

INVITATION TO PRESS CONFERENCE AT UNIVERSITY OF AMSTERDAM

Press release

AIAS-University of Amsterdam
April 8, 2008

EMBARGO TILL FRIDAY 18TH OF APRIL 13:00 HOURS

Soon one in four of those working will be low paid

Germany set to match the high US figure

Soon one in four of those working in the most developed economies of the western hemisphere may be low paid and find themselves at increased risk of poverty. EU-countries, especially Germany and the UK – the Netherlands in their wake –, seem to follow in the footsteps of the US. Here the proportion working at low wages already for quite some time is stable at around 25 percent of the working population. These low-wage jobs appear to be virtually identical across countries. They all show higher risks for part-timers, women, immigrants, youths and are concentrated in hotels, catering and retail industries. Moreover, with some exceptions, these jobs are found to be persistently of poor quality in all the 6 countries studied.

Extensive new research on low-wage jobs was conducted in 5 EU countries and the US over the recent period. Based on 200 case studies in firms and hospitals and economic analysis of the labour market, it shows stable rates of low pay among employees in Denmark and France at around 10 percent, a recently stabilised 25 percent in the UK and rapidly growing rates in both Germany and the Netherlands, surpassing 20 percent already. The EU's leading economy Germany is even at risk of exceeding the notoriously high rate of the US, especially taking into account the (growing) number of German self-employed with low earnings.

Researchers found that the low-wage workers in the EU are significantly better off than in the US, however, thanks to their social embedding through social insurance, including health care.

The research was conducted for four years by national teams from the EU-countries studied at the request of and with the generous financial support of the US-based Russell Sage Foundation as part of its *Future of Work* Research Program. The Foundation published their findings in a series of 5 books, one for each country. They will be officially presented at a press conference and discussed during an expert workshop on April 18 at the ARTIS Zalencentrum in Amsterdam. Nobel Laureate Robert M. Solow (Economics 1987) will highlight the importance of the studies.

The workshop will be followed by a conference where the world's leading labour market economists and policy makers will debate the explanation of the unemployment differences between Europe and the US.

Annex 1: Programme

Low-wage work in Europe – Changing the debate ?

ARTIS Zalencentrum, Plantage Middenlaan 41-43a, Amsterdam. April 18, 2008

Workshop

9:00–9:15	Karel van der Toorn and Jelle Visser <i>Two Words of Welcome</i>
9:15–10:00	Robert Solow <i>Why Studying Low-wage Employment ?</i>
10:00–11:00	<i>Comparative Results for Low-wage Employment in Denmark, France, Germany, the Netherlands, the United Kingdom and the United States</i> Geoff Mason and Wiemer Salverda <i>The Significance of Low Pay</i> Gerhard Bosch and Ken Mayhew <i>Industrial Relations, Legal Regulations, Wage Setting and Low Pay</i> Jérôme Gautié and Niels Westergård-Nielsen <i>The Impact of Institutions on Low-wage Labour Supply</i>

Press Meeting

11:15–11:25	<i>Chair:</i> Stephen Machin (British Low Pay Commission) <i>The Plight of the Low Paid</i>
11:25–11:35	Eric Wanner (President Russell Sage Foundation) <i>Why This Project ?</i>
11:35–11:45	John Schmitt (CEPR, Washington) <i>The European results from an American Perspective</i>
11:45–12:00	Official presentation by Eric Wanner of four national studies to John Martin: <i>Low-wage Work in Denmark</i> <i>Low-wage Work in France</i> <i>Low-wage Work in Germany</i> <i>Low-wage Work in the United Kingdom</i> <i>Speech by John Martin</i> (Director-General Employment and Social Affairs, OECD)
12:00–12:15	Wiemer Salverda (Director AIAS) Introduction to <i>Low-wage Work in the Netherlands</i>
12:15–12:30	Presentation by Eric Wanner of <i>Low-wage Work in the Netherlands</i> to Loes van Embden Andres (VNO-NCW) and Wilna Wind (FNV), <i>Short speeches</i>
12:30–13:00	PRESS: Questions and Answers
13.00–14.00	lunch

Members of the press are cordially invited to participate in the event before the concluding press conference.

Annex 2: Who is who ?

Professor Robert Solow, *Institute Professor Emeritus at the Massachusetts Institute of Technology MIT and Robert K. Merton Scholar at the Russell Sage Foundation, Nobel Prize in Economics 1987*, Boston.

Professor Gerhard Bosch, *Director Institut für Arbeit und Qualifikation at the Universität Duisburg*.

Ms Loes van Embden Andres M.A., *Director International Social Affairs of the Confederation of Netherlands Industries and Employers VNO-NCW*, The Hague

Professor Ken Mayhew, *Pembroke College Oxford University and Director of the ESRC Centre on Skills, Knowledge and Organisational Performance SKOPE*, Oxford/Cardiff.

Professor Jérôme Gautié, *Université de Paris-1 Panthéon-Sorbonne*, Paris.

Professor Stephen Machin, *Member of the British Low Pay Commission, Professor of Economics at UCL and Research Director of the Centre for Economic Performance at the LSE*

Dr John Martin, *Director-General Employment and Social Affairs, OECD*, Paris.

Mr Geoff Mason, *Senior Research Fellow at the National Institute for Economic and Social Research NIESR*, London.

Professor Niels Westergård-Nielsen, *Professor of Economics at the School of Business, University of Århus*.

Dr Wiemer Salverda, *Coordinator of the European Low-wage Employment Research network LOWER and Director of the Amsterdam Institute for Advanced Labour Studies AIAS of the University of Amsterdam*.

Dr John Schmitt, *Senior economist with the Center for Economic and Policy Research CEPR*, Washington DC.

Dr Karel van der Toorn, *President of the Board of the University of Amsterdam*.

Professor Jelle Visser, *Scientific Director of the Amsterdam Institute for Advanced Labour Studies AIAS of the University of Amsterdam*.

Dr Eric Wanner, *President of the Russell Sage Foundation*, New York.

Ms Wilna Wind, *Coordinator for Collective Bargaining of the Board of the Dutch Trade Union Federation FNV*, Amsterdam.

Annex 3: Information and Organisation

Enquiries and requests for interviews:

Wiemer Salverda at AIAS w.salverda@uva.nl, +31 20 525 4199.

Interview requests on the American side to be addressed to Angela Gloria, Angela@rsage.org

Amsterdam Institute for Advanced Labour Studies **AIAS** of the University of Amsterdam in cooperation with the Russell Sage Foundation, New York

Please let Anüska Griffith or Wiemer Salverda know (+31205254199 or aias@uva.nl) if you will attend.

More information about

- the five books: see www.russellsage.org/publications. Review copies can be requested from
Angela Gloria
Assistant Marketing Manager
Russell Sage Foundation
112 East 64th Street
New York, NY 10065
212-750-6021 phone
212-371-4761 fax
Angela@rsage.org

- the meeting: Wiemer Salverda at AIAS (w.salverda@uva.nl). Any interview requests on the American side can be addressed to Angela Gloria, just mentioned.

- the research: the leaders of the national research teams:
 - DE: Gerhard Bosch, *Institut for Arbeit und Qualifikation*, Universität Duisburg
 - FR: Jérôme Gautié, *Université de Paris-1 Panthéon-Sorbonne*
 - NL: Maarten van Klaveren, *STZ/AIAS*
 - UK: Geoff Mason, *NIESR, London*.
 - UK: Ken Mayhew, *SKOPE, Oxford*.
 - DK: Niels Westergård-Nielsen, *Århus School of Business*.
 - NL: Wiemer Salverda, *AIAS*.

Annex 4: Some Detailed Results

- Persistently low rates of low pay among employees levels for Denmark and France;
- A growth for many years that has stabilised at a high level in recent years for the UK;
- Rapidly growing rates for Germany and the Netherlands, with very low and declining wages at the bottom;
- A high but surprisingly stable rate for the U.S.;
- A virtually identical nature of the low-wage jobs internationally, showing clearly higher risks for part-time jobs, female employees, immigrants, youths, and the hotels and catering and retail industries;
- An intrinsic quality of the low-paid jobs that differs little internationally, though there are encouraging exceptions showing payment of decent wages and good working conditions for simple jobs;
- A social embedding of low-paid workers through social insurance, including health care and paid vacations, that is significantly better in Europe including the UK, compared to the U.S.;
- A higher probability that people stay only temporarily in low-paid jobs and move on more quickly to better pay in countries if the rate of low-wage jobs is lower.

Annex 5: The Research

Research teams

The research was conducted for four years by five high-quality national teams:

- National Institute for Economic and Social research **NIESR**, London, and ESRC Centre on Skills, Knowledge and Organisational Perform **SKOPE**, Oxford/Cardiff, UK;
- **Århus** School of Business, Denmark;
- Institut for Arbeit und Qualifikation **IAQ**, Universität Duisburg, Germany;
- Université de Paris-I Sorbonne-Panthéon and Paris-X / Ecole Normale Supérieure, France;
- Amsterdam Institute for Advanced Labour Studies **AIAS** at the University of Amsterdam, and **STZ** Consultancy, Eindhoven, Netherlands.

The teams have investigated the national differences, linking and comparing national developments and individual industries. The research is based on in-depth case studies of low-wage jobs in low-paying establishments using extensive interviews and industry analysis, and aggregate economic analysis of the national labour market.

Research initiative and finance

Interestingly, this research was done at the request of and with the generous financial support of the U.S.-based Russell Sage Foundation as part of its *Future of Work* Research Program (see Recent Awards).

Behind this has been and is the strong and untiring stimulus of Robert M. Solow, 1987 Nobel Laureate for Economics and the Robert K. Merton Scholar of the foundation. His keynote lecture on **Why Studying Low-wage Employment ?** will open the workshop.

Russell Sage has just published the five books containing the results (one for each country).

At the Press meeting, the books will be officially presented by Dr Eric Wanner, the Foundation's President, to John Martin, Director for Employment, Labour and Social Affairs at the OECD. The OECD's Directorate has been an important pacesetter for the study of low pay.

The Report on the Netherlands will be presented to Ms Wilna Wind and Ms Loes van Embden Andres, representatives of the Dutch trade union confederation FNV and the employer association VNO-NCW respectively.

Related conference on low-wage employment

It may interest you to also attend the conference immediately following,

Institutions, Markets and European Unemployment Revisited: What Have We Learned?

Organised by the European Low-wage Employment Research network LoWER, at the same location and starting immediately after lunch on 18 April.

At this meeting leading scholars in the field will extensively discuss the received wisdom that changing institutions such as employment protection legislation or the minimum wage shall be at the heart of any employment policy in Europe.

Opening by Robert Solow (MIT).

Debate: the world's leading labour economist, Richard Freeman of Harvard and LSE, and John Martin, architect of the *OECD Jobs Study*.

Further contributions: Alan Krueger (Princeton), Dennis Snower and other (Kiel), Wendy Carlin (UCL), Andrea Bassanini (OECD), David Howell (New School), Ronald Schettkat (Wuppertal), Bruno Amable (Paris).

For more information see www.uva-aias.net/article.asp?article_id=634