



EUROPEAN CENTRAL BANK

EUROSYSTEM

Beyond hysteresis

Resilience in Europe's
labour market

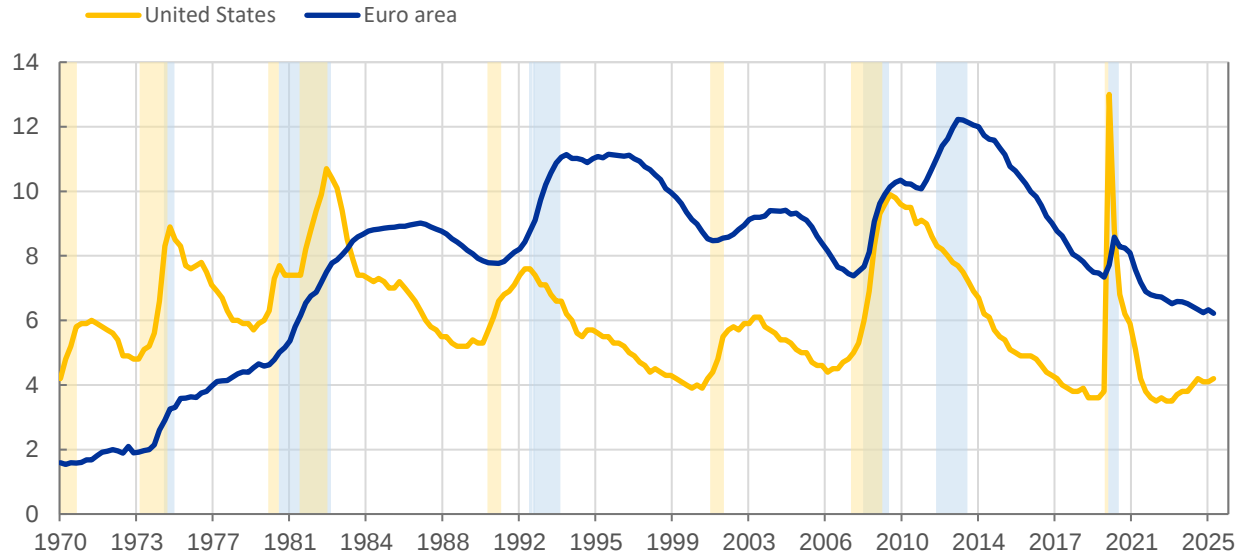
23 August, 2025

Christine Lagarde
President



Unemployment rate in the euro area and the United States

(percentages of labour force)



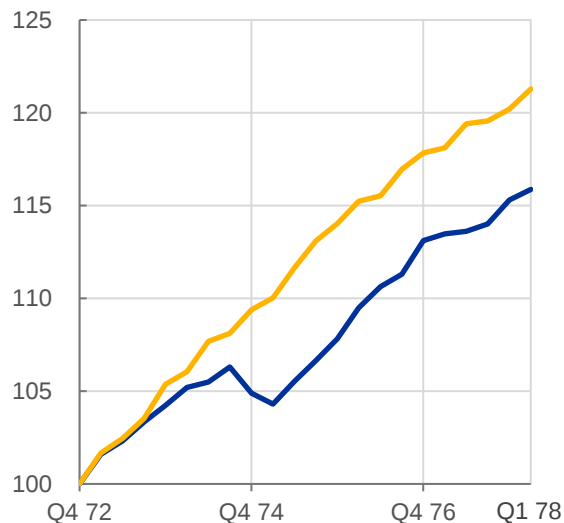
Sources: BLS, Eurostat and ECB staff calculations.

Note: Vertical shaded areas denote recessions in the euro area (CEPR, in blue) and the United States (NBER, in yellow).

1970s oil crisis

(index: Q4 1972 = 100)

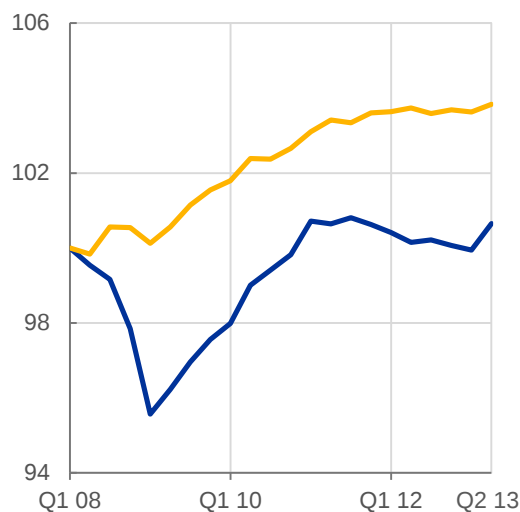
— Productivity per person — Real wage (YED)



Great financial crisis

(index: Q1 2008 = 100)

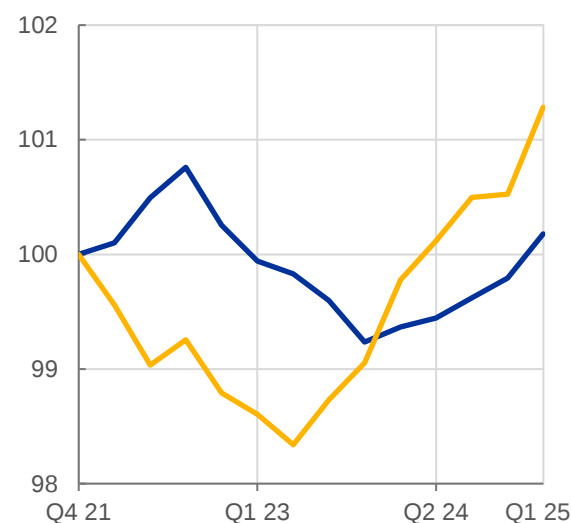
— Productivity per person — Real wage (YED)



Post-pandemic period

(index: Q4 2021 = 100)

— Productivity per person — Real wage (YED)



Sources: Eurostat, Consolo, A. and Foroni, C. (2024), "Drivers of employment growth in the euro area after the pandemic – a model-based perspective", *Economic Bulletin*, Issue 4, ECB.

Notes: Real wages are calculated as compensation per employee deflated by the GDP deflator (YED). Results are unchanged using private consumption deflator. Labour productivity is computed as output per worker. The latest observations are for the first quarter of 1978.

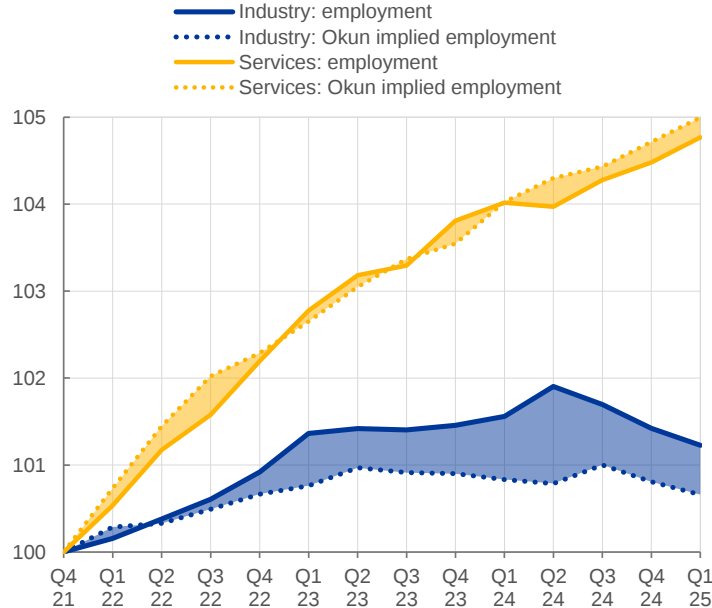
Note: The latest observations are for the second quarter of 2013.

Note: The latest observations are for the first quarter of 2025.

Employment and real wages across sectors

Okun-implied employment

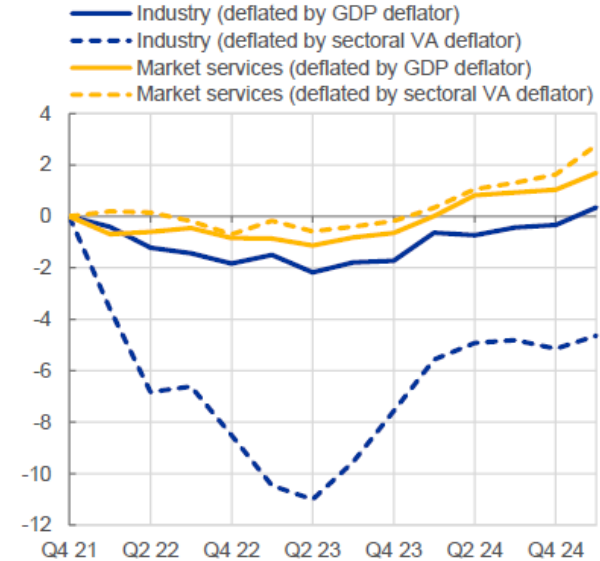
(index: Q4 2021 = 100)



Sources: Eurostat and ECB staff calculations.

Real wages across sectors

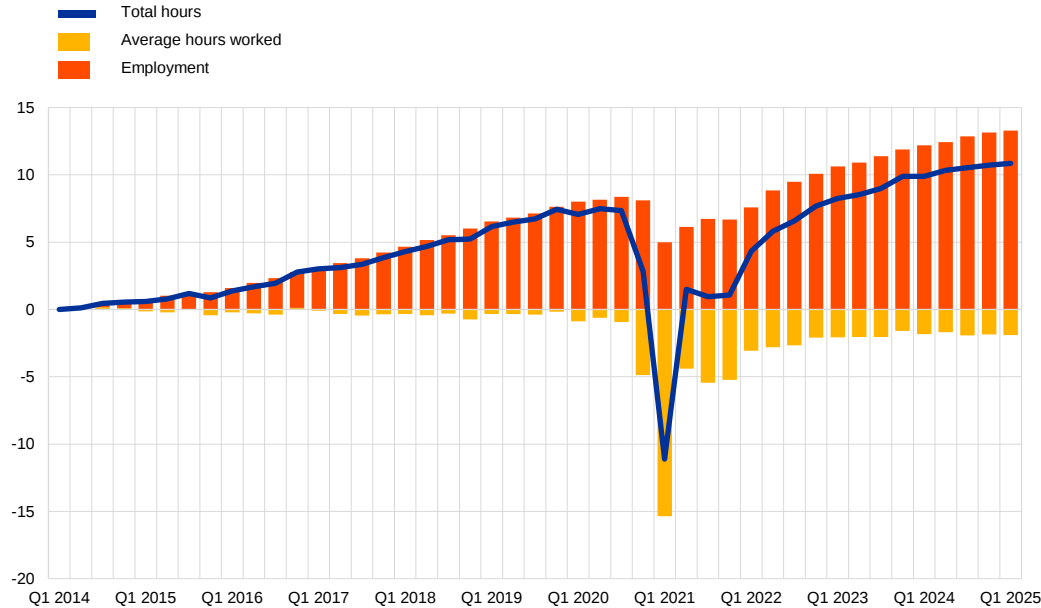
(cumulative change, Q4 2021 – Q1 2025)



Source: Bates, C., Bodnár, K., Botehlo, V. and Rousseau, F. (2025), "Real wage catch-up in the euro area", *Economic Bulletin*, ECB, Issue 5.
Notes: Real wages are defined as real compensation per employee, deflated either with the GDP deflator or with the sectoral value-added deflator of the corresponding sector.

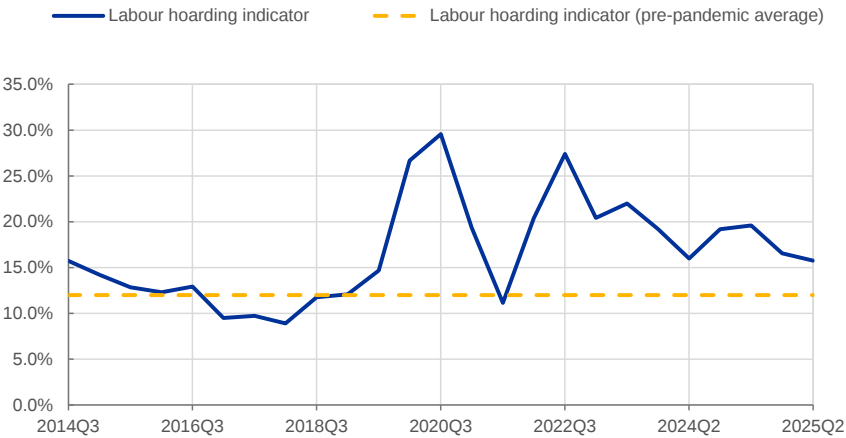
Decline in average hours worked

Contribution of average hours worked to changes in total hours worked since 2014 (cumulated changes, percent)



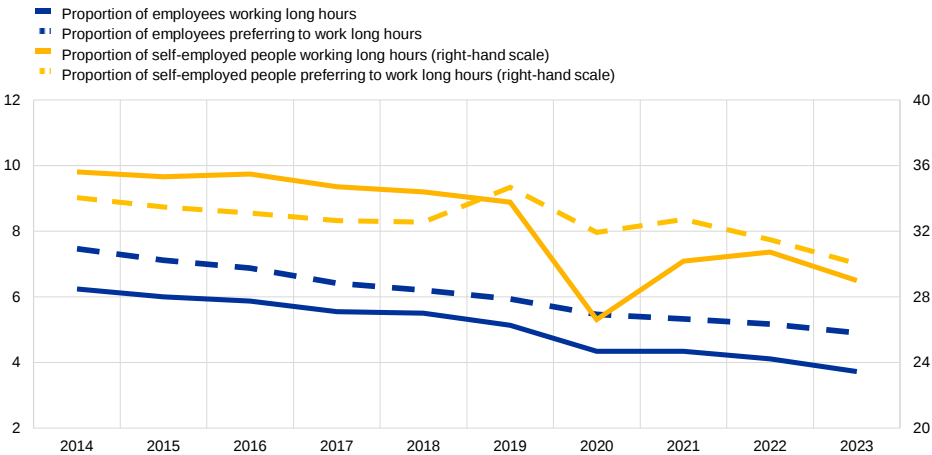
Source: Berson, C. and Weissler, M. (2025), "Who wants to work more? Revisiting the decline in average hours worked", *Economic Bulletin*, Issue 3, ECB.

ECB labour hoarding indicator (percentage of firms)



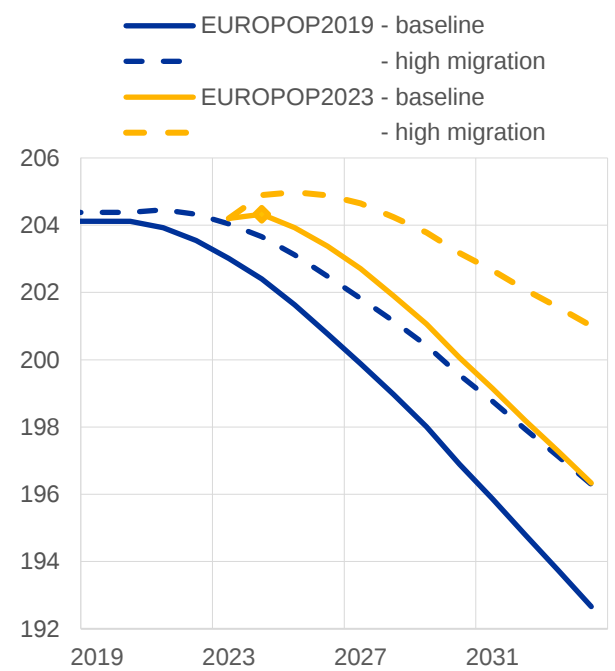
Source: Arce, O. and Sondermann, D. (2024), "Low for long? Reasons for the recent decline in productivity", *The ECB Blog*, ECB, 6 May.

Proportion of workers working long hours and preferring to work long hours (percentages)



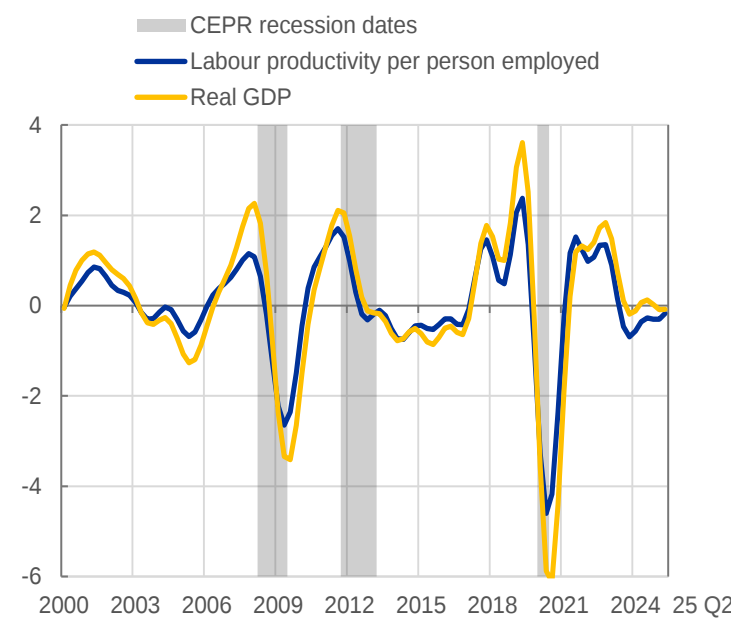
Source: Berson, C. and Weissler, M. (2025), "Who wants to work more? Revisiting the decline in average hours worked", *Economic Bulletin*, Issue 3, ECB.

Projection of population aged 20-64 (million persons)



Source: Eurostat population projections.
Notes: The diamond signals the last year with data. The upward shift between EUROPOP2019 and EUROPOP2023 is largely driven by the post-2021 census revisions and data related to temporary protection granted to persons displaced from Ukraine due to Russia's invasion.

Cyclicality of labour productivity (percentage deviations from trend)



Sources: Eurostat, CEPR and ECB staff calculations.
Notes: The cyclical component is identified with the approximate bandpass filter of Christiano and Fitzgerald (2003), identifying the business cycles between 6 and 32 quarters, and is expressed in percent deviations from trend. Peaks and troughs are taken from the CEPR chronology of euro area business cycles.