Major Issues in EU Labour Statistics

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In the European Union the political context now favours the development of labour statistics. The present EU system of labour statistics is based upon the aggregation of harmonised statistics, derived from a range of national sources. This system has weaknesses, mainly concerning data comparability and timeliness. There is scope for improvement and for development, so that the system better suit users' needs; new Community surveys are envisaged and a change towards EU sampling and input harmonisation could be necessary.

1. The EU political context

1.1. The European Employment Strategy was launched in November 1997 at the Luxembourg European summit putting (un)employment on top of the political agenda. Every year since then, Employment Guidelines are adopted by the Council and translated in each Member State into National Action Plans. The implementation of these plans is monitored in a yearly joint Commission and Council report, which is essentially based on agreed performance indicators. The political importance of these indicators makes their comparability through time and space, their relevance and their annual updating more and more crucial. Furthermore, the recent emphasis on "more and better jobs" gives rise to new needs, in particular the need to define and measure skill gaps, life long learning and job quality.

1.2. During the 1990s the convergence criteria to be fulfilled by the Member States wanting to join the Economic and Monetary Union (EMU) boosted further harmonisation of economic accounts and consumer price indices. With the move from creating to managing the EMU, additional statistics are now needed, in particular short-term statistics on labour costs. In a zone as large as the EMU, labour cost trends are often seen as the main potential source of inflation), as well as indicators reflecting or predicting labour market tightness (trends in (un)employment - job vacancies.
Providing the European Central Bank with EU statistics as complete, quick and accepted as the USA statistics used by the Federal Reserve is a real challenge.

1.3. For the first time, in 2001, and then every year in spring, a special European Council will review the social and economic situation in the light of a set of 35 so-called structural indicators, of which ten directly derive from labour statistics: employment growth, employment rates (total, female, older people), unemployment rate (total, long term duration), jobless households, early school leavers, adult participation in education or training, tax rate on low wage earners.

1.4. The enlargement of EU from 15 to more than 25 Member States is a tremendous incentive for the development of EU labour statistics. There must be a clear vision of the statistics that the candidate countries will have to provide in order to cope in time with the "acquis communautaire".

For the EU as a whole, there is the major task of preparing for the enlargement and the transitional arrangements. This includes anticipating the impact of enlargement on the labour market, in terms of employment trends and the movement and integration of workers.

2. The present system of EU labour statistics comprises mainly

- a continuous labour force survey (LFS)

- estimates of monthly unemployment rates and quarterly employment series (largely based on the LFS)

- a labour cost survey (LCS) aimed at providing every 4 years comparable hourly labour costs as well as a detailed breakdown of total labour costs

- a quarterly labour cost index measuring short term trends in labour costs

- a structure of earnings survey (SES) providing information on the relationship between earnings and characteristics of both the employee (e.g. age, sex, education, occupation, working time) and the employer (e.g. location, economic activity, number of employees)

- statistical sources which provide useful information on labour. For example annual and quarterly economic accounts, annual social protection statistics, the household panel, four yearly continuing vocational training survey, annual and quarterly business statistics.

3. Improving the existing statistics

3.1. In accordance with a Council regulation adopted in 1998, a continuous LFS (meaning that the reference weeks are spread uniformly throughout the year) now provides quarterly results in most EU Member states and candidate countries. There will be a continuous LFS in all EU Member states in 2003 with the exception of Germany, where the transition to a continuous LFS will not take place until 2005.
Each year there is the possibility of collecting information on a one-off basis in the form of an ad hoc module. The current programme of modules for the next few years includes: working time and working arrangements in 2001, disabled people's employment in 2002, life long learning in 2003, and the transition from school to working life in 2004.
Future discussions will focus on how to get more information from the LFS without increasing the response burden. The survey has the potential to provide a wide range of statistics on labour reserve, education and training, new forms of work, job quality, perhaps income from employment, and this may require some reorganisation of the data collection. For example, it may be possible to collect structural data only in a particular quarter or on a rotational basis.

3.2. The comparability of unemployment estimates has always been questioned. A more precise EU definition of unemployment (consistent with ILO recommendations) was adopted in 2000 and will be implemented in all Member States in 2003 at the latest.

3.3. The European system of economic accounts (the so-called ESA 95 Regulation) is seen as providing the most reliable time series on employment (place of work/domestic concept), not only to be used as a denominator for economic aggregates like GDP or compensation of employees, but also to measure employment growth.
The ability to reconcile ESA 95 and LFS results is a major concern, as well as the timeliness of the

ESA data (quarterly averages should be available within 70 days of the end of the reference quarter) and the estimation of the number of hours worked (to allow better estimation of labour productivity and labour cost).
The feasibility and usefulness of labour accounts and/or social accounting matrices are now under examination by a group of Member States, which is due to issue a final report in 2002.

3.4. For both structural surveys on earnings and labour costs (LCS and SES) the main problems are timeliness (data are not always available within 18 months after the reference period), frequency (four year intervals are not convenient for the annual reports of the Commission), coverage of services (coverage of education, health and public administration will only be compulsory from 2004).
A better trade-off between frequency and level of details has to be envisaged.

3.5. Short-term statistics on earnings and labour costs are generally considered as the weakest part of the EU system of labour statistics.
The general EU business surveys are aimed at measuring output; they do not provide quality data on labour cost or on labour input.
The long time series available in the Member States are not comparable; in particular they do not refer to the same staff categories, the same labour cost components or the same concept of labour input. Not only the levels but also their trends raise comparability problems.
Series based on collective wage agreements are often envisaged as they could provide predictive trends, but collective wage agreements do not exist in all countries or in all economic activities; they do not cover all staff categories; they are limited to some of the less volatile labour cost components; they fix a threshold which can be overlooked.
A quarterly labour cost index (LCI) has been produced for two years. Its comparability, coverage and timeliness should improve when an EU regulation will be adopted (in principle before end 2001). This new LCI would be available within 70 days of the end of the reference quarter and would cover (in principle) all the labour cost components (including irregular bonuses) and all economic activities except agriculture and fishing.

3.6. The household panel providing longitudinal data on the period 1994-2001 will be replaced in 2003 by an annual survey on income and living conditions (SILC) with less emphasis on the longitudinal aspect and more emphasis on timeliness.

3.7. A labour market policy module completing the social protection statistics has just been implemented. It will measure the annual cost of active and passive employment policies in the EU Member states.

4. Developing new statistics

Improving the existing statistics will not be sufficient to meet the users' priority requirements.

4.1. In addition to the LFS information on labour supply, statistics on the demand side of the labour market will have to come from a job vacancy survey. Such a job vacancy survey should be conducted from 2003 onwards and could meet the need both to monitor/predict short-term employment trends/shortages and to identify skill gaps.
An EU regulation is being prepared. Pilot surveys are being conducted in several EU Member States.
The envisaged survey (amongst enterprises) would provide quarterly data on job vacancies and unmet demand (unoccupied job vacancies) by economic activities (every quarter) and by occupations (once a year). Job vacancies for part-time or unskilled workers and hard-to-fill job

vacancies should be identified.

4.2. In order to provide more complete and relevant information on life long learning than that available from the LFS (and its ad hoc modules) and from the future SILC, the implementation of an adult education survey (AES) is envisaged.

4.3. In the field of labour market statistics, a review of the existing system of structural and short-term statistics is expected to lead to a more efficient and streamlined data collection process. For structural data, some integration of the four-yearly earnings and labour cost surveys may be possible. For short-term data, the labour price index may emerge as a key short-term statistic, providing important detail by occupation and economic activity. As with all new statistics, the challenge will be to minimise the overall cost and the burden on business.

4.4 There will also need to be a revision of the ISCO occupational classification, to take into account the changes in the skills and economic activities that have taken place over time.

5. Reconsidering ways to produce quality European statistics

5.1. Labour force surveys: promoting input harmonisation?
- how can we make better use of the additional information collected by some Member States as part of their national LFS?
- the questionnaires are very different between countries (not only the language): wouldn't more similar questionnaires improve comparability, transparency, and co-operation between countries?

5.2. The possibility of multinational samples for business surveys is now being actively considered. Here, the advantages of smaller samples, common methodologies and the reduction in the burden on individual Member States are clear.

5.3. Coherence versus transparency and timeliness?
- what are the comparative advantages of coherence (through labour accounts for instance) against transparency and timeliness (through specific surveys)?

REFERENCE

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RESUME

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