

# EMPLOYMENT OBSERVATORY

**Policies**

**48** Winter 1994



**DGV**

# Developments at a Glance

- Belgium:** The Belgian Government wants to promote employment, especially of the long-term unemployed, in areas where the demand for labour is unsatisfied (e. g. personal services, environmental protection) through subsidising local employment agencies which place unemployed persons against a fee. The Flanders Region has introduced an employment plan for young long-term unemployed persons; it targets labour market integration through subsidised work experience with intensive supervision. The Walloon Region, too, has agreed on an employment plan for this target group; it is to be implemented primarily by local authorities and is financed in part by the regional electricity and gas distribution companies.
- Germany:** Payment of the bad weather allowance was extended for a limited period, but will expire in 1996 when it is to be replaced by a regulation agreed on by the parties to collective bargaining. "Colleague support" (*Kollegenhilfe*) is admissible in the construction industry. The non-commercial placement of workers at the disposal of users is to be promoted from 1 October 1994 for the difficult-to-place (long-term) unemployed. The proposed budget of the Federal Ministry of Labour and Social Affairs foresees slightly higher expenditure in comparison to 1994; at around 27% of the total national budget it remains the largest single budgetary item. The most significant innovation is the introduction of the "social care insurance".
- Spain:** The labour market reform in Spain also led to revisions in the area of geographical mobility (redeployment and transfers) and substantial changes in working conditions such as working time and wage regulations. The object is a retreat by the state, which now only regulates framework conditions and minimum standards, while the role of the social partners is strengthened.
- France:** The administrative procedures in cases of occasional household work are considerably simplified by the possibility of paying for such work with so-called service employment cheques. A range of measures which were agreed in the so-called "Progress Contract" between the labour market authority (ANPE) and the state are to increase the market share of public job placement agencies and to improve the services offered. In order to be able to cope with the increase in the number of retraining agreements foreseen by the social plans, the Technical Teams for Reintegration, which are located in the districts served by the employment offices, will be modernised.
- Italy:** A number of important new regulations concerning labour market policy measures were introduced in July 1994. These relate in particular to wage compensation benefits and the so-called "work and training contracts". "Named recruitment" of unemployed persons is further simplified by the new stipulation that the names of workers may now be reported to the labour market authority subsequent to recruitment.
- Ireland:** Passive unemployment benefits are being "activated", for example through higher allowances for supplementary earnings during receipt of benefits.
- Netherlands:** A new framework regulation for the further training of the unemployed at sectoral level is to simplify legislation and provide regional labour market authorities with more scope for decision-making. The law exempting employers from social insurance contributions when they recruit long-term unemployed persons is extended. Continuous contact with employers and classification of the long-term unemployed in four groups are to increase their chances of placement. It was made more difficult for workers from non-EU countries to take up employment. Research findings show that active job search is worthwhile, even for the very difficult-to-place, and that job sharing leads to an improved balance of demand and supply on the labour market.
- Portugal:** A study on the vocational integration of disabled workers shows that this is usually achieved without difficulty and that the majority of disabled workers are deployed in areas which correspond to their training.
- United Kingdom:** In April 1994 responsibility for the Careers Service moved from local education authorities to the Ministry of Labour, which put out a public tender in order to also allow private firms the possibility of providing such services.

# EMPLOYMENT OBSERVATORY Policies



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# Overall Developments

## Germany

### Ministerial Budget Proposal for 1995

The proposed budget of the Federal Ministry of Labour and Social Affairs (BMA) for 1995 has a volume of DM 131.6 billion, compared with DM 130.4 billion in 1994. Representing more than 27% of the total central government budget, it is again the largest single budgetary item by a long way. On the basis of the current economic assumptions, the social services budget is expected to amount to DM 177.6 billion in 1995. This

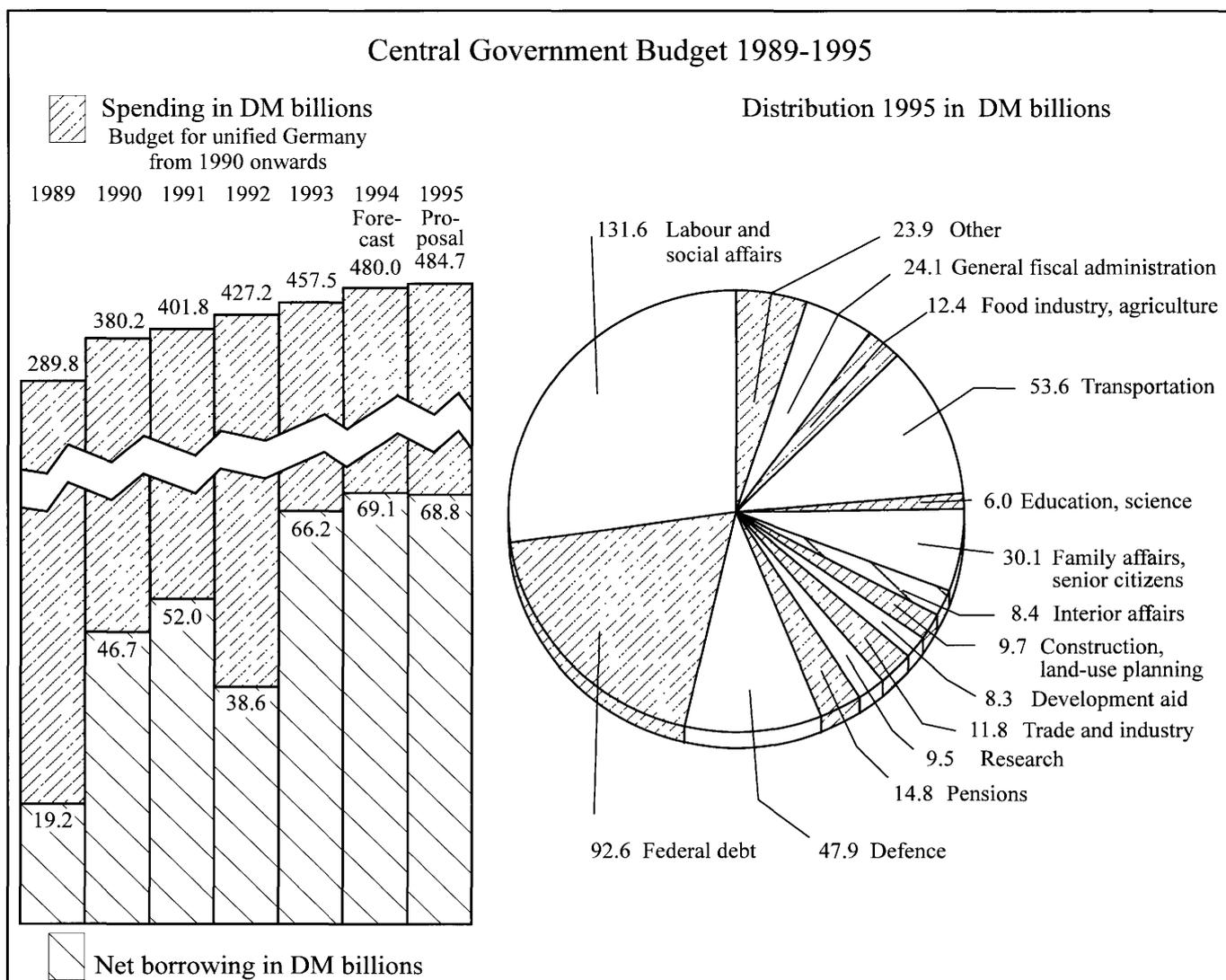
means that a third of central government spending is on social services and benefits.

Despite the need for fiscal restraint, there has been no let up in new social policy efforts. After discussions going back twenty years, the "social care insurance" (*Soziale Pflegeversicherung*) is finally to be introduced as the fifth pillar of the German social insurance system. This amounted to the decisive test of the restructuring of the welfare state, and more generally of its "reformability".

The major spending items in the BMA budget are social insurance expenditure, including the central government grant to the pension insurance scheme (DM 76.3 billion), labour

market policy (DM 40.3 billion) and compensation for victims of the Second World War (DM 13.5 billion).

The budgetary proposal in the field of labour and social affairs will strengthen the basis for moves towards a "unification" of the German welfare state. Including the central government grant to the Federal Labour Office, spending resulting from the Unification process amounts to DM 46.5 billion. This expenditure will continue to provide a social security "cushion" for the process of fundamental restructuring currently underway in the new federal states and finance the intensive active labour market policy efforts being made there.



### Social insurance

The pension insurance system is robust and secure. The contribution rate is to be cut from 19.2% in 1994 to 18.6% in 1995, although DM 14 billion will be transferred from the western to the eastern "wings" of the pension insurance scheme. Thus, the contribution rate trend will be more favourable than had been assumed by the government in 1989 – prior to German Unification – when the pension reform law was passed: at that time a rate of 19.0% had been foreseen for 1995.

The reason behind this positive state of affairs is the cyclical expansion of the German economy, which already in 1994 has led to rising contribution revenues. By the end of 1994 the fluctuating reserve will amount to DM 33.9 billion, and will thus exceed the statutorily required minimum reserve of one month's expenditure by DM 12.1 billion.

In 1994 the central government grant to the pension insurance fund increased by DM 9.1 billion to DM 72.4 billion, an increase which reflected the rise in contribution rates; in view of the change in contribution rates for 1995, no further increase is planned in the central government grant in the coming year. Of the DM 72.4 billion, DM 59.3 billion are earmarked for pension insurance in the old, and DM 13.1 billion in the new federal states.

Following the recent upward adjustment of pension levels – by an effective rate of 3.17% in July 1994 (West Germany: 3.39%) – average pensions in East Germany now amount to around 75% of West German levels. The disposable basic pension (after 45 years of pension contributions and given average earnings) has risen to DM 1,451.17 (West Germany: DM 1,931.31). After the pension increase planned for 1 July 1995, the standard pension is expected to rise to DM 1,593 per month.

### Labour market policy

Labour market policy continues to make a decisive contribution to the historical process of transition in the new *Länder* by ensuring that restructuring, despite its speed, proceeds in a

socially acceptable way, promoting growth and employment throughout Germany.

On the basis of the prevailing economic assumptions for 1995, and given no change in budget rates, the central government grant to the Federal Labour Office is expected to be DM 14.8 billion.

This will enable active labour market policy efforts to be maintained at their current high level. The funds available for vocational training and job creation measures will be roughly equivalent to expenditure during the current year. Thus places will be available for approximately the same number of participants as in 1994.<sup>1</sup>

The Employment Promotion Act of 1994 on the basis of which the action programme for higher growth and employment has largely been implemented, and which did not come into effect until 1 August 1994, will make its full impact felt during 1995.

The newly introduced § 242 s of the LPA creates new employment opportunities in West Germany in the fields of social services, environmental improvement and youth aid. In a similar way to § 249 h LPA in East Germany, which has certainly proved its effectiveness, the regulations enable the Federal Labour Office to promote the employment of those who would otherwise be unemployed in the form of a wage cost subsidy equal to the value of the unemployment benefit or unemployment assistance saved. Measures under § 242 s last around two years; the scheme comes to an end at the close of 1997 and participation is restricted to the difficult-to-place unemployed. Together, the two instruments are expected to attract well over 100,000 participants, although there is no budgetary restriction on the number participating. What is decisive is that the required complementary funding from third parties is forthcoming.

The central government budget has set aside DM 5.4 billion for the transitional allowance for the elderly unemployed (*Altersübergangsgeld*), a further DM 2.3 billion coming from the budget of the Federal Labour Office. There are a total of some 290,000 recipients of this benefit, which serves

as an important bridging function between unemployment and retirement. From the start of 1995 recipients of the transitional allowance who are entitled to an old age pension will receive a compensation payment from the point in time at which the pension entitlement is recognised. The compensation payment will be made for the remaining duration of the entitlement to the transitional allowance, although not after the recipient's 65th birthday. DM 430 million have been earmarked in the 1995 budget for this purpose, with 140,000 recipients expected. A further DM 0.8 billion are to be made available for early retirement benefits.

### Unemployment assistance

DM 15.7 billion are set aside in the budget for unemployment assistance (*Arbeitslosenhilfe*). In view of the planned restriction on the duration of entitlement, attempts are being made to find socially acceptable modes of implementation, taking account both of the interests of elderly unemployed persons and the regulations contained in social plans. DM 1.5 billion have been earmarked in the budget for integration support for immigrant ethnic Germans from eastern Europe (60,000 recipients).

The huge efforts made by active labour market policy in the new *Länder* manifest themselves in the very impressive financial data: between 1991 and 1994 around DM 150 billion was spent on intensified further training and retraining, job creation, early retirement and short-time working allowances. By the end of 1995 this figure is likely to have passed the DM 180 billion mark. By means of these funds around 2 million persons were saved from unemployment in 1991 and 1992, 1.6 million in 1993, with 1.3 million expected for 1994. The measures will ease the pressure on the labour market to an equivalent degree in 1995.

The efforts made by labour market policy have not only helped to avoid

<sup>1</sup> DM 9.6 billion have been earmarked for job creation schemes in 1994 (participants: 55,000 West, 210,000 East); for further training and retraining DM 14.8 billion (participants: 290,000 West, 240,000 East).

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anxiety and distress on the part of many of the individuals affected, they have also created the conditions for humane and socially acceptable processes of economic change and a widespread acceptance of the social market economy in the new *Länder*. They have prevented social dislocation and thus defused a potentially explosive social situation. Between 1991 and 1994 a quarter of active labour market policy expenditure was devoted to vocational training. This must be seen as an investment in the future, enabling East German citizens to meet the changed labour market requirements characteristic of the unified Germany.

### Caring for those in need

In Germany 1.65 million people are dependent on care, 1.2 million of which are cared for at home. The network of peripatetic care services has significant gaps, with insufficient services available. Semi-peripatetic care opportunities were few and far between, with virtually no day-care facilities.

The social care insurance scheme due to come into force on 1 January 1995 will prove of great assistance here. Benefits for care at home will be introduced in a first wave beginning on 1 April 1995, with in-patient care following in a second phase beginning 1 July 1996. The home care services available will depend on individual need for care. A transfer benefit and concrete care services can be applied for separately or in combination. If the person providing care is prevented from doing so, the care insurance scheme will fund the costs of a replacement for a period of four weeks. Further services available include: day and night care, short-term care, care-related appliances and goods, subsidies for housing alterations required for care, training free of charge for relatives and volunteers wishing to perform care.

The aim of these benefits and services is to improve the situation of both the persons requiring care and the relatives and (volunteer) staff providing care. Only in exceptional cases will those affected then have to rely on minimum social benefit. For per-

sons providing care at home without remuneration, the care insurance scheme will pay contributions to the pension insurance fund. In addition, such persons will enjoy cover under the statutory accident insurance scheme without being obliged to pay contributions.

An urgent requirement is to provide initial financing for the new federal states. Here, the totally inadequate state of some homes for those requiring care must be radically improved as quickly as possible. For this reason, DM 800 million per year are to be made available to the new federal states over the next eight years for capital spending on care facilities. This initial financial support, totalling DM 6.4 billion, financed by a contribution by all the federal states of DM 200 million p. a. will enable rapid and comprehensive changes to be made in the infrastructure for care services in the new *Länder*.

As early as 1991 the Federal Government began promoting – in the form of a special model care programme – measures to improve the situation of those in need of care. An additional DM 85 million will be made available from this source in 1995.

In order to improve the infrastructure for care services support is offered for peripatetic services, semi-peripatetic services and, in the new *Länder*, in-patient facilities. Smooth co-operation between the various institutions and organisations involved is being furthered by means of pilot projects at local authority level, networking between peripatetic services and the setting up of co-ordination and steering offices. The model care programme involves advisory services, further training for relatives, neighbours and other voluntary helpers performing care services and for doctors and professional care staff. This also involves support for training institutions.

Of the remaining forms of support in the model care programme the following are the most significant:

- psycho-social care for confused elderly people in in-patient facilities;

- experiments with psycho-social support for the caring staff;
- restructuring of hospitals to modern, economically autonomous care facilities (peripatetic or in-patient);
- the creation and running of hospices to care for the critically and terminally sick and of care facilities for persons with serious head and brain injuries.

### Benefits for the disabled

Around DM 180 million have been set aside in the 1995 budget to support the occupational and social integration of the disabled; to this end central government is to provide support for supra-regional facilities, occupational and medicinal rehabilitation models and for preventive treatment.

### Advisory services for central and east European countries

Approximately DM 14.4 million are envisaged for advising the countries of central and eastern Europe on matters of social and labour market policy. These funds constitute an important aid in the context of ongoing social and economic transformation. The advisory support, consisting of seminars and model facilities, concentrates on the areas of labour market and employment policy, labour law, health and safety at work, issues involving social partnership and the creation of pension and accident insurance schemes.

### Support measures for employees in the coal and steel industries

A total of DM 273 million of central government funds are available for social policy measures to accompany the adjustments under way in the coal and steel industries and in iron-ore mining. An additional DM 146 million are expected from the EU. The support provided includes adjustment assistance, e. g. "waiting allowances", support for retraining and compensatory and transitional support for elderly workers.

The special programme developed by the EC Commission to cushion restructuring measures within the European steel industry have enabled the "Guidelines on the granting of

support to employees in the iron and steel industry" to be improved.

#### Integration of foreign workers

Almost DM 88 million have been set aside in the 1995 budget for the integration of foreign workers and their families. These funds provided by the labour ministry will be largely allocated for vocational training and language tuition and will be made available to charitable institutions in return for the assistance provided to foreign workers. In the case of vocational training and language tuition, support measures will focus on measures for young foreign nationals and women.

#### Miscellaneous

In addition to the benefits mentioned above, a further DM 13.5 billion have been set aside for compensation to the victims of the Second World War, and also DM 10 million for combating work-related illnesses.

#### European Social Fund

The European Social Fund will provide around DM 610 million to help finance labour market measures in Germany. These resources will be deployed by the Federal Minister of Labour, in addition to the financial resources earmarked in the proposed 1995 budget. They will be deployed primarily:

- to assist persons threatened by long-term unemployment;
- for the integration of young people into working life;
- to promote equality of opportunity on the labour market between men and women;
- for vocational retraining and further training for employees threatened with unemployment in the course of technical progress, as a result of changes in production systems and processes of industrial change.

The European Social Fund has made a significant contribution to the joint central and state government initiatives (in 1993 and 1994) to provide a total of up to 22,000 training opportunities outside of firms in the new federal states.

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## Spain

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### The Labour Market Reform in Spain: Geographical Mobility and Working Conditions

This article supplements the one which appeared in the previous edition of inforMISEP describing Law 11/1994 and the statutory changes in the way in which the Spanish labour market is regulated (cf. iMi 47, p. 7). In the last edition the topics considered were "collective bargaining", "occupational mobility" (functional flexibility) and the new regulations governing agency work; this article deals with changes in the area of geographical mobility, fundamental changes in working conditions (working time and wage regulations, dismissals), trade union elections and, finally, the abolition of the Workers' Statutes (*Ordenanzas Laborales*).

As part of the labour market reform, Royal Decree-law 18/1993 on immediate employment promotion measures (iMi 45) was also passed by both chambers of parliament as Law 10/1994 on 19 June 1994. In addition to the employment promotion measures, which, in view of their urgency, had already come into force in December 1993 by virtue of the Royal Decree-law, the Law provides a legal basis for employment programmes aimed at specific groups of the unemployed facing particular difficulties in (re)entering the labour market (the over 45's, the disabled, the under 45's in enterprises with less than 25 employees); it was implemented during 1994.

#### Geographical mobility and substantial changes in working conditions

The changes introduced by the reform in the fields of geographical mobility (transfers) and working conditions (duration of work, working time, work and performance systems and deployment in functional areas going beyond those defined by law) are somewhat less substantial than

those with respect to functional flexibility, but are nonetheless significant.

The most important innovation is that the prior administrative approval previously required for changes of this type has been replaced by ex post verification by a court of law.

At the same time, the grounds justifying redeployment and transfers is brought into line with those justifying redundancies to regulate workforce levels. In addition to the traditional technical, organisational and production-related reasons, economic grounds have now been included. A distinction is also drawn between redeployment (*desplacamiento*) and transfer (*traslado*); the maximum duration of a redeployment is 12 months within a three-year period.

All the other changes introduced are linked to the substitution of prior administrative approval by ex post verification by the courts mentioned above, and to the regulations required by such a change of procedure. The law distinguishes between changes with an individual and those with a collective character, depending on whether the interests affected are primarily individual in nature or rather, from a social and economic point of view, relate to a more general problem, one going beyond individual interests.

In the case of transfers the criterion is the number of workers affected. Collective transfers are defined as those affecting at least 10 workers in firms with less than 100 employees, 10% of the workforce in firms with between 100 and 300 employees, and 30 workers in firms with more than 300 employees.

As far as substantial changes in working conditions are concerned, it is the collective or individual significance of the change in conditions which is decisive. In the case of changes which, while in principle of collective significance, are relatively unimportant, or affect only a small number of workers (e. g. changes in working time for individual workers), the procedures required for changes in collective working conditions do not apply.

The significance of the distinction between individual and collective

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changes is revealed by the different procedures which apply for the changes to be made, in particular the required participation of the statutory workers' representatives in the case of collective changes.

The transfers and the changes in working conditions of an individual character are, in the final analysis, decisions taken unilaterally by the employer; they must be announced to the employees affected 30 days in advance and are subject to ex post verification by the courts. Those affected may seek a court ruling – without suspensive effect – on the decision, against which there is no legal recourse. This is stipulated in the new version of the law regulating labour disputes (*Ley de Procedimiento Laboral*). They may also opt to terminate the employment contract, in which case the previous legal provisions remain applicable (compensation equal to 20 working days' pay for each year of service up to a maximum of nine months' pay).

As far as transfers and changes in working conditions of a collective nature are concerned, the most important change is the introduction of the requirement for a "consultation phase" with the statutory workers' representatives, similar to that applying in the context of mass redundancies, but of shorter duration (15 days).

### Working time

The law modifies the regulation of working time according to two principles: firstly, it sets the maximum working time durations (or minimum duration of breaks from work) which must be adhered to in all cases; secondly, it establishes a framework within which negotiations between the parties involved can proceed freely. The aim is to achieve a balance between the requirements of production and the wishes and needs of workers.

These principles are reflected in the actual provisions of the law as follows:

- The maximum duration of working time remains 40 hours per week and 9 hours per day; the interval between working days must be at least 12 hours, and minimum

breaks apply in the case of extended working days. Special protective stipulations pertain to employees under the age of 18.

- The partners to collective bargaining are given the possibility of negotiating flexible arrangements: calculating working hours on an annual basis, irregular distribution of working time, and the suspension of the 9-hour limit on daily working hours may be agreed. In such negotiations a balance must be found between the interests of employees and the requirements of competitive production.
- The law has introduced three changes pertaining to overtime:
  1. The 75% minimum overtime bonus is abolished. It is left to collective negotiations to determine the extent and distribution of overtime and bonuses.
  2. A further step has been taken away from additional pay for overtime and towards compensation in the form of leisure by establishing that this is the general rule in the absence of collective agreements or employment contracts to the contrary.
  3. Overtime compensated by leisure is not added to the maximum permissible working time. The maximum permissible working time cannot be considered to have been exceeded if the actual working time minus the hours compensated by leisure does not exceed the regular working hours.

All these changes must be seen in the context of the regulations mentioned above concerning the annualisation of working hours and the irregular distribution of working time.

Taken together, these regulations will lead to a drastic reduction in overtime in Spanish firms without restricting the required adjustment to working hours. Overtime is thus transformed into an additional element conducive to working time flexibility, without leading to an increase in actual working hours.

In the case of night work a number of definitional clarifications have been introduced and the protective

measures systematised. A distinction is made between night work, i. e. work performed at certain predetermined hours of the day, and night workers, i. e. workers who perform a substantial proportion of their daily or annual working hours during the night. This distinction is based on the view that it is not occasional, but rather regular and continuous night work that requires special protective measures.

In order to limit the special risks involved in night work, night workers are now protected by stricter limitations on daily working hours and a ban on overtime. Special medical preventive examinations are carried out to identify at an early stage the possible health risks associated with such work, enabling the appropriate measures – including redeployment to day work – to be taken.

Employers utilising night work are also obliged to implement the same health and safety measures as during the day, so as not to increase further the risks associated with night work.

Finally, it is stipulated that night work is to be remunerated at special rates, whereby – as is now generally the case with wage issues – these rates are to be determined through collective bargaining.

With regard to the weekly uninterrupted break from work, the law permits such leave to be taken together in two-week blocks, the aim being to allow more flexible use of working time. For workers under 18, the minimum weekly uninterrupted work break is raised to two full days.

Finally, holiday regulations have been modified, a change that is of purely legal importance. In view of their very specific nature, inappropriate to statutory legislation, a number of elements have been transferred to the collective bargaining arena, although they remain within a statutory framework.

### Wage determination

In the field of wage regulation, the Law restricts itself to a number of structural aspects that are required so that wages can be determined through collective bargaining.

The reform is deregulatory in nature, liberating government from a series of detailed regulations concerning wage levels and structures which had restricted the freedom of collective wage bargainers. Particularly in the area of wage determination, restrictions on the scope for negotiations between the parties to collective bargaining should be as insubstantial as possible.

In accordance with these principles, the new legal framework on wage determination is restricted to the following aspects:

- A definition is given of what is to be considered a wage (or salary) and what is not. Wage levels and structures are determined solely by collective bargaining, the agreements emanating from which are flexible.
- The regulations pertaining to the national minimum wage, sexual equality with regard to pay, calculation and payment of wages, special payments, the guarantee of wage payment and the Wage Guarantee Fund are retained in their previous form or with only minor modifications.
- A number of aspects of wage determination, such as minimum rates for pay bonuses (e. g. for seniority, overtime and night work) have been abolished; statutory regulation of these areas has been removed and they are now the responsibility of collective bargaining.

These changes are to be seen in the context of the simultaneous abolition of all the regulatory norms relating to wages, in particular of the 1973 wage ordinance and its norms of implementation.

With the coming into force of the Law, the only statutory provisions remaining which relate to wages are the minimum standards stipulated by the Workers' Statutes. All other aspects will be regulated by the social partners in collective agreements and employment contracts.

### Dismissals

The most important measure contained in this area of the reform is the introduction of the concept of mass redundancy into Spanish labour law

for the first time. Under the new regulation a distinction is drawn between different forms of dismissal, not only with regard to cause, but also to the number of workers affected.

The legal distinction between individual dismissals and mass redundancies is based on the EU guidelines, which consider the number of workers dismissed with respect to the period in which the dismissals occur. Mass redundancies apply in the case of the dismissal, within a period of 90 days, of at least 10 workers in firms with less than 100 employees, 10% of the workforce in firms with between 100 and 300 employees, and 30 workers in firms with more than 300 employees.

This change is the only significant one introduced by the Law. Certain dismissals which were previously subject to administrative procedures are now subject to judicial procedures.

Here the number of workers affected by dismissal serves as a basis. The collective character of mass redundancies and the associated impact on wider social interests justifies the intervention of the statutory workers' representatives and, later, the Labour Inspectorate. In cases in which only individual interests are affected, on the other hand, the usual recourse to law in the defence of private interests is the appropriate course of action.

In addition to this change, the Law contains a number of other noteworthy amendments.

1. The economic and technological justifications for mass redundancies listed in the previous legislation have been extended by the inclusion of organisational and production-related justifications (which previously only applied to redeployment and substantial changes in working conditions).
2. The amendments to the Workers' Statutes have led to a number of detailed changes, not all of which are of a purely technical nature; in particular, the changes emphasise the importance of the consultation phase between employers and the statutory workers' representatives and facilitate administrative approval procedures.

During the consultation phase the reasons behind the proposed mass redundancies are to be analysed so that, to the extent possible, their negative effects can be avoided or mitigated. Measures are to be introduced to alleviate the effects on the workers involved and to ensure the continued operation of the firm.

Particularly noteworthy is the provision in the new Law for a "Social Plan" to be implemented in firms with more than 50 employees.

The term within which, following the end of the consultation phase, administrative approval is to be given or an objection raised is reduced to 15 days. If no administrative pronouncement is forthcoming within this period, the redundancies are considered to have been approved.

3. Dismissals for economic and technological reasons now no longer require approval. Given that they only affect a single worker or a small group of employees, the procedures required in the case of mass redundancies do not apply. Such dismissals are based on the same legal regulations – governing procedures, notice periods, compensation and judicial revision – applying in the case of dismissals for "objective" reasons.
4. The Law introduces a number of modifications pertaining to individual dismissals, more specifically: the declaration of a dismissal as null and void (purely formal errors do not render a dismissal null and void); the obligation on the employer to continue to pay wages during proceedings relating to alleged undue dismissal; and the interim execution of court decisions.

### Trade union elections

The Law has also brought about changes in the regulations governing the election of workers' representatives; the changes are necessary to establish the representativeness of trade unions. Effective trade union representation must be ensured as this is a necessary condition for the industrial relations system. To this end, the system by which election results are determined and announced by a tripartite commission has been

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replaced by one based on an official register and arbitration proceedings in the case of discrepancies in vote-counting.

This requires changes in the articles of the Workers' Statutes pertaining to election procedures, the election proceedings and the functions of the electoral council. In addition, new legal forms and institutions have had to be established. These include an official body to register election results, complaints procedures regarding the conduct of the elections and the replacement of the previous tripartite organs by a system of arbitration.

The reform of these areas is supplemented by transitional regulations, the aim of which is to facilitate the adjustment to the new system during forthcoming elections; procedural regulations required by the new regulation, and changes in election procedures within the public sector, enabling the systems by which trade union representativeness is established to be harmonised.

### The "Workers' Statutes" (*Ordenanzas Laborales*)

The Law stipulates that the Workers' Statutes (a pre-constitutional element in Spanish labour law) currently in force will continue to serve as positive legislation until 31 December 1994, unless the social partners reach alternative agreements concerning their validity, and except in those areas in which they have not already been replaced by collective agreements.

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## Italy

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### Amendments to Labour Market Regulation

Law no. 451 of 19 July 1994 has introduced a number of amendments to prevailing Italian labour market regulation in the following areas: (a) wage compensation benefits (*integrazioni salariale*); (b) experimenting with new forms of flexibility on the basis of

more flexible working hours and part-time employment; (c) community work; (d) work and training contracts.

As far as point (a) is concerned, the following changes are particularly noteworthy: (1) extension of the early retirement regulations in the steel industry for employees made redundant before 31 December 1994 and who have paid contributions for at least 30 years; (2) the procedures by which benefits are granted have been decentralised and are to be conducted at local level; (3) reduction in the time period (40 and 20 days) for the completion of the procedure.

Law no. 451/94 specifies the areas in which community work is possible; these include small and medium-sized trade and export firms and personal services.

The most important new regulations relating to work and training contracts are as follows: (1) an extended age limit for young people recruited within the framework of such contracts; (2) new institutions delivering work and training contracts; (3) a number of different qualification levels which can be obtained at the end of such training, and which determine the number of training hours to be attended by individual participants; (4) duration of the contract; (5) level of contributions; (6) the possibility of dividing the contract up between several employers; (7) an obligation on the employer to hire at least 60% of the workers initially recruited under such contracts and whose contracts expired during the last 24 months; (8) recognition of the principle of equality as set out in Law no. 125 of 1991 (positive measures to ensure sexual equality at work).

As far as the first aspect is concerned, the new Law enables young people aged between 16 and 32 years to be recruited. Such projects can be organised by the following types of organisation: public sector enterprises, private firms and corporate groups and "groups of firms, professional associations, socio-cultural associations, sporting organisations, foundations and employers belonging to chambers of trade and industry". In connection with these two measures (points 1 and 2), both of

which contribute to raising the flexibility of the labour market, the measure referred to under point 6 is also to be mentioned, which enables the contract to be run with a number of different employers. This is, however, subject to the condition that this is "necessary for the training objectives to be realised" (para. 16, subsection 10).

Clearly therefore, the new Law lays great stress on the training aspect of the contracts which remain their central characteristic. The aim of the contracts is to enable workers to obtain a medium-level or higher training qualification and also to "facilitate labour market entry by providing work experience enabling occupational knowledge and skills to be adjusted to the context of production and organisation" (para. 16, subsection 2b). In particular, the new Law stipulates that the medium- and high-level training qualifications obtained at the end of the contract period, which may last up to 24 months, will involve 80 and 130 training hours respectively performed in place of the formal employment activity.

In order to facilitate entry into working life, further training of least 20 hours is to be provided in areas such as industrial relations, health and safety at work, etc. Such training is to be limited to a maximum of 12 months.

As far as the contributions are concerned, the difference between the two types of training are particularly pronounced. In the case of work-experience training (para. 16, subsection 2) "the [...] benefits will only be granted if the employment relation established following the contracts is a permanent one".

Another important aspect relates to the increase in the percentage of employees to be recruited on permanent contracts by the employers on termination of the scheme from 50% to 60%. This applies also to those taken on under the scheme during the previous 24 months (para. 16, subsection 11). A final aspect relating to recognition of sexual equality means that, in accordance with Law no. 125 of 1991, the principle must be obeyed that any form of direct and indirect discrimination is illegal.

# Training

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## Netherlands

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### New Regulation by the Central Labour Market Authority for the Further Training of the Unemployed at Sectoral Level

A new measure, to take effect from 1995, has been introduced for the further training of the unemployed at sectoral level: the framework regulation on sectoral further training (*Kaderregeling Bedrijfstaksgewijze Scholing*, KBS). With this measure the central labour market authority is seeking to stimulate national and regional cooperation between the employers and employees of the various branches. It also aims to promote dual initial training and further training at branch level, the ultimate aim

being to solve, mitigate or prevent branch-specific labour market problems.

#### The new regulation

Under the new regulation the three branch-specific further training measures already in existence are integrated: the sectoral training grants for the unemployed (BBS), the apprenticeship vocational training grants scheme (BVL) and the subsidy for the training of the employed (SSWB). These three measures will expire on 1 January 1995, and will be succeeded by the KBS regulation.

#### Grants

Under the new regulation a grant can only be applied for by a co-operative association of employer and employee organisations, from both the profit and non-profit sector. Only a single co-operative association is allowed to make an application in each branch.

Since the tripartite and decentral reorganisation of the labour market authority in the Netherlands in 1990, efforts have been made to simplify the legislation governing labour market policy measures. The aim is to integrate the many existing specific subsidy measures in more general framework regulations. These framework regulations can then be deployed flexibly by regional labour market authorities as necessary. In addition to the KBS the following framework regulations have already been introduced: the framework regulation for training measures (KRS) – a measure for the further training of job seekers; the framework agreement for integration into working life (KRA) – a wage cost subsidy for the long-term unemployed; and the framework regulation for temporary worker job placement (KRU) – a regulation under which temporary job agencies can be used in the search for work.

# Placement and Vocational Guidance

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## Belgium

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### New Regulation for Local Employment Agencies

A year ago the Belgian Federal Government drew up a global Plan for Employment Competitiveness and Social Security (cf. iMi 45 and 46). An important element of this plan was the introduction of new regulations pertaining to the work of the local employment agencies (*Agences locales pour l'emploi*, ALE). These agencies are to place unemployed persons in

areas in which the demand for labour is currently unsatisfied, such as personal services, particularly individual care, environmental protection, the security services and leisure. Such local employment agencies have been in existence since 1987 (cf. BIR B-iii.13). However, their work has met with varying degrees of success in the three Belgian regions. The aim of the new regulation is to extend the field of activity of the local employment agencies to the whole of Belgium.

From now on every local authority is obliged to set up a local employment agency. In return they receive staff, a compensation payment to cover the costs of administration, and a proportion of the hourly remunera-

tion to be paid by users. The list of approved activities has been extended, private users are entitled to tax reductions, and the long-term unemployed can be obliged to take up a suitable job under this scheme.

#### Instituting local employment agencies

Every local authority (or group of authorities) must set up a local employment agency in the form of a non-profit association. Its composition must be based on a bipartite structure: on the one hand representatives of the local council, on the other members of the employers' federations and trade unions represented in the national labour council; the representatives of

## Placement and Vocational Guidance

the local council are to be selected in accordance with the political composition of the local council. The administrative council of the local employment agency is to be composed in the same way.

### Formalities to be observed by the user

The user requests "user forms" from the local employment agency in the local authority area in which the activity is to be performed. He describes the proposed activity, and indicates whether or not he already has in mind an unemployed person who is willing to perform it. In some cases he must pay a registration fee to cover the administrative costs of the local employment agency. The registration fee may not exceed FB 300 per year. The local employment agency may also decide to refrain from charging such a fee.

Provided the activities applied for are among the list of approved activities, the application is accepted by the local employment agency. This approval is valid for a maximum of one year, but can be extended. The local employment agency then informs the user of the hourly rate to be paid to the unemployed person. Payment is made by ALE cheque (under the previous regulation the unemployed person was paid directly by the user).

The user can apply for the services of one or more unemployed persons, provided they are in possession of an ALE service form. While the number of working hours per unemployed person is limited, there is no restriction on the maximum number of hours for the user. However, the user is not entitled to a tax reduction for wage costs exceeding a given annual figure.

### ALE cheques

The user purchases ALE cheques from the local employment agency. Their purchasing price is equal to the hourly wage rate to be paid.

At the end of the working day, on completion of the activity, or at the latest at the end of the month, the user gives the unemployed person one ALE cheque for each working hour (including part hours). The wage rate

may fluctuate according to the activity performed and the regional wage level. The wage rate is set by the local employment agency. Different rates may be stipulated for natural persons and legal entities; certain categories of user may be granted preferential rates. The minimum wage rate is FB 200, the maximum FB 300; for horticultural and agricultural work an hourly rate of FB 220 has been set for 1994.

### Approved activities

The following activities can be performed, provided they are not covered by the regular labour market:

- for natural persons:
  - home help,
  - help in supervising or caring for the sick and children,
  - help in completing administrative formalities,
  - gardening help;
- for local authorities: activities which meet needs that are not served by the regular labour market, in particular activities in the area of environmental protection;
- for non-commercial associations and educational institutions: activities which, due to their nature or their occasional character, are usually performed by volunteers, in particular help with events of a social, cultural, sporting, charitable or humanitarian nature;
- for the agricultural and horticultural sector: occasional and seasonal work in accordance with the ministerial decree; all horticultural activities are approved with the exception of harvesting mushrooms and tending parks and gardens.

This list is merely exemplary in nature. Within this framework set by the new regulation, it is the administrative council of the local employment agency that decides which activities are to be approved at local level, whereby the state of the local labour market is to be taken into account. The bipartite composition of the administrative council and the right of recourse of each member of the council to the national employment office guarantees that the agencies will not enter into competition with the regular labour market.

### The tax position of the user

Provision has been made for tax reductions in order to stimulate user demand. Private users are entitled to a tax reduction based on the total value of the ALE cheques purchased. For this purpose the cheque-issuing office provides the user with an annual statement which can be presented to the tax office.

The ceiling on tax-deductible expenditure is FB 80,000 per year. The tax deduction on the total amount spent is at least 30% but not more than 40% of the total expenditure. Given wage costs of FB 80,000 this amounts to a tax deduction of between FB 24,000 and FB 32,000.

### Stipulations pertaining to the unemployed

*Officially listed and voluntarily registered unemployed persons*

The long-term unemployed (more than three years for unemployed persons not belonging to a special target group and at least two years for young recipients of the "waiting allowance") are automatically enrolled as potential applicants with the local employment agency responsible for their residential area (unless they have been freed from the obligation to be available for work). The unemployed person in question is informed about this registration by the national labour market authority (ONEM). This target group contains around 150,000 long-term unemployed. On request, an officially listed unemployed person must report to the local employment agency and accept any suitable activity. It is to be noted, however, that the local employment agency only has recourse to officially listed unemployed persons when the number of voluntarily registered unemployed is no longer sufficient.

Long-term unemployed persons who have been freed from the obligation to be available for work (e. g. the elderly unemployed) and job-seeking recipients of the minimum social allowance may register voluntarily and without commitment with a local employment agency. Unemployed persons who do not meet the new conditions regarding the length of their period of unemployment, but who have

been employed within the framework of local employment agencies between 1 January 1993 and 30 April 1994, are entitled to continue to work with the same status. Such persons may register voluntarily with a local employment agency.

### *Maximum permissible number of working hours*

An unemployed person may not work more than 45 hours for one or more users per month.

In the horticultural sector an unemployed person may work no more than 65 days per year. Here too, the ceiling of 45 hours per month is to be observed, whereby the unemployed person active in the horticultural sector may work for up to 90 hours per month over a period of two calendar months.

### *Formalities to be observed relating to the activity*

The local employment agency provides each unemployed person with a form which certifies that he or she meets the conditions required to perform an activity within the framework of the regulation governing local employment agencies. The unemployed person can then approach a potential user directly, or can be put in contact with a user by the local employment agency.

At the end of the working day, on completion of the activity, or at the latest at the end of the month, the unemployed person receives ALE cheques at the prevailing hourly rate for each working hour (including part hours). At the end of the month he or she presents his or her control card, service form and ALE cheques to the payment office. The office then pays out unemployment benefit plus the supplement of FB 150 per ALE cheque (i. e. per working hour).

### *Financial advantages*

The unemployed person continues to draw unemployment benefit in full and in addition earns FB 150 per ALE cheque; this can represent additional monthly earnings of up to FB 6,750. The additional income is subject to tax in the same way as unemployment benefit.

### *Exemption from local authority control*

On the days during which the unemployed person performs an activity within the framework of the local employment agency, he or she is exempt from local authority control. The same applies during the calendar month following any month in which he or she has worked at least 20 hours.

### *Suspension of benefit entitlement*

Entitlement to unemployment benefit can be suspended for four weeks if the officially listed unemployed person refuses to take up a suitable activity, resigns early from a suitable activity without just reason, or is responsible for a suitable activity being terminated early. In the case of repeated infringements of this type, his or her benefit entitlement can be suspended for at least four weeks and for a maximum of 26 weeks.

Benefit entitlement can be suspended for at least 13 weeks and for a maximum of 26 weeks if the unemployed person fails, without due reason, to respond to a call to attend the local employment agency, once a caution to this effect has been issued by registered post.

### *Postponement of suspension of benefit entitlement for reason of long-term unemployment*

The suspension of benefit entitlement for reason of long-term unemployment (cf. BIR B-iii.1) is postponed for one month for each block of 90 working hours performed by the unemployed person within the framework of a local employment agency during the 24 months prior to the month of notification. If the maximum number of working hours are worked, this extension then amounts to twelve months.

In addition, the national administrative commission is to consider the activities performed by an unemployed person within the framework of a local employment agency as a positive element when determining whether the unemployed person is available for work. It will be recalled that the task of this commission is to deal with objections raised by unemployed persons against the decision to suspend their benefit entitlements.

### *Insurance against accidents at work and civil liability*

The unemployed person is insured against accidents at work with the ONEM. In cases of temporary incapacity to work, compensation will be calculated on the basis of the unemployment benefit normally drawn by the unemployed person affected.

In addition the ONEM has concluded a civil liability insurance which covers damage resulting from errors committed by the unemployed person.

### **Transitional measures**

The new regulations come into effect on 1 October 1994.

The "old" local employment agencies must have converted to the new regulations by 31 March 1995. By this time they must have assumed the form of a non-profit association and a bipartite structure as foreseen under the new regulation.

To ensure the smooth transition from the old to the new regime, it has been decided that activities performed until 1 January 1995 may be remunerated on the basis of the old regulation (i. e. in the form of direct cash payment equivalent to FB 160 per working hour with a reduction in unemployment benefit of FB 10 per working hour). However, this applies:

- only to local employment agencies already in existence;
- only for activities which were approved under the old regulations;
- and does not apply until the local employment agencies have taken a decision on whether to charge a registration fee and on the new wage rate to be paid by the user.

The new ceiling of 45 working hours per month, by contrast, applies immediately from 1 October 1994. Moreover, only those long-term unemployed referred to in the new regulation may perform the approved activities after this date.

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### Germany

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#### New Support for the Long-term Unemployed

From 1 October 1994 non-commercial temporary job placement agencies are to receive financial support from the Federal Ministry of Labour subject to the condition that they place the long-term unemployed and other difficult-to-place persons with user firms, with the aim of providing such persons with permanent jobs with these employers. This is the substance of an agreement reached between the Federal Government and the Federal Labour Office that has recently received cabinet approval.

The Employment Promotion Act of 1994 led to amendments to the 1992 law governing the operations of temporary employment agencies so as to facilitate the placement of the long-term unemployed and other difficult-to-place persons in permanent employment relations through such agencies. Following the example set by a Dutch foundation (START), it is now possible, on a non-commercial basis, to employ difficult-to-place jobseekers as agency workers, and then directly to place them at the disposal of user enterprises. The unemployed person thus receives a chance to prove him/herself in a working environment, and the user firm is able to see if the employee meets the requirements of the enterprise. In Germany this form of agency work has now been permitted, subject to the further condition that the jobseeker in question has been explicitly certified as difficult to place; this is in order to preclude abuse of this exception within the overall legislation on agency work.

Initially, the financial support by the Federal Labour Ministry available for non-commercial temporary employment agencies is planned to last until 1996. The aim is to provide initial start-up assistance in the first two years of such an activity, after which the agencies should be able to maintain themselves. The support takes the form of loans or grants for operat-

ing and personnel costs. Depending on the number of agency workers who ultimately take up permanent employment with users, the loans can be converted into grants. In the current year DM 1 million is earmarked in the ministerial budget for this form of support; this is planned to increase to up to DM 30 million in 1995 and DM 20 million in 1996. Applications for the support are to be made to the federal state employment offices which are also responsible for providing information on details of the scheme and the conditions of entitlement.

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### France

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#### The Progress Contract

The Progress Contract was concluded on 5 July 1994 between the state and the labour market authority (ANPE) for the period 1994-1998.

The aim of this agreement is to implement a number of new strategic orientations which seek to make the ANPE a central labour market actor, namely the sole partner for all public job creation schemes. This will render public employment policies for the unemployed more transparent.

The ANPE's development into a modern public labour market authority is based on four principles.

##### More vacancies

###### *Collecting vacancies*

Vis à vis employers, the ANPE is to strengthen its role as the public provider of employment measures oriented towards placement.

For 1994 the ANPE commits itself to collecting 1.5 million job offers; for 1995 a target of 2 million vacancies has been set. In addition, the ANPE is committed to raising its "market share" (number of job offers collected by the ANPE as a proportion of the total number of recruitments) to 40% by 1988.

###### *Improving services for employers*

The ANPE has committed itself to a fundamental renewal of its mode of action and its instruments regarding its relations with employers. Firms are to be offered a range of new services meeting the following requirements:

- *Speed.* This is one of the ways in which the number of employment opportunities can be increased: firms are to be offered an "immediate service". The ANPE will set up professional teams to serve firms on all regional labour markets in their respective leading occupational sectors.
- *Quality.* This of great significance for the Agency's ability to select the job applicants best suited to the needs of firms. Selection of applicants before they present themselves to the employer is to be a basic service offered to all firms. The ANPE will base its selection on evaluatory tools such as skill level, suitability to the work environment in question, etc. In addition, steps will be taken to improve placement quality.
- *Contractual relations with firms.* The ANPE will enter into contractual relations with firms which stipulate that the Agency will be solely responsible for all or part of the firm's recruitment and which govern special services such as processing job applications. The ANPE will provide support in redeploying workers in cases of redundancy for economic reasons. The Technical Teams for Reintegration (ETR) will organise this service, linking their activities to those of local employment offices (cf. the article on page 16).
- *Promotion of job creation.* Neighbourhood work, service jobs and employment opportunities appropriate to the characteristics of jobseekers, and in particular in areas for the employment of the hard-to-place and with appropriate partners in this field. As an experiment, a placement agency is to be set up in around twenty regional labour markets. This project will be evaluated in 1995 and, if successful, will be implemented throughout France in 1996.

### Indicators:

Quantitative results: number of vacancies reported to the ANPE; the Agency's market share

Quality of job-offer processing: number of vacancies filled; number of vacancies filled as a proportion of the number of vacancies reported; time required to fill a reported vacancy (differentiated according to skill groups)

Employer satisfaction: Surveys will be conducted of employers to determine their degree of satisfaction with the Agency's services; more specifically, the range of services offered, and the speed and quality of administrative processing

clubs, occupational orientation, help in setting up a small business, retraining for immediate reintegration etc.

### 2. Intensifying the fight against labour market exclusion

– *The long-term unemployed:* The ANPE is to intensify its measures to reintegrate the long-term unemployed into the labour market (in 1993 the share of those out of work for more than two years declined by 12%, and a similar fall is expected from 1994 to 1988).

– *Youth measures:* Together with the public education system and the "Espaces jeunes", the Agency will provide young people with information on the labour market and training in job-search techniques. Young people emerging from training programmes will be offered the chance to participate in job-search clubs.

– *Special measures for managerial personnel:* These are to be developed in co-operation with the "Managerial employment agency" (*Agence pour l'emploi des Cadres, APEC*), the employment services and the associations of former students of the universities and the Grandes Ecoles with the aim of raising the Agency's efficiency in placing executive staff.

With various partners the ANPE will develop measures for various categories of workers, in particular for the disabled.

### Indicators:

Modernising the services provided by the Agency

Reintegration of the long-term unemployed

Integration of young people

Reintegration of managerial staff

Improving the Agency's services for jobseekers (measured by surveys)

### Developing partnerships

The Agency must be constituted as the centre of a network that links up the entire spectrum of labour market

actors. The aim of partnerships is to improve the services offered to both employers and jobseekers:

- quantitative reduction and qualitative improvement in ANPE interventions;
- mobilisation of external expert knowledge and external resources;
- guaranteeing users a high-quality service.

### Establishing an ANPE Partnership Charta

Co-operation between the Agency and its partners is to be defined in a charta that is to serve as a basis for individual agreements between the ANPE and its various partners; the precise forms of co-operation are to be set out in these individual agreements.

The Charta will ensure that the Agency provides its partners with the expert knowledge and the information at its disposal relating to vacancies, as well as qualified jobseekers and skilled staff. The partner can support the Agency by delegating staff or providing financial resources.

– *Partnerships with public institutions:* Within the framework of this Charta, ANPE staff and services will be made available to the following organisations: local employment offices, Permanent Information and Advisory Services (PAIO), Espaces jeunes, etc.

– *Partnership with local authorities:* In rural and other problematic areas and with respect to all measures involving young people the ANPE will establish close ties with the local authorities: partnership with the social partners responsible for administering the unemployment insurance scheme (ASSEDIC) to harmonise the activities of the two organisations (exchange of permanent representatives, bringing the list of jobseekers up to date, joint development plans, etc.); partnership with the adult training association (AFPA).

### Modernisation of the ANPE

Organisational and managerial modernisation will enable services to be

### Greater support for jobseekers in searching for and finding employment

The ANPE must adjust to the diversity of jobseekers so as to be in a position to offer each the services most appropriate to his or her needs.

To this end the Agency has set itself two objectives:

1. *Raising the efficiency of job search* by placing greater responsibility on jobseekers. The following instruments will be deployed in pursuit of this aim:

– *Generalised introduction of "telematic" equipment:* A telematic target-schema is to be set up through the widespread introduction of telematic equipment (Minitel, IT servers, speaking mailboxes, interactive terminals, etc.) to enable jobseekers to view the employment opportunities on offer, to access services at a distance, to receive help in drawing up a CV and to perform simple administrative formalities.

– *Modernisation and extension of ANPE services:* The Agency is to extend its individual and group services offering support for occupational reintegration, rendering the unemployed the following services at employment offices: drawing up a skill balance, quick tests, job-search techniques, jobseeker circles, job

improved by increasing responsibility at all levels of the Agency. The following measures are to be taken to this end:

- *Deconcentration of decision-making and administration:* All the decisions and activities which can be taken and performed by local agencies will be delegated to their area of competence: personnel management, work organisation in the office, choice of suppliers and service providers, developing partnerships, administering budgetary resources, evaluating the results of measures, etc.
- *Territorial organisation:* Territorial organisation is to be improved by homogenising structural scales and paying closer attention to regional labour markets.
- *Modernisation of managerial tools:* Within the framework of a new development plan providing for the extension of telematic and office automation, the use of data-processing resources is to be increased.
- *Deconcentration of budgetary resources:* In 1995 each local employment office will have a framework budget at its complete disposal. Each employment office will then decide on the services and benefits offered and the employment support granted.
- *Modernisation of personnel management:* The Agency will improve the quality of the services it offers by raising the sense of responsibility and the motivation of its employees. An evaluation system is to be introduced which will help to raise the employees' sense of responsibility.

*Indicator:*  
The "operationality rate" and determining the reasons for lack of operationality.

The Progress Contract has made an encouraging start. In the first five months of 1994 the number of vacancies recorded in all categories was 41% up on the same period the previous year. The number of vacancies filled rose by 37% in the same period.

## France

### The Technical Reinsertion Teams (*Equipes Techniques de Reclassement, ETR*)

The retraining agreement to prevent long-term unemployment introduced in 1987 by the social partners and the Government, and for which the ANPE serves as the main deliverer, is a support measure for workers made redundant for economic reasons. It enables those entitled (employees aged under 55 with at least two years' tenure with their employer) to participate in special measures lasting a maximum of six months to improve their chances of re-employment, while offering them a special retraining benefit initially worth 83.4% and later 70.4% of their former earnings. The measure has now encountered a very difficult situation, having literally exploded from 70,000 participants in 1991 to 184,000 in 1993.

An increasing number of persons made redundant for economic reasons have joined this measure, largely because as a whole it is more attractive than drawing benefits from the unemployment insurance funds. There are several reasons for this: the benefit level; the opportunities of-

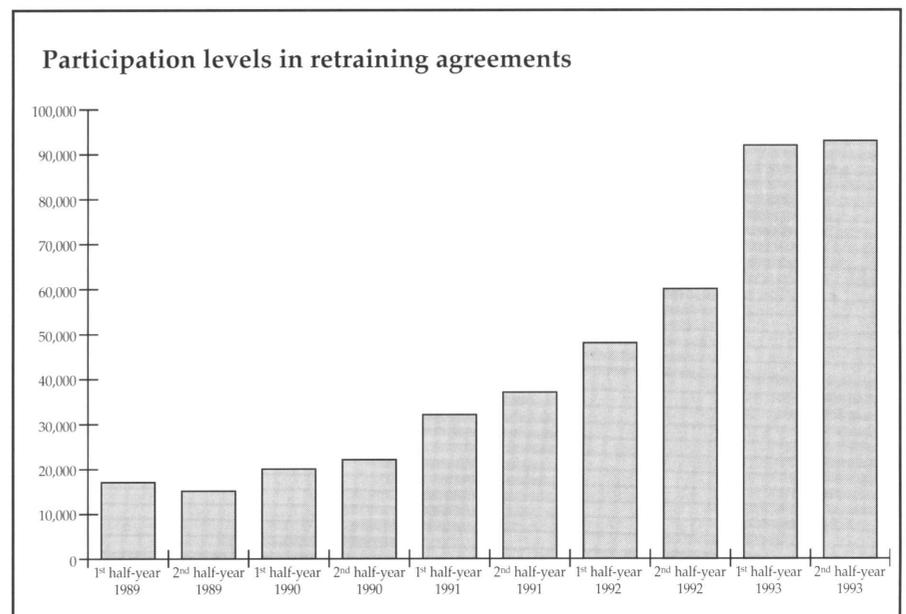
ferred by the training; the chance of improving one's prospects within just six months; and better preparation for successful job search.

As a result of this quantitative explosion and the increased diversity both of participants themselves and their motives, together with the deterioration in the overall state of the labour market, the proportion of participants subsequently regaining employment has been on the decline. The re-employment rate at the end of the agreement (i. e. at the end of the six-month period in which the measure operates) is no higher than 20%, and two months later it is 35% or less; this compares to a 50% figure back in 1988 (cf. iMi 46).

In each ASSEDIC (unemployment benefit) zone a technical reinsertion team (ETR) exists, the task of which is to offer guidance to, and ensure the reinsertion of participants in this measure.

Thus the ETRs have faced an increasing burden; the rising number of participants contribute to maintaining the work load on the ETRs at a consistently very high level.

The ratio of 100 participants (requiring guidance for six months) per team member envisaged by the partners to the measure is being significantly exceeded; in 1992 each team member was responsible for 168 participants. An increase in starting levels enabled this ratio to be reduced to



119:1 by 30 January 1994. The network of 52 ETRs was expanded from 258 agents in 1991 to a current level of 790 agents.

The electronic data-processing (EDP) systems, the premises of the retraining institutes and the organisational form of the ETRs are no longer in line with the scale of the measure, and the question of communication with local employment offices is becoming crucial.

On 22 December 1993 the social partners extended the measure by three years. However, the agreement between the Government and the AGCC (Association for the Implementation of the Retraining Agreement) will have to be changed.

### **The Aims of Modernisation**

The ETRs must adopt a "modernisation plan" worthy of the name, with one central objective: raising the reinsertion rate (to 50% from 1995). This aim is to be achieved by establishing a contractual relationship between the participants and the agent responsible concerning the establishment and realisation of a reinsertion project. This plan makes strict demands in terms of modernisation:

1. improving the services provided both to participants and firms;
2. reorganisation of the network;
3. elaboration of a service project in each team;
4. developing a policy of partnership with the retraining cells, the firms involved, the reinsertion cells, and external placement agencies;
5. providing personnel and the required technical equipment; setting up an EDP system to administer the data of participating firms and the jobs offered by the ANPE (SAGE 2) and developing a joint information technology application with the unemployment insurance funds ASSEDIC.

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## **Italy**

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### **Greater Flexibility from New Regulations on Job Placement**

Decree-law no. 494 (8.8.1994) contains a number of changes pertaining to so-called "named recruitment" and to workers passing directly from one employer to another. These measures will strengthen the trend which has been in progress for some time now in Italy towards greater labour market flexibility. The stipulations will only come into force if parliament confirms the Decree-law within 60 days.

Article 1 of the Decree stipulates that employers now do not have to inform the local employment committee of the names of the workers recruited, the date of recruitment and all the other data required by the regulations in force until after a "named recruitment" or a direct change of employer has taken place. Under previous regulations, approval had to be sought prior to recruitment or direct change of employer. The new regulation also applies to agricultural employers. Recruitment should generally be reported within ten days. Article 1 provides for sanctions for employers failing to report such a recruitment within this period.

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## **Netherlands**

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### **The Labour Market Authority Introduces a New Form of Placement for the Long-term Unemployed**

The central labour market authority (CBA) and the 28 regional labour market authorities (RBAs) are currently working on new placement

concepts for the long-term unemployed. Important innovations here are the continuous contacts with employers and the new categorisation of the (long-term) unemployed in four groups. These new policy approaches will be introduced nation-wide from 1996.

#### **New placement concepts**

The continuous contact idea and the new placement methods emphasise the dual role of the labour market authority: firstly to help employers acquire personnel, and secondly to place jobseekers in paid employment. The labour market policy pursued by the labour market authority should seek both to prevent and to combat unemployment.

The continuous contact idea is based on former experiences with good contacts to individual employers. The practical experience of recent years has shown that skilled unemployed persons lacking occupation experience have a better chance of finding work if the employment offices have already been successful in placing jobseekers with a given employer several times in the past.

The new placement method categorises the registered unemployed in accordance with their "distance" to working life. The employment office uses four categories to classify the unemployed. The first category includes those jobseekers who, without additional placement activities, can be placed straight away. Jobseekers who require a short period of retraining or further training are categorised in the second category. The third category is for those jobseekers who require a longer and more intensive period of retraining or further training in order to have a chance of re-entering the labour market. The unemployed whose "distance" to the labour market is very great, and for whom the labour market policy instruments at the disposal of the labour market authority are no longer effective, are grouped in the fourth category. For this latter group the labour market authority concludes cooperation agreements with local authorities, the unemployment insurance institutions and other bodies.

## Placement and Vocational Guidance

These co-operation partners of the labour market authority are then to qualify the very hard-to-place unemployed for the third placement category.

### Conditions and implementation of the new policy approach

The central labour market authority stipulates a number of conditions in the context of the new placement concept. Registered jobseekers are not only to be characterised according to measurable and objective criteria, but also on the basis of interviews between clients and the co-operation partners of the labour market authority. The CBA takes the view that this categorisation should only be valid for a limited time and should be regularly redetermined. Unemployed individuals should also have the widest possible rights to object to their classification.

In order to be in the position to specify more clearly the co-operation agreements with the social insurance institutions, it is important that the regional labour market authorities reach concrete agreements regarding the instruments, the continual support activities on behalf of the unemployed, financing, and the conditions under which information is to be exchanged.

The implementation of this new placement concept and its nationwide introduction in 1996 are contingent on more detailed results of the experiments currently being conducted in a number of regions. The CBA emphasises that this new form of placement for the long-term unemployed does not aim to reduce the number registered with the employment offices by sorting out the difficult-to-place unemployed. At the same time, the CBA is seeking to make a more effective and more efficient use of the labour market policy instruments at its disposal, so as to reduce the "distance" of the difficult-to-place unemployed to working life. In addition the CBA expects that this new form of placement will be conducive to the success of the policy of proportional placement of labour market policy target groups. This new form of placement will also increase

the transparency for jobseekers moving between the social insurance institutions and the employment offices.

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## United Kingdom

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### Recent Developments in the Careers Service

On 1 April 1994 the Secretary of State for Employment took responsibility for the Careers Service in England under the Trade Union Reform and Employment Rights Act 1993 (the responsibility lay previously with Local Education Authorities).

The White Paper "Competitiveness: Helping Britain to Win", published in May of this year contains an entitlement for each young person between the ages of 11 and 18 to receive professional careers education and guidance, with particular emphasis on young people at ages 13, 15 and 17. It also announced a further significant increase in the resources available for careers education and guidance. An additional £87 million will be made available over the three years from 1995/6 to 1997/8. This is on top of the additional measures announced in the last budget (in November last year) specifically for targeting at careers guidance for 13 and 14 year olds. In 1994/95 £34.5 million is available, with similar sums in succeeding years. Around £140 million was spent on the Careers Service last year. The amount to be spent will rise over the next three years to £230 million in 1997/98.

Reforms in the Careers Service are aimed at producing more efficient and effective careers advice and guidance and taking wider interests into account in the running of the Service. The intention is to root careers advice firmly in an intimate knowledge of the labour market and developments in education. This has led to the development of "new management frameworks" which will give the Careers Service more freedom to manage their resources, respond more

readily to changes in the local education and training environment, adapt more effectively to the needs of the local community, and involve key partners in the local community (in particular, employers) more directly in the management of the Service.

These new Careers Service arrangements will be underpinned by comprehensive quality assurance arrangements, including the setting of standards and performance indicators which build on and develop the best of current practice. Organisations from both public and private sectors over a period of time have been and will be invited to bid to provide Careers Services. The aim is that by April 1996 the Secretary of State for Employment will have signed contracts with all Careers Service providers so that contracted coverage applies through the whole of England.

This tendering process opens up the opportunity for innovation from the best of both public and private sectors. The contractual relationship will bring a more explicit focus on value for money. Rigorous quality standards will be enforced and 15% of providers funds will be dependent on the achievement of targets for an agreed number of action plans for the client group.

There have now been two rounds of contracting for the Careers Service. The first resulted in 13 "pathfinder organisations" – independent careers service contractors – appointed to run careers services in areas across England for three years subject to an annual review. A prospectus for a further 43 areas was issued in May, and tenders invited. Bids were submitted by the beginning of October for five-year contracts running from April 1995, with results to be announced in Spring next year.

# Social Security, Unemployment Benefits

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## Germany

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### Bad Weather Allowance: Payment Extended for a Limited Period – Transitional Regulation for 1994 and 1995

Recently the German Lower House rejected the objection raised by the Upper House against the Law amending the Labour Promotion Act in the construction industry. This enables the regulations governing the payment of the bad weather allowance for a transitional period – 1994 and 1995 – to take effect. This, in turn, is a prerequisite for negotiations between the social partners on the whole issue of the bad weather allowance.

The Labour Promotion Act (LPA) provides two instruments aimed at promoting all-year employment in the construction industry:

- Following the changes brought about by the first Law implementing the saving, consolidation and growth programme in the areas governed by the LPA and other Laws, the so-called “productive winter construction promotion” consists only of the “winter allowance”, a transfer benefit of DM 2 per hour for blue-collar workers active in construction firms during the support period. The benefits formerly available to employers under the winter construction promotion (e. g. investment cost subsidies) were finally abolished as of 1 January 1994. This is to avoid raising the cost of construction services in Germany, as the benefits paid to both employees and employers are financed by a 2% levy. If the benefits paid to the employer had been retained, the percentage levy would have been twice as high.
- The bad weather allowance (§§ 83 ff. LPA), paid for working time lost due to bad weather during the “bad

weather period”, amounts to 67% (employees with at least one child) and 60% (other employees) of the net earnings lost (i. e. equivalent to unemployment benefit).

Under the new regulations, since 1 January 1994 a number of changes have applied to the bad weather allowance:

- The bad weather period is from 1 December to the last calendar day of the month of February, i. e. no entitlement to the bad weather allowance can be claimed during the months of November and March in 1994 and 1995;
- at least two working hours must be lost in a working day;
- no entitlement can be claimed for the first working hour lost in each working day;
- the allowance will no longer be available after bad weather periods ending on 29 February 1996.

On 10 March 1994 the parties to collective bargaining in the construction sector declared their willingness to reach agreements guaranteeing incomes throughout the year, to take effect from 1 January 1996. This would offset the loss of the bad weather allowance. However, this willingness was made contingent on the bad weather allowance being reintroduced for the months of March and November in 1994 and 1995.

The parties to collective bargaining thus acted in accordance with the aim of the abolition of the allowance, i. e. that construction workers should receive a guaranteed income throughout the year and that a greater volume of construction activity be performed during the bad weather period. This serves to make construction occupations more attractive, improves the utilisation of productive capacities in the sector and, more generally, makes a positive contribution to raising Germany's international competitiveness.

On 17 May 1994 the governing coalition announced a legislative proposal to amend the LPA with regard to the construction industry; it pro-

vides for the payment of the bad weather allowance during the months of March and November of 1994 and 1995, and its final abolition as of the end of 1995. On passing the Lower House, the law pertaining to the bad weather allowance can take effect retrospectively as of 1 March 1994.

### Support between colleagues (*Kollegenhilfe*)

In addition to the improvement in the conditions under which the bad weather allowance can be drawn, the Law on changes in the LPA in the construction area also contains a provision for “colleague support” (*Kollegenhilfe*), one welcomed by both trade unions and employers. At the same time, the prohibition of agency work in construction firms is to be retained in view of the special conditions prevailing in the construction industry.

It is in accordance with a need recognised by both employers and employees that construction firms “lend out” workers to other building enterprises in the form of “support between colleagues”. This raises both the competitiveness and the flexibility of German construction firms and can help to avoid short-time working and redundancies. By restricting the measure to construction firms, which are all covered by the same framework and social fund collective agreements, competitive distortions between firms in different collective bargaining areas (market and landscape gardening, scaffolding, craft roofing firms, building trade) will not arise. This regulation will not affect the financing of the social funds operating in the construction sector.

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### Ireland

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#### Employment Support Services

Unemployment has been to the forefront of most political initiatives in Ireland over the past number of years with the numbers of persons who are unemployed showing a steady upward trend. At the end of 1993 there were 297,000 people unemployed and the average unemployment rate for that year was 16.8%.

Traditionally the Department of Social Welfare, which administers the Irish income maintenance system, has adopted a passive attitude to the problems of the unemployment – its role was merely to ensure that they received their due financial entitlements in time and in accordance with the relevant legislation. However, with the growth in the numbers who are unemployed over the past ten years or so the Department gradually began to take a more pro-active interest in its unemployed customers. They were viewed as a valuable reservoir of skills and experience, a heterogeneous group of people with varying needs and expectations, who needed and deserved to be encouraged and assisted to leave the unemployed Live Register and make the transition to the active labour force.

A range of programmes have been developed over the past ten years to assist the unemployed to return to work. Because a significant number of people have been unemployed for lengthy periods the transition back to work will in many instances be an incremental one. Conscious of this progression the Department has put in place a range of second-chance education schemes for the unemployed with the aim of increasing and updating their educational skills. The bonus for the unemployed who take part in these schemes is that they can retain their unemployment payments while participating. In addition to enhancing their educational skills, a gradual reintroduction to the work ethic is also important, parti-

cularly for the many long-term unemployed, and programmes to achieve that have also been put in place such as the Voluntary Work Option and the Part-time Job Incentive Scheme.

It has also been generally recognised and accepted that the interaction of the income tax and social welfare systems sometimes gives rise to disincentives to the unemployed to return to work. It has also been said that the Irish social welfare system with its range of secondary or extra benefits such as medical cards, differential rents, clothing and footwear allowances, etc. often has a negative impact on a unemployed person's desire to return to work. With a view to removing or at least reducing the impact of such disincentives a new pilot programme called the Back to Work Allowance was introduced in late 1993.

The emphasis of this key programme was to encourage the unemployed to return to work by allowing them to retain a proportion of their unemployment payments for up to two years. In addition they were allowed to keep their extra secondary benefits for this period and the new allowance was not taxed or subject to social security deductions. This programme has been remarkably successful in that over 4,500 new jobs were identified during the first 12 months. A significant feature of the programme was that 66% of the jobs were self-start projects. Unemployed people have engaged in a wide and diverse range of activities in agriculture, horticulture, forestry, food, transport, computers, arts and crafts and service industries. It is clear that there is a wide reservoir of ideas and talents among the unemployed, who merely needed the financial incentive to encourage them to translate their ideas into what hopefully will become viable enterprises.

One of the biggest advantages of this pilot programme is that it is non-legislative and this affords a degree of flexibility in its administration. The provision of a mentoring service for new and existing businesses and low-interest capital loans are being explored as a part of the programme.

This pilot programme will continue into 1994 and a detailed evaluation of its impact will then be carried out.

The Back to Work Programme, which primarily focuses on providing an incentive to the unemployed, in particular long-term unemployed, to return to work, is, however, only one side of the coin. Without jobs being provided by employers a programme such as this will not realise its full potential. Employers also need incentives and while there is a limited amount which the social welfare system can achieve in this area, it can provide a stimulus especially to employers in the small to medium business sector. The high cost of employers' social insurance contributions has often been identified by employers' organisations as one of a range of factors which militate against employment creation. To remove any such disincentives, an Employers' PRSI Exemption Scheme has been in operation since 1992. This scheme has led to the creation of almost 4,000 new jobs and saved employers an estimated £ 5 millions in social security contributions.

Finally, the programmes of employment support which the Department has put in place for both its unemployed customers and employers needs to be aggressively marketed at local level. To achieve this and to provide a more focused and better management of the Live Register of the unemployed, Jobs Facilitators have been appointed in all the Department's main local offices. Their primary responsibility is to assist the unemployed make the progression back into employment either through availing of one or some of the Department's schemes or alternatively linking them into options which are available from other agencies. They are also spearheading the drive at local level to bring about a change in attitude among the Department's locally based staff from one of passivity to pro-activity in the way in which they manage their unemployed customers.

# Special Categories of Workers

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## Belgium

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### The Flanders Region: Youth Employment Guarantee

In the wake of the Flemish Conference on Employment, the Flemish government introduced a plan to guarantee employment for young people over the period 1993 to 1995. The target group for this plan is young long-term unemployed, i. e. unemployed persons aged less than 25 who, on recruitment, have been unemployed for at least two years.

The plan aims to provide such young people with work experience by enabling them to be employed for one year as "subsidised contractual employees" (cf. BIR B-v.1 and B-v.2). This status entitles the employer to a subsidy and to exemption from employer social insurance contributions. As far as the level of subsidy is concerned, it is to be noted that the Flemish government Decrees of 27 October 1993<sup>1</sup> stipulate that, within the limitations set by the budgetary resources set aside for this purpose, the level of this subsidy for employers recruiting young long-term unemployed on an employment project is in line with the guaranteed average minimum wage and thus is significantly in excess of the subsidies normally provided within the framework of the subsidised contractual employment relations. The employer receives this increased subsidy subject to the condition that intensive supervision and care are provided for the young person in question. This measure forms the main axis of the youth employment guarantee plan, the aim of which is to provide young people with work experience so as to enable them to overcome the obstacles preventing their definitive entry or re-entry into the regular labour market.

Implementation of the youth employment guarantee plan takes the

form of agreements between the Flemish Minister of Labour and Social Affairs and those providing the work experience projects. In this context a distinction is made between institutional projects and individual projects.

All the ministers in the Flemish government have initiated at least one institutional project in the area for which they are responsible. In planning the projects care was taken to ensure that they are spread equally over the entire Flanders region. The new jobs are primarily for less well qualified young jobseekers. Welfare associations and non-profit organisations may develop individual projects within the framework of the youth employment guarantee plan. Of these private organisations, those which already have experience in dealing with young long-term unemployed persons will receive preferential treatment.

By the start of September 1994 the Flemish Minister for Labour and Social Affairs had already approved 22 institutional projects within the framework of the youth employment guarantee plan. In total these have led to the creation of 2,235 new fixed-term employment opportunities (full-time equivalents). A number of institutional projects are still being examined. It is expected that the target set by the Flemish government of providing work experience for 4,000 young long-term unemployed by the end of 1995 will be attained.

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<sup>1</sup> Decree implementing Decree no. 474 (28.10.1986) on the creation of an employment relation between contractual employees subsidised by the state and certain local authorities and the Decree on the general introduction of an employment relation for subsidised contractual employees.

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## Belgium

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### The Walloon Region: Local Government Employment Plan

On 30 June 1994 the Walloon government approved the Local Government Employment Plan (PCE). The plan aims to support the creation of employment by local authorities in the Walloon region: the target group is the long-term unemployed (more specifically, unemployed persons under the age of 25 who have been out of work for longer than the regional average). These young persons are recruited on a regular employment contract with a fixed term lasting no more than three years; the field of activity is community work. Four types of projects have been announced: cleaning up the environment, socio-cultural and sporting work, maintaining the Walloon cultural heritage, and care for small children. The Walloon government hopes to integrate 1,500 young people into the labour market under this plan.

All local authorities and provinces are invited to participate in the plan. Those authorities which opt not to participate will, however, no longer be entitled to preferential treatment regarding support for "subsidised contractual employees" (cf. BIR B-v.1) after 1995. Local and provincial authorities must take a decision on participation by 30 September 1994; if intending to participate, they must then submit their projects.

The measure is to be financed jointly by the Walloon regional government and the regional electricity and gas distribution companies.

These companies must decide on their participation in the plan by 30 April 1995. In addition, they will have to redefine their "social objectives", in order to be able to devote a proportion of their earnings to job creation measures. Overall, during the coming three years the energy

## Special Categories of Workers

supply companies are to provide FB 2,137,500,000 for the Employment Plan (by subtracting this sum from the profits distributed to the participating local and provincial authorities). For this purpose each supply company will set up a special fund, financed by an allowance of FB 495,000 per job and year. The contribution made by each energy supply company will be based on their turnover (75%) and the density of their energy distribution network (25%). The distribution of the jobs created across the participating local authorities will be determined by the energy supply company according to criteria it itself will draw up. The Walloon Government has proposed a distribution formula based on distributed profits (75%) and the unemployment rate in the individual local authority areas (25%).

The contribution made by the region will take the form of the same drawing rights as are used to support the "subsidised contractual employees". In other words, the Walloon Government will contribute FB 203,000 per job and year, just as it does for the subsidised contractual employees; over the three-year period total spending will amount to FB 923,500,000. Thus local authorities are entitled to financial support of FB 698,000 (FB 495,000 + FB 203,000) per job and year.

Finally, it should be noted that the non-commercial sector is also entitled to benefit from the Local Government Employment Plan. Non-profit organisations interested in this measure must reach agreements with the responsible local or provincial authorities.

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## Netherlands

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### Changes in the Law Exempting Employers Recruiting the Unemployed from Social Insurance Contributions

The law under which employers are exempted from paying employer contributions to the social insurance scheme when they recruit unemployed persons is extended.

The amendment to the law means that employers will be exempted if they hire unemployed persons who have been registered unemployed for at least a half, but not longer than one year, and for whom, in addition, a wage cost subsidy (KRA) is paid by the employment office. In the case of an unemployed person who prior to recruitment had been registered unemployed for more than a year, exemption can be granted without a wage cost subsidy.

This exemption from social insurance contributions lasts two years. If the unemployed person hired had been unemployed for more than two years, the exemption lasts four years.

Until now employers have been entitled to an exemption if they employ someone who has been unemployed for at least two years (non-Dutch nationals: one year). This exemption is now for four years.

The amendment to this regulation is expected to permit at least 10,000 additional unemployed persons to be placed in employment per year.

ion is the aim of a new employment law for foreign nationals. The new Employment for Foreigners Law (*Wet Arbeid Vreemdelingen*, WAV) governs the take-up of employment by non-EU foreigners and their integration into the Dutch labour market. This law will take effect from 1 January 1995, and replaces the Employment of Foreign Workers Law (*Wet Arbeid Buitenlandse Werknemers*, WABW) of 1979. Under the new Law employers will not receive a work permit for non-EU foreigners so quickly, and the work permit will only be granted subject to a number of conditions. In addition, the central labour market authority will set a time limit for such work permits. A modification to the Dutch employment law stipulates that non-EU foreigners who are not permitted to work in the Netherlands will not be able to register with the employment office.

#### To whom does the Law apply?

In principle employers wishing to hire a foreign national in the Netherlands require a work permit. For this purpose, an employer is any person who has somebody working for him. This means that the employment of foreign nationals for domestic or other personal services is covered by the Law. And unlike in the previous legislation, this now also applies to the public administration. In the case of sub-contractors or agency work, it is the final contractor who is responsible. The final contractor does not, however, require a new permit if the sub-contractor or the placement agency has already presented a work permit. For the purpose of the Law foreigners are all those not in possession of Dutch nationality. The Law does not apply to au-pairs.

#### When is a work permit not required?

A work permit is not required for the employment of persons from Member States of the European Union or countries of equivalent status (Scandinavia, Austria and Iceland). No work permit is required for foreigners possessing a residence permit issued by the Ministry of Justice, provided it is clear from this residence permit that no restrictions have been placed

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## Netherlands

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### The New "Employment for Foreigners" Law

A stricter immigration policy for those entering the Netherlands from countries outside the European Un-

on taking up paid employment. The Ministry of Justice has removed these restrictions on foreigners who are entitled to live and work in the Netherlands, that is foreigners with a residence entitlement, refugees, or those who have held a residence permit for more than three years. This entry in the residence permit replaces the declaration by the labour market authority that was previously necessary under the WABW. In future employers will be able to see from all new residence permits whether the foreigner in question is allowed to work in the Netherlands or not.

### What are the responsibilities of the employer?

An employer seeking to fill a vacancy should do everything in his power to fill this vacancy with a person from the so-called "priority labour supply", which persons require no work permits. At least five weeks before the employer applies for a work permit he must have registered the vacancy with the employment office. In addition he must also conduct an active search himself, e. g. by placing advertisements or offering retraining or further training opportunities. If it becomes apparent that the employer

is unable to fill the vacancy and no suitable person can be found by the employment office, the central labour market authority is empowered to grant a work permit. Normally a work permit will be granted within five weeks.

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## Portugal

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### Vocational Integration of Disabled Persons

As part of the measures targeting vocational integration for the most disadvantaged groups, the statistical department of the Ministry of Labour and Social Security (MESS) carried out a project to investigate the typical characteristics of the occupational activities of disabled persons. The study was devised within the framework of the employment programmes financed from the European Social Fund (ESF) and was concluded at the beginning of 1994.

In the first phase a survey was conducted in firms with 100 or more em-

ployees where disabled persons also work.

In the second phase the disabled persons employed in these firms were surveyed. The aim of the survey was to ascertain the extent to which they are vocationally integrated and the role played by their vocational training in the execution of their duties.

The study showed that the percentage of disabled employees increases as the firm grows and that most disabled persons are in permanent employment.

An additional result was that most disabled workers are aged 45 or older. The majority have had nine years' schooling and the share of those who have completed third-level education is also above average.

Most disabled employees work in the administrative sector and most found their jobs either through personal initiative or in response to job offers by the firms. Placement by employment offices was less common.

Finally, it must be noted that integration was usually achieved without difficulty and that the type of employment, both from the point of view of the employers and the disabled employees, largely corresponds to the vocational training received.

## Miscellaneous

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### France

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#### Service Employment Cheques

The service employment cheque was introduced within the framework of the Five-year Labour, Employment and Vocational Training Law (§ 5 of Law no. 93-1313, 20 December 1993). By means of such cheques, private persons employing another person in their household, and in an activity not

related to their own profession, are able to pay the wages of the employee together with all the social insurance contributions required. This covers all forms of household and family work, such as housework, gardening, child supervision, care for the aged, and additional teaching for schoolchildren. The implementation norms applying in the context of this regulation will be set out in a decree and a circular.

The aim of the service employment cheque is to considerably simplify administrative procedures for both employers and employees in

the case of occasional employment relations. Employment contracts do not have to be drawn up, a pay slip is not required, and social insurance contributions do not have to be calculated.

#### Activities for which remuneration and social insurance contributions can be paid by service employment cheque

The service employment cheque can be used to remunerate work:

- in which weekly working time is not in excess of eight hours or

## Miscellaneous

which is performed within the framework of a fixed-term contract, the duration of which does not exceed one month;

- and which falls under the regulations on tax deductions as set out in § 17 of the taxation law of 30 December 1991, i. e. activities in the household/family and gardening work.

Period of application: The service employment cheque is being introduced throughout France as an experiment beginning on 1 January 1994 and ending on 31 December 1995.

At the end of this period the authorities will take a decision on the future of this measure in the light of the results obtained.

### Service employment cheque system

The service employment cheques can be issued, under the same conditions as any other cheque, to natural persons (employers) agreeing to the social insurance contributions being paid by direct debit from their account to the national service employment cheque office.

Application forms for the service employment cheque system are available from banks and post offices. A private person with more than one bank account is entitled to one chequebook for each account.

As an experiment, private persons aged over 70 are exempt from employer contributions to the social insurance institutions. Such persons must fill out a form and send it together with the social insurance part of the service employment cheque to the national service employment cheque office.

The application form for participation in the service employment cheque system is to be handed in to the account-holding financial institute, which then attends to the formalities of issuing the chequebooks.

The employer gives the cheque part of the service employment cheque to the employee. He or she then fills in the social insurance coupon and sends it, within 15 days of the date on the cheque, to the national service employment cheque office.

Currently, paid housework entitles the employer to a tax deduction of 50% of the costs incurred up to a maximum of FF 25,000. This ceiling may be raised for 1995.

The national service employment cheque office, established at the site of the social insurance and family allowance office (*union de recouvrement des cotisations de sécurité sociale et allocations familiales*) in Saint-Etienne then calculates the social insurance contributions due, debits them from the employer's account and processes the social insurance section of the service employment cheques for the whole of France. The office also issues the employee with an employment certificate enabling him/her to claim the social security, unemployment and additional pension benefits to which he/she is entitled, and the employer with a tax certificate with which he/she can claim the appropriate tax deductions.

### Composition of the service employment cheque

The service employment cheque consists of:

- a cheque drawn on a bank or post office account, and
- a social insurance coupon on which the employer enters the information necessary to calculate the social insurance contributions due and to ensure the rights of the employee.

More specifically, each service employment chequebook contains:

- 20 bank cheques,
- 20 social insurance coupons,
- one application for exemption from employer social insurance contributions (for those aged over 70).

In sum, the new measure is simple, innovative and practical. Introduced initially for an experimental phase of 13 months, it should lead to a perceptible increase in employment in an area with a major employment potential – the household.

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## Netherlands

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### Two Research Findings

#### 1. Active job search is worthwhile

The number of low skilled jobs is expected to decline by 24,000 per year from now until 1998. At the same time, around 70,000 jobs for unskilled and semi-skilled workers will become free per year as such workers increasingly leave working life (early retirement, retirement and work incapacity). These labour market trends mean that the long-term unemployed, many of whom have no or very little training, have a chance of finding work. Yet this is contingent on their actively and consciously seeking work.

Of the 100,000 persons in the Netherlands who have been out of work for more than three years, around 30,000 find a new job per year (including those unemployed persons finding work in a job pool or who are placed in a work experience opportunity). Even during the recession of the past two years the chances for the long-term unemployed of finding a job do not appear to have declined: the number of unemployed persons finding work during this period has remained roughly constant.

In order to find work, it is important that unemployed persons who have been out of the labour market for a long period themselves actively search for work. Such initiative and targeted searching appears to raise the chances of finding work enormously. Two thirds of those who have been out of work for longer than three years have ceased applying to employers. Such persons appear to have resigned to their fate of being out of work.

It is concluded that this "discouragement" and the resulting passive attitude by the unemployed is likely to be a major problem in the future. Studies have shown that almost 40 % of recipients of minimum social support – who are obliged to apply for work – are no longer actively seeking employment. The reasons most frequently given are: illness, already in

employment or undergoing training. Long-term unemployment tends to lead to growing inactivity on the part of the unemployed persons. The result is that, as economy picks up, an increasing number of vacancies are not filled, eventually leading to a loss of potential employment opportunities. Consequently, the study shows that labour market policy should pay greater attention to activating the unemployed.

## 2. Job sharing is conducive to the balance between supply and demand on the labour market

Another study shows that job sharing leads to greater employment of unskilled and semi-skilled workers, by

improving the balance between supply and demand on the labour market. However, the realisation of job sharing is influenced by the economic situation. Employers tend to introduce job sharing primarily for organisational and financial reasons: to fill vacancies, to reduce wage costs and to increase efficiency.

Unemployment is concentrated among unskilled and semi-skilled workers. One way of increasing employment for this group is to create jobs through job sharing, i. e. by restructuring work tasks so that one or a number of job opportunities arise for unskilled and semi-skilled workers. Any new jobs so created are often of good quality.

The reasons given for introducing job sharing include: finding employees for difficult-to-fill vacancies, reducing work load, raising service quality, and improving flexibility. Social reasons may also play a role, e. g. the introduction of part-time work and the implementation of employment measures. In addition, job sharing may also help to reduce wage costs.

Greater efforts are to be made to promote job sharing, as the improvement in the economic situation means that employers will require additional manpower. Job sharing can be used to create jobs for those occupations situated between the minimum wage and the lowest pay group.

## Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (9 January 1994):

Belgium	BFR	39.15
Denmark	DKR	7.48
Germany	DM	1.90
Greece	DRA	295.42
Spain	PTA	163.05
France	FF	6.57
Ireland	IRL	0.80
Italy	LIT	1,989
Luxembourg	LFR	39.15
Netherlands	HFL	2.13
Portugal	ESC	195.59
United Kingdom	UKL	0.79

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## The Organisation of Labour Market Policy Delivery in the European Union<sup>1</sup>

Herrad Höcker

### Introduction

The way in which the implementation of labour market policy measures is organised is increasingly taking its place at the centre of political and academic interest alongside substantive and conceptual policy aspects. If it is assumed that labour market policy must both be efficient and take account of social aspects, the question is, which form of organisation is most conducive to simultaneously achieving both objectives. Is it important for the success of labour market policy whether labour market authorities are hierarchical, highly centralised central government departments or less hierarchical decentralised institutions in which steering is achieved more by market impulses, bargaining strategies and networks than via hierarchies? What is the significance and the impact of participation by the social partners?

Given that research in the new organisational forms in labour market authorities is still at an early stage and that many of the administrative innovations have been implemented only recently, the answers provided to these questions will inevitably be incomplete. Nevertheless, a number of trends characteristic of recent developments can be identified and described. To this end this article divides the member states of the European Union into three groups according, in very broad terms, to the nature of their labour market policy implementation institutions:

1. centralised and integrated organisation: Spain, Luxembourg, Ireland, Portugal and Germany;
2. centralised and fragmented organisation: France, Italy, Greece;
3. decentralised organisation: Denmark, Netherlands, Great Britain, Belgium.

In an integrated organisational structure, all the functions of labour market

policy implementation or, at least, of active labour market policy are performed under one administrative roof. In fragmented systems, on the other hand, labour market policy is implemented by a number of institutions. The lines of fragmentation can be either sectoral in nature or may be oriented towards specific policy functions (placement, further training, insurance benefits, etc.).

The essential characteristics of decentralisation are more difficult to determine. The first distinction that must be made is between decentralisation within a government department (deconcentration) in which responsibilities are devolved to regional and local offices of the department in question, and a regionalisation or municipalisation in which regional or local government assumes responsibility, a change which is in some cases linked to a regionalisation of the financing system.

Many EU countries have made and are continuing to make efforts to decentralise policy actions, although with major differences in extent and with regard to the point of departure. It is hoped that this will enable labour market policy measures to be tailored more closely to regional needs. Although national minimum standards are to be maintained, it is generally assumed that decentralised planning is able to react more quickly and above all more efficiently to regional problems. This, in turn, draws attention to a second aspect, the principle of cost-benefit maximisation mentioned in the opening paragraph. Combined with the introduction of market principles, decentralisation is thought to be conducive to the goal of raising efficiency.

The following brief national profiles aim to provide a broad overview of the organisational structures on which different national labour market policies are based, their modes of financing and the roles played by the actors involved. Particular attention is paid to training for the unemployed. In conclusion an attempt is made to provide a tentative evaluation of the way in which the various organisational forms operate.

### National profiles

*Countries with centralised, integrated organisations*

Most EU member states are in this first group. Although there are differences in organisational form within the group, these countries have a number of characteristics in common. Either active and passive labour market policy in its entirety is organised within a single authority, under the supervision of the labour ministry (Spain, Luxembourg, Germany), or responsibility is divided between just two authorities for active and passive labour market policy (including vocational training) – Ireland and Portugal. In all these countries regional divisions, to the extent that they exist at all, are closely tied to instructions from the central government departments.

#### *Spain<sup>2</sup>*

The most highly centralised country, and that in which the tasks performed by the state labour market authority are most comprehensive, is Spain. The national employment institute (*Instituto Nacional de Empleo*, INEM) is not only responsible for the entire spectrum of active and passive labour market policy, it also has just less than 100 further training centres of its own.<sup>3</sup> Not only was private job placement prohibited until 1994, employers were only allowed to

1 The article was drafted as part of a more comprehensive study on the reorganisation of labour market policy and its delivery carried out by the Social Science Center Berlin (WZB) for the European Commission. Case studies for Denmark, the Netherlands, Germany and Great Britain have already been published. A summarising study will shortly be available. The author is grateful to Hubert Heinelt of the University of Hannover, who provided additional information on Greek labour market policy.

2 Cf. Reissert (1994).

3 The Greek OAED has a similar spectrum of responsibilities. However, given that the degree of coverage is extremely low, and that active measures are distributed amongst a number of different institutions, Greece is here included among the countries characterised by a fragmented organisation.

conclude employment contracts via the INEM. Implementing, monitoring and registering employment contracts absorbed around 15% of the working hours of INEM staff (OECD 1992). Reforms were therefore introduced with the aim of debureaucratising the labour market authority. Since 1994 the only obligation on employers is to report vacancies and successful recruitments to the INEM. Job placement agencies working on a non-profit basis are now also permitted. Discussions on shifting responsibility for the unemployment insurance to the national social insurance institute have been under way for many years, but the change has yet to be implemented.

At national level, the social partners are represented in the tripartite economic and social council and in the further training council; they also participate at both national and provincial level in the INEM self-administration. The compulsory small local employment offices are merely executive organs, with no competence for further training programmes and similar measures. Further training programmes are the responsibility of the provincial employment offices, whereby only around 20% are conducted in centres belonging to the INEM, 80% by autonomous training providers. This division of tasks between the provincial and local employment offices may explain the fact that 40% of INEM employees work in the provincial employment offices, a very high figure in international terms. Yet in view of central budgeting and detailed spending guidelines by the "National Further Training and Reintegration Plan" (FIP) the provincial employment offices, too, have very little scope for autonomous decision-making. In the wake of more general political decentralisation, since 1992 vocational further training has been gradually transferred to the "autonomous regions", which will also take over responsibility for INEM's regional further training centres.

INEM is primarily financed by unemployment insurance contributions and the further training levy, the remainder of its revenue coming from grants paid out of general taxation. Further training for the unemployed is financed exclusively by the further training levy, around 60%, and the European Social Fund (ESF), around 40%. Spanish labour market policy focuses primarily on training measures for the unemployed and on wage subsidies in the private sector.

#### Luxembourg

In Luxembourg both active and passive labour market policies are implemented by the "Administration de l'Emploi"

(ADEM), which is directly subordinate to the labour ministry, and its three regional bureaux. In 1991 the official body responsible for disabled employees was integrated into the employment office. At national level the ADEM is supported by a tripartite advisory commission. In addition to this there are a number of other corporatist bodies, such as the economic and social council and the tripartite co-ordinating committee, which in the field of political planning seek to reconcile differences of interests at the macro level. This also applies to the field of vocational initial and further training, in which a system of training modules for those in employment alongside their regular work enables the employed to gain the same certificates as under standard initial training (CEDEFOP 1990, p. 150).

Commercial job placement activities are not permitted and employers are obliged to report vacancies to the ADEM. Non-profit-making agencies, however, may operate with the commission of ADEM. This is also true of policy deliverers that place participants in measures implemented by them.

Due to the very low level of unemployment (1993: 2.1%), expenditure on labour market policy is very low. Labour market policy is financed by an employment fund whose sources of income consist of employer contributions, local authority grants and income tax revenue. At the same time, the degree of unemployment insurance coverage is even lower than in Spain, as only a very small proportion of the unemployed, particularly of those under 30, are entitled to benefit. Active labour market policy, by contrast, concentrates on measures for young people (and for the disabled).

#### Germany<sup>4</sup>

In Germany, too, both passive and active labour market policies are organised within a single authority, the Federal Labour Office (*Bundesanstalt für Arbeit*, BA). Although this is subordinate to the Federal Ministry for Labour and Social Affairs, at all three levels (central, regional and local) it is autonomously administered by tripartite governing bodies. On the other hand, there is no fixed body guaranteeing the social partners a statutorily defined right to participate in policy planning. Except for their representation within the BA, the influence of the social partners at this top level is restricted to informal lobbying.

This is particularly important given that the self-administration of the BA is in reality subject to major limitations: on the revenue side (insurance contributions, central government grants financed out of tax revenues), the BA – as

in most countries – has no influence; nor is there a medium-term financial planning system. In fact, since 1993 the BA's budget can be passed by the Federal Minister for Labour and Social Affairs against the wishes of the autonomous administration of the BA. Central government is obliged to meet any deficits incurred by the BA, however.

In terms of the number of participants, at least, for many years the focus of German labour market policy has been on further training. The aim here is to promote the adjustment of the working population to economic and structural changes, and policies are not restricted to the unemployed, although this group in 1992 counted for more than 60% of all participants. In the vast majority of cases implementation of the measures is performed by autonomous service deliverers. A rather peculiar constellation results from the interaction of the heavily centralised BA and the structural and labour market policy measures implemented by the various federal states. In recent years many federal states have set up co-ordination offices to improve co-ordination between the measures implemented by central and state government; in some cases they also perform service functions, such as consultancy vis à vis service deliverers. Private job placement agencies have been permitted since 1994 provided a license has been obtained from the BA.

#### Ireland

In contrast to the countries described so far, since the labour market reform of 1988 passive and active labour market policies have been administered separately in Ireland. Since then unemployment insurance, together with all other monetary transfer benefits, has been responsibility of the social services ministry with its own network of social insurance offices. Active labour market policy, on the other hand, is largely performed by one institution (FAS). FAS has its own network of further training centres and is heavily involved in apprenticeship training; in the latter case it performs some of the theoretical training itself. Some aspects of the previous sectoral and fragmented system have been maintained in the primarily government-financed training and labour market institutions for the hotel, catering and tourist sector (CERT) and for the agricultural sector (Teagasc). The integration of the Ministry of Labour with parts of the Ministry of Industry and Trade in a new Ministry for Enterprise and Employment (in 1993) is also a reflection, at ministerial level, of the ef-

4 Cf. Linke (1994).

forts being made to pursue policies at supra-sectoral level. Private job placement agencies have been permitted since 1971, although subject to a number of stipulations (among other things the obligation to report twice a year to the ministry).

All three bodies – FAS, CERT and Teagasc<sup>5</sup> – implement programmes which receive substantial subsidies from the ESF. For instance, the ESF finances 55% of the training measures organised by FAS. Other sources of income for FAS are tax revenues and a training levy paid by enterprises in certain branches which is paid into a special fund, and, on a sectoral basis, used to support further training for the employed. This fund is also administered and monitored by FAS.

The activities of FAS are not restricted to vocational training, however, but cover all areas of active labour market policy. Job creation measures, in particular, constitute an additional important area of Irish labour market policy. In view of high levels of youth unemployment, most programmes concentrate heavily on support for young people.

Characteristic of the Irish form of corporatism is the frequent inclusion of a wide range of socially relevant groups. The administrative council of FAS, for instance, includes representatives not only of the government and the social partners but also youth organisations and FAS employees. In addition there are also sectorally organised, tripartite further training committees. In view of the major significance of ESF funding for Irish labour market policy, the degree of financial dependence on government and parliament is likely to be considerably lower in the case of FAS than, for example, with the German BA. On the other hand, the objectives defined by the EU have left their stamp on the way in which the funds are utilised. Since 1993 "County Enterprise Boards" have been set up at local level which mark first steps towards a decentralisation within the framework of local economic and employment development; they are intended to serve as a bridge between central and local government institutions and between structural-economic and labour market policies. These boards contain representatives of local authorities, the social partners and public agencies.

Also in 1993 the government institutionalised a National Economic and Social Forum in which, in addition to parliamentary representatives and the social partners, groups previously excluded from the political decision-making process, such as women's groups, the unemployed and the disabled, also

have a say. This forum is supposed to discuss measures to combat unemployment and to reconcile diverging interests. Its reports are published and presented to the chambers of parliament for debate.

#### *Portugal*

In organisational terms Portugal occupies a position between Germany and Ireland. At the political level, responsibility for labour market and social policy is, as in Germany, integrated within a single ministry. Labour market policy implementation, on the other hand, is performed by two separate institutions: the institute for social insurance finances (IGFSS – passive benefits) and the institute for employment and vocational training (IEFP – active measures). Most of the boards of these self-administered institutions are not characterised by equal tripartite representation; rather government, employers and employees are represented in a ratio of 2:1:1, ensuring that the government retains a majority (chairperson).

Like its Irish equivalent, the self-administered IEFP (representation ratio 8:4:4) has its own occupational training centres in which, unlike in Ireland, further training measures focus on adults. Yet overall, the IEFP spends only approx. 30% of its resources on measures that it implements itself. The remaining 70% is used to finance programmes implemented in the semi-state-controlled "protocol centres for vocational training" or with the help of co-operation agreements or other forms of outsourcing.

In the main, the branch-specific protocol centres are based on agreements between the IEFP and employer organisations; some protocol centres, however, are run by the trade unions or by the social partners together. The position of the chairperson of the administrative council is reserved for the IEFP, which provides almost 100% of the centres' finances. In terms of both the number of participants and the costs, however, many times more important than the protocol centres are the co-operation agreements signed between the IEFP and private initiators (primarily large concerns, trade unions and co-operatives). Since 1993 vocational training has been provided within the framework of these co-operation agreements for young people under 25 and for the long-term unemployed; training lasts for more than a year and is based on a training contract between the enterprise and trainees. Both forms of service delivery may include programmes for the employed and the unemployed.

The characteristic feature of these measures is the creation of a statutory

system in cooperation with private firms, co-operatives, the trade unions, employers' federations and training organisations. In view of the fact that in 1987 almost 86% of the employed and almost 93% of the unemployed had had a maximum of six years of schooling (even now this is the minimum duration of compulsory general education), support for training measures enjoys top priority. Even by 1987 almost 64% of the, by Portuguese standards, substantial IEFP funds were spent on training. Between then and the start of the 1990s the IEFP's overall budget was doubled, with almost all the additional resources dedicated to training measures (CEDEFOP 1991). The measures focus on adult employees and support for apprenticeships. In terms of both spending (as a percentage of GDP) and the number of entrants Portugal has been at the top of the OECD rankings in the past few years, whereas training for the unemployed has played a very much more subordinate role. Such comparisons must take account of the fact that Portugal, after Luxembourg, has the lowest unemployment rate in the EU.

The introduction of apprenticeships (1985) and Portugal's accession to the EC (1986) represent milestones in this "training offensive", much of which has been financed by the ESF. Employers and employees are involved only indirectly in financing labour market and vocational training policies via the general social levy, introduced in 1986, which in 1991 amounted to 25% of the wage bill for employers and 11% of wages for employees.

The influence of the social partners has institutional roots in the form of the "Permanent Council for Social Cooperation" (CPCS) and the "Economic and Social Council", including the levels of policy planning and formulation for economic, labour market and social policies. Although these bodies have a purely consultative function, the exchange of ideas between the various positions frequently leads to agreements between the government and the represented collective organisations which are subsequently enshrined in law. The department of labour, employment and social affairs at the CPCS can intervene directly in questions of labour market policy.

#### **Countries characterised by centralised-fragmented organisation**

A fragmented organisational structure is to be found in such varied countries as

<sup>5</sup> Since 1993 CERT has been subordinated to the Ministry for Tourism and Trade; Teagasc has always been a part of the agricultural ministry.

France, Italy and Greece. As in the first group of countries, state control is very considerable in all areas of labour market policy in France and Greece, whereas Italy has been marked by a partial decentralisation of vocational further training. At the same time there are also major differences in other areas between France and Greece.

#### France

Fragmentation within the French system follows the lines of the various categories of labour market policy. In other words, there are separate (self-administered) institutions for unemployment support, active labour market policy and vocational training (UNEDIC with its regional branches, ASSEDIC, ANPE and AFPA). The level of state control is high for all three institutions; in addition to these institutions, the French state maintains departmental offices within the labour ministry. However, tripartite administrative councils exist at the various levels (national and regional) and in recent years responsibility for further training has increasingly been devolved to the regions.<sup>6</sup>

This fragmentation is exacerbated by the existence of a special placement agency for managerial staff (APEC), which is completely independent from the labour market authority (ANPE) and is financed by contributions paid by employers and managerial personnel themselves. APEC was founded in 1966 by the employers' federation and the trade unions and is administered by them. Since 1987 non-commercial employment agencies have been permitted, provided that a number of conditions are fulfilled and the approval of the ANPE has been sought. Local authorities lacking an ANPE employment office, in particular, frequently perform a placement function.

The mode of financing labour market policy is equally fragmented. The unemployment insurance scheme administered by the social partners was originally supposed to draw its revenue largely from employer and employee contributions, although it had become increasingly dependent on government subsidies in recent years. As a result, in July 1993, after years of negotiations, an agreement was signed between the social partners and between the social partners and the state according to which state grants to UNEDIC/ASSEDIC are limited to one third of the deficit; at the same time contribution rates were raised. Given that the ASSEDIC also administer a "solidarity system" financed solely by the state for those not participating in the unemployment insurance scheme, the role played by the state is

considerable in this area also. Active policy measures are largely financed out of tax revenues.

Further training measures for adults and the integration of young people into the labour market play a central role in French labour market policy. The Law on Vocational Training was passed in 1971 and sets a regulatory framework for agreements between the social partners. For the employed, an important aspect of French vocational training policy is the (statutory and collective) obligation on employers to spend at least 1.5% of their overall wage bill on further training for their employees. Of particular interest is the recent development of a modular system which regulates further vocational training on the basis of training vouchers (*crédit formation*). The increasing importance of this modular system has also had an impact on the range of services offered by the training centres and psycho-social centres of the adult training authority (*Association nationale pour la formation professionnelle des adultes*, AFPA), all of whose training schemes are to be offered in modular form. At the same time, the AFPA conducts only a small proportion of overall further training activities (just 8.6% of all publicly financed measures in 1990, according to the Ministère du Travail 1992, cited in Muhlak 1993); a significant number of other training providers exist.

It is on the basis of this relatively complex institutional system of labour market policy implementation that France has been placed in the group of centralised-fragmented countries. At present around 500 different agreements are in force between the various labour market policy actors, in which the practical questions of institutional cooperation are addressed. Within the context of the reform of the "grand service public de l'emploi" the co-ordination problems inherent in such an organisational model were emphasised and proposals made on ways in which co-ordination could be improved. Among other things this has led to a co-operation agreement between the ANPE and UNEDIC. Further improvements in the services offered by the ANPE (such as the introduction of self-service elements, job clubs and the planned one-stop – "guichet unique" – offices) have been brought about within the context of so-called "Progress Contracts" with the state.

#### Greece

The fragmentation characteristic of the organisation of Greek labour market policy is primarily sectoral in nature. A number of different ministries are involved, each of which pursues its own active labour market and vocational training policy within its area of respon-

sibility. The most important labour market policy measures are administered by the labour ministry, but the ministries of the economy, industry and culture all offer measures of their own. The ministry of education and religious affairs is responsible for co-ordinating the transition now under way towards a more uniform public sector vocational training system.<sup>7</sup>

Although there are a number of corporatist bodies of varying composition, it is government that is the main steering agent in all areas. The "Supreme Council for Employment" (ASE) performs a consultative function regarding the planning, co-ordination and evaluation of employment and social policy programmes. Although this council includes representatives of the employers and employees, the majority of seats are held by the state. A similar function, but restricted to the area of vocational training and employment, is performed by the "National Council for Vocational Training and Employment" (ESEKA) and the regional and prefectural committees (PEEKA and NEEKA). The latter organisations are expert committees attached to the regional councils and the prefectures; they play an important role in regional planning and thus in the distribution of ESF resources (see below).

The labour market authority (OAED) is subordinate to the labour ministry, although at national level it has an administrative council consisting of three representatives of the government, three each of the employers and employees, one representative of the OAED and two experts. The chair is held by the director of the OAED.<sup>8</sup> The OAED is financed by employer and employee contributions. However, in 1992, only just over half of the OAED budget was covered by such contributions: the large deficit had to be met out of the government budget.

6 Jean-Claude Thoenig takes the view, however, that ministerial external administrative departments are to be seen less as executive and control bodies of central government, than as "lobbyists" for the regions, whose impact is "bottom-up". Smooth horizontal and interdisciplinary co-operation with other administrations at regional level is, for these external departments, an essential precondition for smooth vertical relations. This view was expressed in a lecture given on 20 October 1992 at the WZB, Berlin.

7 The borders between initial training and further training are fluent. The trend towards a uniform training system encompassing both initial and further training with a single set of certificates can be observed in most countries.

8 At decentralised level there is no such self-administration.

The responsibilities of the OAED are very wide-ranging. In addition to active labour market policy in the narrow sense, it is responsible for supervising the training system, and maintains vocational training centres of its own. All recruitments and dismissals must be reported to the OAED. As far as transfer benefits are concerned, it is responsible not only for unemployment support, but also for paying child allowance and a number of other social benefits (e.g. "birth grants"). At 6%, though, the degree to which the unemployment support provided by the OAED covers those out of work is extremely low. Implementation is the responsibility of a number of offices subordinate to the OEAD, leading to further fragmentation according to categories of labour market policy. Job placement is administered in 16 special regional offices, whereas 120 local employment offices are responsible for the other measures.

Greek labour market policy focuses on vocational further training and on employment promotion by means of wage subsidies. Large-scale training measures for both the unemployed and the employed are offered by the "Greek Centre for Productivity" (ELKEPA), the "National Organisation of Small and Medium-size Industrial and Craft Enterprises" (EOMMEX), the "Greek Welfare Organisation" (EOP) and the Ministry of Culture, to name but a few. Most of these measures last between three and twelve months. Many of them are co-financed by the EU structural funds.

The current labour market policy debate in Greece centres on the introduction of uniform curricula, examinations, nation-wide certificates and the recognition of vocational training (basic training, retraining, further training). In 1992/93 18 new vocational training institutes were set up, together with new planning, administration, monitoring and control structures within a new state vocational training system (ESEEK); in the course of the changes responsibilities were transferred from the labour to the education ministry. The new system encompasses both vocational initial training, further training and retraining, and offers flexible forms of teaching to meet the needs of the relevant target groups (dual, alternating, modular, part-time, etc.). Vocational training funds were set up in collective agreements signed in 1992 (Bekrikaki 1994, p. 3). Thus the first steps have been taken to reduce the fragmentation characteristic of the Greek system.

Political and administrative reform conducted between 1982 and 1984 led to a partial decentralisation of labour market policy. Since then regional (self-)ad-

ministration has been constituted by the 52 prefectures, each of which has been assigned a regional council as an organ for the representation of local interests. In addition to the cities and local authorities, economic interest groups (boards of trade and industry, agricultural organisations, trade unions, etc.) are also represented on these regional councils. The extension to the competence of cities and local authorities at this general political level has allowed them to become involved in the field of job creation measures and vocational further training, as their key role in regional planning gives them access to ESF funds. Their own resources, by contrast, are very limited, as is their funding from central government (cf. Getimis 1992, p. 228). Thus this decentralisation has had the effect of increasing the country's labour market policy capacities, although these still remain limited.

#### Italy

Fragmentation in Italy is due primarily to the large number of administrations and corporatist bodies involved in labour market policy, together with the complicated regulations concerning job placement and support for the unemployed. In addition, a decentralised approach has been adopted to vocational training (both initial and further); the regions are responsible for this area.

As in France, labour market policy occurs at four levels. At all of these levels the employment offices are accompanied by tripartite "employment committees" which have their own areas of responsibility. At central and regional level special bureaux exist for planning and monitoring. The regional level plays a major role, particularly in the field of enterprise or sectoral restructuring. Provincial and district employment offices are responsible for standard programmes, whereby the employment offices and employment committees responsible for the agricultural sector are organised on a separate basis. With a very limited number of exceptions for specific target groups, private job placement agencies, even those operating on a non-profit basis, are prohibited. As in Spain, employers are obliged to register vacancies. A given proportion of the vacancies to be filled by an employer (between about 12 and 20%) is to be reserved for the particularly disadvantaged on the labour market. The various forms of support for the unemployed and the short-time working allowance (CIG), on the other hand, are administered at national level by the social insurance institute (INPS). Benefits are granted and paid out either by INPS provincial offices or by district employment offices.

The vocational training system is characterised by great regional heterogeneity; since 1972 the regions have been responsible for this area. Despite the decentralisation and the further restriction on government activities in 1978, vocational further training is delivered jointly by regional and central government offices, whereby both the social partners and EU directives exert a significant influence (Forlani 1993, p. 67). Frequently the regions have passed their responsibility for implementing the measures to provincial and local government, the only functions remaining to them being those of co-ordination. They also maintain a number of vocational training centres. Young people wishing to take an apprenticeship, however, have to report to the local employment office. Policy measures focus strongly on initial vocational training for young people.

In general the social partners appear to exert a considerable influence. Yet they have often served to block the introduction of urgently required and fundamental reforms of labour market policy. In addition, the instability of political conditions in Italy has made it difficult to gain parliamentary approval for proposed government legislation and decrees. With the framework agreement between the state and the social partners signed on 3 July 1993 the government achieved a break-through in this area; this agreement sets a number of cornerstones for collective bargaining and labour market policy. It is only being partially implemented, however, while some aspects have yet to be rendered concrete by specific legislation. Financing occurs via an employment fund (*Fondo per l'occupazione*) set up in 1993.

To an extent virtually unknown in other countries, Italian labour market policy concentrates on maintaining employment levels by means of a wage compensation fund (CIG). Once it became clear that an ever-growing proportion of the short-time workers, many of whom were on "zero hours", have in fact been made redundant for structural rather than cyclical reasons, measures had to be created for the external placement of short-time workers (who remain *de jure* employees of their firm). This led to the introduction of the "mobility lists", to further training measures for short-time workers and other changes. All the same, the rigid rank order (*graduatoria*) within job placement prevented employers from recruiting the unemployed persons they considered most suitable for the job; this in turn led to the introduction of the so-called "named placement" system. In order to combat high initial unemployment levels among young people, work and training contracts were

created. Taken together, these measures have increased the flexibility of the Italian labour market.

### Countries characterised by decentralised organisation

Belgium, Denmark and the Netherlands have made the greatest efforts in recent years to decentralise their labour market policy organisation structures; in these countries regional and local bodies often enjoy substantial powers. With some deviations this is also true of Great Britain, the only EU country to have so far privatised the planning and implementation of parts of active labour market policy.

#### Denmark<sup>9</sup>

During the past ten years Denmark has brought about a staged reorganisation of its labour market policy, one combining decentralisation with the introduction of commercial elements within public institutions. Labour market policy is divided into three areas: financial support for the unemployed and for participants in policy measures; active labour market policy measures; and adult training.

Administration of the (non-compulsory) unemployment insurance scheme is the responsibility of the "A-funds". Although these have strong links to the trade unions, they must be recognised by the state, which also provides substantial financial support and monitors their activities. Other financial benefits such as support for training or early retirement payments are also paid out by the A-funds although they are reimbursed for this expenditure by the state. Despite its voluntary nature, the Danish unemployment insurance scheme achieves the highest coverage rate in the EU.

For the insured unemployed, active labour market policy is implemented by state labour market authorities supported by influential corporatist organisations at both central and regional level. Until 1993 the central labour market authority (AMS) was supported by a tripartite National Labour Advisory Council (LAN); since 1994, however, this organisation has been responsible for advising the labour ministry directly and is thus now more closely involved in the legislative planning process. In addition to the social partners, the regional and local authorities are represented within this organisation, as they had previously been in the regional labour market advisory councils. Thus decentralisation consists not only of a delegation of competence from central to regional level, but also permits regional and local levels to have a say in important central decision-making bodies. In addition, it is local authorities that are responsible for the uninsured unemployed.

With the exception of the so-called "labour market training schemes", adult training is primarily the responsibility of the education ministry and local authorities. Nevertheless it is of great importance for labour market policy, as its training opportunities are used a great deal by the unemployed who, during training, retain their entitlement to unemployment support. The labour market authorities provide detailed information on such training opportunities, although, since they are open to the population as a whole, they are not treated as labour market policy programmes in the narrow sense. Characteristic of adult training in Denmark is the very flexible way in which it is organised; the system is based on modules whereby each individual course is certified and recognised throughout the country. By passing a series of such courses a participant can obtain a recognised general education or vocational training certificate. There are very few non-modular forms of adult training. The so-called labour market training schemes, in particular, are largely oriented to the low-skilled. Training providers are largely public or semi-public, self-administered facilities with corporatist administrative councils. Private, purely commercial service providers are rare.

There has been no change in this three-fold structure of labour market policy and in the dominance of public institutions in recent years. Major changes have occurred, however, in the relationships between the various labour market policy actors and in the design of the labour market policy programmes. At central level, for instance, the two state directorates responsible for active labour market policy and labour market training were brought under one roof, with the aim of improving co-ordination between these areas. At the same time both areas were decentralised and market economic principles were increasingly introduced to steer relationships between the public institutions. These institutions are also allowed to sell their services to private bodies; indeed, since 1990 even the employment offices are allowed to offer certain services on a commercial basis (e. g. personnel management consultancy); they are also able to purchase services (e. g. television advertising times). Since 1990 Denmark has also permitted private job placement activities without any restrictions whatever, the only EU country to have done so.

As far as implementation is concerned, since 1993/4 it is the regional labour market advisory councils that have performed the key role, as it is they that determine labour market policy ob-

jectives and measures at regional level. Since the mid-1980s the emphasis of these measures has moved away from subsidised employment offers to training schemes. Until 1993 these labour market policy measures (in the narrower sense) concentrated on the long-term unemployed, whereas the short-term unemployed were able to participate in the training schemes more generally available. Now, however, the labour market advisory councils define regional risk groups for which measures are introduced at an early stage. A safety net remains in the form of national minimum standards under which the long-term unemployed are legally entitled to policy measures lasting a total of one year. In spite of this strong "social" orientation of labour market policy programmes, the Danish labour market authorities are traditionally at least just as strongly oriented to providing a service for the employers, and also perform systematic monitoring of regional economic developments.

#### The Netherlands<sup>10</sup>

The reorganisation of labour market policy in the Netherlands is in many ways similar to the Danish system, although in the former, as in most of the other EU countries, the social partners are directly involved in the relevant public bodies. The contribution-financed unemployment insurance scheme is administered separately from active labour market policy by the social partners in sectoral social insurance funds.

As far as active measures are concerned, in 1991 the labour market bodies responsible underwent fundamental restructuring, in the course of which the central employment office was removed completely from the Ministry of Labour and Social Affairs. The medium-term framework budget of the new tripartite employment office (CBA) is financed out of taxation, ensuring its independence. The new labour promotion law precludes the possibility of parliamentary intervention or control. The regional employment offices enjoy a very autonomous position within the system and have wide-ranging powers. They have their own vocational training centres and great store is laid by vocational (further) training. An employment office is able to earn additional resources by selling training courses to local employers: as in Denmark, the same applies to a number of other extraordinary services. Besides the standard measures of active labour market policy, an additional function of the employment office is to

<sup>9</sup> Cf. Höcker (1994).

<sup>10</sup> Cf. Moraal (1994).

approve dismissals (even individual dismissals). Since 1991 commercial job placement activities have been permitted; they do, however, require a licence from the public job placement service. For the hard-to-place unemployed the non-profit "START" job placement agency, which co-operates closely with the employment offices, plays a significant role.

National minimum standards are defined in the form of performance-oriented success ratios; they stipulate, for example, that certain groups of the unemployed (women, long-term unemployed, ethnic minorities, etc.) must be placed in accordance with their share of total unemployment.

As a counterweight to regional autonomy, a quarterly reporting system has been developed for the measures implemented and the further training opportunities offered. The already existing regular evaluations of regional labour markets have been developed further, the aim of such monitoring being to support planning in, and budgetary resource allocation between the regions. In addition the regular budgetary allowances paid to the regions (based on "hard facts" such as unemployment, participation rates, proportion of workers from ethnic minorities in a region) are to be supplemented by performance-dependent grants. The aim here is to institutionalise an incentive system for the employment offices, one enabling efficiency to be raised while at the same time maintaining national minimum standards.

#### *Great Britain<sup>11</sup>*

The labour market policy reorganisation implemented by Great Britain between 1987 and 1990 marks an, in many ways, atypical development path within the EU. Here, the wide-spread European trends towards decentralisation and privatisation were linked to the abolition of tripartite administrative structures and the strengthening of the position of local employers giving only minority representation to trade unions and local authorities.

From directorate level down, labour market policy is organised in two separate systems. Prior to reorganisation, active labour market policy was implemented by the tripartite Manpower Services Commission – MSC – which had its own training centres (Skill Centres). Payment of unemployment benefits was totally separate; since 1981 benefit recipients have not even been obliged to report to the MSC.

Now, however, unemployment support and job placement are implemented together by the public Employment

Service (ES). At both central and regional level the planning and implementation of active labour market policy (except job placement) are the responsibility of the Employment Department and at regional-local level of privately organised "Training and Enterprise Councils" (TECs<sup>12</sup>). Local employers account for at least two thirds of the seats on the boards of these bodies; the remaining third are filled by representatives of public and voluntary organisations. In order to enable them to fulfil their tasks, the TECs have taken on a large proportion of the former MSC personnel.

The Employment Department conclude contracts with the individual TECs on the measures to be implemented. Initially these were subject to annual bargaining; since 1994 the measures last three years. In turn the TECs conclude contracts with a complex network of private training consultants, training placement agencies, providers and enterprises. Originally, co-operation between the job placement agencies and the TECs was not subject to any regulation whatever, and was hampered by differences in regional structures. Since April 1993 the Employment Department requires the two types of institutions to reach formal agreements; both sides are obliged to perform a number of fundamental and mutual services.

Public financial monitoring of the TECs and their subordinate contractual partners is closer than the control usually exerted over public institutions. This means that the TECs must document their spending and results, including those of their contractual partners, in a more detailed way than is required of, for instance, the Employment Service. The procedures are extremely bureaucratic and are in contradiction to the rationalisation and increased efficiency which privatisation was supposed to bring about. Because success indicators constitute important criteria for the distribution of resources to the TECs, there is an incentive for "creaming" (i. e. favouring the more easily placed unemployed), although only within the group of the "difficult to place", as labour market policy programmes tend to be concentrated on labour market risk groups (youth, long-term unemployed).

In addition to the TECs the 60 training centres run by the MSC and the specialised employment agencies were privatised.<sup>13</sup> Since 1985 responsibility for further education colleges has steadily been removed from the local authorities. Decisions regarding the funds provided by central government are now taken by the newly established further education funding councils, on which the TECs are also represented.

Financing of labour market policy was not altered. Support for the unemployed continues to be financed out of a general social insurance contribution; active labour market policy is tax-financed. In recent years, however, spending on active labour market policy has been continuously cut back. An exception here is spending on administration, which due to reorganisation rose from 0.14% (1990/91) to 0.21% (1993/94) of GDP, and thus now absorbs more than 40% of the resources set aside for active labour market policy.

#### *Belgium*

In some aspects Belgium is even more highly decentralised than the Netherlands and Denmark. Here, too, the social partners are in a strong position. In addition to the principle of bipartite representation of the social partners, it was the transition to a federal system based on the linguistic communities that was the decisive factor behind the institutional reorganisation of labour market policy in 1989. Until then both active and passive labour market policy were concentrated within a central tripartite labour market authority similar to the German BA – the ONEM. In 1989 labour market policy responsibilities were redistributed. Now, central government (and thus ONEM) are only responsible for passive benefits and a number of monetary support benefits, including subsidies for programmes offered at a national level (e. g. training support for the long-term unemployed). Vocational training is the responsibility of the linguistic communities (the Flemish community and the French-German speaking community), while placement and other elements of active labour market policy are the task of the three regions (Flanders, Wallonia and Brussels). This means that the bipartite regional employment office in Brussels (ORBEM) is primarily responsible for placement activities within its region, whereas the Flemish and the Walloon employment offices (VDAB and FOREM; also administered by the social partners in bipartite fashion) have a wider field of responsibilities, one which takes in vocational training. Both the VDAB and the FOREM have regional offices in Brussels

<sup>11</sup> Cf. Mosley/Degen (1994).

<sup>12</sup> In Scotland these are termed Local Enterprise Companies (LECs), which exhibit very slight differences in organisational structure.

<sup>13</sup> The largest provider of public training measures (Astra Training), which bought up many of the skill centres on privatisation, faces difficulties and is in administrative receivership.

for vocational training and co-operate closely with the Brussels regional employment office. In many areas co-operation with local authorities is also significant.

The reform also transferred responsibility for implementing labour market policy programmes to the political levels of linguistic communities and regions; national regulations remain in force only until regional-level programmes have been introduced. To some extent, though, the various policies had to be coordinated, a process which has proved extraordinarily difficult. For this reason the "Collège de fonctionnaires dirigeants" was founded by twelve national and regional ministries affected; its aim is to improve co-ordination by ensuring a regular exchange between ONEM, VDAB, FOREM and ORBEM. In the Brussels region a bipartite committee was set up in 1990, one of the tasks of which was to harmonise the employment and training policies of regions on the one, and linguistic communities on the other hand. At national level the bipartite "National Labour Council" plays an important role, particularly in labour market and unemployment policy and in drawing up collective agreements which extend beyond sectoral boundaries. In certain set areas the council has the right to be heard by government and parliament. Although in legal terms its function is merely consultative, proposals made unanimously by the council are generally accepted. In addition to the council, branch-level commissions are responsible for sectorally specific issues.

An additional characteristic of the Belgian system is that compulsory schooling lasts until the age of 18 (although between 16 and 18 compulsory school attendance is only for half days). Adults can take advantage of the training offered at centres run by FOREM and VDAB. The emphasis of Belgian labour market policy, however, is clearly on job creation measures.

### Summary

An overview of labour market policy and its delivery in the Member States of the European Union shows that, with the exception of Belgium with a strong regional stance, the federal governments usually set the legal framework for activities in all EU-countries. This is true except for vocational training, which has been effectively decentralised to regional levels in some countries.

In almost all countries the social partners participate in the planning and/or

implementation of labour market policy, and the extent of such participation is on the increase. At the same time participation by the social partners varies greatly in degree and with regard to institutional form. In most countries the social partners are represented in the administrative organs of the labour market authority itself. In some cases, however, it is the labour ministry that exerts direct administrative control over the employment offices, although the influence of the social partners is institutionalised and in some cases (e. g. in Denmark) considerable. A number of countries also have well-established corporatist bodies which play a consultative role in the legislative process of labour market, social or economic policies.

It is interesting to note that the corporatist bodies of the more recent EU Member States, Portugal and Greece, are (still) dominated by the central government. It seems that in countries creating fundamentally innovative structures the state prefers to retain more far-reaching supervisory opportunities than in systems which have been established for many years, particularly as corporatism itself must be seen as a structure whose development requires time.<sup>14</sup> Here the trend towards decentralisation is also still weak. Equally, those countries which are already most highly decentralised (Belgium, Denmark and the Netherlands) must be considered to be those with the most pronounced corporatist structure. An exception here is Great Britain, which between 1989 and 1990 abolished tripartite administrative structures, counter to current trends within the EU. Moreover, while the reorganisation strengthened the hand of local employers it also reduced the role played by local authorities in active labour market policy. To this extent, Great Britain must be considered as a case of "restricted" decentralisation; the predominant characteristic here is privatisation.

Both decentralisation and the integration of the social partners is necessarily accompanied by an effective reduction in central government responsibilities. This involves an adjustment of the financing system, as decentralisation can be blocked if financial steering and control remain in the hands of central government. Regulations providing for long-term financial planning or which tie spending on active labour market policy to the level of unemployment or to spending on passive benefits for the unemployed can help to ensure financial continuity and security at regional level. Clearly, both principles are equally valuable in an organisation that is steered from the centre.

In order to provide sub-national bodies with substantive room for manoeuvre, the centre must restrict itself, besides setting a financial framework, to an overall framework for labour market policy, the individual items of which are then determined by the regional actors themselves. Specifically formulated individual legal entitlements of unemployed persons to certain benefits tend to be an element of central government labour market policy, although decentralised and flexible forms are also possible, for example by merely determining the duration of minimum entitlement, and not the type of entitlement (cf. Denmark). In the context of a decentralised organisational form, such legal entitlements can serve as a guarantee of national minimum standards and provide a security net for the most vulnerable among the unemployed.

A decentralised system also requires a well-developed information and monitoring system as the basis on which public funds can be distributed. This is all the more important when it is not only "objective" criteria, such as the size of the working population, the level of unemployment, or economic growth of a region, which enter into the allocation formula, but also indicators of success (such as placement rates for risk groups) as an incentive for the local labour market bodies. In this way decentralisation can be conducive to (and indeed requires) transparency with regard to both implementation and finances.

In most cases, passive and active labour market policies are organised separately. As Ireland's experience shows, it might however be rational to integrate income replacement schemes, such as unemployment benefits and social aid.

It appears that where they are permitted to operate, private job placement agencies are unable, contrary to frequently raised fears, to pose a significant competitive threat to public institutions. Even the unconditional admission of private, commercial job placement agencies in Denmark has had the effect of strengthening the image of the public labour market authority, while at the same time facilitating a critical examination of public sector services. The OECD comes to a similar conclusion with regard to private agencies in Japan and Great Britain (OECD 1992).

The increasing importance of advisory services, particularly for the long-term unemployed, is reflected in the creation of job clubs and similar institutions, and in some cases in an expansion

<sup>14</sup> This role of the state as strongest actor can also be observed in the East European countries during the current transition phase.

of the personnel resources available to the labour market authorities. In all the decentralised countries, personnel resources (with respect to the number of unemployed) are high. No clear pattern is exhibited by centralised countries, however (see table on p. 35). Generally speaking, countries in which the unemployment insurance scheme covers a large proportion of the unemployed tend to invest significant personnel resources in active labour market policy.<sup>15</sup> The immense differences in the costs of administration are very difficult to explain on the basis of the available information. The Netherlands and Denmark, for example, require far fewer resources for administration (expressed as a percentage of GDP) than Germany, although the countries are similar in terms of staffing levels. Great Britain is also an extreme case in terms of administrative costs, particularly in relation to total spending on active labour market policy. This is all the more surprising given that privatisation might well be expected to enable administrative costs to be reduced. However, given that the transition has not yet been completed, and that – like the Employment Service personnel – most TEC employees are still civil servants, it is as yet too early to draw conclusions in this regard.

As far as the question posed at the start of this article – the efficiency and equity of labour market policy and its organisation – it is the question of efficiency that proves by far the more difficult to answer. The case studies of Denmark and the Netherlands conducted within the framework of the project as a whole suggest that these countries have indeed found ways to raise the efficiency of the public labour market authority and to compete successfully with the private sector, without losing sight of social equality. Success-dependent financing structures (where the criteria of success are defined by central government) and the restriction of central government activity to setting framework or target values allow employment offices on the ground to react relatively flexibly to the free market, and, on the basis of an improved image, react more appropriately and more quickly than before to problems that arise. Any comparison of

national efficiencies, however, proves problematic due to the complexity of the criteria to be taken into account, all the more so given that criteria would have to be assigned different weights in line with cultural and political differences between countries. This clearly shows that merely taking account of a single pole (centralised versus decentralised) or just one aspect of the reform efforts, is not a promising approach: rather, it is the task of distributing responsibilities between centralised and decentralised units in the most effective way that should represent the focal point of all reform efforts.

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<sup>15</sup> This is also true of Portugal, where, due to the low unemployment rate and the concentration on employee training, the number of participants in labour market policy measures per employee is actually higher than the number of unemployed persons per employee. This relation is even more extreme in Denmark, which, in terms of the number of participants, also lays great stress on training for the employed; generally, however, this represents a burden not for the job placement agencies but for the A-Funds. In view of the short duration of the individual modules, the costs here are very low in relation to the number of participants.

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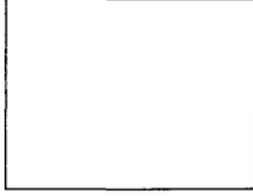
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Organisation	E	L	D	IRL	P	F	UK	I	DK	NL	UK	B
	centralised integrated	centralised integrated	centralised integrated	centralised <sup>1</sup> integrated	centralised <sup>1</sup> integrated	centralised fragmented	centralised fragmented	centralised fragmented	decentra- lised	decentra- lised	decentra- lised	decentra- lised
Labour market authority (active)	INEM	ADEM	BA	FÁS/CERT	IEFP	ANPE/AFPA	OAED	...	AMS/AF	CBA/RBA	TEED/ES/ (TECs)	VDAB/ FOREM ORBEM
Labour market authority (passive)	INEM	ADEM	BA	social insurance offices	IGFSS	UNEDIC/ ASSEDIC	OAED	INPS	A-funds	Employment Board	ES	ONEM
<i>Personnel structure<sup>2</sup></i>	1991		1993	1993	1991	1988	1992		1992	1991	1991	1991
Total personnel	15,322	n.a.	78,018	n.a.	n.a.	31,450	2,023	n.a.	6,649	15,000	37,349	9,935
For active labour market policy	13,208		49,627	2,187	3,662	20,000	700		2,149	6,000		5,765
For passive labour market policy	2,114		28,392		-	11,450	1,323		4,500	9,000		4,170
Labour force per employee	989		497			796	1,994		426	476		426
Unemployed persons per employee	182		38			83	173		48	32		75
Participants per employee			26			86	41		62	14		15
Labour force per employee (active LMP)	1,147		782	624	1,228	1,251	5,763		426	1,189		735
Unemployed persons per employee (active LMP)	211		60	102	51	130	499		48	80		75
Participants per employee (active LMP)	...		41	49	119	135	119	...	192	35	...	...
<i>Cover ratio of unemployment insurance 1990 (%)</i>	24.97	20.57	63.24	67.1	11.1	40.71	5.85	18.48	85.65	40.1	...	82.52
<i>Financing of active labour market policy</i>												
- tax	x	x	x	x	x	x	x	x	x	x	x	x
- general social insurance contributions												
- unemployment insurance contributions	x	x	x			x	x		since 1994			
- labour market contributions for active LMP									(since 1994)			
- further training contributions	x					x (only APEC)			x			
<i>Significance of ESF (1991)</i>												
Share of total ESF funds (in %)	16.1	0.1	12.9	10.1	8.9	12.6	7.9	1.0	10.9	2.1	14.9	2.5
ECU per worker	51	12	16	363	89	24	96	22	17	15	25	28
ECU per unemployed person	314	946	237	2301	2146	255	1263	196	164	209	303	304
<i>Total spending on labour market policy in % of GDP</i>	1993	1991	1993	1991	1993	1992	1992	1992	1993	1992	1993/94	1992
on active labour market policy	3.95	1.04	4.19	4.27	1.90	2.99	1.19	1.84	6.77	3.36	1.75	4.00
of which on	0.49	0.28	1.58	1.47	0.89	0.98	0.39	0.93	1.88	1.14	0.52	1.10
- administration	0.11	0.04	0.25	0.14	0.11	0.14	0.07	0.08	0.10	0.15	0.21	0.19
- training for adult unemployed persons	0.09	0.02	0.53	0.31	0.04	0.32	0.05	0.02	0.32	0.19	0.12	0.14
- training for those in employment	0.03	-	0.03	0.17	0.21	0.06	0.14	-	0.11	-	0.02	0.09
- youth measures	0.07	0.11	0.07	0.43	0.38	0.24	0.03	0.83	0.37	0.07	0.12	-
on passive labour market policy	3.46	0.76	2.6	2.81	1.01	2.01	0.80	0.91	4.89	2.22	1.23	2.9
<i>Labour force participation rate</i>	58.6	-62.3 (1992)	68.4	62.7	71.4	68.4	58.9	59.1	84.4	69.9	73.9	63.8
<i>Unemployment rate (1993)</i>	22.4	2.6	5.8	15.8	5.5	11.6	9.8	10.2	10.4	8.3	10.3	9.1

1) Active labour market policy. 2) Calculations for Ireland and Denmark on the basis of national data in accordance with the OECD System. Sources: OECD Employment Outlook and Jobs Study (1994); OECD-Data File; Report to the ESF Committee on ESF Assistance in 1991; own calculations.

# EMPLOYMENT OBSERVATORY



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