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EDITORIAL *by Martin Larch*

In the second half of 2009, when economic indicators signalled the end of an exceptionally deep and sharp economic contraction the news was welcomed with a strong sense of relief. Nevertheless, the view prevailed that the crisis would leave its imprint on both the intellectual and actual foundations of our economies in the years to come. Three of the four leading articles of the present issue of the BEPA Monthly deal with this kind of “after-pains”.

A particularly evident manifestation of the crisis was the sudden and quite dramatic reassessment of sovereign risks by financial markets as evidenced by a sharp increase in bond spreads and credit default swaps (CDS) premia in the second half of 2008. In recent months, following a return to more normal conditions, new pressure has been building up in EU countries where the recession exposed and amplified existing imbalances. Based on a brief review of events Tassos Belessiotis, Vítor Gaspar and Marion Labouré underscore how, compared to the early years of the euro, market discipline is turning into an effective instrument enforcing overdue fiscal adjustments.

Against the backdrop of the strained situation of Greek public finances, Vítor Gaspar and Tassos Belessiotis take a look at sovereign risk management in the euro area. They briefly recap the economic rational of the EU fiscal surveillance framework and its key procedural elements to make a more specific point about crisis provisions. In particular, they point out that taking the effectiveness of rules and procedures for granted, neither the Treaty nor the SGP include provisions on crisis management. Such omissions, they argue, undermine the interests of creditors and debtors alike and weigh on the resolution and adjustment capacity of the euro area.

Brigitte Young and Helene Schuberth throw the spotlight on the gender issues associated with the financial and economic crisis. They present a line of thought that lately has received increasing attention, notably that the excessive degree of risk taking observed ahead of the great recession may inter alia have resulted from a male gender bias in the financial industry and in financial supervision. The emblematic proposition of the authors is that a lot of damage could have been averted if “Lehman brothers” would have been “Lehman sisters” or “Lehman brothers and sisters”.

The fourth leading article authored by Iván Martín discusses ways to cope with the building up of demographic and labour market imbalances on both sides of the Mediterranean basin and the associated employment challenges, notably fast growing populations and a huge supply of labour on the southern rim as opposed to prospectively declining populations and a shortage of labour in Europe. Iván Martín concludes that migration to Europe can only be part of the solution and that policy efforts aimed at improving economic and labour market conditions in the Arab Mediterranean countries must take priority.

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1 Sovereign CDS and Bond Spreads in the Euro Area since the Outbreak of the Global Financial Crisis

By Vítor Gaspar, Tassos Belessiotis and Marion Labouré

Since the autumn of 2009 there has been a marked widening of sovereign credit default swaps (CDS) affecting some southern countries participating in the euro area. The present note takes a brief two-year perspective, January 2008 to February 2010, on the behaviour of sovereign CDS and sovereign bond spreads. Graphs 1 and 2 present data on 10-year bond spreads against bund, and Graphs 3 and 4 present data on 10-year CDS spreads. Graphs 1 and 3 date back to the early years of the euro until the end of October 2008 when the global crisis intensified, and Graphs 2 and 4 focus on latest developments since the end of October 2008.

The data is characterized by high volatility during this latter period marked by two episodes. A first, of widening spreads, occurred in the aftermath of the Lehman Brothers bankruptcy, September 2008. Pressure persisted and a second, lower, peak was observed in the spring 2009. Upon return to more normal conditions subsequently, a renewed episode of widening spreads begun in the autumn 2009 and continues to date. During this latter period, Greece has stood apart characterized by idiosyncratic risk related principally but not exclusively to the state of her public finances. Recent developments stand in marked contrast to earlier years. The period 1999-2001, just before Greece joined the euro area, was characterized by a strong and fast narrowing of bond yield spreads. Spreads were stable and narrow for the whole period, up to the outbreak of the global crisis in August 2007.

I. What is a CDS?

A CDS, a common type of a credit derivative, is a contract where one side of the transaction buys protection against default of its counterparty. The buyer of the CDS makes regular payments (in the form of a premium) to a third party and receives in exchange a pre-determined amount upon expiry of the CDS contract or in the event of default. The “spread” of a CDS is the annual amount the protection buyer must pay the seller over the length of the contract. For example, if a sovereign CDS spread is 500 basis points, or 5.0% (1 basis point = 0.01%), then an investor buying $10 million worth of protection from seller must pay $500,000 per year.

Two sets of factors can explain movements in the CDS and bond spreads: first, changes in general risk aversion that affect preference for comparable assets of all countries, and, second, characteristics specific to each country which reflect credit, default and liquidity risk.

II. Two years of volatility and widening spreads

In the presence of generalized risk aversion, yields and CDS spreads for all countries should in principle move in the same direction as risk. Attinasi et al. (2009)[1] find that the risk was transferred from the banking to the government sector causing sovereign spreads to widen against a narrowing of spreads and improving risk in the private banking sector. However, in the presence of idiosyncratic characteristics yield differentials and CDS spreads for those with the weakest fundamentals will diverge notably from those which do not share these vulnerabilities. These trends have affected Greece since the autumn 2009 and, more recently, other euro area members namely Portugal and Spain. Attinasi et al. (2009) attribute 56% of the widening of spreads against bunds to international risk aversion, 21% to expected government deficit and debt, 14% to liquidity conditions and 9% to the announcement of rescue packages.[2] The data in the attached tables confirm the poor state of the public finances in the EU and in the euro area which, together with structural features of several of those euro area economies, is contributing to the current tensions in bond markets.

The graphs confirm that the sharp widening of spreads – affecting Greece – is a recent phenomenon which begun in September 2008. The onset of the financial crisis in August 2007 caused sovereign spreads and CDS to rise compared to the narrow yields observed during the early years of EMU, but the widening had been modest judged against subsequent developments. Recall, finally, that while the early years of EMU saw a marked compression of spreads to the point that doubts were raised about the ability of financial markets to exert fiscal discipline, in recent months financial market pressures have been intense in the typical case of Greece.

III. The early 2009 peak

The pivotal event in September 2008 was the bankruptcy of Lehman Brothers. Capital markets experienced subsequently a period of extreme volatility, during which the Dow-Jones index saw its largest one-day point loss, its largest intra-day fluctuation range (more than 1,000 points) and its largest daily point gain. Amidst rapidly deteriorating financial conditions the US, several EU governments and other governments internationally announced rescue packages unprecedentedly large for peacetimes. The conviction that governments would support adjustment and restore stability using all available financial means led slowly to declining bond and CDS spreads which had peaked in March 2009. Another factor contributing decisively to easing of tensions has been the expansionary monetary policy and the non-conventional measures adopted by central banks internationally.

The peak of early 2009 reflects the importance of liquidity effects, the investors' willingness to pay a premium for assets that can be liquidated easily and at low cost. The ECB suggests that liquidity effects dominated in the elevated sovereign bond spreads observed during this episode, essentially implying that the importance of sovereign credit quality may have been a lesser factor in the sharp increase in and the high values of yields[3] and of CDS. As uncertainty about short-term developments in bond yields subsided, bond market conditions returned to a more normal state after March 2009, yet volatility remained high compared to the pre-August 2007 readings.

IV. Autumn 2009 and after

After a significant decline in the weeks following the March peaks, bond and CDS spreads widened moderately in June 2009 as emphasis shifted towards the sustainability of the recovery. Spreads continued to decline into the autumn but some differentiation was already becoming evident with Greece and Ireland seeing significantly higher values than Italy, Portugal and Spain. And since the end of November a marked differentiation has emerged with Greece and Ireland forming one group and Italy, Portugal and Spain another. Progressively since the end of November, Greece's sovereign bond spreads and CDS have widened significantly to levels unprecedented since the country became a member of the single currency.

Such levels of CDS and bond spreads signal a crisis situation. The principal determinants of these developments have been uncertainty about the viability of public finances and low potential growth prospects. Greece foremost, but also Ireland, has experienced a dramatic deterioration of their fiscal positions with Greece's debt ratio exceeding 110% of GDP. In recent weeks there has been a widening of spreads in the case of Portugal and Spain but those of Ireland have receded somewhat. No discerning path is so far visible in Italy's case.

Recent trends in bond spreads and CDS premia constitute a break from a history of narrow spreads characterizing the early years of euro area when market discipline appeared to be weak. Now, market discipline has become severe and has contributed to the sense of crisis. Box 1 provides some insights about the complex nexus of default risk and yield spreads. Assuming a recovery rate of 60% (loss rate of 40%) in the case of default it is possible to recover the break even probability of default for various levels of CDS spreads. For example the table in Box 1 shows that for a 500 basis points spread the break-even probability of default is 12.5%, corresponding to an expected time to default of eight years. For the same assumptions the probability of default in less than 10 years exceeds 70%. For a spread of 200 basis points, the expected time to default increases to 20 years and the probability of default within 10 years falls to less than 40%. In both cases, however, these probabilities are far from negligible.

ENDNOTES

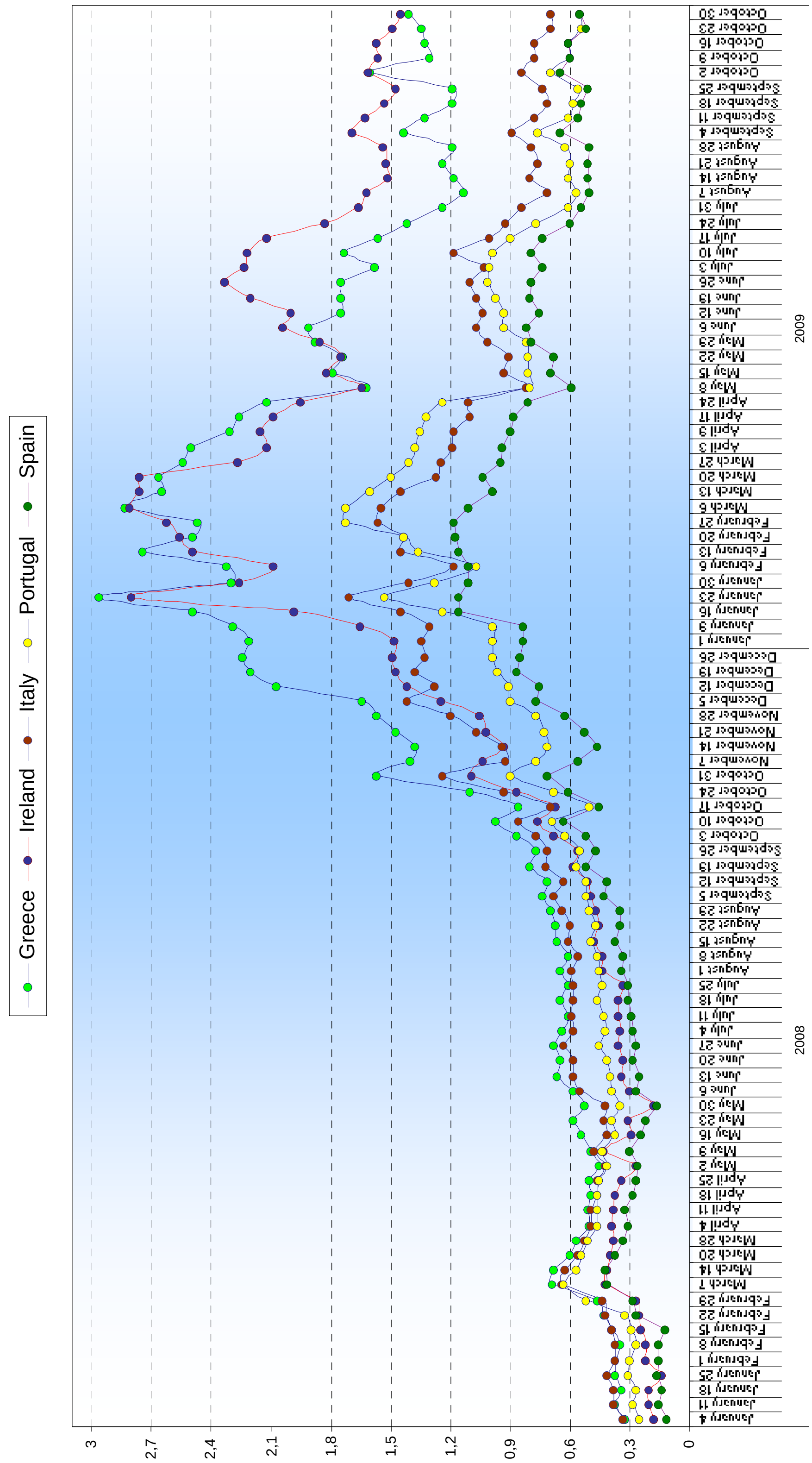
1 See M. G. Attinasi, C. Checherita and C. Nickel (2009), "What Explains the Surge in Eurozone Sovereign Spreads during the Financial Crisis of 2007-09?", ECB Working Paper, No. 1131/2009; available at http://www.ecb.int/pub/pdf/scpwps/ecbwp1131.pdf .

2 See M. G. Attinasi et al, op. cit. footnote 1.

3 See "New Evidence on Credit and Liquidity Premia in Selected Euro Area Sovereign Yields", ECB Bulletin, September 2009; available at http://www.ecb.int/pub/pdf/mobu/mb200909en.pdf. While the analysis is limited to German and French data, the ECB stresses "it is plausible that liquidity effects have significantly affected government bond yields in other euro area countries as well" (p. 38).

Graph 1: Spreads against 10-year bund

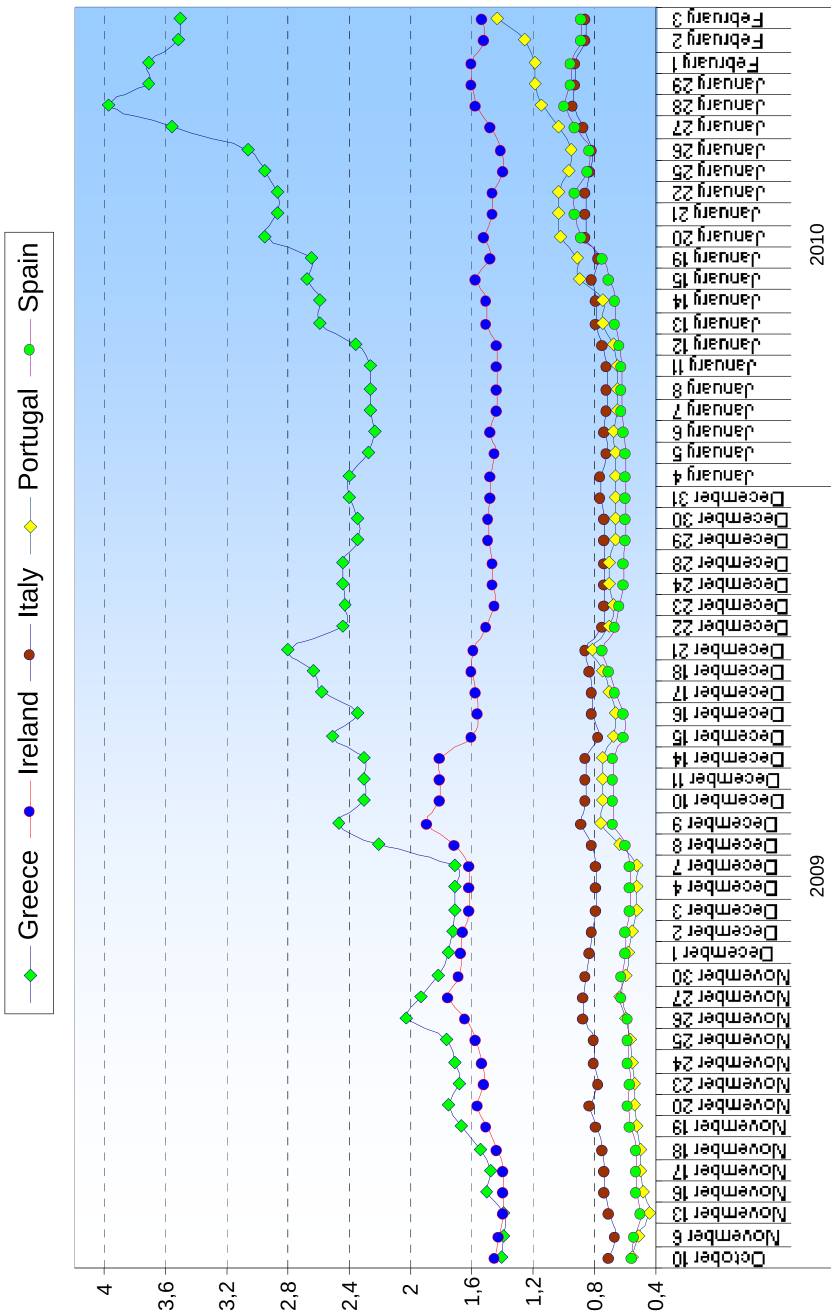
(in percentage points; weekly data on Friday; January 4, 2008 to October 30, 2009)



Source: Financial Times, available at http://markets.ft.com/ft/markets/researchArchive.asp?report=SPR&cat=BR

Graph 2: Spreads against 10-year bund

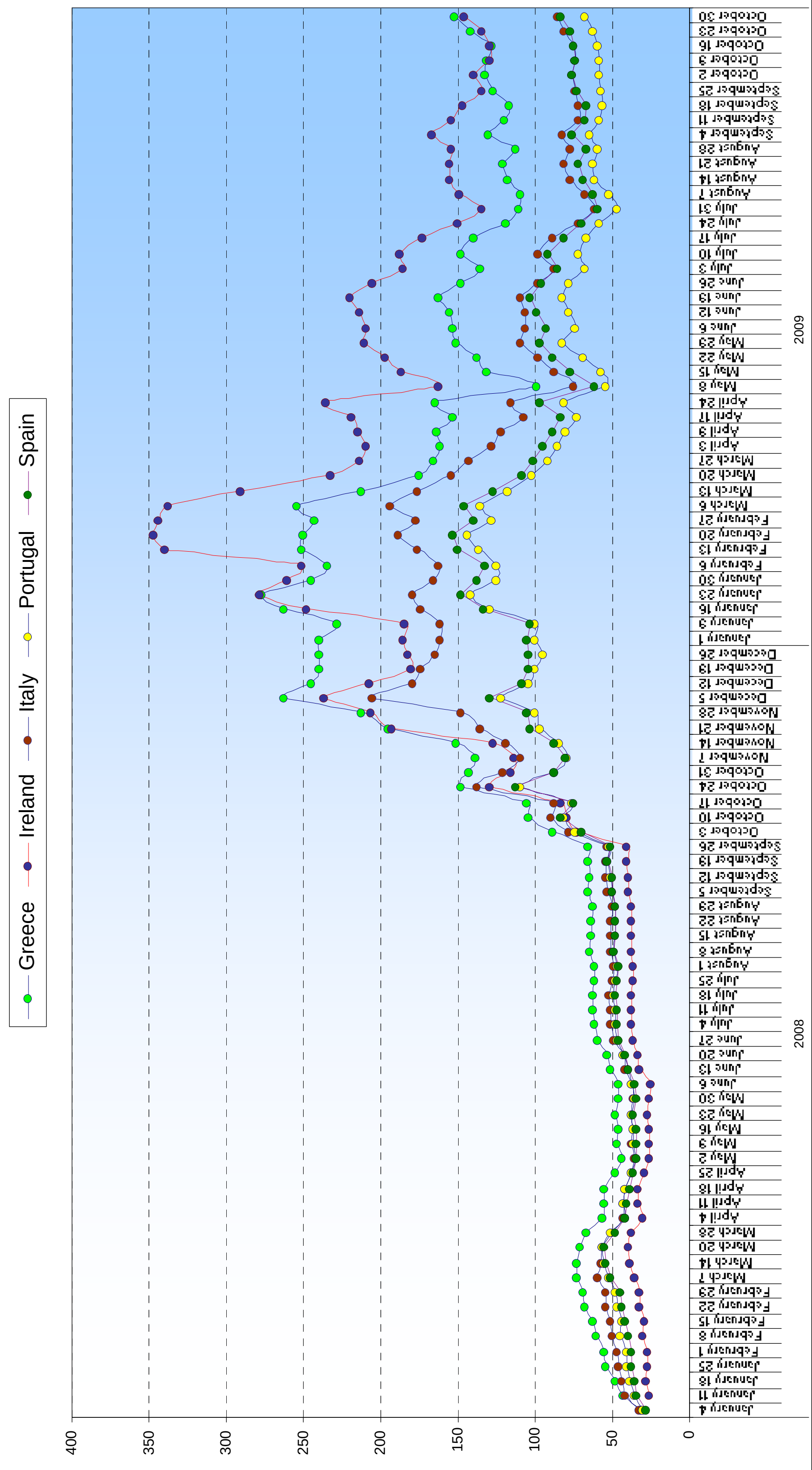
(in percentage points; weekly data on Friday; daily data from November 16 onwards)



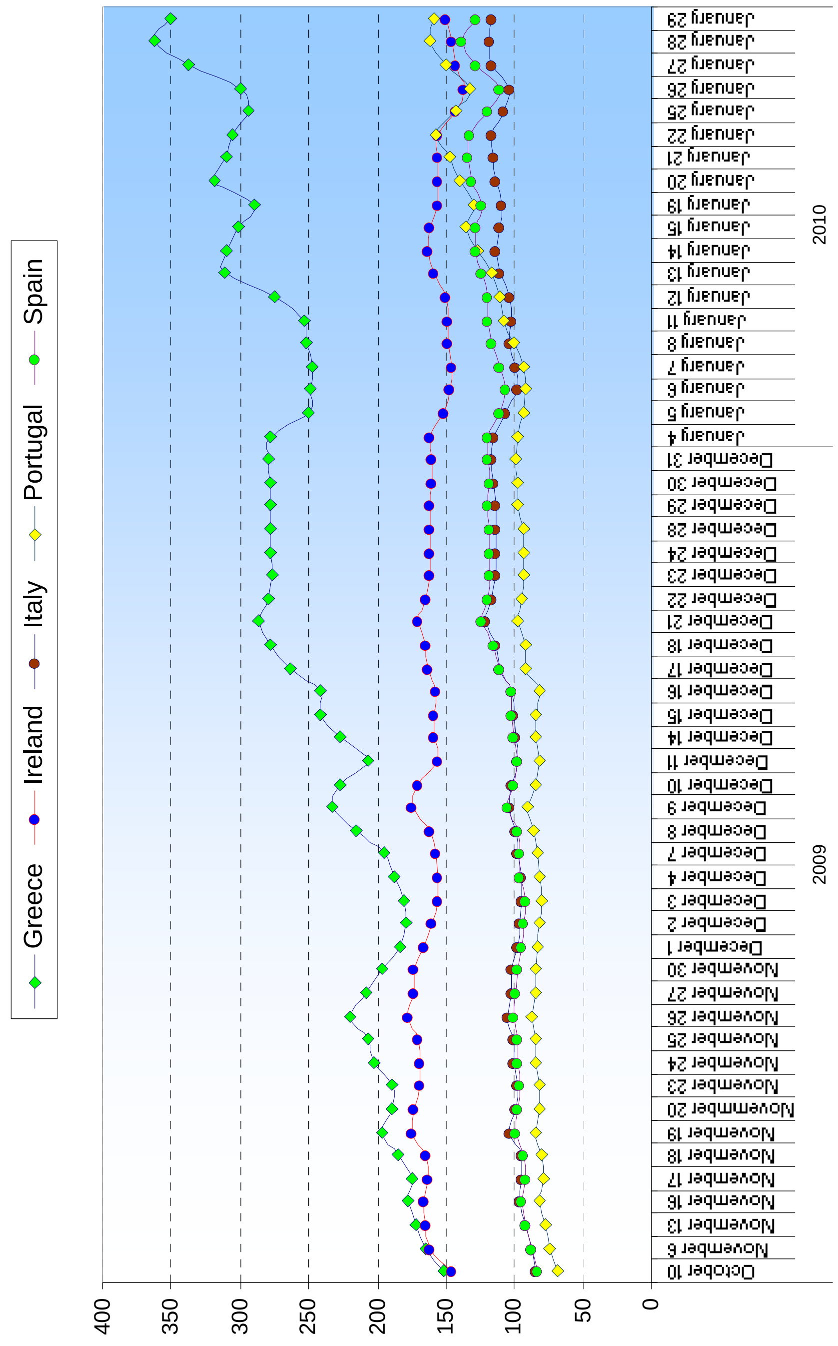
Source: Financial Times, available at http://markets.ft.com/ft/markets/researchArchive.asp?report=SPR&cat=BR

Graph 3: 10-year CDS spreads

(in basis points; weekly data on Friday; January 4, 2008 to October 30, 2009)



Source: Bloomberg.



Graph 4: 10-year CDS spreads
(in basis points; weekly data on Friday; daily data from November 16 onwards)

Source: Bloomberg.

TABLE 37 : Net lending (+) or net borrowing (-), general government (as a percentage of GDP, 1992-2011) [1]

22.10.2009

	5-year averages							2009		2010		2011	
	1992-96	1997-01	2002-06	2005	2006	2007	2008	*IV-2009*	X-2009	*IV-2009*	X-2009	*IV-2009*	X-2009
Belgium	-5.4	-0.7	-0.6	-2.7	0.3	-0.2	-1.2	*-4.5*	-5.9	*-6.1*	-5.8	:	-5.8
Germany	-3.0	-1.6	-3.3	-3.3	-1.6	0.2	0.0	*-3.9*	-3.4	*-5.9*	-5.0	:	-4.6
Ireland	-1.7	2.4	1.2	1.7	3.0	0.3	-7.2	*-12.0*	-12.5	*-15.6*	-14.7	:	-14.7
Greece	-9.6	-4.2	-5.2	-5.2	-2.9	-3.7	-7.7	*-5.1*	-12.7	*-5.7*	-12.2	:	-12.8
Spain	-5.6	-1.9	0.4	1.0	2.0	1.9	-4.1	*-8.6*	-11.2	*-9.8*	-10.1	:	-9.3
France	-4.9	-2.1	-3.2	-2.9	-2.3	-2.7	-3.4	*-6.6*	-8.3	*-7.0*	-8.2	:	-7.7
Italy	-8.3	-2.2	-3.5	-4.3	-3.3	-1.5	-2.7	*-4.5*	-5.3	*-4.8*	-5.3	:	-5.1
Cyprus	:	-3.6	-3.7	-2.4	-1.2	3.4	0.9	*-1.9*	-3.5	*-2.6*	-5.7	:	-5.9
Luxembourg	1.6	4.5	0.6	0.0	1.3	3.7	2.5	*-1.5*	-2.2	*-2.8*	-4.2	:	-4.2
Malta	:	-7.6	-5.1	-2.9	-2.6	-2.2	-4.7	*-3.6*	-4.5	*-3.2*	-4.4	:	-4.3
Netherlands	-3.3	0.0	-1.3	-0.3	0.5	0.2	0.7	*-3.4*	-4.7	*-6.1*	-6.1	:	-5.6
Austria	-4.1	-1.6	-1.9	-1.6	-1.6	-0.6	-0.4	*-4.2*	-4.3	*-5.3*	-5.5	:	-5.3
Portugal	-4.7	-3.4	-3.8	-6.1	-3.9	-2.6	-2.7	*-6.5*	-8.0	*-6.7*	-8.0	:	-8.7
Slovenia	:	-2.9	-2.0	-1.4	-1.3	0.0	-1.8	*-5.5*	-6.3	*-6.5*	-7.0	:	-6.9
Slovakia	:	-7.6	-3.9	-2.8	-3.5	-1.9	-2.3	*-4.7*	-6.3	*-5.4*	-6.0	:	-5.5
Finland	-5.8	2.8	3.2	2.8	4.0	5.2	4.5	*-0.8*	-2.8	*-2.9*	-4.5	:	-4.3
Euro area	-5.0	-1.6	-2.5	-2.5	-1.3	-0.6	-2.0	*-5.3*	-6.4	*-6.5*	-6.9	:	-6.5
Bulgaria	:	1.4	1.1	1.9	3.0	0.1	1.8	*-0.5*	-0.8	*-0.3*	-1.2	:	-0.4
Czech Republic	:	-4.4	-4.5	-3.6	-2.6	-0.7	-2.1	*-4.3*	-6.6	*-4.9*	-5.5	:	-5.7
Denmark	-2.5	1.0	2.6	5.2	5.2	4.5	3.4	*-1.5*	-2.0	*-3.9*	-4.8	:	-3.4
Estonia	:	-0.5	1.5	1.6	2.3	2.6	-2.7	*-3.0*	-3.0	*-3.9*	-3.2	:	-3.0
Latvia	:	-1.5	-1.2	-0.4	-0.5	-0.3	-4.1	*-11.1*	-9.0	*-13.6*	-12.3	:	-12.2
Lithuania	:	-4.9	-1.1	-0.5	-0.4	-1.0	-3.2	*-5.4*	-9.8	*-8.0*	-9.2	:	-9.7
Hungary	:	-5.3	-8.0	-7.9	-9.3	-5.0	-3.8	*-3.4*	-4.1	*-3.9*	-4.2	:	-3.9
Poland	:	-3.9	-4.9	-4.1	-3.6	-1.9	-3.6	*-6.6*	-6.4	*-7.3*	-7.5	:	-7.6
Romania	:	-4.0	-1.6	-1.2	-2.2	-2.5	-5.5	*-5.1*	-7.8	*-5.6*	-6.8	:	-5.9
Sweden	-7.7	1.2	0.7	2.3	2.5	3.8	2.5	*-2.6*	-2.1	*-3.9*	-3.3	:	-2.7
United Kingdom	-6.1	0.6	-2.9	-3.4	-2.7	-2.7	-5.0	*-11.5*	-12.1	*-13.8*	-12.9	:	-11.1
EU	:	-1.4	-2.5	-2.4	-1.4	-0.8	-2.3	*-6.0*	-6.9	*-7.3*	-7.5	:	-6.9
USA	-4.2	0.3	-3.7	-3.2	-2.0	-2.7	-6.4	*-12.1*	-11.3	*-14.2*	-13.0	:	-13.1
Japan	-2.5	-7.3	-6.1	-6.7	-1.6	-2.5	-3.8	*-6.7*	-8.0	*-8.7*	-8.9	:	-9.1

[1] ESA 79 up to 1994, ESA 95 from 1995 onwards.

TABLE 42 : Gross debt, general government (as a percentage of GDP, 2002-2011)

								2009		2010		2011	
	2002	2003	2004	2005	2006	2007	2008	*IV-2009*	X-2009	*IV-2009*	X-2009	*IV-2009*	X-2009
Belgium	103.2	98.3	93.9	92.1	88.1	84.2	89.8	*95.7*	97.2	*100.9*	101.2	:	104.0
Germany	60.3	63.8	65.6	68.0	67.6	65.0	65.9	*73.4*	73.1	*78.7*	76.7	:	79.7
Ireland	32.2	31.0	29.4	27.6	25.0	25.1	44.1	*61.2*	65.8	*79.7*	82.9	:	96.2
Greece	101.5	97.3	98.6	100.0	97.1	95.6	99.2	*103.4*	112.6	*108.0*	124.9	:	135.4
Spain	52.5	48.7	46.2	43.0	39.6	36.1	39.7	*50.8*	54.3	*62.3*	66.3	:	74.0
France	58.8	62.9	64.9	66.4	63.7	63.8	67.4	*79.7*	76.1	*86.0*	82.5	:	87.6
Italy	105.7	104.4	103.8	105.8	106.5	103.5	105.8	*113.0*	114.6	*116.1*	116.7	:	117.8
Cyprus	64.6	68.9	70.2	69.1	64.6	58.3	48.4	*47.5*	53.2	*47.9*	58.6	:	63.4
Luxembourg	6.5	6.2	6.3	6.1	6.6	6.6	13.5	*16.0*	15.0	*16.4*	16.4	:	17.7
Malta	60.1	69.3	72.5	70.2	63.6	62.0	63.8	*67.0*	68.5	*68.9*	70.9	:	72.5
Netherlands	50.5	52.0	52.4	51.8	47.4	45.5	58.2	*57.0*	59.8	*63.1*	65.6	:	69.7
Austria	66.4	65.4	64.8	63.9	62.2	59.5	62.6	*70.4*	69.1	*75.2*	73.9	:	77.0
Portugal	55.5	56.9	58.3	63.6	64.7	63.6	66.3	*75.4*	77.4	*81.5*	84.6	:	91.1
Slovenia	28.1	27.5	27.2	27.0	26.7	23.3	22.5	*29.3*	35.1	*34.9*	42.8	:	48.2
Slovakia	43.4	42.4	41.4	34.2	30.5	29.3	27.7	*32.2*	34.6	*36.3*	39.2	:	42.7
Finland	41.3	44.4	44.2	41.8	39.3	35.2	34.1	*39.7*	41.3	*45.7*	47.4	:	52.7
Euro area	68.0	69.1	69.5	70.1	68.3	66.0	69.3	*77.7*	78.2	*83.8*	84.0	:	88.2
Bulgaria	53.6	45.9	37.9	29.2	22.7	18.2	14.1	*16.0*	15.1	*17.3*	16.2	:	15.7
Czech Republic	28.5	30.1	30.4	29.7	29.4	29.0	30.0	*33.7*	36.5	*37.9*	40.6	:	44.0
Denmark	46.8	45.8	44.5	37.1	31.3	26.8	33.5	*32.5*	33.7	*33.7*	35.3	:	35.2
Estonia	5.6	5.5	5.0	4.6	4.5	3.8	4.6	*6.8*	7.4	*7.8*	10.9	:	13.2
Latvia	13.5	14.6	14.9	12.4	10.7	9.0	19.5	*34.1*	33.2	*50.1*	48.6	:	60.4
Lithuania	22.3	21.1	19.4	18.4	18.0	16.9	15.6	*22.6*	29.9	*31.9*	40.7	:	49.3
Hungary	55.6	58.4	59.1	61.8	65.6	65.9	72.9	*80.8*	79.1	*82.3*	79.8	:	79.1
Poland	42.2	47.1	45.7	47.1	47.7	45.0	47.2	*53.6*	51.7	*59.7*	57.0	:	61.3
Romania	24.9	21.5	18.7	15.8	12.4	12.6	13.6	*18.2*	21.8	*22.7*	27.4	:	31.3
Sweden	52.6	52.3	51.2	51.0	45.9	40.5	38.0	*44.0*	42.1	*47.2*	43.6	:	44.1
United Kingdom	37.5	38.7	40.6	42.2	43.2	44.2	52.0	*68.4*	68.6	*81.7*	80.3	:	88.2
EU	60.3	61.7	62.1	62.7	61.3	58.7	61.5	*72.6*	73.0	*79.4*	79.3	:	83.7

Source: European Commission, DG ECFIN, European Economic Forecast-Autumn 2009, available at http://ec.europa.eu/economy_finance/publications/publication16055_en.pdf

BOX: Simple arbitrage and sovereign default.

This box considers a simple analytical framework relating the possibility of sovereign default with financial market returns and spreads.

Consider a risk-neutral investor who contemplates the option of investing in a risk-free asset or in alternative asset, characterized by default risk. Default is absent when the borrower fulfills contractual obligations in a timely way. In case the borrower fails to meet interest or principal payments on time default occurs. In historical experience cases of complete default are rare. More frequent are cases of partial default (or, equivalently from an economic viewpoint, re-scheduling). These remarks will be reflected in what follows.

Consider, again for simplicity, one-period bonds. In case the investor choses to invest in the safe bond at the end of the period she will receive:

$1 + r = R$

where r is the nominal interest rate and R is the capitalization factor. In the alternative case where she chooses to invest in a bond issued by a sovereign country E, (who may default) the expected capital, at the end of the period is given by:

$$(1+r^e)(1-p^e)+(1+r^e)(1-l^e)p^e = R^e(1-p^e)+R^e(1-l^e)p^e = (1+r^e)(1-p^e l^e) - p^e l^e R^e$$

where r^e is the return on the sovereign bond, p^e is the probability that default will *not* occur and $(1-l^e)$ is the recovery rate in the event of default. A risk neutral investor will equal the returns in the alternative assets so that:

$$1 + r = (1+r^e)(1-p^e l^e)$$

By analogy if the investor opts for assets from a second country D it follows that:

$$1 + r = (1+r^e)(1-p^e l^e) = (1+r^d)(1-p^d l^d)$$

The second equation may be re-arranged to obtain:

$$\frac{r^e - r^d}{1 + r^d} = \frac{l^e p^e - l^d p^d}{1 - l^e p^e}$$

Finally, assume that country i's debt can be insured against the payment of an insurance premium $\pi^{CDS,I} = l^i p^i$. This is based on the fact that the most common way to obtain insurance is through the CDS market. If the CDS rate is, for example, 200 basis points, for 10-year bonds, it means that to insure 10 million euro bonds costs 200 000 euro, per year, for ten years. Using the relation just indicated it is possible to re-writte the relation before as:

$$\frac{r^e - r^d}{1 + r^d} = \frac{\pi^{CDS,e} - \pi^{CDS,d}}{1 - \pi^{CDS,e}}$$

The equation above links CDS spreads with interest rate spreads.

We are not aware of any good way to calculate recovery rates in the event of default. In any case the equations above allows us to infer the probabilities of default conditional on some assumption on the recovery rate. Given the simplifyfing assumptions, the higher the expected recovery rate the higher the implied probability of default, for same credit default swap rate (or yield differential.relative to a safe bond). Standard and Poor's lists a number of cases of default for the period 1998-2005 with recovery rates ranging from 30% (Argentina) to more than 95% (Dominican Republic).

If we are further willing to assume constant probability of default over time it is possible to study the process using the Bernoulli distribution. If we assume that default is a rare event ($p \lll 0.5$) then the Bernoulli distribution can be approximated by a Poisson. Such simplifying assumptions allow the computation of the expected time to default and the probability of default (or absence thereof) until time T. That is the case because if the event of failure is assumed to follow a Poisson distribution it turns out that the time until failure follows an exponential distribution. Specifically the expected time to default is $1/p^i$ and $P[t < T] = 1 - \exp(-p^i T)$. The simulation table (annexed) illustrates the relevant magnitudes.

Simulation Table

Panel A: Break-even probability of default

		Recovery Rate							
		0,9	0,7	0,6	0,5	0,4	0,2	0,1	0,0
CDS Spreads	50	5,0%	1,7%	1,3%	1,0%	0,8%	0,6%	0,6%	0,5%
	100	10,0%	3,3%	2,5%	2,0%	1,7%	1,3%	1,1%	1,0%
	150	15,0%	5,0%	3,8%	3,0%	2,5%	1,9%	1,7%	1,5%
	200	20,0%	6,7%	5,0%	4,0%	3,3%	2,5%	2,2%	2,0%
	250	25,0%	8,3%	6,3%	5,0%	4,2%	3,1%	2,8%	2,5%
	300	30,0%	10,0%	7,5%	6,0%	5,0%	3,8%	3,3%	3,0%
	350	35,0%	11,7%	8,8%	7,0%	5,8%	4,4%	3,9%	3,5%
	400	40,0%	13,3%	10,0%	8,0%	6,7%	5,0%	4,4%	4,0%
	450	45,0%	15,0%	11,3%	9,0%	7,5%	5,6%	5,0%	4,5%
	500	50,0%	16,7%	12,5%	10,0%	8,3%	6,3%	5,6%	5,0%

Source: our own calculations.

Panel B: Expected time to default & other statistical indicators

	Yearly probability of default						
	25,0%	12,5%	10,0%	7,5%	5,0%	2,5%	1,25%
Expected time to default	4	8	10	13	20	40	80
Probability of default within ten years	91,8%	71,3%	63,2%	52,8%	39,3%	22,1%	11,8%
Probability of default within five years	71,3%	46,5%	39,3%	31,3%	22,1%	11,8%	6,1%

Source: our own calculations.

2 Sovereign Risk Management in the Euro Area

By Vítor Gaspar et Tassos Belessiotis

The euro area is accompanied by binding rules and procedures on Member States to ensure budgetary discipline. The Maastricht Treaty contains these provisions, which have been also reproduced in the Lisbon Treaty. In a monetary union with a decentralized fiscal policy, the need for budgetary rules and procedures is advocated on the assumption that market discipline alone will not be sufficient to ensure fiscal discipline and stability.

For example, the Delors Report (Committee for the Study of Economic and Monetary Union, 1989) stated (page 24) the following: "[…] experience suggests that market perceptions do not necessarily provide strong and compelling signals and that access to a large capital market may, for some time, facilitate the financing of economic imbalances. Rather than leading to a gradual adaptation of borrowing costs, market views about the creditworthiness of official borrowers tend to change abruptly and result in the closure of access to market financing. The constraints imposed by market forces might either be too slow and weak or too sudden and disruptive. Hence countries would have to accept that sharing a common market and a single currency area imposed policy constraints." In a companion piece, Lamfalussy (1989) reiterates that there is "reason to be sceptical about the adequacy of sanctions imposed by the market mechanism".[1] There is a large literature crystallizing evidence on the behaviour of bond markets – see recent contributions in Bernoth, Schuknecht and von Hagen (2006) and Schuknecht and von Hagen (2008).

The relevant provisions in the Lisbon Treaty ("Treaty on the Functioning of the European Union") are as follows. Articles 120 and 121 recommend that Member States conduct their economic policies with a view of achieving the objectives of the Union and regard their policies as a matter of common concern. In case a Member State does not behave in conformity with the Broad Economic Policy Guidelines (art. 121.2) or risks jeopardizing the smooth functioning of economic and monetary union, it may be subject to warnings by the European Commission and to recommendations from the EU's Council of Ministers (art. 121.4).

Article 123 prohibits monetary financing of general government; Article 124 rules out privileged access to financial institutions and Article 125 excludes Union or Member States liability for another's commitment. And, Article 122 foresees the possibility of EU assistance in case a Member State "is in difficulties or is severely threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control […]"

Finally, Article 126 of the Treaty imposes on Member States the obligation to avoid excessive deficits. The Article also specifies details about the functioning of the excessive deficit procedure and, in particular, defines corrective measures to redress excessive deficits whenever they occur, including sanctions in the event the Council recommendations are not fulfilled. The aspects just described are often referred to as the corrective arm of the Stability and Growth Pact (SGP). Moreover, Council Regulation 1466/97 amended by Council Regulation 1055/05, on strengthening the surveillance and coordination of economic policies, defines rules that govern stability and convergence programmes which aim at preventing, at an early stage, excessive deficits. By analogy, these provisions are referred to as the preventive arm of the SGP.

One of the most discernible consequences of the creation of the euro area was the deepening of financial market integration. The process of financial integration was particularly marked in bond markets. In fact, Capiello, Engle and Shaphard (2006) show that correlations between bond returns issued by the governments of countries participating in the euro area approached unity after 1999. And as is clear from Charts included in the companion piece by Tassos Belessiotis and Marion Labouré (in this issue of the BEPA Monthly) for most of the first decade of the euro area, sovereign bond yield differentials have been small, only rarely exceeding 30 basis points.

More generally, the creation of the euro area has been associated with "One Money, One Market" integration dynamics in which the single currency boosts the integration drive of the single market. These trends are essential.

There is a fundamental difficulty concerning sovereign borrowing: if it is strong enough to defend property rights, it is also strong enough to expropriate them. How can a sovereign credible promise to repay debt in the future? At first sight that may appear as a problem to the sovereign's creditors and a privilege to the sovereign. Such a conclusion, however, would be erroneous. Without guarantee of re-payment potential creditors will not extend credit in the first place. The solution to this problem was worked out in the 17th and 18th centuries through the separation of powers and the subjection of the sovereign to the rule of law. Nevertheless sovereign defaults are not rare events. In their review of the available evidence Reinhart and Rogoff (2009) write:

"[…] country default is often the result of a complex cost-benefit calculus involving political and social considerations as well as economic and financial ones. Most countries default long before a nation literally runs out of resources."

They conclude that a country's ability to borrow abroad relies on the government's concern about future access to financial markets, broader implications on trade relations (namely through the pervasive importance of trade finance) and broader consequences for international relations. Clearly, all of these factors operated with unprecedented force with the creation of the euro area. Financial inflows into countries like Portugal, Ireland, Greece and Spain have been large and persistent. And the on-going crisis in Greece's general government financial position brings all these considerations in sharp focus.

For most of the period after Greece joined the euro area, in 2001, financing was abundant, and yield differentials and Credit Default Swaps (CDS) premia narrow. The situation, however, changed dramatically for systemic reasons, in the autumn of 2008, in the financial turmoil associated with the Global Crisis. It changed again towards the end of 2009, this time for reasons more related to news concerning the situation and prospects for general government finances in Greece. As feared in the Delors Report, market forces were first "too slow and weak" and later "too sudden and disruptive". Up to the summer of 2007, market forces proved too slow and weak. After the autumn of 2008 and especially since end of 2009, they are proving too sudden and disruptive. In our experience with the SGP, the joint operation of the preventive and corrective arms has been unable to deliver the stability and sustainability it was intended to produce. In fact, the large and persistent bond yield differentials and CDS spreads observed in markets reflect surprisingly high probabilities of sovereign default over the medium term. However, having assumed the effectiveness of the foreseen rules and procedures, the Treaty did not include provisions on crisis management. Such omission undercuts the interests of creditors and debtors alike.

Crisis management is always difficult in real time. Decisions taken under the pressure of the moment rarely meet the requirements of a long-term perspective. Now protection of creditors calls for – as in the early years of the emergence of constitutional arrangements restricting the power of the sovereign by the rule of law – constitutional protection. As historical experience amply demonstrates, such solution benefits creditors and debtors alike. Institutional change, in England, in the context of the Glorious Revolution of 1688, ensuring the rights of creditors provided the ground to financial development and facilitated the Industrial Revolution.

The Exchange Rate Mechanism of the European Monetary System, including the financial provisions that facilitated adjustment in the event of misalignment, protected the interests of creditors and provided proper incentives for the conduct of stability-oriented policies. A mechanism fulfilling the same functions is urgently needed for the euro area.

ENDNOTES

[1] Quoted in footnote 5 of Detken, Gaspar and Winkler (2004).

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3 Financial Crisis and its Gender Dimensions

By Brigitte Young and Helene Schuberth***

At the World Economic Forum in Davos, some of the discussions revolved around whether we would be in the same mess today if Lehman Brothers had been Lehman Sisters. Or, if we might have been better off, had it been "Lehman Brothers and Sisters". Whether the crisis could have been avoided if more women had been at the helm of large investment banks or of regulatory institutions is a hotly contested issue. But the crisis has turned a spot-light on the low or even non-existent female representation in top positions of financial institution, and also in the decision making bodies of key regulatory institutions, central banks, supervisory and, formal and informal financial networks. Female leadership in European financial committees and institutions is particularly low.

In the UK, 11.7% of FTSE 100 directors are female – up by barely five percentage points over 10 years. Only 7.5% of the directors of the French enterprises represented in the CAC 40 are women. The situation in Germany is even worse with only 1 female management board member from the 200 or so executives in the Dax-30 companies. The share of female directors in the Austrian ATX companies stagnates at 3.5%. Just 3% of Fortune 500 chief executives are women. Across Europe, only 10% of board directors of the largest companies are female, and the numbers are even lower in Asia. Norway is the exception in that the boards of directors of listed companies are required to have 40% females. With respect to the boards of directors of banks in the European Union, the presence of women is a negligible 7%. According to a new report from the US National Council for Research on Women, a mere 10% of all traditional mutual-fund managers in the US are women, and they manage a scant 3% of the approximately $2 trillion invested in hedge funds. The average size of US-funds run by women is $73.7 million compared with $308 million for men. There is increasing evidence that women-owned funds outperform funds in general. The Hedge Fund Research Diversity Index, for example, which tracks the performance of women along with minority groups, shows that women-owned funds delivered an average annual return of 8.21% since 2003, compared with the broader index which returned 5.98%. During the financial crisis, the value of female-managed funds dropped by 9.6% compared with a plunge of 19% for the rest, according to Chicago-based Hedge Fund Research.

A certain "groupthink" – a result of boards drawn from a narrow social group – has been widely blamed for the financial crisis we find ourselves in today. A growing body of academic work in the US and Europe suggests that there is a correlation between the number of women in a company's leadership and the company's profitability. Men generally assess risk differently than women. According to new research, financial performance is best when there is a critical mass of women – defined as 40% or more. In comparison to the riskier investment behaviour of men in finance, women take into account a wider multiple of variables when present in sufficient numbers. From the perspective of democratic legitimacy, decision-making on policies with distributional effects need broad-based participation of those affected by it. In a report on reforms of the international monetary and financial system, the Stiglitz Commission concludes that "those who are affected by the failure of regulation… should have a large voice in any regulatory structure". However, it should not come as a surprise that in all of the wise men and expert committees that were set up by the G20 to prepare proposals for regulatory reforms women are largely absent. Similarly, the De Larosière Group which prepared proposals for EU regulatory reforms and architecture had only male members. The same holds true for the G20 Working Group on the reform of the IMF. Even the Stiglitz Commission had only two female representatives. But as Albert Einstein famously remarked, "we can't solve problems by using the same kind of thinking we used when we created them".

Female representation in financial governance is a necessary but not sufficient condition for financial markets to serve collective over private interests. Female representation only makes a

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difference if it comes with an alternative concept of financial governance that takes into account the social needs of stakeholders rather than maximizing the shareholder returns at the expense of wages and social values. Thus the issue is not just who sits at the helm of regulatory agencies, global financial institutions and who regulates and manages the funds. More important are questions such as who benefits and why, and what might be a more sustainable financial alternative that aims at generating high levels of employment.

This crisis differs in severity and impact from previous down-turns. Women may temporarily be safer in their jobs, but find it difficult to support their families due to the general lower wages and precarious employment. Women are more likely to be employed in part-time jobs, receive lower wages, have shorter hours, and work in smaller firms. Consequently, the impact of the recession on women and men will depend on the type of job they hold. Men are better positioned to weather the crisis, because on average they have greater wealth, more job benefits and higher wages. Nevertheless, the crisis demonstrates both the advances women have made in the labour market and their partial and discriminatory integration. Women today are to a much greater extent present in the labour market than at any time before, but the growth of dual-earner families means that many more households rely on two incomes to make ends meet. Thus the job loss of a male earner with social benefits results in a decline in social coverage for the entire family. In Europe, the creation of many "one and a half" earner households based on a full-time male worker and a part-time female highlights the problems resulting from women's concentration in part-time work. A part-time worker is simply unable to earn sufficient income to support the household if the full-time working partner loses his job.

To counter the severe economic contraction, the developed and to some extent the middle income countries have engaged in banking stabilisation measures, expansionary monetary policies including non-standard measures and fiscal stimulus. By the end of February 2009, the financial rescue schemes which involve capital injections, guarantees of issuance of banking securities, bank asset purchases, swaps and other guarantees amounted to a total government commitment of 22% of GDP for the European Union and 29% of GDP for the United States. Banking packages have stabilized the banking sector and financial markets, but they have also guaranteed the wealth of shareholders and unsecured creditors as well as dividend payments and higher (executive) wages in the financial industries. These steps are favouring men disproportionally. With the exception of Iceland which placed women in charge of its newly state-controlled banks, conditionality was not imposed on public funding for financial institutions to increase the female quota on the boards. Thus gender equality, as a corporate goal, has not entered the political debate on conditionality which focuses largely on manager compensation and credit availability.

Yet the crisis is also a great opportunity to remedy the situation and put in place a financial architecture and an economic growth model which serve social values instead of privileging the financial sector. Both gender inequalities and income inequalities are the result of a certain "group think" mentality which is exclusive and exclusionary, and carries a set of outdated norms about women and men. Governments and business leaders have an important leadership role in rescuing the financial and banking sectors. They also have an important role in avoiding future calamities. The crisis provides an opportunity to disavow old beliefs and embed financial activities within the larger social sphere, thereby benefitting women and men in developed and developing countries.

4 A Win-Win Match of Labour Demand and Supply across the Mediterranean

*By Iván Martín**

Arab Mediterranean Countries (AMCs, i.e. Morocco, Algeria, Tunisia, Egypt, Lebanon, Jordan, Palestine and Syria) are, taken together, the world region with arguably the most daunting employment challenge, at least in relative terms. Official labour participation rates are the lowest in the world (below 46% of working age population as compared to the world average of 61.2%), reflecting the lowest female participation rate in the world (below 25% as compared to the world average of 42%). Despite this, average unemployment rates (almost 15% of the labour force) are higher than in any other region with the exception of Sub-Saharan Africa.

Demographic projections for the coming 10 to 15 years, with an expected increase in the working age population of 2.5 million a year (see Graph 1), make all foreseeable scenarios even bleaker. Adding together the projected needs for new jobs calculated under conservative assumptions on the basis of national statistical sources, the AMCs will need more than 1,500,000 additional jobs a year over the coming 10 years in order to provide employment opportunities for new labour market entrants and to keep the number of unemployed unchanged (already 7 million before the crisis). And these figures may be significantly underestimated, since they are based on the (hardly realistic) assumption that there will be constant labour participation rates. The 15 million new jobs which are needed until 2020 would therefore mean an increase of 30% in relation to the current level of total employment in those countries, and would amount to between 1/3 and 2/3 more jobs per year than those that have been created over the last 5 years in the region, a period of marked economic prosperity with average yearly 5% growth rates for the region.

A Study commissioned by DG ECFIN and DG Employment in 2009[1] concludes that immediate action is needed, because the status quo in terms of employment risks is causing not only serious social and even political instability, but also a permanent damage to the development prospects of those countries. The same Study also shows that the demographic evolution and skills profile of the EU offer opportunities for win-win matching strategies between EU potential labour demand and AMC labour supply, provided that the right cooperative strategies are implemented.

In the near future, there is not doubt that Europe will need an increased inflow of skilled labour. The Commission Communication "New Skills for New Jobs. Anticipating and matching labour market and skills needs"[2] highlighted this point in a context of economic crisis and transformation of the economic model. In this regard, the preparatory CEDEFOP[3] report on Future Skill Needs in Europe, even if it was written before the current economic global recession, is still fully relevant for understanding the long-term direction of European labour demand. Thus, in the course of the coming 5 years more skilled labour will be needed. Whichever scenario is considered, a decline in low-skill demand (-1.9%) will be compensated by an increase in medium-skilled (1%) and even more in high-skilled labour demand (2.4%).[4]

On the other hand, the abovementioned Labour Markets and Migration Study shows that AMCs instead suffer from an excess and increasing supply of educated workers. Unemployment affects mainly the young (15-29 years old), and increases with the level of education (see Graph 2). It is frictional for the level below middle school and increases for general secondary, technical secondary, post secondary institute and university. The higher unemployment rates among the highly educated are common to all the AMCs, and the number of graduate unemployed has already reached 1 million and is increasing rapidly (and this without taking into consideration the high rate of inactivity among graduate women). Of course, not all the graduate unemployed are ready to emigrate, and in particular not all unemployed women are ready to do so. This notwithstanding, AMCs provide an available pool of foreign

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skilled labour because there is an available graduate labour supply and, in the foreseeable future, a lack of sufficient labour demand for skilled workers. This matching of EU medium- and highly-skilled labour demand and AMCs excess labour supply would be mutually beneficial and would partially dampen the main factor for social instability in the region. This could also have positive externalities for Europe by preventing spill-over into the neighbouring European countries.

Now, whereas the AMC supply of labour seems to match the European demand, a major problem is the question of whether the quality of the human capital and skilled labour produced in AMCs is the type of quality demanded in Europe, i.e., whether high- or medium-skilled labour in AMCs is also high- or medium-skilled in the Europe. One of the standard elements of all diagnosis of AMC labour markets relates precisely to the mismatch between skills endowed through the education system and those demanded by the labour markets, whether national or international.

However, this synergy is contingent upon an effective and immediate skills upgrading of labour forces in the AMCs (this should become a priority for EU-AMC economic cooperation) and the setting up of a friendly climate for legal migration in the EU, effectively attracting skilled migrants. According to the conclusions of that Study and the background paper on EU migration,[5] the current instruments of EU migration policy, including the recently approved Blue Card, do not seem to provide for this. These are two important question marks to recall in matching supply on one side of the Mediterranean and demand on the other, and should guide policy action both on EU-AMCs cooperation and on EU migration policy.

Indeed, another report published in early 2009 by the World Bank[6] argues that Middle East and North African (MENA) countries are currently not well placed to meet increased demand for labour in the European Union. Whether assuming zero migration or a persistence of current migration rates the demand for replacement labour in the European countries is projected to peak in the 2020s. But it will predominantly concern medium-skilled workers who have completed a secondary education. As a matter of fact, currently workers from emigration countries in the MENA region provide a poor match in relation to Europe's needs, as the 15-39 years old labour force will mainly expand among those who have completed their primary education. If education rates and labour force participation rates remain unchanged, the skill mismatch will become acute. It will be most apparent in the 2020s, when Europe's potential demand for secondary-educated migrants of roughly 10 million will coexist with a projected potential supply of labour migrant with secondary education of only 0.5 million in MENA. If MENA's emigration countries make an effort to increase labour force participation and education rates significantly, the scope for arbitrage would be much higher: they would thus deactivate destabilization potential of unemployment or underemployment and ensure a sustained flows of labour remittances, but also, more importantly, create the basis for a competitive economy in their own countries. Assuming, as in the scenarios developed for the report, that labour force participation rates and education rates can converge over time to the levels of southern European countries, the match between MENA and the European Union would improve considerably (as shown in Figure 3). Between 2005 and 2050, the MENA emigration countries would produce a net increase of 20 million people with secondary education and 10 million people with tertiary education. This scenario's outcome will depend partly on the success of MENA countries in improving participation rates for women.

What is clear anyway is that the sheer size of employment creation in the AMCs implies that migration cannot provide a solution to the AMC unemployment problem. The aforementioned World Bank report is very clear in this respect: "Migration is not a panacea for sluggish job creation in MENA countries or for an aging European population, but it could form part of the policy approach to address these challenges". As such, investment in skill development in AMCs and legal recruiting and migration schemes for AMC labour force in the EU is in Europe's self-interest.

ENDNOTES

[1] “Labour Markets Performance and Migration Flows in Arab Mediterranean Countries. Determinants and Effects”. See the Executive Summary of the Final Report at www.eui.eu/DepartmentsAndCentres/ RobertSchumanCentre/Research/ Migration/LabourMarketsMigration/LMM.aspx. Final report and background papers pending publication.

[2] Communication from the Commission, COM(2008) 868, 16 December 2008, http://ec.europa.eu/education/lifelong-learning-policy/doc/com868_en.pdf.

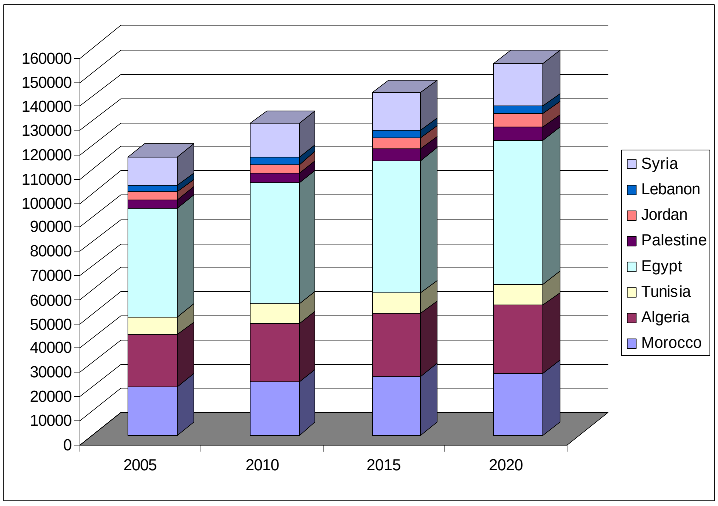
[3] CEDEFOP (2008), *Future Skill Needs in Europe Medium-Term Forecast*, publication of the European Commission, Luxembourg.

[4] Data from CEDEFOP (2008, Table 7 in p. 60).

[5] Venturini, A., T. Fakhoury and N. Jouant (2009), “EU Migration Policy Towards Arab Mediterranean Countries and its Impact on Their Labour Markets”, Thematic Background Paper for the abovementioned Study, Robert Schuman Centre for Advanced Studies, European University Institute, Florence, mimeo.

[6] WORLD BANK (2009), *Shaping the Future. A Long Term Perspective of People and Job Mobility in the Middle East and North Africa*, Washington, D.C.

Graph 1: Working Age Population in AMCs (000 persons), 2005-2020



Source: Labour Markets Performance and Migration Flows in Arab Mediterranean Countries. Determinants and Effects. Final report of the Study. Robert Schuman Centre for Advanced Studies. European University Institute.

Graph 2: Estimation of Yearly Job Creation Needs until 2020*

	Morocco	Algeria	Tunisia	Egypt	Palestine	Jordan	Lebanon	Syria	TOTAL
2009-2020*	180000	225100	84600	715526	45977	53501	15000	221000	1540704
+5% labour participation of women	228000	317600	107077	742286	70294	54845	16700	247000	1783802

*Assuming unchanged labour participation rates and number of unemployed.

Source: Labour Markets Performance and Migration Flows in Arab Mediterranean Countries. Determinants and Effects. Final report of the Study. Robert Schuman Centre for Advanced Studies. European University Institute.

5 What Citizens Say

By Anna Melich

Le monde renoue avec l'optimisme

Gallup International a refait un « Voice of the People Survey »[1] à la fin de l'année 2009 (publié en Janvier 2010) pour connaître les perspectives économiques personnelles des citoyens de 33 Etats du monde à l'égard de 2010 et les comparer avec le moral économique vis-à-vis de 2009 affiché, dans les mêmes pays, dans le sondage précédent.

Les résultats traduisent que l'optimisme à l'égard de ce que sera la situation personnelle en 2010 progresse considérablement dans tous les continents (+18%), quoique dans une moindre mesure (+9%) dans les Etats européens interviewés (Autriche, République tchèque, France, Allemagne, Italie et le Royaume-Uni) (Graphique 1 et Carte 1). La France, avec les perceptions les plus négatives parmi les Etats membres de l'UE, ne détient pas la palme du pessimisme européen qui revient plutôt à l'Islande. Seulement 11% des Islandais pensent que 2010 sera meilleure que 2009.

En Europe de l'Ouest, on est aussi moins optimiste quant à l'évolution économique générale. Seulement 11% des Européens interviewés, contre 28% en Amérique du Nord (USA et Canada) et une moyenne de 29% sur les 33 pays interviewés dans le monde, croient que 2010 sera une année de prospérité économique. 68% des Européens pensent également que le chômage va augmenter fortement ou légèrement dans les 12 prochains mois, mais ils sont bien moins à penser de même en Amérique du Nord (50%) et dans la moyenne des 33 pays interrogés (51%) (Graphiques 2 et 3).

Votation sur l'interdiction des minarets en Suisse : Signal symbolique

Après chaque votation fédérale en Suisse, l'Institut Gfs.Bern[2] réalise des enquêtes, appelées communément « analyses VOX », pour comprendre et expliciter le sens que les électeurs ont voulu donner à leur vote. L'analyse de l'enquête sur la votation fédérale du 29 novembre 2009[3] sur l'interdiction de la construction de minarets vient de s'achever. Ses auteurs, Hans Hirter et Adrian Vatter, professeurs de Science Politique à l'Université de Berne s'accordent à dire que :

- Le clivage gauche-droite a été très marqué sur la question de l'interdiction des minarets. Les sympathisants de gauche ont voté à plus de 80% contre l'initiative et ceux de droite à plus de 80% pour l'initiative.

- Les partis du centre-droit avaient recommandé le rejet de l'initiative. Mais leurs sympathisants se sont majoritairement prononcés en sa faveur. Cette divergence ne s'était pas vue lors des précédents votes concernant les étrangers.

- Le niveau de formation a également joué un rôle important. L'initiative a été approuvée à 76% chez les personnes ayant effectué un apprentissage, mais à seulement 35% chez celles ayant fait des études supérieures.

- Au niveau des confessions, tant les protestants que les catholiques ont voté à environ 60% en faveur de l'initiative, bien que leurs Eglises recommandaient le « non ».

- L'âge et le sexe des votants n'ont pas eu d'influence significative sur l'issue du vote.

Les conclusions de l'étude pointent le fait que, dans l'ambiance générale de xénophobie et de résistance contre la globalisation et de la perte d'identité qui en découle, les votants ont voulu donner un signal symbolique contre l'extension de l'islam en Suisse, mais non pas contre les musulmans.

On explique la grande différence entre les sondages précédant le vote (le dernier donnait un rejet du texte par 53%) et le vote réel par le souhait des répondants des sondages d'exprimer la « conformité sociale » (théorie de la « spirale du silence ») au lieu de donner leur réelle intention de vote.

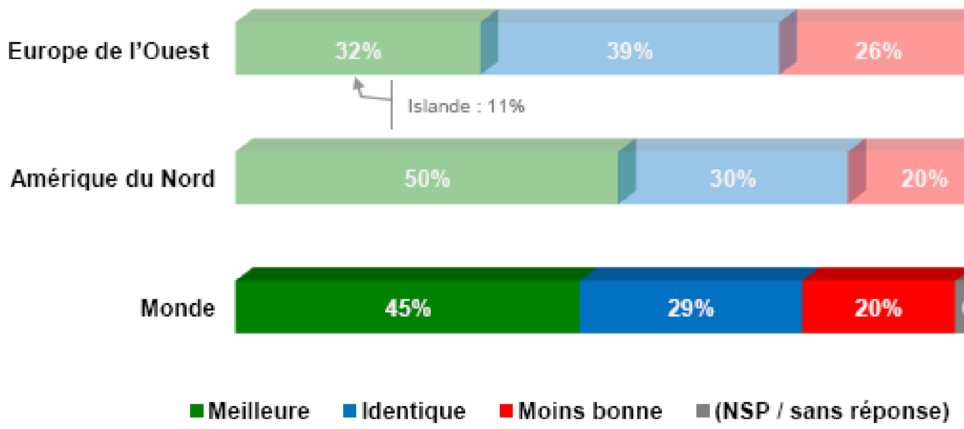
ENDNOTES

[1] http://www.voice-of-the-people.net/

[2] http://www.gfs-bern.ch/f/produits/analyses-vox.php

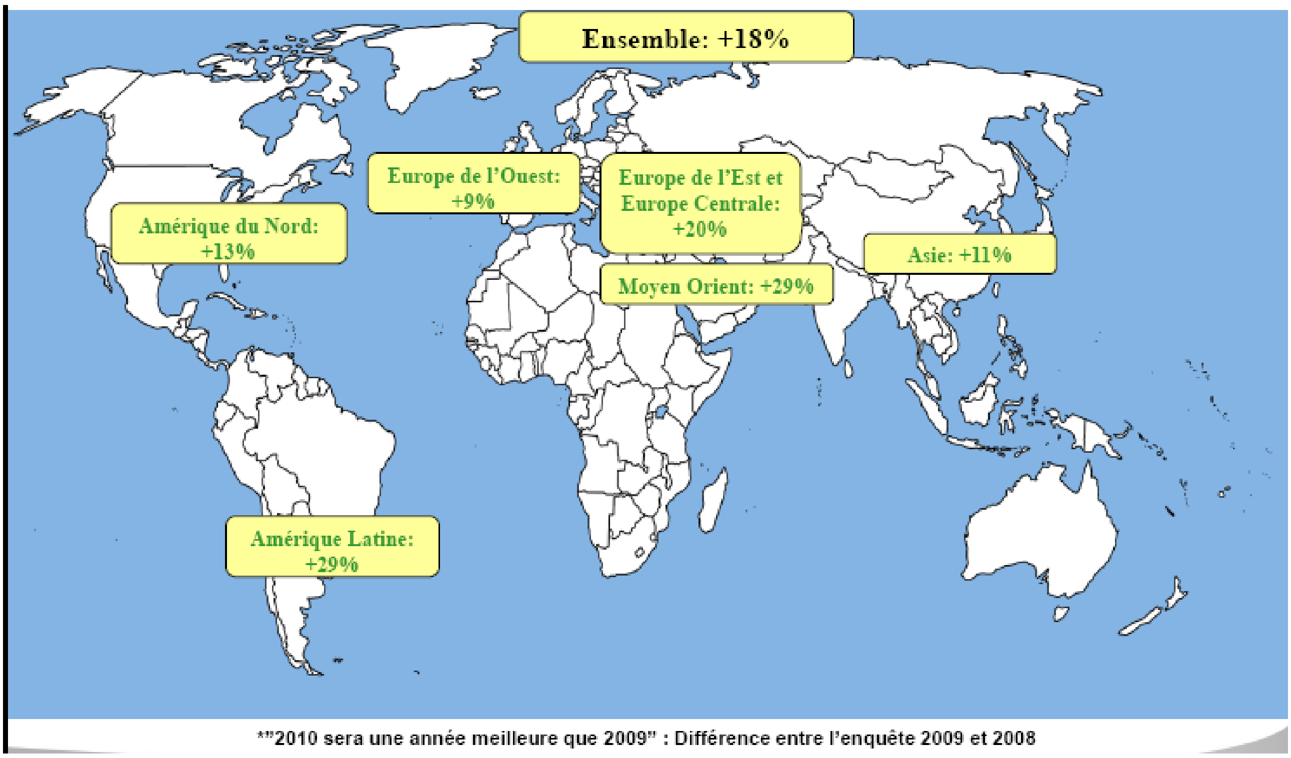
[3] L'initiative a été acceptée par 57.5% de votes OUI et 42.5% de votes NON.

Graphique 1 : A propos de votre situation personnelle, pensez-vous que 2010 sera une année meilleure ou moins bonne que 2009 ?



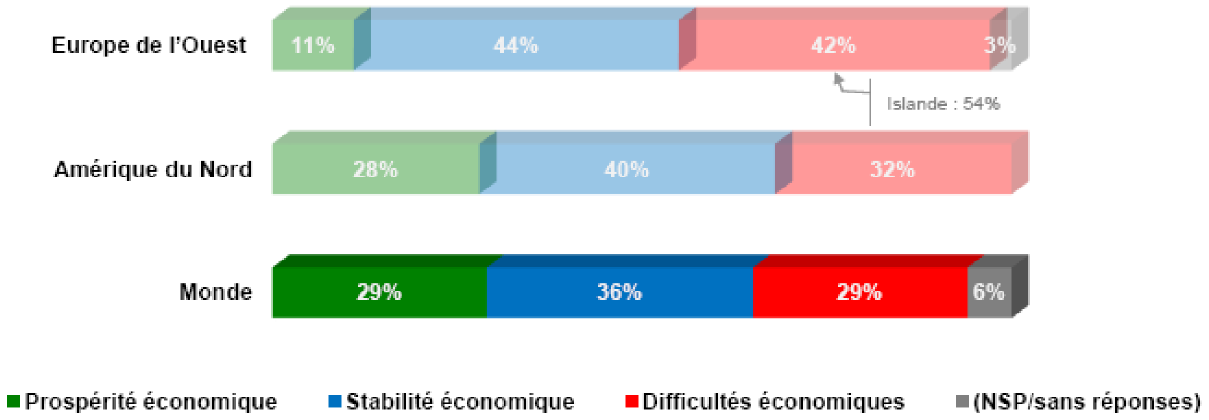
Source : « Voice of the People Survey », Gallup International, January 2010.

Carte 1 : Progression de l'optimisme par grandes régions



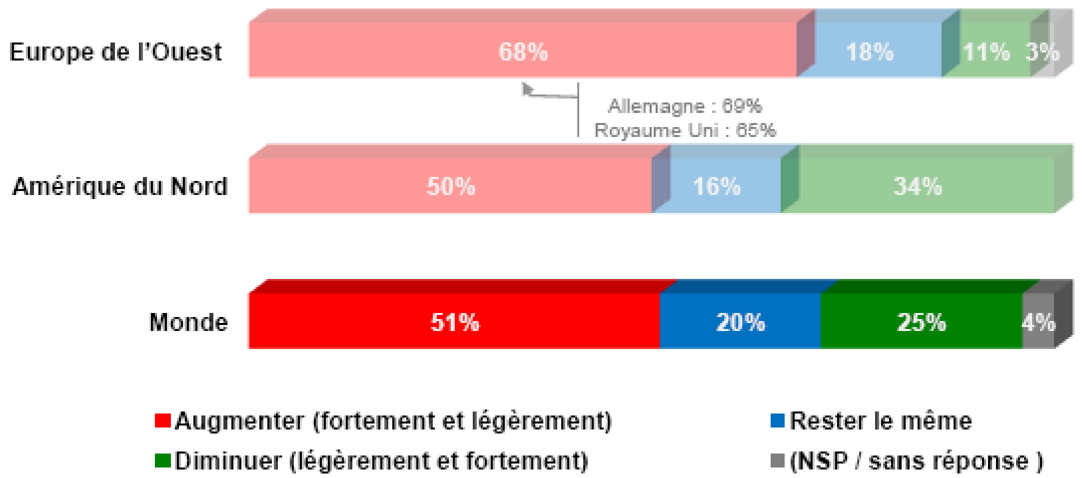
Source : « Voice of the People Survey », Gallup International, January 2010.

Graphique 2 : Vous personnellement, pensez-vous que, par rapport à cette année, l'année 2010 sera une année de prospérité économique, une année de difficultés économiques ou sera-t-elle semblable à cette année ?



Source : « Voice of the People Survey », Gallup International, January 2010.

Graphique 3 : Au cours des 12 prochains mois, pensez-vous que le nombre de chômeurs [dans votre pays] va augmenter fortement, augmenter légèrement, rester le même, diminuer légèrement, diminuer fortement ?



Source : « Voice of the People Survey », Gallup International, January 2010.

6 Gender Matters

By Agnès Hubert et Marion Labouré

Mesure des inégalités : la Belgique ouvre la boîte noire du ménage

L'égalité salariale figurait déjà dans le Traité de Rome et reste aujourd'hui le socle de la politique européenne d'égalité hommes/femmes. Cette disposition a été confirmée au fil des Traités, élargissant la notion de salaire à celle de rémunération[1]. En 2009, l'égalité de rémunération faisait l'objet d'une campagne de sensibilisation promue par la Commission, l'écart entre hommes et femmes restant au niveau préoccupant de 17%. L'égalité de rémunération est importante comme reconnaissance de la participation des femmes au marché du travail, en revanche les débats sur les situations de pauvreté et en particulier de pauvreté des femmes qui représentent la majorité de la population en risque de pauvreté (36% des femmes vs 11% des hommes) appelle des indicateurs plus fins sur les différences de revenus et non seulement de rémunération.

D'où l'intérêt d'une étude pionnière qui vient d'être réalisée par le département d'Economie appliquée de l'Université libre de Bruxelles (DULBEA) pour l'Institut fédéral belge pour l'égalité des hommes et des femmes[2] qui révèle que le revenu moyen des femmes a été inférieur de 38% à celui des hommes en 2006 en Belgique. Cette étude, qui n'a pas encore d'équivalent ailleurs en Europe, s'intéresse aux revenus personnels des personnes[3] et se démarque des études classiques qui, faute de données, considèrent le ménage comme unité d'analyse. Pour la majorité des études existantes, le ménage est une boîte noire au sein de laquelle le partage est supposé être égalitaire. Cette étude révèle – notamment dans les cas de séparations – l'existence d'une dissymétrie qui cache des situations de dépendance et/ou de pauvreté inconnues qui selon les promoteurs du projet faussent les indicateurs qui fondent les politiques publiques.

Les inégalités de revenu

En moyenne, le revenu net des femmes en 2006 s'élèvent à 12,938€ et celui des hommes à 20,881€. Ce différentiel de revenu est valable pour toutes les classes d'âge, mais l'écart augmente avec l'âge. De plus, les femmes se retrouvent à 83% dans les 10% des revenus nets des plus pauvres et à 22% dans les 10% les plus hauts (Graphique 1). Dans 78% des couples, les hommes ont un salaire supérieur à celui des femmes. Le fait d'être en couple a un impact négatif sur le revenu des femmes. Elles ont tendance à moins participer au marché du travail surtout si le nombre d'enfants à charge est élevé.

Le taux de dépendance financière indique que 36% des femmes et 11% des hommes ont un revenu individuel inférieur au seuil de 60% du revenu médian individuel. Il varie entre 9% et 14% pour les hommes suivant le niveau d'éducation. Le taux de dépendance financière des femmes est nettement supérieur et varie plus fortement: il est estimé à 52% pour les femmes justifiant d'un niveau d'étude secondaire inférieur, de 39% pour un niveau d'étude secondaire supérieur et de 19% si elles justifient d'un niveau d'enseignement supérieur (Graphique 2). De manière générale, il a été montré qu'un niveau faible d'éducation expose les femmes plus que les hommes aux faibles revenus. Etre un homme diminue la probabilité de dépendance financière de 18.5% sans contrôler les autres variables. Le revenu net moyen des femmes est égal à 56% du revenu net moyen des hommes avec un niveau d'éducation enseignement supérieur ou moins, à 61% pour un enseignement secondaire supérieur et à 65% avec un enseignement supérieur. La différence de revenu hommes/femmes diminue alors avec le niveau d'étude.

Le partage des tâches ménagères est très souvent inégal (Graphique 3) et représente une quantité importante de travail non rémunéré. Le fait d'être mariée et d'avoir des enfants pour une femme augmente le temps consacré aux tâches ménagères et diminue le temps de travail.

A l'heure actuelle, la proportion de célibataires en Europe est en constante augmentation : 28.9% des foyers en Europe de l'Ouest sont constitués de personnes habitants seules et 22% en Europe de l'Est. En outre, avec plus d'un couple marié sur trois qui divorce, il apparaît légitime de s'intéresser à la prise de décision du ménage et à la dépendance financière. Le fait d'être une femme en couple marié, combiné avec enfants et un faible niveau d'éducation, provoquerait des situations encore plus critiques en cas de rupture

Cette étude, qui affine les outils d'analyse des inégalités de genre, a été entreprise dans le cadre du renforcement de la politique d'égalité qui s'impose aux différents secteurs de l'administration belge suite à l'adoption d'une nouvelle loi sur le mainstreaming du genre adoptée sur le modèle de l'obligation faite aux institutions européennes par les Traités (Article 3, para 2, Traité CE). Cette loi engage à évaluer et à rectifier les différentes répercussions que peuvent avoir les mesures législatives, les politiques et les programmes sur les femmes et sur les hommes compte tenu des situations de vie et des réalités socio-économiques différentes de ces deux groupes. Elle devrait guider une réorientation des outils de lutte contre la pauvreté des femmes qui, selon plusieurs auteurs (cf. Esping Andersen, Esther Duflo), a un impact très direct avec la pauvreté des enfants.

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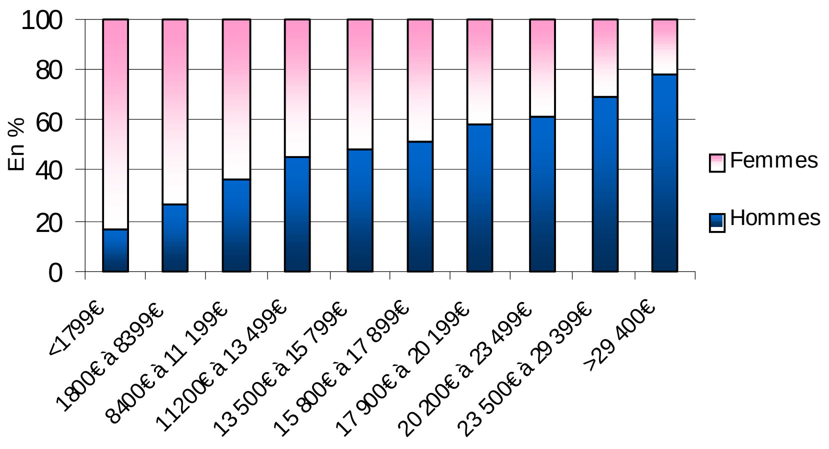
ENDNOTES

1 Le salaire est la somme d'argent versée en échange d'un travail. La rémunération intègre aussi toutes les prestations liées à l'emploi. Le revenu désigne les montants pécuniaires perçus par un individu comme fruit de son capital, comme rémunération de son travail et des services rendus et produits fournis (revenu d'activité), ainsi que l'ensemble des transferts sociaux (minima sociaux, prestations familiales, et aides au logement).

2 Genre et revenu: analyse et développement d'indicateurs – Belgian Gender and Income Analysis (BGIA).

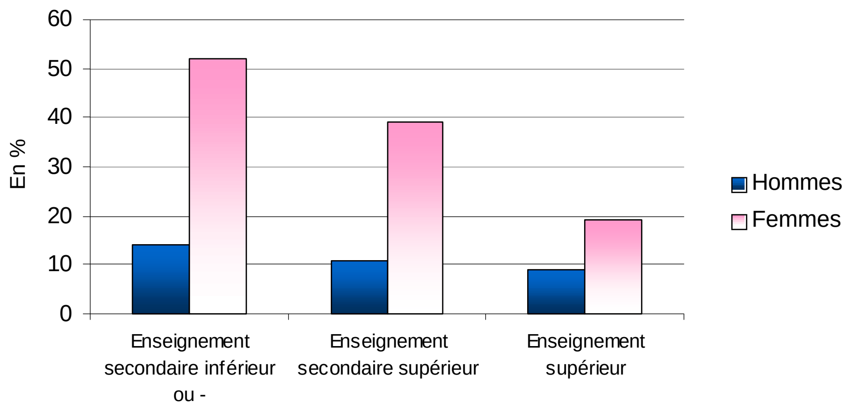
3 Ceux dont elles disposent seules du fait de leur activité rémunérée (salaires, primes, activité complémentaire) ainsi que les revenus en nature et autres avantages liés à l'emploi pour les salariés; les gains ou les pertes de l'activité d'indépendant au titre d'activité principale ou d'activité complémentaire), les revenus du patrimoine (pensions individuelles privées, revenus des propriétés ou terrains en location, intérêts sur le capital, investissements financiers), transferts de l'Etat (allocations de chômage, pensions, indemnités maladie, d'invalidité, congés de maternité, pensions de survie, allocations d'interruption de carrière, bourses d'étudiants, revenu d'intégration sociale) et transferts entre ménages (pensions alimentaires, soutien financier régulier perçu et payé).

Graphique 1 : Proportion de femmes et d'hommes par tranche de revenus individuel net



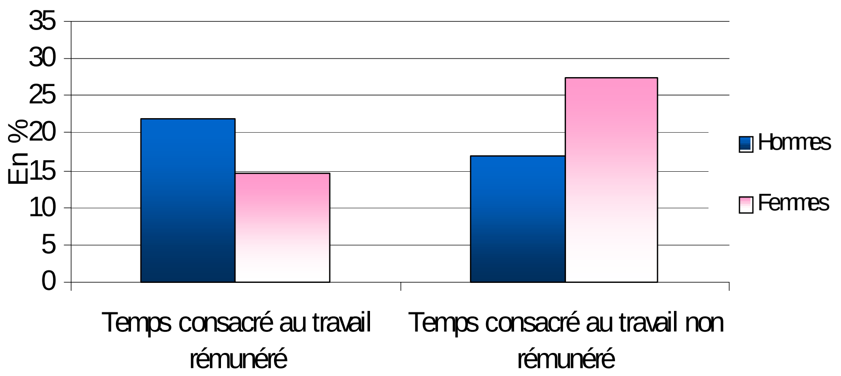
Source : Belgian Gender and Income Analysis (BGIA).

Graphique 2 : Taux de dépendance financière BGIA selon le niveau d'éducation



Source : Belgian Gender and Income Analysis (BGIA).

Graphique 3 : Temps consacré au travail (non) rémunéré par les hommes et les femmes



Source : Belgian Gender and Income Analysis (BGIA).