases were reported which involved job loss (compared to 411 of job creation) (Chart 12).

*Manufacturing and Transport, storage and communications were most affected by announced restructuring job losses in July and August...*

In July and August 2009, manufacturing and transport, storage and communications together accounted for

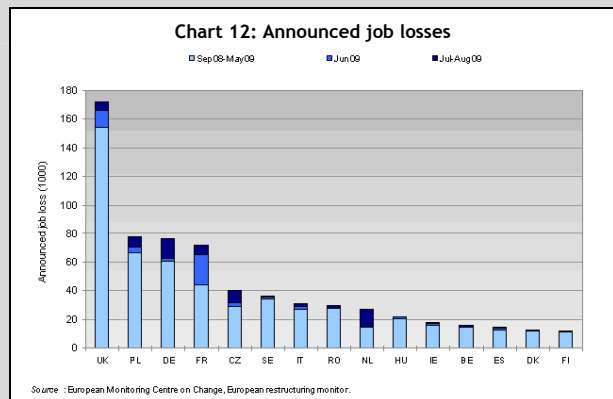
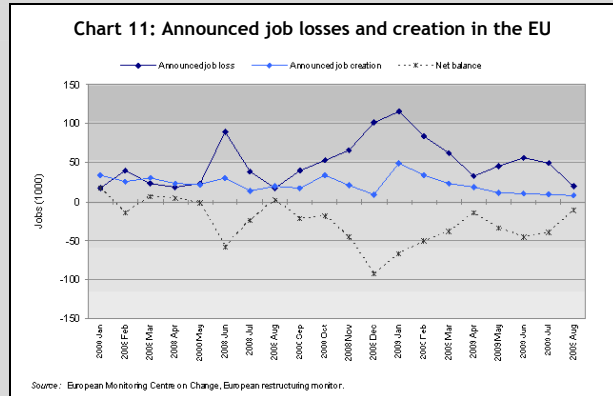


Table 1: Share of bankruptcy related job losses for the EU

	2002-Aug 2008	Sep 2008-Aug 2009
Manufacturing (D)	67.1	51.3
Retail etc (G)	6.5	29.1
Transport, storage, comms (I)	5.8	6.7
Real estate, renting, business activities (K)	3.1	2.2
Construction (F)	3.3	2.2
Other	14.2	8.5

almost two-thirds of announced job losses recorded in the ERM (43 175 out of a total of 68 204). Since September 2008, the ERM has recorded 372 612 announced job losses in manufacturing, more than half of total job losses (Chart 13).



In July and August, the largest restructuring cases involving job loss (excluding world and EU cases) were in:

- **Transport, Storage and Communications:** *TNT Post* (Netherlands, 11 000 jobs), *T-Systems* (Germany, 3 000 jobs), *AUA* (Austria, 1 000 jobs)
- **Retail:** *Primondo/Quelle* (Germany, 3 700 jobs), *Hertie* (Germany, 2 600 jobs), *Monnari* (Poland, 1 500 jobs)
- **Public Administration:** *Ministerstvo obrany ČR - Ministry of Defence Czech Republic-* (Czech Republic, 2 800 jobs)
- **Financial services:** *Lloyds Banking Group* (UK, 1 200 jobs)
- **Real estate / business activities :** *Fujitsu* (UK, 1 200 jobs)
- **Manufacturing:** *Siemens Kolejová vozidla* (Czech Republic, 1 000 jobs).

In the transport sector, on 2 July 2009, TNT Post, the Dutch postal company, announced the dismissal of 11 000 mail deliverers and sorters over a period of one to three years. The announcement came months after the rejection by unions of a proposal to safeguard jobs for three years in exchange for a substantial wage reduction. T-Systems, Deutsche Telekom's business client unit, announced, on 12 August 2009, a cut of around 3 000 jobs in 2009 and 2010 across Germany.

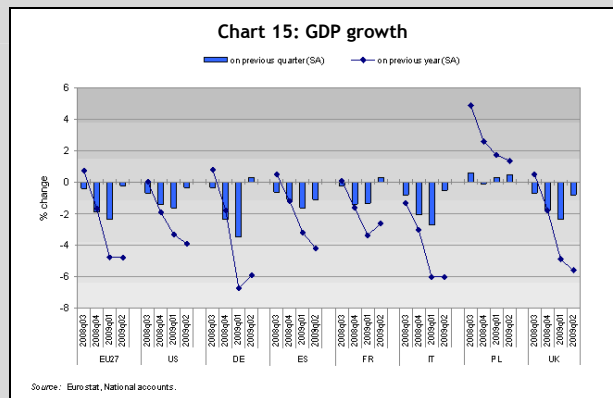
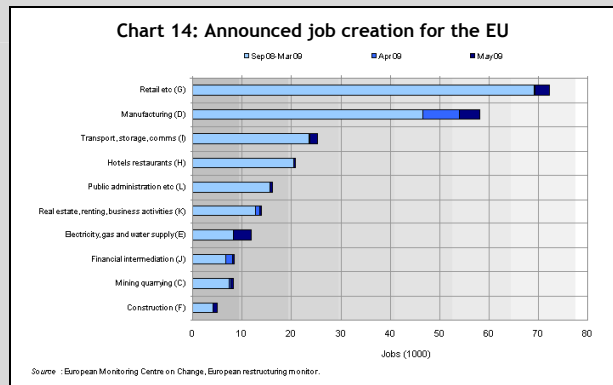
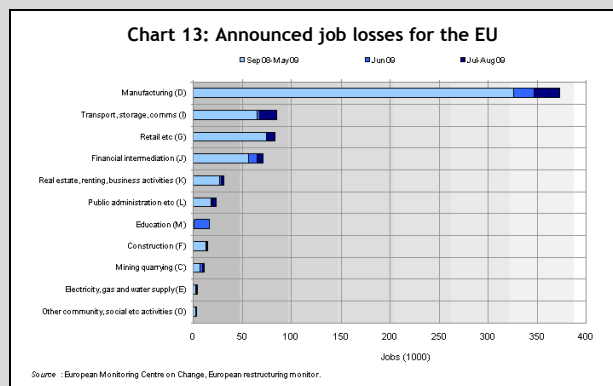
Over 8 000 job losses were announced in the retail sector during July/August 2009. The retail group Arcandor which filed for insolvency in June announced a cut of 3 700 jobs at its affiliate Primondo/Quelle, mainly known for its catalogue business, while the traditional German department store Hertie, owned by the British investor Dawngay Day Group, announced the dismissals of its 2 600 employees on 21 July 2009.

Almost a quarter of announced job losses during the downturn (since September 2008) have been attributable to bankruptcy / closure - though levels are continuing to revert to their long-run average (14 %). In July/August, 16.5% of job losses have been attributable to bankruptcy. As table 1 illustrates, the increasing share of bankruptcy/closure cases has impacted in particular on the retail sector.

*... while manufacturing accounted for the majority of announced business expansion*

Of the 16 687 new jobs announced during July/August, over 4 000 were in the manufacturing sector while almost 4 000 new jobs were in the Electricity, Gas and Water Supply Sector.

Over the last twelve months, the sectors to benefit most from announced job creation have been retail (72 276 jobs) followed by manufacturing (58 126 jobs).



Together, they account for over half of all new announced jobs in the ERM.

In July and August, the biggest cases involving job gains were in:

- **Electricity, Gas and Water Supply:** *British Gas* (UK 2 600 jobs)
- **Retail:** *Sainsburys* (UK 1 300 jobs), *Tesco* (UK 800 jobs), *Arnold Clark* (UK 700 jobs)
- **Manufacturing:** *Tymbark Maspex Valeni de Munte* (Romania 680 jobs).



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## 3. Economic context and outlook

### ECONOMIC SITUATION

*The economic recession in the EU continues but softened in the second quarter...*

Following the significant worsening of the recession in the EU in the first quarter of 2009, which saw GDP fall by 2.4% quarter-on-quarter, output declined by a much more modest 0.2% in the second quarter, driven mainly by a fall in investment. Nevertheless, compared to a year earlier, GDP remained down by a substantial 4.8% in the second quarter. Economic output in the US contracted by a similar 0.3% during the second quarter, with GDP down by 3.9% on a year earlier (Chart 15).

*... with most of the Member States still in recession but a return to growth in France and Germany*

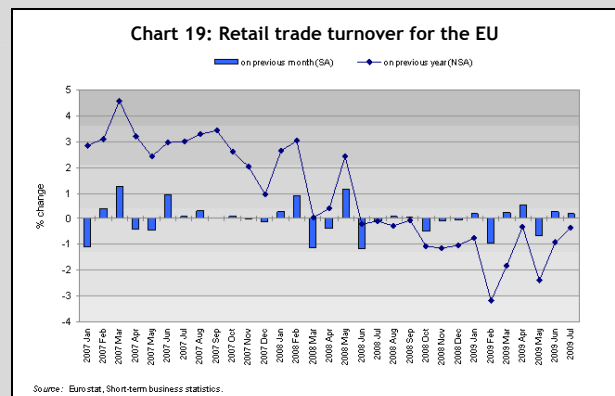
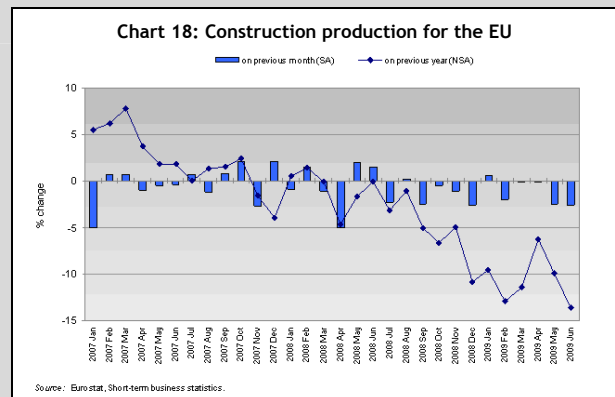
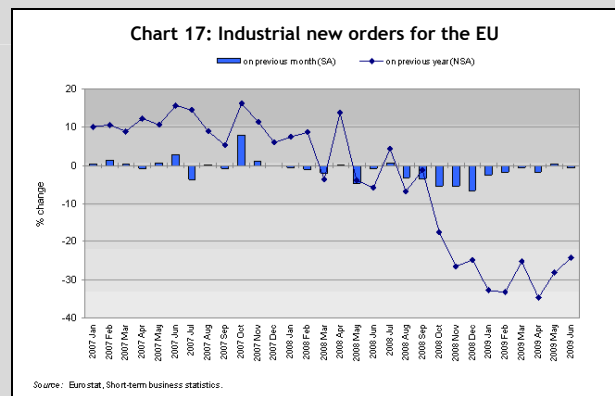
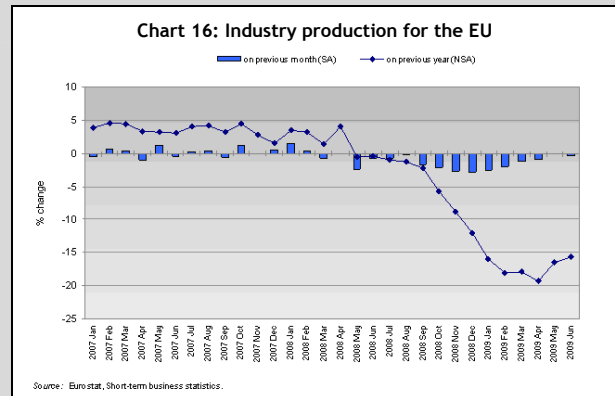
Within the EU, most Member States were in recession in the second quarter of 2009. The overall decline in GDP at EU level mainly reflected further economic contraction in Italy, Spain and the UK. However, in contrast, the economies in France and Germany started to expand again in the second quarter, to join Greece, Poland and Slovakia in posting positive growth.

*Industry production remained broadly stable in May and June compared to the previous strong contractions...*

The easing of the economic deterioration in the second quarter partly resulted from a halt more-or-less to the decline in activity in the industry sector. Industrial production remained unchanged in May and decreased only slightly in June (-0.3%), following on from the much stronger contractions in the preceding twelve months (Chart 16).

The relative stability in industry production at EU level in June resulted from an increase in output in Poland (after the stable growth recorded in May) which helped offset a fall in output in Italy, the level of industrial production changing only slightly or remaining stable in the remaining larger Member States. The limited overall EU decline reflected moderate falls in output across most goods categories and an increase in production of energy, which helped compensate for a strong decrease in production of durable consumer goods.

As a result of the recent improvement, the downward trend in year-on-year growth in industrial production has come to an end, with growth showing a relative improvement over May and June, and mainly reflecting softer declines in production of all but consumer durable goods. In June it nevertheless remained down by 15.7% compared to levels one year earlier, still reflecting the sequence of particularly strong falls which occurred between last autumn and this spring.





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*... in line with prior small changes in industrial new orders...*

Contractions in industrial output have followed the trend in industrial new orders, which dropped substantially in the second half of 2008 but started to recover somewhat already in the beginning of the year. They remained broadly stable in May (up 0.5 %) and June (down 0.6 %) (Chart 17). The recent relative stabilisation in new orders mainly resulted from increases in new orders for capital goods and consumer non-durable goods, which counteracted a sudden drop in orders for consumer durable goods together with a slight drop in orders for intermediate goods in June.

On a yearly basis the level of new orders has generally been on a downward trend since the middle of 2008 until April 2009. Although edging up subsequently, by June new orders were still down 24.3 % compared to a year earlier.

*... while construction output declined again...*

After some initial signs of stability in March and April, output in construction decreased by a significant 2.4 % in May and by a further strong 2.6 % in June (Chart 18). This reflects declines in construction output across all the larger Member States other than Poland.

As a result of the declines in May and June, year-on-year growth in construction in the EU, which had shown some signs of recovery in spring, fell back to -13.6 % in June. This reflected strong declines in construction output in Spain and the UK, and a more moderate drop in France, with Germany and Poland recording negligible changes.

*... and retail trade turnover improved in June and July*

Except for a sizable drop in May, retail trade turnover in the EU has held up rather well since March, and increased by 0.3 % in June (due to a strong increase in the textiles sector) and by 0.2 % in July, reflecting an increase in turnover of 0.3 % in the non-food sector which offset a small decline by 0.1 % in the food sector. The recent increase was driven by increases in retail trade turnover in all larger Member States except Spain. Consequently, after edging up in March and April and then falling back sharply in May, year-on-year growth in retail turnover had climbed back to -0.3 % by July (Chart 19).

### OUTLOOK

*Economic sentiment in the EU continued to show a marked improvement in August, but remained below its long-term average...*

Signs that the downturn might be bottoming out continue to be confirmed by business and consumer confidence indicators. In August the EU Economic Sentiment Indicator (ESI) improved for the fifth month in a row, rising by a strong 5.9 points to 80.9 points.

Chart 20: ESI and confidence indicators for the EU

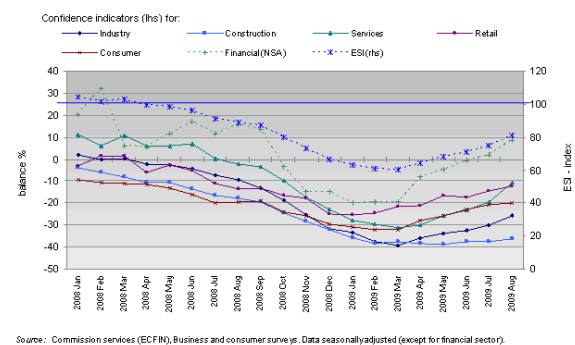
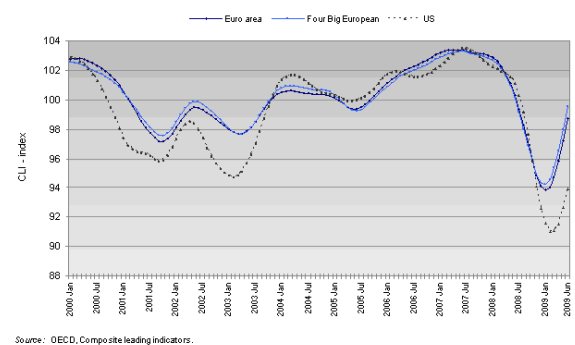


Chart 21: Composite leading indicators



However, the ESI still remains well below its long-term average - the clear rebound from April onwards followed a long preceding period of continuous strong falls from mid-2007 (excluding the small blip in March 2008), which were particularly notable from October to December 2008 before slowing from January to March 2009 (Chart 20).

The improvement at the EU level in August reflected marked rises in sentiment across all the larger Member States, most significantly in Germany and the UK. This increase resulted from a notable rise in sentiment in services and in industry, which have both seen strong improvements over the last four to five months, together with more moderate improvements in retail trade, construction and among consumers. Sentiment in financial services (not included in the ESI) continued the recent strong upward trend observed since March to post a clear positive balance in August and reflecting managers' improved assessment of the business situation and better expectations of demand for their services.

*... similarly, the OECD leading indicator for the EU continued to recover strongly*

The recent development in the OECD's Composite Leading Indicator (CLI) also confirms a halt to the deterioration in the economic situation in Europe in



## Monthly monitor

general terms and points to an expected return to growth in coming months. After declines observed since mid-2007, the CLI for the euro area and aggregate of the four largest EU Member States started to stabilize in the beginning of the year and have been picking up markedly since April, driven most significantly by positive signals in Germany and Italy (Chart 20).

In June the CLI increased by around 1.5 points in the euro area and in the group of the four largest EU Member States, and also rose by 1.3 points in the US following the continuous falls there from mid-2007 till February 2009. Compared to a decline of 7.2 points over the year for the US, by June the two former aggregates were down only by 1.6 and 0.6 points compared to a year earlier and have now recovered to levels above those associated with the troughs in 2001 and 2003.

These improvements in the CLI give a strong indication that the economic crisis is bottoming out, as downward pressure on the economy peters out, and suggests the start of the economic recovery may be underway. Indeed, the signs of a turning point in the CLI should indicate a turning point in industrial production after a lag of 4 to 8 months. Nevertheless, any positive impact on the labour market will take much longer to manifest itself.

*Recent medium-term forecasts also start to indicate the downturn may be ending, but point to a slow recovery and continued labour market deterioration*

### *Commission interim forecast (September 2009)<sup>5</sup>*

In its latest interim forecast published on 14 September, the European Commission highlights that signs for an economic recovery are apparent, but the sustainability of the recovery remains to be tested.

The Commission sees signs of an imminent economic recovery, with fears of a prolonged and deep recession fading. GDP growth is set to turn positive in the second half of the year. However, the forecast for 2009 as a whole remains unchanged as the previous estimates for 2008 and the first quarter of 2009 proved weaker than had previously been expected. GDP is expected to fall by 4% in both the EU and the euro area this year.

The improved economic outlook reflects external conditions being increasingly favourable. Recent data for trade and industrial production, as well as business and consumer confidence, are generally encouraging. Resilient private and public consumption, and advancements in the inventory cycle, will also support growth in Europe.

Despite the encouraging economic signals, the labour market situation is expected to deteriorate further in the second half of 2009. This is in line with the usual lag of around 2-3 quarters between cyclical developments in economic activity and the labour market. Looking into next year, uncertainty is rife also

due to the influence of temporary factors. The full impact of the economic crisis on labour markets and public finances is, at least partly, still to be faced.

### *Other forecasts*

Most other forecasts issued in the first half of 2009 continued to point towards a sharp economic downturn this year and to a longer path to recovery than previously expected. However, signs that the global downturn might be bottoming out started to be reported in the second half of the year. Already in its June Economic Outlook, the OECD predicted that the global slowdown was close to bottoming out and that the recession would come to an end in the US and Japan this year, but nevertheless with no clear signs of recovery in the euro area. Similarly, in its July World Economic Outlook Update, the IMF reported that the global economy was beginning to pull out of recession, but that stabilization was uneven and that recovery was expected to be sluggish.

More recently, in its September Interim Assessment of the Economic Outlook, the OECD confirms that recovery from the global recession is likely to be earlier than had been expected a few months ago, but that the pace of recovery is likely to remain weak well into next year. Compared to the June forecast, the latest GDP forecasts for 2009 provided a slightly improved outlook for Japan and an unchanged one for the US, and revised up the projection for the euro area (up from -4.8% to -3.9%), in line with the recent ECB revision (from -4.6% predicted in June to -4.1% predicted in September). The OECD forecast for the EU reflects an improved outlook for France, Italy and especially Germany (growth revised upward from -6.1% to -4.8%), but points to a gloomier situation in the UK (growth revised from -4.3% down to -4.7%). As a consequence, the unprecedented rate of deterioration in labour market conditions witnessed in the EU over the past year should ease, but the pace of labour market as well as economic recovery will likely be limited for some time to come.



## II. SPECIAL FOCUS

### 1. Latest developments and expectations in selected Member States

This section provides an overview of recent developments and forecasts at the Member State level. This time the focus is on reviews of the labour market situation in three central European countries, Austria, the Czech Republic and Slovakia, together with the Baltic States (Estonia, Latvia and Lithuania). Priority has been given to the most recent reports and forecasts (dating from June to August 2009) from reliable sources at the country level.

#### *Austria*

In July 2009, Austria still recorded the second lowest unemployment rate (at 4.4 %) in the EU, only 1 pps higher than the EU minimum posted by the Netherlands. From July 2008 to July 2009, the Austrian unemployment rate increased by only 0.7 pps, one of the lowest increases recorded in the EU. This fairly positive picture stems from the relatively good recent economic performance of Austria. However, men have experienced a notable rise in unemployment, while young people are increasingly facing difficulties to enter the labour market. For the latter, their unemployment rate has risen from 7.3 % in July 2008 to 8.2 % a year later.

According to estimates by Statistics Austria, the Austrian economy grew by 2 % in 2008, a slowdown on previous years but still remarkable compared to the EU average (0.9 %). However, Austria had entered recession by the fourth quarter of 2008, while annual GDP growth to the second quarter of 2009 was more in line with the EU trend, as the former fell by 4.4 % year-on-year and the latter by 4.8 %.

Data on employment from national accounts indicate that, compared to the previous quarter, employment declined by 0.4 % in both the first and second quarters. Compared with the first quarter of 2008, the number of full-time jobs had decreased by 53 000 whereas the number of part-time employees had increased by 59 000. The employment rate for people of working age (15 to 64 years) was 70.8 %, almost the same as one year before (71.0 %).

Concerns are rising as to the capacity of the country's labour market to resist the pressure of the global recession in the coming months, as the economic situation keeps deteriorating. A recent report released by the Austrian Higher Study and Economic Research Institute forecasts that the Austrian unemployment rate might reach a record 8.8 % by next year. Furthermore, this institute estimated that the high unemployment rate might not drop until 2013.

#### *Czech Republic*

In the Czech Republic, the deterioration in the labour market started in January 2009, along with

announcements of collective redundancies, and has continued since then, although at a lower pace recently.

According to the Czech Ministry of Social Affairs, in July the registered unemployment rate increased by 0.4 pps on the previous month. In July labour offices registered 485 300 job seekers, up 175 300 year-on-year (+36.5 %). At 6.4 %, however, the unemployment rate in the Czech Republic remains well below the EU average (9 %). Women suffer higher levels of unemployment (7.9 % in July 2009) than men (5.2 %), but have been relatively spared by the economic slowdown, in comparison to their male counterparts.

The number of job vacancies has fallen continuously for almost a year, with the number of applicants per job opening being 11.6 at the end of July 2009 compared to 2.1 applicants a year earlier.

The Czech economy has suffered from the ongoing economic slowdown, owing mainly to a significant fall in gross value added in manufacturing, which has been facing a sales crisis mainly in external markets. Compared to the same period of last year GDP was down by 5.5 % in the second quarter of 2009, more-or-less in line with the EU average. The export-reliant Czech economy is expected to contract by 4.3 % in 2009, owing to falling foreign demand, but to pick up by 0.3 % next year, according to the Czech Finance Ministry. In this context, unemployment is expected to reach 7 % this year.

#### *Estonia*

According to Eurostat, the unemployment rate in Estonia rose to 13.3 % in the second quarter of 2009, and has more than tripled over the last year (up from 4.1 % in the second quarter of 2008). This is the largest relative increase recorded in the EU. The rapid growth of unemployment, which had started in the second half of the previous year, continued in the first half of 2009. By June Estonia posted the fourth highest unemployment rate in the EU, behind only Spain (18.2 %), Latvia (17.1 %) and Lithuania (15.6 %). In the meantime, the number of people in employment decreased by 64 000.

According to Statistics Estonia, GDP was down by 16.1 % in the second quarter of 2009 when compared to the same quarter in the previous year. GDP has been declining for six successive months, stemming from a rapid decrease in the value added of financial services but also reflecting decreases in value added in the majority of economic activities, ranging from manufacturing, to construction and wholesale trade.

According to a recent Labour Force Survey conducted by Statistics Estonia, those in employment numbered 593 000 in the second quarter, 9.7 % lower than at the same time a year ago. Compared to the previous quarter the number of people in employment decreased by 3.2 %. The number of people employed in manufacturing increased slightly compared to the previous quarter, but compared to the same quarter of the previous year over 30 000 fewer people were employed in that sector. Employment has



fallen most in construction, where every third worker has lost their job during the year.

Estonia also has suffered the fastest relative rise in the youth unemployment rate in the EU, which has climbed from 8 % in the second quarter 2008 to 24.1 % in the second quarter of 2009. It is now one of the highest in the EU. At the same time, according to Eurofound, Estonians work more and rest less than the EU average. Their working week is 41.7 hours long on average (versus an average of 38.6 in the EU) and they only get 20 days of annual paid leave (compared to an EU average of 25.2 days).

### Latvia

In July 2009, Latvia posted the EU's second highest unemployment rate (17.4 %) and the second highest yearly increase (up from 6.9 % in the same month a year earlier). According to the Central Statistical Bureau, 186 400 posts were lost between the second quarters of 2008 and 2009, while the number of occupied posts fell by 18.0 %. Latvia also ranks second in the list of countries that posted the greatest increases in youth unemployment during the year. The youth unemployment rate almost tripled, rising from 10.3 % in June 2008 to 29.2 % in June 2009.

According to the State Employment Agency (NVA), 132 522 unemployed were registered by the 31st of July. The Labour Force Survey concerning the 2nd quarter of 2009 indicates that, compared to the corresponding period of the previous year, the active population in Latvia has declined by 1.6 %. Slightly more than two thirds (67.1 %) of the population were active.

In this context, the Eurobarometer Special Survey 316 released in July revealed that 46 % of the Latvian citizens were concerned about losing their job, which is significantly higher than the average level recorded at EU level (32 %).

According to recent flash estimates released by the Central Statistical Bureau of Latvia, the country's GDP decreased by 18.7 % between the second quarter of 2008 and the second quarter of 2009. Manufacturing industries and services have been hit particularly hard. Major value added decreases were observed in construction (-29.5%), trade (-29 %), manufacturing industries (-24.4%) and transport and communication (-15 %). Likewise, compared to July 2008 industrial output in July 2009 has receded by 17.7 %, and the trend has been on the downside since the last quarter of 2008. However, industrial activity is picking up slightly, as compared to the first quarter of this year, industrial output in the second quarter of 2009 increased by 2.2 %, according to seasonally adjusted data.

For the time being though, the social situation is still bleak. Unemployment is peaking, salaries are going down, the number of pensioners facing destitution is rising dramatically - Latvia holds the EU record as 38 % of Latvian pensioners are facing destitution - and purchasing power is plummeting. As Eurofound recently put it, the decrease in economic growth has been accompanied by an increase in unemployment and a risk of deepening social polarisation.

In a deal to help Latvia avoid bankruptcy and devaluation, lower earners in Latvia's public sector face wage cuts of 15 %, while higher earners will see salaries fall by 20 %. These harsh budget cuts (worth \$ 1 billion this year) were decided on in June by the government to secure more EU and IMF loans. Such measures aim to keep Latvia's deficit under 10 % of its GDP through 2009.

### Lithuania

Lithuania's economy, like the other Baltic economies, has been hit hard by the ongoing slowdown. Year-on-year, its GDP had declined by 20.2 % by the second quarter of 2009, with the construction and industry sectors contracting the most. This fall exceeded market expectations, although a slight improvement was seen compared to the previous quarter (+1.8 %). The recent weak economic performance contrasts with the previous period of impressive expansion - in 2007, the "Baltic Tiger" still recorded 8.9 % economic growth, before it slowed down to 3.1 % in 2008. This year, the Ministry of Finance forecasts a 18.2 % contraction, followed by a softer recession (-4.3 %) in 2010 and a modest recovery in 2011.

Just like neighbouring Latvia, Lithuania has embarked on drastic measures to slash budget spending to stop its deficit getting out of control, including salary cuts and VAT rate increases.

Amid this gloomy economic environment, Lithuania posted the highest annual unemployment rate increase in July 2009: from 5.8 % to 16.7 % on an annual basis. On 1 July, there were 199 300 registered unemployed. According to LFS data released by Statistics Lithuania, the number of jobless reached 223 000 in the second quarter of 2009, i.e. 29 000 or 15% more than in the previous quarter, when a much higher increase had been recorded. The youth unemployment rate in Lithuania is the EU's second highest, reaching 30.9 % in the second quarter of 2009, more than 11.4 pps higher than the EU average. Approximately 40 000 young Lithuanians were unemployed in the first half of 2009. Men have been particularly hit as well, as 21.9 % of males were unemployed in July 2009.

In this context, the Eurobarometer Special Survey 316 showed that 63 % of the Lithuanian citizens were concerned about losing their job, which is the highest percentage recorded across the EU (EU average: 32 %). However, active labour market policy measures, which concerned nearly 20 000 people in the first semester, helped reduce unemployment by 0.9 pps through increasing temporary employment, according to the Lithuanian Public Employment Service. This scheme included recruitment subsidies, grants to vocational training programmes, etc.

### Slovakia

Compared to other EU Member States, Slovakia has experienced a medium-sized increase in unemployment over the last year (between July 2008 and July 2009 the unemployment rate rose 2.8 pps to 12 %), but nevertheless higher than the EU average. Unemployment has been increasing for nine months and almost 335 000 people have lost their jobs, according to the Central Office of Labour, Social Affairs and Family. Total employment in the



reference period amounted to 2.2 million, according to Slovak National Statistics, while 60 000 people were on the dole. In comparison with the same period of last year, this equates to a 1.3 pps decline (down to 60.4 %) in the employment rate compared to the second quarter of 2008.

Focussing on the latest developments, according to the Slovak Public Employment Service, registered unemployment more-or-less stabilised in July 2009, compared to June. The number of job seekers amounted to nearly 320 000 in July, 6 800 more than in June and 126 000 more than a year earlier.

Recent changes in the unemployment rate were affected by positive and negative factors. The most important negative factors, which mainly stem from the global financial crisis, were: mass redundancies (a total of 3 358 jobs were still declared to be at risk in July 2009, 821 people being eventually affected by collective redundancies); an increased inflow of jobseekers from other EU countries; and an increased mismatch between job vacancies and the profiles of jobseekers. The main positive factors were: active labour market policy measures; job offers in EURES; the continuation of seasonal work; and the activation of counselling services and discussions on avoiding and reducing the effects of collective redundancies.

In this difficult context, and in light of the rising number of people losing their jobs, the Slovak ministry of labour is contemplating a simplification of the conditions for unemployment benefits as of January 2010. The benefits would be paid for nine months instead of the current six months. In addition, given that Slovakia has one of the EU's lowest incidences of part-time employment (only 2.5 % of employees are in part time work, according to Eurostat figures), there is still some room for manoeuvre in terms of working time adjustments, if this path is to be followed in order to reduce unemployment figures.



## 2. Selected sectoral trends: the hotels and restaurants sector

This section reports on recent developments in the hotels and restaurants sector, often referred to as the 'horeca' industry. This sector is highly labour intensive and has been hit hard by the economic crisis - employment figures are very volatile and have declined recently.

### *Importance of the sector*

The hotels and restaurants sector is a highly labour intensive service sector, currently employing around 8 million people across the EU and with a turnover of more than €440 billion (2006). Although the sector has experienced lower growth in terms of turnover in the recent past compared to other service sectors, it has seen employment grow by more than 40 % (i.e. by 3 million jobs) between 1999 and 2007, when it peaked at 9.2 million, according to LFS data, making it one of the most important job creators in the EU. Part-time employment in the sector amounts to 26 % of the total, well above the economy-wide average of 18 %. The importance of the sector for employment ranges from less than 4 % of non-financial employment in large parts of Eastern Europe to more than 11 % in the Alps, Scotland, Ireland and some Mediterranean tourist areas. Overall, it accounts for 4.1 % of total EU employment.

### *Recent difficulties*

Contrary to other sectors (such as the automobile and construction industries), hotels and restaurants have been unaffected by the financial crisis as such, since they rely very little on consumer credit. The impact of the crisis in this sector is a secondary consequence of the crisis in the real economy, as people have less disposable income and are uncertain about their economic perspectives. The sector was thus late in entering the recession, and will be late in coming out, too.

Within the sector, some parts are much more vulnerable to an economic downturn than others. Hotels in particular are susceptible to loss of business as consumers save on luxury items such as holidays, while businesses cut back on travel. Restaurants and bars in tourism destinations are likely to suffer likewise. Here, the crisis is hitting hard in the EU. According to Deloitte, revenue per available room was down 20 % in Europe in the year to June 2009, the highest decline in the world. Other data indicate that overnight stays by foreigners fell by 11-15 % in each of Spain, Italy and France, the EU's biggest holiday destinations. Figures from airports in tourist

destinations confirm drops in visitor numbers of 10 to 20 %.

Although no specific figures are available, for restaurants and bars, overall the situation is likely to be much better, as people substitute their holidays by going out more frequently at home. Catering is a fairly recession-insensitive business.

### *Employment*

Tourism-related hotels and restaurants rely on a large share of temporary labour, which in a crisis is simply not recruited. In addition, the sector is dominated by SMEs and by relatively small sites. A decrease in employment will thus usually not result in large restructuring events. Given the drop in visitor numbers mentioned above, employment during the key summer season will be lower in many tourist areas, especially those relying on demand from abroad.

Among the large restaurant chains, positive announcements have still dominated job losses so far. Interestingly, there is a tendency, similar to the retail trade, for job gains to be found at low-cost operators expanding market share as demand shifts from higher to lower end providers. Thus, while on the positive side there are the creation of 12 000 jobs by McDonalds in Europe, of 9 000 jobs by Kentucky Fried Chicken in the UK and of 7 000 jobs at Subway in the UK and Ireland, upmarket Starbucks has announced the loss of 6 700 jobs worldwide.

### *Threats and opportunities*

Earlier this year, the EU has given Member States the option to reduce VAT rates on restaurants. France, Luxembourg and the Netherlands, among others, now apply rates of 3-6 % instead of 21 % on hotels and restaurants. This could result in significant job creation in these sectors - for example, in France, the professional organisations have promised the creation of 40 000 jobs over the next two years.

Regarding specifically the more vulnerable tourism-related hotels and restaurants, cutting back on long-distance holidays in favour of cheaper local destinations may boost demand in many areas, and rising transport costs could make European destinations more attractive compared to Caribbean or Asian competitors. Furthermore, the fairly quick rebound of the economies in Asia should enable EU resorts to attract increasing numbers of Asian customers.



### 3. Social situation trends

Since the beginning of this year, some key socio-economic indicators have regularly been followed and analysed, with a special focus on potentially vulnerable target groups, such as young people, older people, women, foreign nationals, and low-income households. In parallel, a Eurobarometer<sup>6</sup> survey was carried out, whose freshly collated results give a new insight into people's perceptions and attitudes with regard to the social impact of the crisis. The survey also looked at citizens' views with regard to the next 12 months, and covered general expectations; amongst others the household's financial situation, perceptions about the risk of falling behind with various payments, and the likelihood of being able to keep one's job.

#### *Citizens' views on the social impact of the crisis*

More than half of EU citizens believe that at least one in five people live in poverty in their respective countries. The most pessimistic are found in Bulgaria, Hungary and Romania, where 62-63% estimate that about one-third live in a situation of poverty. At EU level, while keeping up with household bills and credit commitments is not seen as a problem for over two-fifths of citizens (45%), still one-fifth of EU citizens admitted that their household was in financial difficulty at the moment of the survey\*. Asked whether, in the 12 months prior to the survey, their households had had, at any time, no money to pay for ordinary bills, buy food or other daily consumer items, 18% of EU citizens stated that their household had gone through such an experience. In general, day-to-day expenditures (paying bills, buying food or other daily consumer items) were reasons for anxiety for roughly two in five EU citizens.

Over half of EU citizens expected their household's financial situation to remain stable for the 12 months following the survey (55%), a quarter expected it to deteriorate (26%), and a minority of 16% anticipated that their financial situation would improve over the same period. While roughly three-quarters of active respondents were confident that they would not lose their job in the 12 months following the survey, less than half (43%) of those in employment thought it would be very or fairly likely that they would find a new job within six months if they were laid off.

\* A household was defined as having financial difficulties based on responses to the following question: "I am/ we are keeping up but it is a constant struggle"; "... falling behind with some bills/credit commitments"; "having real financial problems and have fallen behind with many bills and credit commitments".

Chart 22: Unemployment rates by age for the EU

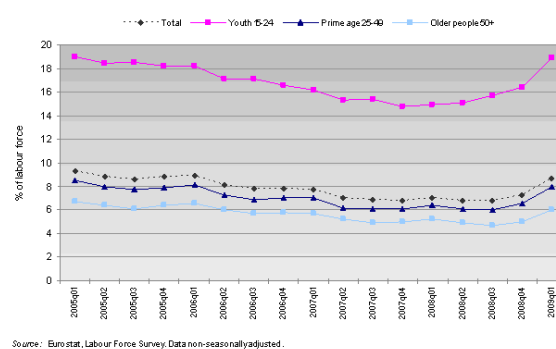
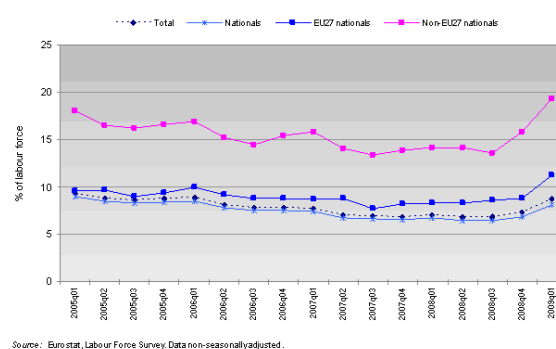


Chart 23: Unemployment rates by nationality for the EU



*Young people and migrants are hit most strongly by rising unemployment, but all population elements are eventually at risk*

All population segments show an increase in unemployment rates, but the crisis continues to hit young people particularly strongly (i.e. those aged under 25). The trend in youth unemployment is beginning to show signs of a sharp rise which calls for further efforts to curb it (Chart 22). While it had risen by 1.6 pps from the end of 2007 to the end of 2008, it has been increasing even more strongly this year (up 4 pps in the first quarter compared to a year earlier). However, the unemployment rate is also on the increase for prime age workers, up 1.6 pps compared to the first quarter of 2008. Due to the more pronounced recent rises in the unemployment rate for men than that for women, the gender gap narrowed quickly over 2008 and had vanished by mid-2009.

Since autumn the rise in the unemployment rate has been steepest for non-EU nationals. The gap between the unemployment rates for non-EU27 nationals and nationals, which had stayed fairly stable at around 7 pps over recent years, has now reached an alarming 11 pps, while it is only around 3 pps higher for other EU-nationals (Chart 23).



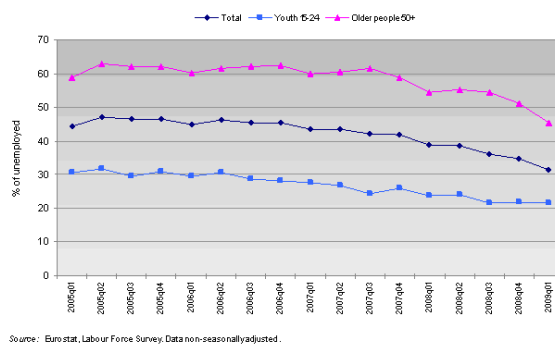
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*... with an increasing risk of long-term unemployment, especially among young people*

By the first quarter of this year, the long-term unemployment share (i.e. the percentage of unemployed people who have been unemployed for more than 12 months) had declined by 7.3 pps compared to the beginning of 2008. Nevertheless, since those who lost their jobs since the second half of 2008 will not easily get back into employment, long-term unemployment may be expected to rise. Indeed, hit by strong unemployment increases, long-term unemployment has increased in Spain since mid-2008.

While the long-term unemployment share among older workers has been decreasing overall (at 45 % in the first quarter of 2009, down 9.1 pps compared to the same quarter in 2008), this may well suggest that members of this particular group are not staying in unemployment, even if individual country results may reveal a different picture. This may reflect the fact that those older workers who have lost their jobs around the outbreak of the crisis may have chosen early retirement instead of the unattractive perspective of long-term unemployment. The previous downward trend observed in the long-term unemployment share since the end of 2008 amongst young people seems now to have reached a plateau (Chart 25).

**Chart 24: Long-term unemployment share for the EU**





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<sup>1</sup> For more information or data, please visit the websites:

- Eurostat: <http://ec.europa.eu/eurostat>
- OECD: [www.oecd.org](http://www.oecd.org)

<sup>2</sup> For more information on Manpower, please visit the website: [www.manpower.com/press/meos.cfm](http://www.manpower.com/press/meos.cfm)

<sup>3</sup> For more information on Eurociett, please visit the website: [www.eurociett.eu](http://www.eurociett.eu)

<sup>4</sup> European Restructuring Monitor [ERM] data is collected by Eurofound's European Monitoring Centre on Change.

The ERM covers:

- Announcements of redundancies rather than effective redundancies (the announcements can relate to programmes of redundancies to be materialised over a period of time, sometimes years);
- Announcements reported by the press rather than formal announcements made by companies;
- Only restructuring cases that: affect at least one EU country; entail an announced or actual reduction of at least 100 jobs; involve sites employing more than 250 people and affecting at least 10 % of workforce; create at least 100 jobs.

Data in this report are based on an extraction from the ERM database on September 2nd 2009. Totals exclude World / EU cases in order to avoid doublecounting. As the database is continually updated in light of new information on recent cases, data reported here may not correspond exactly to later extractions.

For more information, please visit the website: [www.eurofound.europa.eu/emcc/erm/index.htm](http://www.eurofound.europa.eu/emcc/erm/index.htm)

<sup>5</sup> For more information on the Commission September 2009 interim forecast, please visit the website: [http://ec.europa.eu/economy\\_finance/thematic\\_articles/article15857\\_en.htm](http://ec.europa.eu/economy_finance/thematic_articles/article15857_en.htm)

<sup>6</sup> Flash Eurobarometer survey - "FL276 - Measuring the social impact of the crisis".