

## CEPS TASK FORCE ON

# LABOUR MOBILITY IN THE EU

### The Issue

Not at any time in the history of the European Community have labour markets diverged to the extent they do today. Labour shortages are reported in Germany – the Union’s largest labour market – and Austria, where firms struggle to live up to their full potential. At the same time unemployment is an enormous social problem in some southern European countries – with millions of unemployed individuals at all levels of skills and qualifications. The situation is exacerbated by the fact, that the short to medium term economic prospects are more favourable in the north than in the south of Europe.

### Why the focus on labour mobility? A win-win-win situation

Labour mobility from countries with high unemployment and no or limited immediate prospects of improvement to countries where labour is in short supply is a win-win-win situation. At the individual level, labour mobility that changes one’s status from unemployed to having a job brings satisfaction and fulfilment, and improves long-term earnings potential – in short, an improvement in individual welfare.

Labour shortages lead to lost opportunities for firms and diminished economic growth potential for affected firms. A mobile labour force within and across countries is therefore key to a more dynamic economy and better long-term growth prospects.

At the EU level, labour mobility leads to higher long-term growth, more resilience to shocks, better integration and cohesion among member countries.

### Why the Task Force?

Despite the large differences in economic fortunes particularly between northern and southern member states, very limited labour mobility has been observed. While it is on the increase, the numbers are still small compared to the potential.

The Task Force will explore barriers to mobility focusing on the perspective of businesses.

The unusually skewed macroeconomic situation among member states implies that the expected gains from policy innovations that promote labour mobility within the EU and that make the intra-EU labour market function well are larger than under normal economic conditions. This applies not only at the societal level, but also for the individual EU citizen and in the business sector. The Task Force aims to help businesses, individuals and economies to reap those gains.