

Policy Conclusions Abstract

Recent EU-level policy objectives appear to be shifting emphasis from lowering unemployment to 'creating more jobs.' This paper's empirical evidence strongly indicates that structural institutional features of labor markets explain well historical employment-growth experiences. In particular, a policy package of low dismissal costs and low taxation is historically associated with faster employment growth across countries, and accounts in particular for the performance gap between the more successful non-European countries and the continental European countries. And, within Europe, the recent acceleration of employment growth appears to reflect reform processes of the relevant institutions as well as cyclical phenomena. By contrast, some popular policies appear less effective in achieving employment growth: in particular, the 'atypical' (part-time, temporary, ...) employment contracts to which some European 'employment miracles' are often ascribed are not significantly associated with faster overall employment growth in the paper's large data set.