

Employment Observatory

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Employment & labour market



Employment & social affairs



European Commission

Developments at a Glance

Belgium: The policy of employment promotion by means of reduced employer contributions to social insurance is being continued with two new measures entailing even greater reductions. – Regulations on part-time early retirement have been implemented by virtue of a royal decree. – Support in the form of reduced social insurance contributions is now also provided for recruitment of a second or third new employee in SMEs. – New recruitments in the non-commercial sector are also supported by means of reduced social insurance contributions. – The Flemish regional government has set up an employment observatory.

Germany: The Employment Promotion Reform Act, due to come into force at the beginning of 1998, already provides for some changes in 1997, e.g. new training measures, insertion contracts, wage-cost subsidies and changes in the legislation on benefits.

Greece: A new integrated information system for labour market analysis will compile data on enterprises and the unemployed. – An existing research institute for vocational training is to be converted into a national employment observatory.

Spain: The social partners have concluded three agreements in bilateral discussions on the issues of employment security, collective bargaining and a number of other open questions (resulting from the abolition of the Labour Code). – The Spanish government has also developed a new medium-term employment programme with the aims of reducing unemployment and job creation. – With its integrated placement scheme, the employment service hopes to develop networks of partners and thus increase placement of the unemployed.

France: The French employment service, ANPE, is seeking to strengthen its efforts to support partners in the area of job creation and thus to contribute to employment growth and reduced unemployment. – The new French government intends to increase growth and employment by expanding consumer demand, reducing working time and introducing new measures for youth.

Italy: Support for business start-ups by young people remains a priority area in Italian labour market policy. – Self-employment in the south of Italy is also supported by means of so-called “honorary loans”. – In expectation of the large-scale reform of the Italian employment service, experiments on integrating national and regional (regions/provinces) branch offices are first being carried out in order to achieve a better coordination of services. – At the same time, the regional branch offices are introducing new services.

Netherlands: Responsibility for the integration of difficult-to-place benefit recipients will lie in future with the local authorities in large cities. To this end, they will purchase services from the employment offices. – Exemption from social insurance contributions is now possible in the case of marginal employment. – While the number of applications to the employment office for individual redundancies is declining, both the number of applications for mass redundancies and for individual redundancies submitted to the labour courts are on the increase. – The “Yearbook Emancipation ’97: Work and Family Responsibilities” portrays the labour market situation of Dutch women. In 1995 and 1996, around 16,000 additional jobs were created in local authorities and in the health system; another 40,000 jobs are to be created in these areas by 1998.

Austria: Working-time organisation has been made more flexible by the new possibilities for taking compensatory leave for overtime and for accumulating credited working hours on the basis of a collective contract on annual working-time agreements. – The Austrian employment service is seeking to carry out its functions efficiently by setting annual and three-year strategic goals, which will be monitored on the basis of appropriate indicators.

Portugal: Educational and vocational guidance, education and vocational training, vocational integration and job-search assistance are the essential elements of a new scheme for the vocational integration of young people.

Finland: A national programme for older workers is to secure and increase the employment of older workers. – The Finnish government has provided funds for renovating public buildings.

Sweden: The Swedish government seeks to meet its goal of halving unemployment by the year 2000 by means of a range of measures in the area of job creation and education. – Since the end of 1995, all vacancies are advertised (and updated daily) on the employment service’s Internet databank.

United Kingdom: The new government is seeking to reduce the number of unemployed, especially young unemployed, on the basis of a “New Deal”. – Thus, 250,000 young people are to be offered either subsidised jobs in the private or non-commercial sector or full-time training.

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No. 58, Summer 1997

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"Policies" and the Five Action Areas of Essen

The five areas of action adopted at Essen

1. More investment in vocational education and training
2. Increasing the employment intensity of economic growth by reorganising working time, moderate wage growth and the opening up of new areas of employment
3. Reducing indirect labour costs
4. Increasing the effectiveness of labour market policy (activation)
5. Intensifying target-group specific measures

Once again, this issue of "Policies" shows the continuous priority given by labour market policy in Europe to the promotion of general and vocational training. The new Employment Promotion Reform Act in Germany, for example, introduces eight-week training measures with a view to improving the integration prospects of the unemployed and also so-called insertion contracts for the long-term unemployed which include training elements. Among the aims of Spain's new medium-term employment programme are new regulations on apprenticeship training. Measures towards educational and vocational guidance and general and vocational training are at the focus of Portugal's vocational integration scheme for young people. The Swedish government, too, gives priority in its programme for halving unemployment by 2000 to general and vocational training, and wants to provide 140,000 new training places by autumn 2000. The new British government's "New Deal" is based on a comprehensive employment programme for young people, one aspect of which is full-time training for young people without a vocational qualification. Measures for reorganisation of working time, one of the areas of the second Essen action plan, are planned in Austria, where a legal framework is being developed for more flexible working time regulated by collective agreements. Under

the framework working time may be organised on an annual basis, resulting in compensatory leave for credited working hours. Calculation periods in excess of one year are also possible.

The new regulations on part-time retirement introduced in Belgium could lead to an increase in the intensity of employment if new recruitments are made to replace those entering part-time retirement. The Belgian social partners' agreement on employment also provides for other forms of (subsidised) work-sharing, such as "career breaks" and straightforward job-sharing. New recruitments in Belgium's non-commercial sector can be expected to lead to job creation in so-called "new areas of employment". The promotion of business start-ups in Italy is also likely to involve these new areas to some extent at least, while environmental projects are to be supported within the context of the youth employment scheme in the UK, for example. The French employment service (ANPE) intends to increase its contribution to job creation in some of these new areas by means of operative networks, while so-called "productive employment promotion" in Germany has been extended to include several of the new areas (e.g. preservation of cultural heritage and urban renewal). Belgium's promotion schemes focus on decreasing non-wage labour costs through a reduction of social security contributions. This approach has now become an essential element of employment promotion and has also been extended to the non-commercial sector. The same type of support has been introduced in the Netherlands for marginal employment, the aim being to offer incentives for the creation of additional jobs.

One of the objectives of the reform of Germany's Employment Promotion Act is to increase the effectiveness of labour market policy: a much greater share of the hours spent in job-related vocational training can now be integrated into job-creation measures. In addition – with a view to preventing displacement effects – industrial enterprises are to be involved more closely

in the implementation of job-creation measures. Institutional changes are also important in this context: the employment services in France, Spain and Italy are being modernised through the establishment of cooperative networks and/or integrated services and through the provision of new services. In the Netherlands, the local authorities are participating more in the integration of difficult-to-place unemployed as partners of (and purchasers of services from) the employment services. The Swedish employment service will contribute to improving placement services by advertising vacancies on the Internet. It is also expected that the monitoring systems which have been introduced or expanded in Austria, Greece and Flanders (monitoring and employment observatories) will lead overall to more effective measures and/or efficiency on the labour market.

The Portuguese and British youth employment programmes mentioned above represent policies geared towards labour market target groups. While the Portuguese programme places greater emphasis on vocational training, the British scheme focuses on subsidised work experience. Young people are also the main target group for the business start-up schemes in Italy. Job-creation measures for the long-term unemployed are being expanded in the Netherlands, where the local authorities are playing a larger role in the placement of difficult-to-place social welfare recipients. In Sweden, pilot schemes in Kalmar for "activating" the long-term unemployed to carry out additional services for local authorities are now being extended to the rest of the country. In Finland, older workers are targeted by a national programme aiming to secure and improve their labour market situation. Finally, in the Netherlands, a yearbook entitled "Emancipation '97" has been published, which is intended to contribute to the discussion about better reconciliation of family and working life and to help improve the labour market situation of women.

Erratum

In the article entitled "Employment and Social Protection Agreement in the Agricultural Sector" in "inforMISEP No. 57" (p. 15), the names of the Federated Union of Labour Commissions (*Confederación Sindical des*

Comisiones Obreras – CCOO) and the General Union of Workers (*Unión General de Trabajadores* – UGT) were translated incorrectly from the Spanish.

The terms "communist" and "socialist" were not used in the original text we

received from our Spanish correspondent. While the CCOO and UGT had relations with communist/socialist ideology at their inception, both unions are now completely independent of any ideology.

Overall Developments

Belgium

Employment-Promotion Agreements for 1997/98

Employment-promotion agreements were proposed by the social partners within the framework of the national collective agreement for 95/96 (cf. iMi 50 and BIR B-i.5). The aim is to encourage sectors and individual enterprises to conclude employment-promotion agreements which will lead to net employment growth. For the duration of such agreements, employers are entitled to a quarterly reduction of social insurance contributions amounting to BEF 37,500 for every new job created. This reduction was claimed for 101,000 workers in the second quarter of 1996.

In the absence of an agreement between the social partners on extending the regulation of employment-promotion agreements, the Belgian government has instead defined the conditions under which employers concluding such agreements are entitled to reduced social insurance contributions in 1997 and 1998 (Royal Decree of 24 February 1997, which lays out the precise conditions under which the following stipulations apply to employment-promotion agree-

ments: Art. 7, § 2, and Art. 30, §§ 2 and 33, of the Law of 26 July 1996 on employment promotion and preventive safeguarding of competitiveness; M.B., 11.3.1997).

The Royal Decree of 24 February 1997 also lays down two special systems for reducing employer contributions: first, the replacement of the existing benefit described above by another system of reduction; second, the introduction of reduced employer contributions for enterprises in economic difficulties avoiding redundancies through the use of work-redistribution measures.

Eligible employers

The benefits described here apply to the entire private sector, with the exception of autonomous educational establishments, which receive subsidies for their teaching staff, and vocational training institutions. In the public sector, only public credit institutions are eligible.

Employment-promotion agreements

As in 1995/96, employers who achieve net staff growth on the basis of an employment-promotion agreement are entitled to a quarterly reduction in their social insurance contributions of BEF 37,500 per new recruit.

The employment-promotion agreements must encompass at least two

different employment-promotion measures that lead to the recruitment of additional workers. At least one of these measures must be covered by the following general framework:

- the introduction of the right to a full-time or part-time career break;
- the introduction of part-time work on a voluntary basis within the context of job-sharing;
- the introduction of comprehensive working-time reduction;
- the introduction of flexitime and limits on overtime;
- the introduction of the right to part-time early retirement;
- the introduction of provisions for further training of workers during working hours.

The second employment-promotion measure may be freely chosen by the employer, so that the specific characteristics of the enterprises and (sub-) sectors concerned may be taken into account. Under the terms of the Royal report, the measure must be implemented after, or supplement measures already existing on, 31 December 1996.

The first phase of the conclusion of an employment-promotion agreement consists of negotiations in the bipartite commission or sub-commission. These organs must define their strategic goals taking the characteris-

Overall Developments

tics of the sector or sub-sector into account. If the social partners are able to reach consensus, a collective agreement is concluded. This must then be submitted for approval by the Minister to the office of the department for labour relations in the Ministry of Employment and Labour. If approval has still not been granted four weeks after submission of all the relevant documentation, the collective contract is considered valid. Where there is no collective agreement for the relevant sector, employment promotion can be negotiated at enterprise level. The procedure followed in this case depends on the size of the enterprise concerned and whether it has a trade union delegate.

As soon as the employer is covered by an employment-promotion agreement which is correct in form and content, he is entitled to a reduction of his social insurance contributions. The quarterly reduction of BEF 37,500 is granted for every additional net recruitment, i.e. for every worker whose recruitment constitutes a net increase in the number of employees, with no change in the volume of work. For the period 1997/98, each quarter is compared with the equivalent quarter in 1996, both as regards recruitments already made or to be made in 1997 and 1998.

Subsidies for additional employment

Subsidies for additional employment consist in a quarterly reduction of employer contributions amounting to 20% of the mean quarterly gross wage of the employees in the enterprise for every additional recruitment after 31 December 1996. The reduction per recruited worker may not exceed the contributions which would normally be payable and may amount to a maximum of BEF 50,000 per quarter. Moreover, the amount may not exceed the following shares per enterprise and per quarter:

- 12% of the total sum of employer contributions which are payable for all the workers in the firm if the mean number of employees is at least 50;
- 50% of the total sum of employer contributions which are payable for all the workers in the firm if the

mean number of employees is less than 50.

The conditions for eligibility are the same as for the quarterly reduction of BEF 37,500, because two types of reduction are possible on the basis of employment-promotion agreements:

- on the one hand, a reduction of employer contributions amounting to BEF 37,500 per quarter and new recruitment;
- on the other hand, subsidies for additional employment.

However, subsidies for additional employment may only replace the BEF 37,500 quarterly reduction if this is expressly provided for in the collective agreement for the (sub-)sector. This option is not available to enterprises which conclude their own collective agreements in the absence of a (sub-)sectoral employment-promotion agreement.

The following terms have yet to be defined by royal decree:

- mean gross quarterly wage;
- mean number of employees in an enterprise;
- period of comparison for determining the mean number of employees in an enterprise.

Enterprises in economic difficulty or undergoing restructuring

Under certain conditions, and in the interests of maintaining as many jobs as possible, enterprises in economic difficulties or which are undergoing restructuring may claim a reduction of social insurance contributions. Such enterprises must:

- be recognised by the Ministry of Employment and Labour as enterprises in economic difficulty or undergoing restructuring;
- have concluded a collective employment contract on working-time reduction; minimum weekly working hours: 32;
- make a payment to compensate for the wages lost by the workers - the amount to be defined in the collective agreement. The minimum amount may be laid down by royal decree.

Employers who satisfy the above conditions are entitled to a reduction of

their social insurance contributions. The annual amount is calculated according to the following formula:

$$NWT \times (63 - (0.36 \times (NWT - 1,536)))$$
where:

- NWT = number of hours worked in a calendar year and equivalent hours;
- 1,536 = 48 weeks \times 32 working hours (4 weeks' holidays are not counted).

Thus, the maximum reduction is granted for a mean working week of 32 hours. The amount decreases in proportion to the increase in working time. No reduction is payable for a mean annual working time of 1,170 hours or more (35:36 hours per week).

Duration of measure

The Royal Decree of 24 February 1994 is in force from 1 January 1997 to 31 December 1998. However, the reductions of employer contributions for net recruitments made within the context of an employment-promotion agreement are granted as of the quarter in which the recruitments are made, though not earlier than the quarter following approval of the employment-promotion agreement.

Germany

New Labour Promotion Act Passed by Parliament

At the end of March 1997, the law reforming the Labour Promotion Act (LPA) was finally passed by parliament. The reform amounts to a complete recodification of the labour promotion legislation, which has been incorporated into the Social Security Code (*Sozialgesetzbuch*) as Part III. With a view to the substantial restructuring under way in the Federal Labour Office, the new law will not come into force until 1 January 1998.

A number of new labour market policy instruments and amendments to the existing range of policy instruments and in the laws governing the benefits paid by the unemployment insurance fund have, however, already come into force – on 1 April 1997 – in the form of amendments to the LPA. The same applies to a number of amendments to the law on agency work.

This report sketches out the most important changes that came into force on 1 April 1997.

New labour market policy instruments

Training measures

Training measures include courses and practical training that aim to improve the chances of placing the unemployed in work by providing them with know-how and skills or by supporting their job-search activities, for instance by means of job-application training. Such measures can also be implemented by the employment office in order to test the suitability of an unemployed person for a certain task and his/her willingness and ability to work.

In addition to the costs of training and, where applicable, examination fees, the employment office also covers the cost of travelling between home and the training location. Such training schemes may last for up to eight weeks.

Insertion contract

The new insertion contract (*Eingliederungsvertrag*) aims to reduce risks and psychological barriers associated with recruiting the long-term unemployed by offering the long-term unemployed the chance to prove themselves with an employer, with the aim of subsequently entering a permanent employment contract. To this end, the employer concludes an insertion contract with a difficult-to-place unemployed person for the duration of at least two weeks and a maximum of six months.

Such a contract must be approved by the employment office. It meets the criteria for an employment relationship subject to social insurance contributions, but not that of an employ-

ment contract. On the basis of such a contract, the employer can become acquainted with the unemployed person, test his/her knowledge and skills and familiarise him/her with the work involved. Both the employer and the unemployed person may terminate the insertion contract at any time without giving a reason. Because the termination of the insertion contract requires no justification, the same is true of the refusal to accept a specific employment relationship on this basis: this means that no sanctions (benefit suspension) are imposed in case of refusal.

For days in which the recruit is absent from work, the wage costs, including employer contributions to the social insurance funds, are reimbursed to the employer by the employment office.

Recruitment grant for new businesses

Employers who have set up a new business not more than two years previously and who employ not more than five employees are entitled to a wage-cost subsidy from the employment office on recruiting, under a permanent employment contract, an unemployed person entitled to such support. This is subject to the conditions that the recruitment is to a newly created job and that a competent authority has certified the viability of the new business.

A maximum of two employees can be in receipt of such support at any one time. The subsidy amounts to 50% of labour costs, including employer social insurance contributions, and may be granted for up to one year.

Changes in the laws governing unemployment benefit and unemployment assistance

Redefinition of "acceptable" work

Unlike under the previous legislation, the regulations governing "acceptable" employment no longer classify the unemployed into specific skill/qualification categories. This is in accordance with the observation that workers frequently change job, whereby their decision is based more on changes in occupational situation and income than on whether a job is in

accordance with a specific qualification.

Therefore, from now on any form of employment that makes good the loss of earned income to a certain degree will be considered acceptable. From April 1997, during the first three months of unemployment the unemployed person is required to take any job paying not less than 20% below the earned income on the basis of which unemployment benefit was calculated; i.e. all such jobs are considered "acceptable". In the following three months, any job generating earnings of more than 30% less than this figure is considered acceptable. After this period, all jobs whose net pay is equal to the level of unemployment benefit are – as under previous legislation – considered acceptable.

The time required to travel from home to work and back can now total three hours, half an hour longer than the previous limit of 2.5 hours considered "acceptable".

Extension of the coverage of the compulsory unemployment insurance system

Contributions to the unemployment insurance system now have to be paid from a weekly working time of 15 hours per week or above earned income of – currently – DM 610 in west Germany and DM 520 in eastern Germany. This means that an increasing number of part-time workers will be incorporated into the protection of the unemployment insurance system. On the other hand, this also means that those working more than 15 hours per week or earning more than the income threshold considered negligible (DM 610 or 520) will in future no longer be able to register as unemployed and thus will not be able to claim unemployment benefit.

Modification of the rules on entitlement to unemployment benefit and assistance for re-dundant employees in receipt of severance payments

(a) Unemployment benefit entitlement

Under the new law, severance payments received by an unemployed person – or which can be claimed by him/her – on termination of an em-

Overall Developments

ployment relationship are, above a basic allowance and in general maintaining full contributions to the health and pension insurance funds, set off against half of unemployment benefit. The basic allowance is equal to 25% of the severance payment. This figure is increased by ten percentage points for older workers (i.e. those who were 50 or older prior to the termination of the employment contract) and by five percentage points for every five years of tenure with the employer for those aged over 45. For example, given an (average) unemployment benefit entitlement of DM 1,500, the actual benefit level paid out would be DM 750 until the severance payment minus the basic allowance is "exhausted".

Detailed transitional arrangements will ensure that confidence in the continued application of the previous legislation will be maintained.

(b) Unemployment assistance entitlement

The new deduction of severance payments from unemployment benefit – *Arbeitslosengeld*, a social insurance benefit – cannot be transposed to unemployment assistance (*Arbeitslosenhilfe*) as this is a means-tested, government welfare benefit comparable to minimum social benefit. An unemployed person can be expected to maintain him/herself from his/her own resources before making a claim on society in general. Consequently, severance payments are, in principle, to be considered as assets once they exceed the basic allowance of DM 8,000 (DM 16,000 for married couples). Payments by the former employer after the termination of the employment relationship to the former employee – e.g. a "net wage guarantee" in which the employer tops up a presumed unemployment assistance payment – are to be considered as income.

The change in the regulations is based on the view that the provision of unemployment assistance financed out of tax revenues can no longer be justified in cases where the unemployed person is protected in other ways, such as by a net wage guarantee. Here, too, there are numerous

exceptions and transitional arrangements.

Increase of three years in the age limits for an extension of entitlement to unemployment benefit beyond 12 months

As under the previous legislation, the duration of entitlement to unemployment benefit is determined by the length of prior socially insured employment and the age of the benefit recipient at the start of the benefit period. Previously, the duration of entitlement was extended for an increasing length of time for unemployed people aged at least 42, 44, 49 or 54. Each of these minimum age requirements has been raised by three years. Thus, for example, elderly unemployed persons with a long period of prior employment are still entitled to unemployment benefit for a period of 32 months, but only above the age of 57 (as opposed to 54).

Changes in existing labour market policy measures

Within the scope of this article it is only possible to briefly sketch out some of the more important changes.

Important changes in the conditions of entitlement to job-creation measures (ABM)

The principle already applying in the case of job-creation measures in the construction and landscape gardening sectors – that the measure may not be implemented by the organisation receiving support, but must be delegated to a commercial firm – has now been given a legal basis and further tightened in order to promote insertion into the *primary* labour market.

In addition, periods of vocational training or practical work experience can now be integrated into the overall duration of a job-creation measure to a far greater extent than previously. Depending on individual circumstances, such training or work-experience schemes can account for between 20 and 50% of the period spent by the beneficiary in the job-creation measure.

Given the budgetary constraints facing the Federal Labour Office and the difficult labour market situation, it

is necessary to spread the available resources for job-creation measures over as large a number of individuals as possible. In addition, it is important to ensure a sufficient differential between pay levels in unsubsidised employment and the income generated by a comparable job under a job-creation measure, in order to maintain an economic incentive to move into unsubsidised employment. Consequently, the earned income eligible for support under a job-creation measure has been reduced from 90 to 80% of the earnings for the same or a comparable activity on the primary labour market. Special regulations, most of which apply in east Germany, will still permit 100% support in certain exceptional cases.

Changes in the conditions of entitlement for the so-called "productive" wage-cost subsidy measures

In addition to the measures existing in east Germany (activities in the environment, social services, youth aid, free cultural work, non-competitive sport and preparatory measures to care for monuments), activities in other areas can now claim support under the so-called "productive" wage-cost subsidy: implementation of measures to care for monuments, preparing and implementing urban renewal measures, work to improve local housing environments. In these areas, measures can only receive support if they are delegated to a commercial company.

In addition, with a view to the serious labour market situation in east Germany, additional recruitment in commercial firms can be supported in the region.

Changes in the law on agency work

A number of changes have been made to the law on agency work in order to facilitate the use of agency work as a modern instrument for the flexible deployment of labour while at the same time ensuring that the social security of agency workers is maintained.

Spain

Social Dialogue: Bipartite Agreements to Improve the Labour Market Situation

After lengthy and difficult negotiations, the bilateral discussions on improving the labour market situation and modernising and strengthening the collective bargaining system were concluded successfully on 7 April 1997.

Since its inauguration in May 1996, the current government has been emphasising its determination to push through a package of social reforms, which are intended to improve the labour market situation, increase employment security, facilitate the integration of young people into the labour market and raise the quality of working life.

These goals, as well as the promotion of active employment policy in the agricultural sector, the creation of extrajudicial means to resolve disputes, the consolidation and rationalisation of social protection, and the revitalisation of vocational training, were of prime importance for the government and were to be achieved through the encouragement and support of social dialogue.

Negotiations were held between May and December 1996 in five tripartite meetings, which ended successfully with the conclusion of several agreements (cf. iMi 56, p. 19 and iMi 57, p. 16).

The improvement of the labour market situation and the modernisation and strengthening of collective bargaining were discussed directly by the social partners in bilateral negotiations with a view to achieving these very aims. The employers were represented by the Spanish Confederation of Employers' Associations CEOE (*Confederación Española de Organizaciones Empresariales*) and the Spanish Confederation of Small and Medium-Sized Enterprises CEPYME (*Confederación Española para la*

Pequeña y Mediana Empresa), the workers by the Federated Union of Labour Commissions CCOO (*Confederación Sindical des Comisiones Obreras*) and the General Union of Workers UGT (*Unión General de Trabajadores*).

The negotiations were concluded with agreement reached on three draft contracts, which are described in the following.

1. Bipartite agreement on employment security

This agreement contains new approaches to a range of issues related to the revision of contractual arrangements for employment, to dismissals, to the legal status of temporary employment agencies and to working-time regulations. The goal is "to increase the competitiveness of enterprises, to improve the employment situation and to reduce the use of fixed-term contracts and job rotation".

Specifically, the following reforms are proposed:

- New regulations for training contracts in order to facilitate the integration of young people into the labour market and to provide them with optimal theoretical and practical training. A training contract is envisaged which will replace the existing apprenticeship training contract (*contrato de aprendizaje*). The most important changes concern reducing the minimum age for and the duration of training, increasing wages and social security and providing more target-oriented training and thus stricter control.
- Active employment policy is expected to lead through reorganisation to an increase in the number of open-ended recruitments and to the conversion of training contracts into open-ended employment contracts.
- The necessary requirements for the conclusion of temporary employment contracts (cf. BIR E-v.1) must be specified in greater detail, because in the past so-called "contracts for the execution of a specific task" and "casual employment determined by market and production requirements" have been used too

frequently. Employment contracts associated with the start-up of new activities are to be abolished.

- Part-time work is to be afforded better protection.
- New contractual terms have been proposed in order to promote permanent employment both for groups who are particularly affected by unemployment (youth, long-term unemployed, workers aged over 45 and the disabled) and for persons in fixed-term employment. This type of contract has provisional character and will initially be introduced for four years in order that its effects may be evaluated. The contract contains special conditions regarding unlawful "objective dismissals" (*despido objetivo*). Compensation may be claimed in such cases for 33 days per year of service up to a maximum of 24 monthly salaries.
- Permissible reasons for "objective dismissals" will be specified in greater detail. The reformulation of Article 52c and the revision of Article 85 of the Workers' Statute are proposed such that procedures regarding information and supervision in cases of "objective dismissal" may be laid down in collective negotiations.
- In addition to the above reforms, the agreement encourages studies and reflections on important issues which are to function as the basis for new regulations. This aspect includes the creation of a three-member working group on temporary employment agencies, a study on the duration and distribution of working time, and the establishment of a bipartite commission on employment-related topics which is to monitor the labour market while giving particular consideration to the reforms proposed in the agreement.

2. Agreement on collective bargaining

The aim of this agreement is to provide a suitable structure for the different areas of negotiation. Thus, it defines the priorities of the different areas and acts as a general orientational aid for the content of negotiations on

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various issues. It does not have normative character and affects only the signatory organisations.

The working procedure laid down in the agreement envisages the establishment of a bipartite commission which is to compile information about the situation in the various sectors and supervise the negotiating process.

The powers of the bipartite commissions regarding the application and administration of the agreement are to be extended through the definition of new criteria for accelerating negotiations and through the preventive application of the "Agreement on the Extrajudicial Settlement of Labour Disputes" (see iMi 55, p. 27).

The agreement provides for a reform of the culture of collective bargaining. To this end it:

- defines criteria for employment contracts with the aim of promoting open-ended contracts and ensuring the correct use of fixed-term contracts;
 - approves modernising the system of occupational classification;
 - recommends clarification in the definition of wage concepts;
 - recommends decentralised bargaining on working-time regulations (only maximum working hours and general distribution criteria are to be defined at national level);
 - approves both compensatory leave for overtime and a reduction of overtime.
- Other important aspects of the agreement to be negotiated by the bargaining partners are mobility, the role of employees' representatives, disciplinary law and improved employee protection.

3. Agreement on clarifying remaining questions

The National Advisory Commission on Collective Contracts has reported that, following the abolition of the Labour Code, there is now insufficient regulation in some sectors which lack authorised bargaining partners. The deficit is to be counteracted by this agreement.

Through the wide range of issues covered, the three agreements reflect the huge efforts made by the social

partners to modernise labour relations in a difficult balancing act between the competitive interests of enterprises and the maintenance of social protection.

The government followed these bilateral negotiations with great respect for the entire period and honoured the endeavours which led to the conclusion of the agreements. It has expressed its satisfaction with the positive results and emphasised its desire to support and participate in their implementation.

The government has assessed the agreements very positively, because they and preceding agreements not only contribute to maintaining a peaceful and constructive climate in the development of labour relations, which is of decisive importance for economic and social progress, but because they also show that responsibility for solving the problems of unemployment and insecure employment is held by all the parties concerned.

A new phase has now begun in which both the government and the political groups represented in parliament should respond to the agreements with active support, because they promise progress in the solution of the main problems facing the labour market.

Spain

New Medium-Term Employment Programme

The government has developed a new medium-term employment programme during recent months in an effort to meet the necessity for a number of measures against unemployment. The measures are intended to help create as many new jobs as possible.

Spain presented its first medium-term employment programme in September 1995 in response to the five strategies for labour market policy agreed at the December 1994 Council

meeting in Essen. In accordance with the resolution passed at the Madrid meeting in December 1995, Spain then presented monitoring studies and evaluations of the most important measures contained in the first programme.

Both the favourable economic situation and the positive atmosphere which reigned during the social dialogues – further reinforced by the agreement reached between the social partners (see the article on page 9 of this issue) – are encouraging signs of an improvement on the Spanish labour market, which still exhibits a high rate of unemployment. Thus, now is the time to initiate a number of immediate measures which could accelerate the creation of stable employment in the short and medium term.

The new medium-term employment programme corresponds to the government's aims for 1997, whose economic aspects are laid out in the State Budget Law. The programme also follows the guidelines defined at the Council meeting in Dublin in the joint report on the employment situation. Finally, it accommodates the needs and concerns of all of Spanish society in that it ensures greater involvement of all the parties concerned and, as a government programme, also involves all the ministries.

The Council of Ministers consequently passed the "Agreement on Developing the Medium-Term Employment Programme for the Spanish Kingdom" on 7 February 1997 as a joint strategy between the government and society as a whole to increase employment and combat unemployment.

A cross-departmental commission was established on the basis of this agreement and is charged with formulating the new programme, which is conceived as a comprehensive government programme also involving the public administration, the autonomous regions, the local authorities, the economic and social partners, and all of society.

The new medium-term programme, which is intended to run for several years, consists of measures and initiatives which are necessary to increase competitiveness and to cre-

ate a framework that promotes job creation in the coming years.

The package of measures comprising the programme is based on five principles, which at the same time represent the goals of the programme.

These are:

1. the necessity of meeting the European criteria for convergence;
2. economic growth;
3. cooperation between all public interest groups – both at territorial and sectoral level – and the social partners;
4. translation of economic growth into more and better jobs;
5. creation of a climate of social confidence to promote economic activity and employment.

The cross-departmental commission, which has been working intensively for the last two months, intends to complete the new medium-term programme by 15 June of this year and then to present it to the Council of Ministers for enactment.

The measures discussed basically concern the following areas:

- general measures to promote active employment policy, focusing on vocational training and qualification;
- measures to improve the macroeconomic framework conditions in order to promote job creation;
- measures in the area of taxation and social security which provide more support for job creation while maintaining the basic foundations of the two systems;
- measures to increase the efficiency of active labour market policy; in this context, special consideration is given to public placement, measures towards job maintenance and increased employment stability;
- specific measures for groups which are particularly affected by unemployment; priority is given here to revising integration policy for women and young people and mobilising and supporting the long-term unemployed.

France

The Broad Perspectives of the New Government's Employment Policy

On the occasion of a press conference on 1 July 1997, the new Minister for Employment and Solidarity, Martine Aubry, demonstrated the broad outlines of her commitment to employment when she detailed the general philosophy which will characterise her policy.

The Minister expressed her wish for cooperation with her own administration but also with parliament, whose relationship with the government she wishes to see strengthened. All those who wish “to get the country moving” should be mobilised.

The Minister took this opportunity to make known the main foci of her political programme.

Preparation of the conference on wages, employment and working-time reduction

This conference, which is planned for September, will be organised in conjunction with trade union organisations, employers' associations and experts.

The discussion will be prepared by a group of experts who were previously entrusted with drawing up a diagnosis of socioeconomic trends over the past ten years.

Three persons were specially commissioned to carry out this preliminary work, cooperation being ensured by the general delegates for employment and vocational training.

The conference in September should set in motion changes in several areas:

First priority: wages and working-time reduction

- Renewed stimulation of growth in particular by increasing household purchasing power. The objectives of the first decisions reached are to raise the growth-index-linked mini-

mum wage – SMIC (by 4% from 1 July) and to fix a new rate of social assistance for the start of the school year, which will now be quadrupled (from FRF 420 to FRF 1,600).

- Reduction of working hours by the formulation of a draft framework law fixing deadlines which should neither be too long nor too short.

Second priority: employment for young people

- Creation of jobs and new occupations for young people: a register will be drawn up in cooperation with all the other ministries of requirements, occupations and employment affecting the domains of creation and development of gainful employment; in this regard, the preparation of a draft bill on employment for young people will be kept in mind.

Furthermore, the social partners will be invited, from the start of the new school year, to enter into discussions regarding the employment of young people in the private sector with the aim of supporting dual training and direct recruitments.

Battle against exclusion

A draft law is to be prepared which will be based on the work already carried out in this area. Preparatory meetings with the major organisations are to take place in July.

Other medium-term priorities

- Urban policy: the objective is to reconstruct not only parts of cities, but entire cities, which are to become “social melting pots”. An evaluation of city contracts at the end of 1998 is to enable the introduction of priority-based measures.
- Redundancies for economic reasons: the goal is to remove uncertainties with regard to the legal position of companies and employees and at the same time to strengthen employee protection.

On the question of subsidies for companies, there is a need to think about support for those who are making further and faster progress with regard to the length of the working week, on the one hand, and for those experi-

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encing the greatest difficulties (SMEs), on the other.

These are the most important aspects of the new employment policy in France; they are to be implemented from the middle of September, beginning with the conference on wages, employment and working-time reduction.

Sweden

A Policy for Work and Education

The most important goal for the Swedish government is to increase employment and decrease unemployment. The target is to halve open unemployment from 8% in 1995 to 4% in the year 2000. Three years of extensive budget consolidation and a reduction of the budget deficit from more than 12% of GDP to an estimated 2.1% of GDP in 1997, and an expected surplus in 1998, have given the government greater room for manoeuvre in the fight against unemployment. In a bill presented to parliament in April 1997, the government announced a five-point programme for work and education:

- Additional resources are to be made available for social care, education and social services to promote employment and safeguard the quality of welfare. SEK 4 billion are to be allocated to the local-government sector in 1997 and a further SEK 4 billion in 1998. Thus, SEK 8 billion will permanently be made available annually to promote employment in the local-government sector.
- Education is to be further expanded within the framework of the Increased Competence initiative (*Kunskapslyftet*) already in force. The number of places in tertiary education is to be increased and new higher education places are introduced. A new modern apprenticeship is to be introduced, beginning as a pilot scheme in autumn 1997. Measures to expand adult ed-

ucation are proposed, with income replacement available at the level of unemployment benefit. This investment will increase successively in 1998, 1999 and 2000 up to a total of 140,000 places, including previous expansion, by autumn 2000.

- Resources for a local and national investment programme for sustainable growth. Funds for the local programmes amount to SEK 5.4 billion during the period 1998–2000. The national investments include the energy-policy programmes for adaptation of the energy system and infrastructure investment.
- Further improvements in the business climate. There is to be a further reduction in taxes and payroll taxes with a special focus on smaller companies. A further decrease of non-wage labour costs is proposed by reducing employers' social contributions by 5% for the first SEK 850,000 of total wage costs. The right to leave of absence is to be introduced for employees starting up their own business.
- Labour market policy will be reformed to reduce the risk of exclusion and to prevent the development of marginal groups.

Labour market policy

An increase in the quality of labour market policy

An increase in the quality of labour market policy, at the expense of quantity, has been announced by the government. SEK 800 million are to be allocated in 1998 for qualified vocational training and temporary reinforcement of personnel resources at the employment offices. The target volume for labour market policy measures will be lowered from 228,000 to 207,000 persons. An increase in vocational training will diminish the risk of labour shortages in certain occupational groups.

Resource work

In order to further raise quality in the public sector, resource work or the so called "Kalmar model" will be temporarily introduced in 1997 and 1998. This means that a long-term unemployed person may carry out work in the public sector to improve quality and will receive compensation equiv-

alent to unemployment benefit for at most six months, with a possible extension to nine months.

Temporary retirement benefit

For the second half of 1997, it will be possible for the older long-term unemployed to withdraw from the labour force and obtain a temporary retirement benefit equivalent to unemployment benefit. This possibility is to be made available to those between 60 and 64 years of age who have been registered at the unemployment office for at least 12 months between 1 January 1996 and 15 April 1997.

Generation shift

The government intends, at the latest in conjunction with the Budget Bill, to introduce a proposal for a so-called generation shift. This means that older employees are offered retirement benefit if they are replaced by a younger unemployed person.

A more flexible use of unemployment benefit

To counteract passivity and exclusion, the government has announced a trial activity to enable the unemployed to take part in various projects while receiving unemployment benefit at the same time. The intention is that the government should be able to approve exemption from various regulations concerning unemployment benefit. The trial is for a limited period from 1 July 1997 to the end of 1998, and a total of SEK 500 million in 1997 and SEK 1 billion in 1998 will be made available. In this way, a more flexible use of unemployment benefit will be achieved.

Extension of labour market policy programmes

The government intends to increase the possibility for persons participating in the work-experience scheme to remain in the programme for an additional six months if special reasons exist.

For disabled persons and non-Nordic immigrants attending Workplace Introduction, the government intends to increase the possibility for extending the programme for an additional six months.

United Kingdom

New Department for Education and Enterprise Ministers

Following the recent change of the government in the UK, the Labour Party has appointed new ministers to deal with education and employment issues as follows:

Secretary of State (Mr. David Blunkett) has overall responsibility for the Department and its policies. In particular, he has responsibility for the Public Expenditure Survey, pay in the education sector and major appointments.

Minister for Employment, Welfare to Work and Equal Opportunities (Mr. Andrew Smith) has responsibility for employment: Welfare to Work (New Deal and Opportunities to Earn), employment policy, labour market statistics, employment service reviews; regional and urban policy (including government offices); EU and international; equal opportunities: disability; sex and race equality in employment, older workers, and Section 11 (in concert with the Minister for School Standards).

Parliamentary Under-Secretary of State for Employment and Equal Opportunities (Mr. Alan Howarth) has responsibility for employment: employment policy and benefits issues, Welfare to Work (New Deal and Opportunities to Earn), employment service and job seekers (except employment service reviews), competitiveness, work permits; equal opportunities: disability (including Remploy, sheltered employment and Disability Discrimination Act (DDA)); child care and Millennium Volunteers.

Minister for School Standards (Mr. Stephen Byers) has responsibility for school standards: school and teachers' improvement and effectiveness, literacy and numeracy strategy, role of LEAs, class sizes, abolition of assisted places, education action zones; teachers: General Teaching Council, teachers' pay, pensions and conditions; school organisation: organisation and governance, Local Management of Schools (LMS) and school governance issues, GM policy and issues, independent schools and maintained boarding schools, 5–16 school reorganisation and admissions; school funding: capital (including new methods of financing and role of private sector), allocation arrangements (including Grants for Educational Support and Training [GEST], Common Funding Formula [CFF], National Funding Formula [NFF]); Education Council; abolition of nursery vouchers; and school/industry links.

Parliamentary Under-Secretary of State for School Standards (Ms. Estelle Morris) has responsibility for school standards: performance information, school curriculum and assessment, review of national curriculum, family learning, early years and out-of-school learning; teachers: teacher training, qualifications and supply, headteacher training, teacher misconduct, teacher appraisal; special educational needs; school organisation: technology colleges and other specialist schools, 5–16 school reorganisation and admissions, school security; pupil issues: pupil welfare, truancy, discipline, attendance and expulsion, school meals and school transport.

Minister for Education and Employment in the Lords (Baroness Blackstone) has responsibility for lifelong learning: higher education (Dearing), further education, adult education, investors in People, basic skills, careers service, qualifications and ex-

aminations (GCSEs, A levels, NVQs, GNVQs), 16–19 policy; training, skills and employability: Target 2000 (including youth training and national traineeships), modern apprenticeships, university for industry and public service reform.

Parliamentary Under-Secretary of State for Lifelong Learning (Mr. Kim Howells) has responsibility for Lifelong Learning: higher education, national education and training targets, qualifications and examinations (GCSEs/A levels/NVQs/GNVQs), 16–19 organisation; training, skills and employability: training infrastructure, training and enterprise councils, youth service; IT and new technologies; constitutional reform; public/private partnership; other: research, green issues and legal issues.

The "New Deal"

The new government has made a public commitment to reducing the number of unemployed, especially amongst those under the age of 25. Up to 250,000 young people who have been unemployed for six months will benefit from the four options available:

- a private-sector job with employers who will be eligible for a weekly rebate of GBP 60 for six months;
- work with a voluntary-sector employer, with a weekly wage equivalent to benefit plus a fixed sum for six months;
- a job with the Environmental Task Force; or
- a full-time course for those young people who currently do not have any qualifications.

The New Deal programme will also offer employers a GBP 75 subsidy to employ people of any age who have been unemployed for more than two years. Ways will be found to help lone parents who want to work.

Placement and Vocational Guidance

Spain

INEM's Integrated Placement Services (SIPES)

The main task of a public placement service is to facilitate labour market integration for jobseekers, that is, to enable them to conclude an employment contract or to start up their own business. The intention of so-called "active labour market policy" is to create a placement system that acts as a "path to labour market integration". The modalities of this policy depend on the needs of the jobseekers concerned and the budgetary funds available. The public placement service financed its activities from its own funds until the "integrated placement services" (SIPE) were introduced by virtue of Royal Decree No. 735/95 of 5 May 1995. The Decree stipulates that the National Employment Service (INEM) may enter contracts with public and private non-commercial bodies, which carry out the tasks of active labour market policy for a specific group of persons in a specific region with a view to achieving the common goal, that is, labour market integration.

Although the formulation of a common definition is always subject to limitations, in this case it can be said that the SIPES develop action plans to expand the opportunities for integration in particular regions and stimulate activity through the articulation of an active labour market policy. They cooperate at the same time with the public placement service and partner institutions.

The current system benefits from the introduction of the SIPES in three ways. First, they offer society an opportunity to participate in solving the biggest problem in modern economies: unemployment. This means that society must assume co-responsibility and make more and better use of its and its jobseekers' capacities. Second, the SIPES constitute a complex and

multi-layered institution with all the necessary programmes and resources for integration. Third, the establishments and institutions which cooperate with INEM contribute resources of all kinds at their own cost in order to achieve the contractually agreed aims.

The scheme came into force in 1996, and since then contracts have been concluded with interested institutions. The purpose of this forward-looking programme is to improve public job placement and to expand its activities in order to access all jobseekers and to be able to provide a comprehensive and multi-faceted service in accordance with current needs.

In 1996, 143 contracts for cooperation with partner institutions were signed within the framework of that year's programme and 565,000 jobseekers assisted. The service consists of vocational guidance, labour market information for jobseekers, job-search assistance and information and advice for business start-ups.

The partner institutions carried out vocational training courses for 7,767 jobseekers and established workshop schools and youth training centres for 4,478 unemployed. 3,804 people were immediately recruited on the basis of employment plans.

The activities developed within the framework of the programme are manifold and complex and account for a significant share of INEM's budget, which is solely responsible for financing the programme. Because this is one of INEM's most important programmes, it is endeavouring to implement it both more intensively and more extensively and to improve its organisation. Thus, efforts have already begun in cooperation with the partner institutions to optimise and synthesise the current regulations.

The government wishes this form of cooperation to continue and believes that both society as a whole and the unemployed themselves are responsible for expanding the capacities of each individual during the integration process such that entry into employment or self-employment becomes possible.

Italy

Integrated Employment Services: Current Experiments

Under the terms of Article 1, § 13, of Decree-Law No. 511/1996 (Official Gazette No. 231 of 2.10.1996), "in preparation for the expected reform of the employment services, the regional employment offices (...) the provincial employment offices (...) and the employment-creation agencies are to experiment – on the basis of agreements (*convenzioni*) with public authorities, semi-state enterprises and bilateral bodies – with new services for labour market monitoring, educational and vocational guidance, pre-selection, matching labour supply and demand, and the organisation of training". By April 1997, the following regions with standard constitutions had concluded such agreements: Latium, Tuscany, Piedmont, Emilia Romagna, Veneto, Liguria, Marches and Umbria.

In addition, Law No. 608/1996 (published in the Official Gazette No. 209 of the same year) lays down that agreements concluded under the terms of Article 1 above "remain binding" (Article 9 to § 10). Among the factors that have necessitated integration is the need for coordination of active labour market policy measures, which are implemented by the regions, provinces, municipalities and the branch offices of the Ministry of Labour on the basis of different powers of authority and in accordance with different regulations. The measures concerned include the areas of information, guidance, vocational training, technical assistance in the preparation of projects and schemes, labour market monitoring and schemes to promote equality at the workplace for men and women. In fact, the integration of employment services would appear to generally serve the following purposes:

1. to combat the current employment crisis more effectively;
2. to avoid as far as possible overlapping responsibilities and uneconomic use of available resources. Specifically, the agreements usually target the following goals:
 - (a) easier access for employers and workers to information about labour supply and demand; thus, the demand for specific vocational profiles is to be satisfied on a wider scale;
 - (b) classification of the services offered according to the standards used throughout Europe;
3. to diversify the range of services offered;
4. to carry out special projects for the vocational integration of difficult-to-place workers (immigrants, disadvantaged persons, etc.);
5. to also promote self-employment in order to encourage the creation of new enterprises.

At the implementation level, the above agreements are concluded by virtue of the creation of committees consisting of representatives from the regions and the Ministry of Labour (the councillor for labour and vocational training as chairperson, regional managers and experts, directors of the branch offices of the Ministry of Labour, etc.). With the support of a technical secretariat, whose members are usually employees of the branch offices of the Ministry, these committees reach decisions on the following areas:

1. type of service integration;
2. priority of measures to be implemented;
3. related organisational factors (including distribution of costs and provision of required equipment).

The committees prepare a report twice a year on the experiment's current state of implementation.

Another important – and complex – aspect concerns data-processing, that is, the establishment of an integrated statistical service between the region and the branch offices of the Ministry. The system takes account of previously acquired knowledge (variables, indicators, modules, etc.) and can effect changes and additions as required. In particular, the Ministry of Labour is

responsible for guaranteeing the provision of software for placing and pre-selecting workers, including installation and regular and modifiable maintenance of the local networks in the branch offices. The systems are sufficiently specialised and at the same time structured in accordance with national standards. In order that these integrated statistical systems for labour market information can be installed, the committees carry out the directives of the national directorate-general for labour market monitoring in the Ministry.

The information is distributed by means of information campaigns, meetings, seminars and regular reports.

Moreover, some of the regions (e.g. Latium) have developed effective models at the application level, following identification of the different priorities (services for pre-selection, data-processing, guidance and information, education, etc.), which define short and medium-term aims and describe available resources, etc. Each committee meets regularly in order to monitor the state of implementation of the (three-year) agreements.

Finally, Law No. 59 of 15 March 1997 was published in the Official Gazette with a view to integrating the entire framework of existing employment services. Within the context of the reform of the public administration, and with a view to facilitating administration, the law regulates the transfer of functions and responsibilities to the regions and local bodies. The transfer concerns all aspects of employment, while other elements, which are also the responsibility of the Ministry of Labour (labour inspection, cooperation, social welfare), are expressly excluded.

Netherlands

The Purchase of Employment Office Services by Local Authorities

The 19 local communities falling under the special policy with respect to large cities will receive NLG 45 million in 1997 in order to purchase extra services from the employment offices with a view to the reintegration in paid work of difficult-to-place minimum subsistence benefit recipients. This was decided in February 1997 by the Minister of Social Affairs and Employment. The new rules replace the existing ministerial regulation on local communities purchasing services from employment offices.

The new decree aims at improving the effectiveness of the (public) placement of difficult-to-place benefit recipients by charging local communities explicitly with this task and providing them with the means to purchase particular services at the employment offices. These may include, for example: training, upgrading skills of jobseekers, work experience and job application training.

The funds allotted under the decree are earmarked for the purchase of services from the employment offices. These offices are charged especially with the task of reintegrating difficult-to-place benefit recipients. In addition to a base budget for general activities, a so-called performance-related budget will be introduced under the new Employment Service Act (1996). The latter budget will be related to efforts by the Employment Service with respect to jobseekers who are hard to place. In addition to these two budgets, local communities may purchase extra services for difficult-to-place benefit recipients.

The fund has been limited to the 19 local communities falling under the "large city policy". They cover approximately 50% of those receiving minimum subsistence benefit (ABW). The ceiling of the funding will be assessed on a yearly basis by the Minister. For 1998 and 1999, a fund of NLG 50 million is expected.

Austria

The 1997 Annual Targets for the Austrian Labour Market Service

Organisational background

The Austrian Labour Market Service (LMS) pursues a strategy based rigorously on results steering. Characteristic of this form of management in Austria is the fact that labour market policy impact targets are agreed between the federal and state organisa-

tions regarding the impact and influence the LMS is to exert on the labour market.

This means that the annual targets do not encompass organisational aims. Organisational aims are set parallel to this process, but with a long-term horizon. Programme-specific aims, too, such as the implementation of a certain package of measures, are included in the annual targets only in exceptional cases.

The operationalisation of these targets, i.e. how the targets are to be reached by the state-level organisations, is left up to these organisations

themselves. This operationalisation is set out in state-specific working programmes.

Underlying design of the targets

The targets are set in such a way that *strategic foci in the form of constant strategic targets* are to be met over a period of three years, with *annual foci* being set in addition. Both the medium-term, strategic foci and the annual foci are operationalised by formulating concrete targets. These targets apply to only one area of the overall activities of the LMS, the aim being explicitly to focus efforts on certain areas.

Strategic aims	Targets	Indicators
Preventing lasting exclusion from the employment system	<ul style="list-style-type: none"> ▪ Preventing long-term unemployment ▪ Placing long-term unemployed in employment 	<ul style="list-style-type: none"> ▪ Number of people who cannot be prevented from becoming long-term unemployed (more than one year), i.e. number entering long-term unemployment ▪ Placement of long-term unemployed in employment
Optimising matching processes on the labour market	<ul style="list-style-type: none"> ▪ Swiftly meeting the demand for labour and maintaining the presence of the LMS on the job market 	<ul style="list-style-type: none"> ▪ Proportion of vacancies filled within 30 days ▪ Absolute number of vacancies reported
Supporting the adjustment of labour to structural change	<ul style="list-style-type: none"> ▪ Maintaining employment through-training 	<ul style="list-style-type: none"> ▪ Number of people trained with the help of co-financing by the European Social Fund
Providing public services in an optimal way	<ul style="list-style-type: none"> ▪ Prompt payment of financial benefits 	<ul style="list-style-type: none"> ▪ Number of applications for benefit to the unemployment insurance fund that could only be processed after a delay

Annual aims	Targets	Indicators
Preventing and countering youth unemployment	<ul style="list-style-type: none"> ▪ Ensuring the integration of earmarked applicants for training in training courses ▪ Preventing long-term unemployment among young people 	<ul style="list-style-type: none"> ▪ Number of people seeking a training opportunity for more than six months ▪ Number of people under 25 who cannot be prevented from becoming long-term unemployed (more than one year), i.e. number of young people entering long-term unemployment ▪ Number of people under 25 entering long-term unemployment (> 180 days)
Integrating recipients of emergency aid into the employment system	<ul style="list-style-type: none"> ▪ Implementing a special programme for recipients of minimum social benefit (emergency aid) 	<ul style="list-style-type: none"> ▪ Absolute number of people remaining dependent on emergency aid
Integrating those wishing to return to work into the labour market	<ul style="list-style-type: none"> ▪ Reintegration in paid employment and the implementation of a special programme for those returning to the labour market 	<ul style="list-style-type: none"> ▪ Re-employment of those returning to the labour market after an interruption
Preventing seasonal unemployment	<ul style="list-style-type: none"> ▪ Implementing measures to counter seasonal unemployment 	<ul style="list-style-type: none"> ▪ Implementation of the package of measures

In principle, one *quantitative indicator* is selected for each target; only in certain unavoidable cases are two indicators set. For the purposes of ongoing observation, supplementary *quantitative coefficients* are also available. The targets are listed in Tables 1 and 2.

In addition, all the indicators for which this is feasible are disaggregated by gender.

Targets

(a) Strategic aims:

- preventing long-term unemployment: slight decline in the number entering long-term unemployment compared with previous year despite rising unemployment;
- placing long-term unemployed in employment: slight increase in flow into employment compared with previous year;
- swiftly meeting the demand for labour and maintaining the presence of the LMS on the job market: maintaining the previous year's figures despite the economic slowdown;
- maintaining employment through training: marked increase in number receiving training compared with previous year;
- prompt payment of financial benefits: no decline in previous year's figures despite the additional tasks required of LMS payments offices.

(b) Annual aims:

- ensuring the integration of ear-marked applicants for training in training courses: massive reduction in the number of people seeking training opportunities for a long time compared with the previous year;
- preventing long-term unemployment among young people: slight decline in the number entering long-term unemployment compared with previous year;
- implementing a special programme for recipients of minimum social benefit (emergency aid): halving the number of recipients compared with the previous year;
- reintegration in paid employment and the implementation of a special programme for those returning to

the labour market: slight increase in the number re-entering employment compared with previous year;

- implementing measures to counter seasonal unemployment: no target as with the other aims.

Monitoring

The indicators are monitored every quarter in order to be able to take counter-action at an early stage if there is a danger that targets may not be met.

Sweden

The Employment Service on the Internet

Vacancy databank

Since November 1995, all vacancies from the Swedish computer-based employment service system, AF 90, are published in a vacancy databank on the Internet. The vacancy databank is updated every evening. Internet users can search the vacancies according to region, occupation or keywords.

About 8,000 persons use the vacancy databank daily, many of them from other countries. Employers can register vacancies on the Internet and jobseekers can send applications to employers by e-mail. A company with a vacancy in the vacancy databank may provide a link to its home page.

In the Swedish jobs bank there are also links to the jobs banks of Norway, Finland and Denmark.

AMSYK

A new job classification system was introduced at the beginning of 1997 in order to improve matching between applicants and vacancies. The system is called AMSYK and is based on ISCO. A number of modifications were made to ISCO in order to attune the classification more closely to the Swedish labour market.

AMSYK is a more detailed, five-tiered system, while ISCO has four tiers. As in the international classifica-

tion, duties and qualifications are the basis of classification. AMSYK has nearly 6,000 occupational titles grouped under 965 different occupations.

Occupation patterns

Also, in order to increase matching possibilities, a new auxiliary system, "occupation patterns", has been introduced in AF 90. The occupation patterns are based on the occupational classifications and describe the 965 occupations in AMSYK. An occupation pattern contains:

- keywords for skills/qualifications in each occupation;
- different names for the occupation;
- the job classification code;
- a short definition of job content;
- references to closely allied occupations.

The occupation patterns provide a basis for consultations with jobseekers and employers concerning skills/qualifications offered or required. Competence is described in keywords, used to ensure more accurate matching of jobseekers' qualifications and the skills/qualifications required to secure a good matching result. Each occupation has its set of keywords describing skills/qualifications, but the number varies from one or two to nearly 50 per occupation. In all, the system contains 6,500 keywords.

Jobseekers' databank

During this spring a jobseekers' databank will be developed where jobseekers can describe themselves and their skills/qualifications and register on the Internet. Registration is such that the jobseekers remain anonymous to the employers. Jobseekers who register receive their own "letter box" and a code to access replies. Employers can describe their need for employees in the same way. The built-in matching system chooses the "letter boxes" which fit the description and an employer can examine the merits of the job applicants. If he is interested, he can send an e-mail. The job applicants can respond to the most interesting employers.

The employers need a certificate from the AMS to acquire access to the

Placement and Vocational Guidance

jobseekers' databank. Head hunters and private employment services can also get approval and thus make contact with jobseekers to fill their vacancies.

Client terminals offering access to the Internet will also be provided at the public employment offices. Many

private households in Sweden already have access.

Stand-by databank

During the autumn a stand-by databank will be created on the Internet. The databank will be set up for different branches and regions. Jobseekers

looking for short-term jobs register with the databank and describe their qualifications. Employers have to obtain approval from the AMS to gain access to the databank corresponding to their needs. In these databanks, the names, addresses and phone numbers of the jobseekers will be available.

Job Creation

Belgium

Extension of Plan Plus One

By virtue of the Royal Decree of 14 March 1997 on special employment-promotion measures for SMEs in conjunction with Article 7, § 2, of the Law of 26 July 1996 on employment promotion and preventive safeguarding of competitiveness (M.B., 29.3.1997), the scope of the "Plan Plus One" scheme has been extended.

Principles

Plan Plus One enables self-employed individuals and firms which have never employed workers or have employed no workers within the previous 12 months to claim a three-year reduction of employer social insurance contributions for their first employee (100% in the first, 75% in the second and 50% in the third year), provided this first employee is full-time unemployed and in receipt of benefits (or is an equivalent person) and is recruited on an open-ended employment contract. In the second quarter of 1996, reductions were claimed for 14,759 workers.

Plan Plus Two and Plan Plus Three

Employers who recruit a second or third worker on an open-ended contract after 31.12.1996 are entitled to a

reduction of their social insurance contributions, provided they fulfil certain conditions.

For the second employee, this reduction amounts to 75% of contributions in the first, 50% in the second and 25% in the third year of employment. It amounts to 50% in the first and 25% in the second year of employment for the third employee.

In order for a reduction on the basis of "Plan Plus Two" or "Plan Plus Three" to be granted, the second or third employee recruited by the employer must belong to one of the following categories at the time of recruitment:

- full-time unemployed persons in receipt of wage-replacement benefits;
- jobseekers who have been in receipt of minimum subsistence (*Minimex*) for at least 12 months (cf. BIR-B, Chap. 2);
- jobseekers who are registered as disabled at one of the Community Services for the Social Reintegration of the Disabled;
- jobseekers who, having worked part time on a voluntary basis, have become unemployed (cf. BIR B-iii.2) and have been in receipt of unemployment benefits at half rate for an uninterrupted period of 18 months (12 months for persons aged over 40);
- unemployed persons who are participating or have participated in the Support Plan for the Unemployed (cf. BIR B-iii.14);

- full-time unemployed persons who are not in receipt of any wage-replacement benefit and have been registered as jobseekers for at least one year at a regional employment office;
- former apprentices aged under 30 who have completed apprenticeship training and, with the exception of the waiting period, fulfil the conditions for entitlement to unemployment benefits;
- full-time unemployed persons who are registered as jobseekers at a regional employment office and who had the status of mainly self-employed individuals for at least one of the two years prior to recruitment.

The employer is also entitled to a reduction of contributions if two part-time employees are recruited. These then count as one second or third new employee.

Belgium

Employment Promotion in the Non-Commercial Sector

Within the context of employment promotion, the Belgian government has decided to include new efforts targeting job creation in the non-com-

mercial sector in its budget for 1997. The government has earmarked a total gross package of BEF 3.3 billion to this end, which is to be used to reduce employer social insurance contributions in the non-commercial sector.

The conditions for implementing this measure were laid down by virtue of the Royal Decree of 5 February 1997 on measures to promote employment in the non-commercial sector (M.B., 27.2.1997). The scheme provides for the creation of at least 4,500 additional jobs.

Area of application

The following areas are eligible for reduced social insurance contributions: employers in both the private and the public non-commercial sectors and in health and social services (hospitals, convalescent and nursing homes, psychiatric clinics, sheltered residence projects, authorised family and old people's care services, sheltered workshops, care homes (*maisons d'accueil*), children's nursing homes and children's homes, youth services, medical/pedagogical establishments and centres for the social and vocational integration of disabled people).

Reduction of employer contributions

Employers in the non-commercial sector are entitled to a lump-sum reduction of their social insurance contributions for each newly recruited worker, provided they are party either to a collective agreement or a framework agreement (both apply exclusively to the public service) or to a protocol on a mixed-economy (public/private) agreement. All these three forms of agreement require the approval of the responsible minister.

The amount of the lump-sum reduction was set at BEF 3,250 per quarter for each worker employed on at least a part-time basis (Royal Decree of 5 February 1997 on fixing the quarterly amount of the lump-sum reduction of employer contributions in the non-commercial sector; M.B., 27.2.1997).

Additional recruitments

The lump-sum reduction of employer contributions is granted under the

condition that it is used in full to create new jobs (what counts is the net increase, which is calculated by balancing new jobs against jobs lost). Thus, the collective agreements, framework agreements and protocols on mixed-economy agreements must contain stipulations ensuring that the reductions are exclusively used to create new jobs: per sector in the case of the private sector and per employer or employers' association in the case of the public sector. The Royal Decree of 5 February 1997 defines "net increase in the number of employees".

A report is to be prepared twice a year listing the relevant data concerning each employer. If it should emerge that one of the obligations entered initially has not been fulfilled, the Minister of Employment and Labour and the Minister of Social Affairs may withdraw their approval. The employers concerned then lose the lump-sum reduction. Reductions which have been granted on the basis of incorrect information must be reimbursed.

France

The ANPE and Employment Promotion

Aims

One of the ANPE's aims for 1997/98 is to substantially structure its involvement in "partnerships for employment promotion". Although the quantitative effects of these measures are inevitably limited, the longer-term effects are important for the ANPE and for French society as a whole. Both must mobilise their strengths and knowledge in the field in order to increase the employment intensity of economic growth.

The idea of employment promotion is based on the postulate that potential employment resources exist which, though not being availed of to date, could be exploited. Employment promotion thus encompasses any activity

Experiments for employment promotion	
AGYRE 1000 Organisation for Restoring Access to Employment in Les Yvelines	
<i>Location:</i>	Les Yvelines (Ile-de-France)
<i>Aim:</i>	To combat the unemployment of managers: <ul style="list-style-type: none"> - to identify dormant projects in SMEs/SMI with a view to reactivation - to facilitate and promote recruitments on the basis of cooperation agreements (long-term perspective) - to stimulate job creation
<i>Partners:</i>	Institutional and political/economic partners: <ul style="list-style-type: none"> - General Assembly, Prefecture of Yvelines - ANPE Département Directorate - Département Directorate for Employment and Vocational Training - ASSEDIC (Association for Employment in Industry and Commerce) - Deposit Fund, General Federation of SMEs
<i>Activities:</i>	<ul style="list-style-type: none"> - Support for the reintegration of disabled people into the economy - Evaluation of integration methods - Support for SMEs/SMI
<i>Implementation:</i>	<ul style="list-style-type: none"> - Conclusion of a cooperation agreement to create a partnership between ANPE and AGYRE 1000 - Establishment of a pilot committee comprising representatives of the individual partners for overall coordination of the measure
<i>Effects:</i>	782 cooperation agreements targeting recruitment were concluded in September 1996

Job Creation

Experiments for employment promotion
Orléans – Technopole Loiret
<i>Location:</i> Loiret – Région Centre (central France)
<i>Aim:</i> – to plan projects organised by enterprises, associations, local authorities, job-seekers or workers which have a positive effect on employment – to identify unsatisfied needs in the area of personal services in large enterprises
<i>Partners:</i> – Département Directorate of ANPE Loiret – Economic actors – Local authorities
<i>Activities:</i> – Identification of economic activities which appear likely to lead to job creation – Initiation of contacts between developers and potential projects
<i>Implementation:</i> – Recruitment of a developer with experience in industry – Initiation of contacts with enterprises on the basis of a document describing the measure and a formula for structured discussions – Creation of a formula for follow-up monitoring (“tableau de bord”) and a methodology for analysing the actors
<i>Effects:</i> – 44 projects for employment promotion and – over 200 vacancies have been identified

Experiments for employment promotion
“Active Employment” – large-scale urban projects
<i>Location:</i> – Northern districts of Marseille – Provence, Alpes, Côtes d’Azur region (PACA)
<i>Aim:</i> Socioeconomic revitalisation of the northern districts of Marseille
<i>Partners:</i> – ANPE regional directorate – Prefecture of the PACA region
<i>Activities:</i> – Urban renewal – Social care – Support for the economy – Integration into working life
<i>Implementation:</i> – Agreement between the prefect of the PACA region and ANPE’s regional directorate in the form of a contract on services – Establishment of a team of seven people to ensure the functioning of “Active Employment” – Nomination of a social liaison officer to mediate between the public and “Active Employment” – Establishment of a technical committee and a committee to follow up the experiment
<i>Effects in 1996:</i> – 560 vacancies – 4,586 job interviews – 1,023 recruitments

pursuing the creation of new employment or jobs (regardless of their status), which would not or only scarcely

exist in the absence of such targeted efforts. Employment-promotion activities tend to underline the contradic-

tion between the quest for productivity and society’s approach to unemployment.

Priority is given to the allocation of resources for measures in four different areas:

- job creation in enterprises through reactivation of dormant projects and through new recruitments ensuing from more flexible working hours and working-time reduction;
- measures to promote multiple employment and multiple worker status;
- access to employment in the area of personal services;
- creation of new types of employment and new enterprises.

The ANPE seeks to increase the priority given to employment-promotion initiatives at all of these levels and thus to consolidate its involvement in local partnerships.

Challenges

First and foremost, incentives and support for the creation of new jobs are instruments used by the ANPE to achieve its declared goals in the battle against unemployment.

Similar to modernisation or the partnership strategy, the greatest challenge facing the ANPE in the field of employment promotion is the realisation of its aims.

In view of its increasing complexity, the institutional framework demands clear divisions of competence in the quest for employment, i.e. an answer to the question: who does what? The precise definition and clarification of the activities and aims of the ANPE represents a challenge to the efficiency of the institution in view of the complementary character of locally organised measures.

Experiments in over 15 locations have shown:

- that the ANPE, with its special know-how and impartial intervention, has made an effective contribution to the success of innovative experiments;
- that, through its close contacts with enterprises and its proficient use of instruments and measures, the intervention of the ANPE has repre-

Typology of Employment-Promotion Measures in Which the ANPE may Participate as a Partner			
Type of activity	Strategic challenges	Role of the ANPE (strengths of the ANPE)	Partnership (examples)
<p>Creation of new jobs in enterprises</p> <ul style="list-style-type: none"> - dormant projects - reorganisation of labour: flexible working hours, working-time reduction 	<p>Stimulation of job creation through optimal use of available instruments and measures</p>	<p><i>Initiator or member</i></p> <p>Contacts to enterprises</p> <p>Targeted distribution of supply and demand data</p> <p>Administration of measures cooperation agreements,...)</p> <p>Planning of projects</p> <p>Activity as partner</p>	<p>Enterprises</p> <p>Public Employment Service (SPE)</p> <p>Professional associations</p> <p>National Office for the Improvement of Working Conditions (ANACT)</p> <p>Chambers of Industry and Commerce</p> <p>Local authorities by territory (Arдан)</p> <p>Committee for the employment area</p>
<p>Mutual use of human resources</p> <ul style="list-style-type: none"> - employers' association - part-time employment - multiple employment 	<p>Multiplying the number of jobs by reducing the number of employer functions</p>	<p><i>Initiator or member</i></p> <p>Knowledge of the socio-economic environment</p> <p>Ability to use employment instruments</p> <p>Activity as partner</p> <p>Direct availability of services</p> <p>Ability to use supply and demand data</p> <p>Networking</p>	<p>SPE</p> <p>Enterprises</p> <p>Local authorities</p> <p>Associations</p> <p>Professional associations etc.</p>
<p>Business start-ups and/or job creation</p> <ul style="list-style-type: none"> - local services - integration via the economy - local development 	<p>Support for business start-ups and incentives to create new activities which satisfy existing or potential demand</p>	<p><i>Partener and member</i></p> <p>Activity as partner</p> <p>Ability to use employment instruments</p> <p>Planning of services</p> <p>Administration of measures</p>	<p>SPE</p> <p>Enterprises</p> <p>Local authorities</p> <p>Organised interest groups</p> <p>ANCE</p> <p>Chambers of Industry and Commerce</p> <p>Management firms</p> <p>Integration aid/integration enterprises</p>
<p>Local matching of supply and demand</p> <ul style="list-style-type: none"> - new employment offices - post-recruitment guidance - labour-market forecasts 	<p>Adapting the skills of job-seekers to the requirements of the vacant new jobs</p>	<p><i>Initiator</i></p> <p>Matching supply and demand</p> <p>Identification of competences</p> <p>Evaluation</p> <p>Planning of measures for vocational training and skills enhancement</p>	<p>Enterprises</p> <p>SPE</p> <p>Professional associations</p> <p>OPCA</p>

sented an extremely valuable contribution to all projects. Thus, the ANPE's active involvement in employment promotion can be considered as a lever which is decisive for the success of employment measures.

As regards the selectivity of the rapidly changing labour market, the ANPE's activities are in line with a range of progress-oriented goals. These are linked to the growth of those parts of the market concerned

with identifying vacancies, with the reintegration of disadvantaged workers and also with partnerships, all of which serve to consolidate the results achieved in improving the transparency of the labour market.

Despite some progress, the amount of ground gained in the battle against unemployment is still insufficient. The ANPE cannot be satisfied with only intervening in the labour market "as it stands". As a public actor, its task is to pursue a more active and universally

accessible labour market. Thus, the ANPE sees itself as being affected, like other actors, by employment trends, because these tend to lead to the creation of new jobs or new types of gainful employment.

This approach, which can be recognised in the 1994-1998 Contract for Progress, was reinforced by the Administrative Council on 14 February 1997 when it approved a document on future perspectives giving a structure to the ANPE's intervention in this

area. The object of the document is to precisely define the status of the ANPE, the types of activities with which it is charged and the intensity, regularity and methods with which it seeks to realise its commitment.

The ANPE's commitment points to the urgent necessity for increasing the employment component of growth in conditions substantially characterised by depression. Such an increase will result in more schemes of the kind moving from a social and passive approach to unemployment to active measures to promote the creation of new jobs.

This approach will mobilise the numerous actors involved, i. e. the state, employers' associations, trade unions and enterprises. Faced with ever-greater challenges, the ANPE is not standing on the sidelines but has announced its intention to optimise the link between creating or promoting new activities and providing access to employment for its jobseeking clients.

Defining the ANPE's status

The ANPE believes that employment promotion represents a strategic axis for its activities, which also complements the institution's service provisions. The aim of this approach is to optimise the quality and quantity of the services offered by achieving closer proximity to the decision-making structures and thus stimulating and accelerating the creation of employment.

The ANPE's increased involvement in the area of employment promotion helps to give the partnership strategy a concrete and essential content.

Service provisions and employment promotion

From the point of view of progress, the reform of the ANPE's services to clients – both jobseekers and enterprises – is the focal point of its modernisation efforts. It is thus essential that links and relationships are established between the domain of employment promotion, where the ANPE has much to gain from intervention, and the domain of service provision as it evolves within the network. The table on page 21 portrays the convergence between these activities.

Italy

Measures to Promote Enterprise Creation by Young Entrepreneurs

The conditions of entitlement for benefits provided under the current legislation to young entrepreneurs starting up a business are stipulated in Law No. 95 of 29 March 1995, replacing Law No. 44/1986, and in ad hoc regulations (see Official Gazette No. 297: Decree-Law of the Ministry for the State Budget and Economic Planning of 24.11.1994).

Young people aged under 36 who are planning to start up a business are entitled to subsidies amounting to up to 90% of their costs if they live in the Mezzogiorno and up to 60% if they live in the northern or central regions.

The following legal forms of enterprise are entitled to funding: collective partnerships (where all the partners hold responsibility for the management of the enterprise), civil-law associations, limited partnerships, partnerships limited by shares, joint-stock companies, limited liability companies and (small) cooperatives.

Sole proprietorships, de facto partnerships and partnerships with only one partner are not eligible for support. In addition, the firms must submit their application for the available benefits prior to commencing operations.

The domicile of the applicant, the place of business and the company residence entered in the commercial register must be located in regions classified by the Commission of the European Union as eligible for support from the Structural Fund on the basis of Objective 1 (disadvantaged areas), Objective 2 (areas severely affected by industrial decline) or Objective 5b (disadvantaged agricultural areas), or in regions authorised for support in deviation from Article 92.3.c of the Treaty of Rome.

Funding may be granted for projects where goods are to be produced in the agricultural, crafts or industrial sectors, or services provided

in the manufacturing sector. Services to persons (projects in the trade, tourism and educational sectors) and to public administrations etc. are excluded from funding.

Projects envisaging investments in excess of ITL 5 billion or which do not aim to expand the productive basis or increase employment are not eligible for support.

In order to receive subsidies, firms must present a concept for a "feasible" project, describing in detail the aims, means, strategies and resources of the new enterprise. They must show on the basis of careful market analysis, thorough description of the strategic goals (especially the sales goals) and operative decisions (production, organisation and financing) and through the preparation of a financial plan (laying out the financial prospects and indicating the viability of the project) that the proposed enterprise can be expected to succeed.

The IG SpA (*Società per l'imprenditorialità da giovanile* – Association of young entrepreneurs), which – under the terms of the then valid Law No. 44/1986 – assumed the duties of the Committee for the Development of Young Entrepreneurship on 26 September 1994, provides the following services:

1. Prior to submission of the enterprise concept: information and verification as regards the acceptability of the concept;
2. Following approval of the concept: financial aid towards investments and enterprise management; services in the form of technical support (tutors); services towards enterprise training. Young entrepreneurs benefit in particular from the orientation services – introductory seminars and individual consultation with experts – provided free of charge to assist them in planning the acquisition of technical instruments which will help them to execute their projects as "efficiently" as possible (conditions for viability, content, examination of critical factors).

Financial aid for investments may be in the form of non-refundable grants or loans at favourable interest rates

which are paid – in progress-related instalments – directly by the IG SpA within the limits set by the EU.

Subsidies may be granted towards the costs of viability studies, property, buildings, site development, new machinery and equipment, patents, and other tangible and intangible assets which can be used by the firm for a number of years. The firm is solely responsible for VAT payments.

The tutorial services consist in support for the subsidised projects from leading enterprises in the same sector or from established consultants. The activities of tutors cover planning the execution of the project, making investments, commencing production and beginning normal business operations. Courses in enterprise training, by contrast, are exclusively targeted at the young partners in eligible firms.

It is important to note that the IG SpA is entitled to immediately recall or revoke the subsidies if the relevant conditions cease to be fulfilled.

The above financial aid may not be claimed – either before or after its receipt – in addition to other benefits provided by the European Union, the state, the region or from other public funds.

In addition, the entrepreneurial activity foreseen by the project must be carried out for a minimum term of ten years as of the date of approval for aid. In its preliminary review of the application, the IG SpA assesses the viability of the project and may decide to approve statutory subsidies. In the event of a positive assessment, additional studies on the social composition of the firm (experience, competence and motivation of the partners) and the business concept (investment/turnover and turnover/staff ratios, technology, investments, operating costs, budget, etc.) are carried out. The administrative council of the IG SpA subsequently evaluates the project and comes to a decision.

The IG SpA has recently been charged with also promoting and financing other forms of self-employment (Article 7 of Decree-Law No. 301/1996). This measure targets unemployed persons of all ages living in the Mezzogiorno (EU Structural Fund

Objective 1) who intend to enter self-employment. The Italian Treasury has passed implementation guidelines to this end by virtue of Decree-Law No. 591 of 8 November 1996 (Official Gazette No. 274 of 22.11.1996).

In addition to reports on projects which have been executed, the IG SpA also publishes the following:

1. Young people and enterprises (*Giovani e impresa*), an information brochure with a circulation of 50,000, of which 38,000 are sent to subscribers in Italy and abroad.
2. Guidelines for subsidies (*Le guide alle agevolazioni*).
3. The directory of enterprises, in accordance with Law No. 44/1986 and co-financed from EU funds, containing information in Italian, French and English on 118 subsidised enterprises. In addition, inquiries may be made by telephone (167-020044).

measures targeting experimentation with new forms of self-employment and entrepreneurship.

Article 9 of Law No. 608/1996 regulates the following areas in particular:

- provision of non-refundable subsidies of up to ITL 30 million for the purchase of equipment (against proof of purchase);
- provision of guaranteed loans of up to ITL 10 million to be repaid within five years;
- provision of non-refundable subsidies of up to ITL 10 million for operating costs during the first year;
- provision of an expert tutor.

It should be noted as regards the amounts of the above benefits that these sums are wholly inadequate. However, it is important to point out that the main aim of the law is not to provide financial aid, but for the unemployed to engage in new, independent activities (by and large it would be not be beneficial for such people to have investment funds at their disposal which exceed their ability to honour their debts).

At the procedural level, the IG SpA (*Società per l'imprenditorialità da giovanile* – Association of young entrepreneurs), which was established by virtue of the Law of 29 March 1995, is responsible for selecting, financing and providing technical support for projects, which may be proposed by unemployed persons living in Objective 1 regions.

Applicants who have qualified for support first take part in unpaid training or selection courses lasting four months. During this time, the viability of the projects is assessed and the participants learn the basics of enterprise management. The structure and planning of training are in line with EU criteria for schemes under the Structural Fund. In order to implement the above measures, the IG SpA concludes ad hoc agreements with the Ministry of Labour and the Treasury.

ITL 30 billion for 1995 and ITL 50 billion for 1996 are foreseen in the Law for the implementation of the measures. Moreover, persons who are entitled to redundancy compensation and who have been selected for such

Italy

Special Measures to Promote Self-Employment in the Mezzogiorno

Under the terms of Article 9 of Law No. 608/1996 (published in Official Gazette No. 281 of 30.11.1996) on special measures to promote self-employment in the regions of the Mezzogiorno (known as “honorary loan” schemes), non-refundable subsidies and loans at favourable interest rates may be granted for projects which are assessed to be economically beneficial.

However, the term “honorary loan” is technically incorrect. The intention is to place the emphasis on the recipients, that is, individuals who wish to enter self-employment in the crafts or manufacturing sector and who are believed to have the ability to translate an idea into a profitable and economically feasible activity. These are “active” labour market policy

Job Creation

courses are also eligible for the above support by virtue of Article 7, § 5, of Law No. 223 of 1991, according to which workers who have been made redundant may claim early payment

of compensation when they propose to enter self-employment or join a cooperative.

The Law succeeds Treasury Decree No. 591 of 8 November 1996 on "cri-

teria and modalities for granting subsidies to support self-employment proposed by unemployed persons" who reside in EU Objective 1 regions (economically under-developed areas).

Special Categories of Workers

Netherlands

Labour Market Position of Women

In 1996, 45% of women between 15 and 64 years were active in paid employment (12 hours per week or more), a considerable increase on 1985 and 1989 at 30 and 39%, respectively. Of poorly educated women, 27% have paid employment of at least 12 hours per week. This percentage has hardly increased in the past years. Between 1985 and 1996 the employment rate for men rose from 67 to 72%.

This information is presented in the "Yearbook Emancipation '97: Work and Family Responsibilities", which recently appeared for the first time. The "Yearbook" was compiled by the Ministry of Social Affairs and Employment, the Central Statistical Office (CBS) and the Social and Cultural Planning Office (SCP). It will appear every year from now on, each edition focusing on a special theme. With the "Yearbook Emancipation '97" the Ministry would like to contribute to the discussions on combining paid employment and family responsibilities.

The first part of the "Yearbook" portrays the recent discussion on combining a job and caring tasks. In addition, it provides useful addresses, a bibliography and information on laws and regulations with respect to labour and family responsibilities. The sec-

ond part offers statistical information on subjects like: paid employment, income, caring tasks and unpaid labour, politics and administration. These data provide a picture of developments in the area of women's emancipation in the Netherlands.

The statistics show that increasing male and female participation in paid employment is linked with the rising level of education. Even so, highly educated women are less active in paid employment than their male counterparts. Of the 2,418 university professors in the Netherlands, only 4% are female. Apart from that, the figures show that at all educational levels women of Surinam and Antillean origins exhibit a much higher labour force participation than native Dutch women.

In the lower age brackets, women are nearly as well educated as men. However, with respect to the selection of training courses, young women still tend to prefer those in the field of care and social sciences. As a consequence, the disproportionate share of women in the (non-commercial) services and caring occupations will persist for the time being.

The CBS and SCP figures show that women account for two-thirds of the time devoted to housekeeping and child care. In families with young children, this share actually rises to 75%. For women with a partner, the number of hours devoted to housekeeping decreases with their number of hours in paid employment. This implies that even in this case male partners hardly ever devote more

time to housekeeping. However, in general, in the last ten years the time devoted to housekeeping by women has decreased, irrespective of the number of hours women have invested in gainful employment.

The differences in income between men and women are still significant. Women are disproportionately represented in the lower income groups and among recipients of subsistence benefit (ABW). The group of people with an income under or equal to the social minimum consists of 416,000 women and 322,000 men. The category "average and higher incomes" includes more than three million men but only 550,000 women. Only in a very few cases does the female contribution to household income exceed that of men. This can be explained to a large extent by the fact that women are still more likely to work part time and less often hold higher positions in companies.

Netherlands

Additional Employment Measure for the Long-Term Unemployed

In 1996, more than 10,000 jobs were created in local authorities and health-care institutions within the framework of the "statutory provision on additional employment for the long-term unemployed". In 1995 and 1996 as a

whole, approximately 16,200 jobs were created. Of these, some 9,600 jobs were created by local authorities and 6,600 within the health-care sector. This information was provided recently by the Minister of Social Affairs and Employment to Parliament.

As a rule, jobs within the framework of the "statutory provision" involve 32 hours per week. However, deviations are allowed if a person requires longer working hours in order to become independent from subsistence benefit (ABW). It is also possible to work a little less, for instance because of a handicap or caring tasks. Approximately 17,600 persons have held the total of 16,200 (32-hour) jobs.

During the last quarter of 1996, a relatively large number of jobs in education (for instance, classroom assistants and deputy janitors) have been added to the total. The number of additional jobs has also increased in the area of so-called "control of public space" (for instance, gardening and street-cleaning). Nevertheless, the sectors of public security and supervision still account for the largest share of additional jobs.

Most employees under the "statutory provision" were previously on subsistence benefit (69%); 22% were acquired from a labour pool. The resulting vacancies in the labour pool are filled up again, so labour-pool participation increases. Most additional employees are in the 30-40 year age bracket (43%); 28% are 40-55 years of age.

By June 1998 it will be possible to realise 40,000 additional jobs within the framework of the "statutory provision". The idea is to create permanent jobs which will be financed on a permanent basis. Vacancies are to be filled up again by a long-term unemployed person. Since January 1997, new additional jobs may also be created in the sports sector.

In 1996, 48 local authorities were allowed to participate under the "statutory provision". As of 1 January 1997, participation has been extended by 31 local authorities to a total of 79. In mid-1995, each had at least 1,000 persons on subsistence benefit (ABW) which is the selection criterion for the

new local communities. A specific number of additional jobs has been allocated to each local authority.

Portugal

Scheme to Integrate Young People into Working Life

In March 1997, by virtue of Council of Ministers Resolution No. 44/97 of 21 March 1997, a new scheme was introduced with the aim of promoting the integration of young people into working life.

The scheme has a budget of around PTE 120 billion (1997-1999) and foresees new measures in the following four fundamental areas: educational and vocational guidance, education and vocational training, vocational integration and job-search assistance.

The following are the most important measures in the area of *educational and vocational guidance*:

- establishment of a database containing information on education and training provisions and preparation of a guideline on vocations to be made available on the Internet;
- expansion of the counselling facilities for educational and vocational orientation within educational establishments, UNIVAs (institutions to promote integration into working life), employment offices and the vocational training centres of the IEFP (Institute for Employment and Vocational Training);
- preparation of a joint catalogue of measures by the Ministry of Education (ME) and the Ministry of Qualifications and Employment (MQE).

The following aims are to be pursued in particular in the area of *education and vocational training*:

- ensuring the maintenance of nine years' compulsory schooling;
- providing all young people with training leading to a qualification before they enter working life;

- joint implementation by the ME and MQE of courses combining school and vocational education;
- providing loans for vocational training on the trainee's own initiative within the framework of the PESSOA scheme (sponsored by the European Social Fund - ESF);
- providing mobile IEFP services in regions where it is difficult to find access to training measures;
- establishing vocational training workshops in regions dominated by the crafts sector.

The following are the essential measures in the area of *vocational integration*:

- a plan for integration into working life based on practical work experience following training and short-term work experience in a working environment;
- a plan for the nationwide introduction of practical training for young people with a university degree or Level 2 or Level 3 vocational qualification who are looking for their first job and whose vocational integration is to be facilitated by additional training in a working environment.

The following are the main aims in the area of *job-search assistance*:

- identification and advertisement of new areas where jobs can be created, with the participation of students' organisations at universities;
- promotion of measures to support self-employment or business start-ups, in particular the Support System for Young Enterprises (SAJE).

As foreseen in the agreement between the government and the social partners on a strategy of concerted action, the implementation of this plan is to be supervised by a cross-departmental committee consisting of representatives from the Ministries of Education, Industry, and Solidarity and Social Security, the Secretary of State for Youth and the Ministry of Qualifications and Employment (chair).

Finland

National Programme for Older Workers 1997–2001

In line with the Council of State Decision (6 February 1997) on measures to improve and maintain the employment opportunities of older workers, the Finnish government has launched a National Programme for Older Workers (*Kansallinen Ikäohjelma*) for the years 1997–2001.

The Council of State Decision is largely based on proposals made by a committee appointed by the government to investigate ways of improving the employment opportunities of older workers, under the direction of the Secretary General of the Ministry of Labour.

The November 1996 report of the committee, on which the central collective organisations were represented, shed light on the employment prospects and other factors affecting the labour market position of older workers, and made several proposals on measures to improve their employment opportunities. The prime solution proposed by the committee was to develop the labour market in a manner that allows a permanent influence on maintaining viable employment opportunities for older workers.

Within the framework of the Programme, several projects will be implemented. They include legislative reforms, provision of information and

training, research, monitoring of the impact of measures taken and preparation of proposals concerning new measures needed to enable older workers to maintain their working abilities and thus prevent unemployment and early retirement. The aim is to raise the average age of entry into retirement.

The structure of the Finnish labour force will undergo considerable changes in the years to come, in particular with the growth of the working-age population over the age of 50. The number of early retirement pensions is currently increasing rapidly and this trend is unlikely to abate. Over 80% of those between the ages of 60 and 64 are already out of the labour market. Pensioners make up a larger share of the population in Finland than the EU average in spite of the relatively high female participation rates. Early retirement among Finnish men aged 55–59 is also exceptionally common in international terms.

Unlike in the other age groups, the unemployment of older workers continued to grow during 1996. Over 50-year-olds made up more than a quarter of total unemployment at the end of 1996. The duration of unemployment has also become considerably longer since 1995 in older age groups, whereas it has decreased for those under 45. Problems concerning the health and educational background of older workers combined with invisible labour market barriers threaten to hold the employment rate of the elderly at a very low level in the future. Yet, measures taken to minimise such disadvantages, particularly activities to maintain the ability to work, have

been found to be very cost-effective for both the national economy and firms.

According to the decision by the Council of State, the preparation of a proposal concerning the extensive ways to reduce shares of disability pensions and unemployment pensions will be carried out in a tripartite manner under the direction of the Ministry of Social Affairs and Health by the end of March 1997. An investigation of possibilities to eliminate or relieve the age differentiation of employment pension payments will be completed by the end of May this year, led by the Ministry of Social Affairs and Health.

In line with the government programme on employment, the gradual elimination of non-work-related social security contributions will be started in a manner that promotes employment creation and lowers the threshold to hiring older workers. According to the Council of State Decision, the government will prepare proposals for amendments to the Labour Protection Act and the Act on Co-Determination in Companies. Activities to maintain the ability to work should be included as part of enterprise labour protection programmes required under the Labour Protection Act. The Act on Co-Determination in Companies is to be amended so that employers pay greater attention to the special needs of older workers in their personnel and training plans.

FIM 25 million have been allocated in the state budget for the expenses resulting from the implementation of the National Programme for Older Workers in 1997–2001.

Working Time

Belgium

Part-Time Early Retirement

The Law of 26 July 1996 on employment promotion and preventive safeguarding of competitiveness (cf. iMi No. 55) authorises the Belgian government – in the absence of a national collective agreement – to promote the redistribution of labour through additional measures which have a positive effect on employment.

The measures on part-time early retirement contained in the Royal Decree of 13 February 1997 (M.B., 13.2.1997) are an example of recourse to this authority. Thus, the term of the stipulations on part-time early retirement has been extended to include the period from 1 January 1997 to 31 December 1998.

This Royal Decree enables workers to claim part-time early retirement from the age of 58 onwards, without their individual employers having to be bound by a collective agreement on part-time early retirement, as laid down in Collective Agreement No. 55 of 13 July 1993.

Workers aged 58 and over can avail of this possibility by submitting an appropriate application and coming to an agreement with their employer.

As regards the other conditions of use, the above-mentioned Collective Agreement No. 55 – which defines the calculation procedure for the bonus paid by the employer – still applies, as do the Law of 30 March 1994 and the Royal Decree of 30 July 1994, which regulate, in particular, eligibility for unemployment benefits and the social status of persons in part-time early retirement.

Austria

Revisions Related to the Working Hours and Rest Periods Act

The social partners were able to reach agreement at the beginning of this year on the introduction of more flexible working time and the revision of Austria's Working Time and Rest Periods Act. Flexibility is to be achieved, on principle, by means of collectively agreed regulations. In addition, by virtue of the EU directive on certain aspects of working-time organisation (93/104/EU), there was a need for adjustment with respect to maximum limits on working time and daily rest periods. The regulations on night-work contained in the EU directive are to be adopted in the new Night-Work Act.

The following are the most essential revisions to the Working Time and Rest Periods Act, which were passed as amendments by the National Council in April 1997:

- The new general legislation on long-term distribution of normal working time allows calculation periods of up to one year to be authorised by collective agreement. Thus, so-called "annual working-time contracts" are made possible.
 - A calculation period in excess of one year is only permitted if the compensatory leave is to be taken in blocks of several weeks. Because the calculation period can be extended without limit by collective agreement, workers are now able to accumulate credit hours over a number of years. The basic regulations are that if the calculation period does not exceed eight weeks (the duration permitted to date), normal working time may amount to up to 50 hours per individual week (in accordance with the current regulations on normal weekly working time); if the calculation period is longer, the weekly limit is 48 hours
- (in accordance with the EU directive). If, for example, normal weekly working time is extended to 48 hours every week, the entire following year may be taken off in compensation.
- The models for distributed working time are only subject to a limit of 48 normal working hours per week and nine or ten normal working hours per day. Otherwise there are no restrictions on the modalities defined in the collective (or company) agreement.
 - For the above distribution models, an extension of normal daily working time from nine to ten hours may only be authorised by collective agreement in the following cases: four-day week (the entire weekly working time is distributed over four consecutive days); distribution of normal working time on the basis of calculation periods of up to one year (with compensatory leave of several consecutive free days); and long-term distribution of normal working time (with compensatory leave en bloc). This regulation provides the possibility for working-time models involving different weekly working times (30 hours in Week I, 50 hours in Week II).
 - These flexible working-time models are authorised by virtue of collective agreements. Where expressly provided for in collective agreements, a distribution of normal working time and an extension of normal daily working hours may be authorised by company agreement.
 - Compensatory leave for overtime is now expressly permitted.
 - Those provisions in the Working Time and Rest Period Act which foresee different regulations for men and women are to be abolished, as they violate EU regulations on equal treatment (e.g. daily working time within the framework of readiness time and reductions of daily rest periods).
 - Exceptions to regulations on weekend and holiday rest periods are to be made possible by virtue of collective agreements if such excep-

Working Time

tions are necessary to prevent a competitive disadvantage or to secure employment.

Compensatory measures have been prepared in order to prevent the models described above leading to company working time being exclusively geared in practice towards the needs of the company (e.g. on-call work and employment only in accordance with labour demand), or to an absence of co-determination by the workers as regards working-time models. Thus, the authority of the employer regarding working-time organisation is restricted in the case of long calculation periods, and there are additional regu-

lations concerning the settlement of credited time if the employment contract is terminated during the calculation period and concerning to one-sided settlement of credited time on the part of the worker.

The social partners have laid down an autonomous arbitration and mediation procedure in a separate agreement for the event that employer and employee representatives are unable to negotiate a collective agreement. However, this procedure only concerns those sectors with an existing collective agreement which are unable to reach agreement on questions related to the distribution of weekly

working time. In the course of this procedure, representatives from the Austrian Chamber of Industry (*WKÖ – Wirtschaftskammer Österreich*) and the Austrian Trade Union Federation (*ÖGB – Österreichischer Gewerkschaftsbund*) draft proposals for company-specific regulations, which are then presented to the bargaining parties for their approval. If the latter repeatedly reject the proposals, the ÖGB and WKÖ negotiate a collective agreement authorising the company agreement (in the absence of a works council: individual agreement) in the respective sector to implement the proposed solution at company level.

Miscellaneous

Belgium

Flemish Employment Observatory

By order of the Flemish government (M.B., 14.2.1997), a Flemish Employment Observatory has been established with the following aims:

- to monitor and make long-term forecasts concerning strategic trends in the Flemish economy and labour market and to undertake preparatory work in the planning of policies to be followed in these areas;
- to encourage the creation of instruments and measures.

The new Observatory formulates recommendations, within the framework of these aims, which it then passes on to the Flemish government and the organisations represented on the Flemish Socioeconomic Council.

The Observatory is made up of ten full members and ten technical assist-

ants, all of whom are nominated by the Flemish government on the recommendation of the Prime Minister. Those appointed as full members are experts with detailed knowledge of strategic developments in the economy and labour market. A balanced representation of the various areas of the economy and different approaches to economic questions is to be ensured.

Greece

Integrated Information System for Labour Market Analysis

In accordance with the new Law No. 2434/96 on "policy measures for employment and vocational training", a ministerial resolution on a nationwide "integrated information system for labour market analysis (SPE)" has been passed. The object of the system is to

compile data on the unemployed and enterprises.

At the same time, the offices of the National Organisation for Labour Market Policy (OAED) will inform employers about the possibilities for involving enterprises in OAED qualification and employment schemes which require monitoring of the unemployed via the SPE.

In order to encourage enterprises and unemployed persons to contribute the data required for a proper functioning of the SPE, the OAED will initiate the following activities:

- notification of enterprises and unemployed persons about the SPE by means of an advertising campaign in the press, on television and on radio;
- publication of information and publicity material about the SPE (information brochures, calendars, notepads, etc.) and distribution of the material to the offices of the OAED so that it may be passed on to interested parties;
- the placement officers of the OAED must devote at least two hours a day

to permanent contact with the enterprises in their area of responsibility in order to monitor vacant jobs.

Greece

National Employment Observatory

In accordance with Law No. 2434/96 on "policy measures for employment and vocational training", a ministerial resolution has been passed renaming the "Research Institute for Vocational Training" (PIEKA) as the "National Employment Observatory" (EPA). The Observatory's head office is in the Attica region. Both in administrative and economic terms it is an autonomous legal entity under civil law supervised by the National Organisation for Labour Market Policy.

The main aims of the EPA are:

1. to carry out quantitative and qualitative labour market analysis;
2. to improve the procedure for compiling, analysing and disseminating statistical data which are of national, social and public interest;
3. to provide regular forecasts concerning skill demands and to identify the demand for specialised qualifications and specialisations in all occupations;
4. to research, study and experiment with innovative methods of vocational training, qualification and continuing training;
5. to coordinate the scientific work carried out in the Regional Employment Observatories (PEPA) and their branch offices and to define the methods used to develop their systems in order to guarantee compatibility between the central and regional offices.

Netherlands

Social Security Contributions for Marginal Labour

As of 1 March 1997, social security beneficiaries are exempted from paying obligatory social security (employee) contributions when undertaking temporary work for a period of up to six weeks. In addition, employers in the agricultural sector may be exempted from paying obligatory social security (employer) contributions for certain – later to be designated – groups of employees, such as students and housewives.

Recently, the upper chamber of parliament has agreed to a draft law submitted by the Secretary of State for Social Affairs and Employment to this end ("rules concerning social security contributions for marginal labour"). The Act is supposed to help in the event of personnel shortages during peak periods within the agricultural sector.

Beneficiaries will be exempted from social security contributions on the condition that they are registered as jobseekers at the employment office. Despite the exemption from contributions, they will remain insured with respect to the employee insurance schemes. Freedom from paying contributions will not apply if the employment contract lasts longer than six weeks, if the person concerned has worked earlier in the year with the same employer, or if he/she has already benefited earlier that year from either one of the two provisions.

The exemption from paying social security contributions will be compensated by savings on benefit expenses. The yearly amount of money involved regarding the exemption for certain categories of workers varies between NLG 50 and 75 million. This will be financed via extra contributions to specific unemployment schemes (the so-called "reduced pay schemes").

The industrial insurance board in the agricultural sector designates the categories of employees that will be

eligible for exemption from social security contributions to employee insurance schemes. Exemption from contributions has both a positive effect on the net wages of employees and on the labour costs of employers.

Netherlands

Renewed Decrease in the Number of Applications for Permission to Dismiss Workers

An individual application for permission to dismiss a worker was made for approximately 54,000 employees in 1996, a 13% decrease on 1995. In 1996, applications within the framework of a collective mass dismissal were made for approximately 6,600 employees, a 4% increase on 1995. In only 8% of the cases handled was the application refused in 1996. This information is contained in the 1996 report on the handling of applications for permission to dismiss workers by the regional directors of the employment service. The Minister of Social Affairs and Employment has presented the annual report to Parliament.

The report shows that employers apply relatively more often for permission to dismiss workers of 55 years and older than for younger employees and across all age groups more often for women than for men. Applications for reasons of disability are most frequent in the age bracket 45–55. All other reasons for dismissal, such as loss of demand, are to be found mainly in the 25–34 age group.

The number of applications to the employment offices has constantly declined since 1993. By contrast, the number of requests to terminate a labour contract presented to the labour courts has increased. However, the year 1996 may mark a turn of the tide: whereas in 1995 about 45,500 requests to end a labour contract had been referred to the labour courts, in

Miscellaneous

1996 the number slightly declined to some 44,400. The fourth quarter of 1996, in particular, witnessed a drop in the number of requests. As yet it is not clear whether this trend will continue in 1997.

Finland

New Support for Renovation Available for Local Government

A decree on support for the renovation of public buildings by local authorities with the aim of employment

promotion took effect on 15 February 1997. Funds of FIM 180 million have been allocated for the years 1997–99 for renovation of public buildings.

The new type of support may be granted for repair work other than that falling under the scope of the state subsidy system or other discretionary state grant systems. It is granted for the costs of renovating buildings which are wholly owned by the community. The support covers up to 15% of the approved costs of the project.

Renovation of private residences and sites that will be in commercial use after the repairs are not entitled to this form of support. In addition to municipalities, municipal federations and other associations owned by municipalities may receive support. The investment support may be granted

for projects anywhere in Finland, regardless of the unemployment rate of the local authority area.

The new decree is in line with the Council of State Decision of 19 October 1995 on Finland's Employment Programme for 1996–99 and its measures to revive construction activity. In the Decision it was required that a programme for the renovation of public buildings and the organisation of its financing be planned and prepared. This type of support to municipalities forms part of a larger framework of government funding for the renovation of public buildings in 1996–99. The aim of the new support system is to bring about renovation activities which are additional to those which would otherwise have been carried out.

Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (15 July 1997):

Belgium	BEF	40.78
Denmark	DKK	7.53
Germany	DM	1.97
Greece	GRD	308.35
Spain	ESP	166.37
France	FRF	6.67
Ireland	IEP	0.73
Italy	ITL	1,921.01
Luxembourg	LFR	40.78
Netherlands	NLG	2.22
Austria	ATS	13.90
Portugal	PTE	199.45
Finland	FIM	5.84
Sweden	SEK	8.63
United Kingdom	GBP	0.66

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Inactivity Rates in the European Union

Peter Auer

The employment rates in the countries of Europe were discussed in detail in "inforMISEP Policies No. 56" (Winter 1996). Employment rates are more suitable for depicting labour market integration at the aggregate level than participation rates, because the latter also include the unemployed. As our analysis showed, the employment rates in the Member States of the European Union are on average ten percentage points lower than those in the USA and Japan, for example, and the trend is downward¹. We also found that the structure of employment varies considerably in the EU, largely as a result of different employment rates for women, whereas the employment rates for men in the core age group (25–54) are similar across Europe (see iMi 56, Focus, pp. 25–35).

Falling employment rates can be traced back both to increasing unemployment and to higher and still rising inactivity rates². This article presents an analysis of inactivity rates in Europe. First, inactivity will be discussed in cross-country comparison from the statistical point of view, with consideration given both to levels and structures (gender and age). Subsequently, the (statistical) reasons for inactivity will be investigated on the basis of survey data. Finally, the relationship between inactivity and labour market exclusion will be discussed.

Are inactives inactive?

The terminology used for statistical classification can lead to a somewhat obscure representation of labour mar-

ket categories. While employment rates are indeed an (albeit rough) indicator for the level of labour market integration, inactivity rates encompass labour market groups which, although they are neither employed nor unemployed, are by no means all inactive. The other commonly used term, "not in the labour force", characterises their labour market status more accurately.

However, like "inactivity", "not being in the labour force" is frequently associated with "exclusion" from the labour market, especially in the case of women (cf. Bulletin on Women and Employment 1996). If inactivity were to be equated with labour market exclusion, then around 40% of the resident population in countries such as Spain, Greece, Ireland and Italy would be excluded from the labour market, and around 30% in the Benelux countries, compared with only around 20% in the USA and Japan, but also in Denmark and Sweden (see Figure 1). This general assertion is misleading, however, because there are different labour market statuses concealed behind the apparent inactivity. Most young "inactives" are in fact in vocational training or general education, and a large share of those aged over 55 are retired in some form (standard retirement, early retirement or disability retirement). Education and retirement also play a role in the core age groups, and – for women – so do family duties. Women are still largely responsible for child-rearing and the household and are classified as "inactive" for as long as they are carrying out these activities.

Thus, so-called "inactivity" characterises a number of activities which are inter-related with the labour market and without which gainful employment would be impossible. Al-

though movements on the labour market cannot be discussed in detail within this brief analysis, it is clear that the inactives – if those who have left the market permanently through retirement, early retirement or disability are ignored – are constantly moving in and out of the labour market, from school to work, for example, or between the home and working life. Thus, transitions from inactivity to employment and vice versa (and likewise from inactivity to unemployment) are especially common for women (cf. Bulletin on Women and Employment 1996; iMi 55: Focus). The following analysis is concerned less with the dynamics of such transitions³, however, than with the extent and the structure of inactivity in Europe at the aggregated statistical level.

The statistics of inactivity in the Member States

Figure 1 shows the general level of inactivity in relation to unemploy-

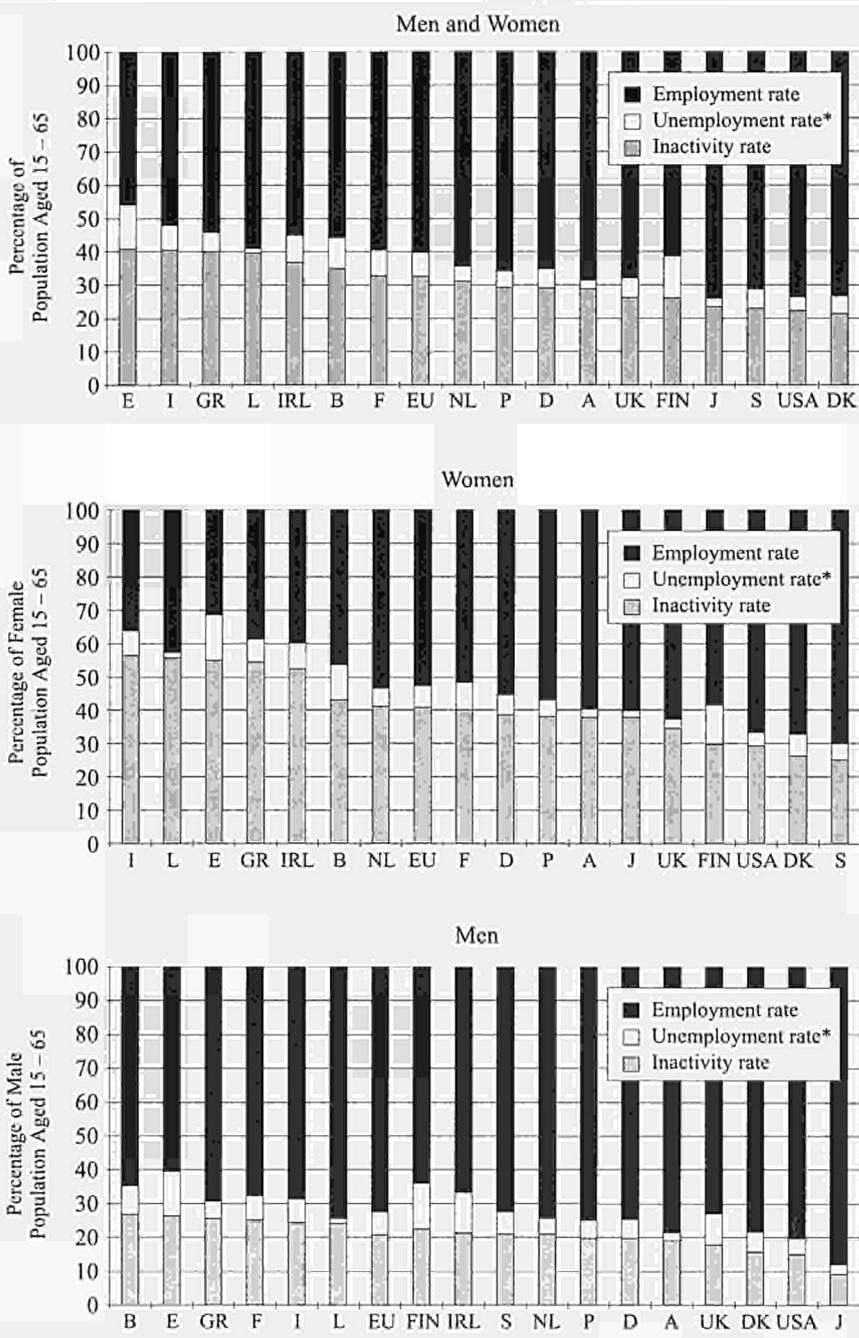
- 1 There are large differences in the employment rates, and some of the north European countries have rates similar to the US.
- 2 Employment, unemployment and inactivity are the three main statistical components of the labour market. Together, they constitute the working-age population, which, according to the standardised method, comprises the resident population aged between 15 and 64. (The following terminology is also commonly used: labour force = employed and unemployed; not in the labour force or non-active population = inactives.) However, Eurostat's figures also include the population aged over 65, which results in different employment, unemployment and inactivity rates. Here, the method of calculation used will be noted in each graph.
- 3 On this question the reader is referred to a research project currently being carried out by Klaus Schömann and Thomas Kruppe at the Science Center Berlin for Social Science Research (WZB) within the framework of MISEP (working title: The Dynamics of Employment in the EU); also see iMi 55, Focus, pp. 33–43.

ment and employment in 1995. The Scandinavian countries, but also the UK, Germany, Austria and Portugal, are the countries with the lowest inactivity rates in the EU. Spain, Italy and Greece, by contrast, followed by the Benelux countries, have relatively high inactivity rates. There is thus roughly a North-South divide as regards inactivity – the reverse of the picture for employment rates. The average inactivity rate for women in the EU is about ten percentage points higher than that for men, with the difference particularly visible in the so-called core age groups of 26 to 55 year-olds.

A more specific breakdown by age and gender for 1983 and 1995 shows the distribution of inactivity more clearly and also shows how it has changed (see Figures 2–4). On average, there was an overall increase in the inactivity rates in EU countries, which was based on increases among youth and older people (due to higher participation in education and the trend towards earlier retirement). For the core age groups of 26 to 55 year-olds, by contrast, there was an overall decrease in inactivity (accompanied by rising employment rates).

Between 1983 and 1995, the inactivity rates declined for 26–55 year-olds and increased for older people in all European countries (with the exception of Denmark for the core age groups and Portugal for older people). There was greater variation among young people, however. Although their inactivity rates increased in most EU countries, there was a decline – in some cases severe – in the Netherlands, the UK, Denmark and also Germany. The trend is similar for women and men, although, on the EU average, more young women are inactive (around 57%) than young men (around 50%). The trend in the core age groups differs according to gender. Thus, the inactivity rates for women fell from over 40 to less than 35%, while those for men rose from around 5 to 7%. The gender differential has thus narrowed, but with a difference of around 25 percentage points the proportion of inactive men to inactive women is still about 1:5. In

Figure 1: Inactivity, Employment and Unemployment Rates, 1995



* Participation rate minus employment rate.

For A, DK and IRL: 1994 data.

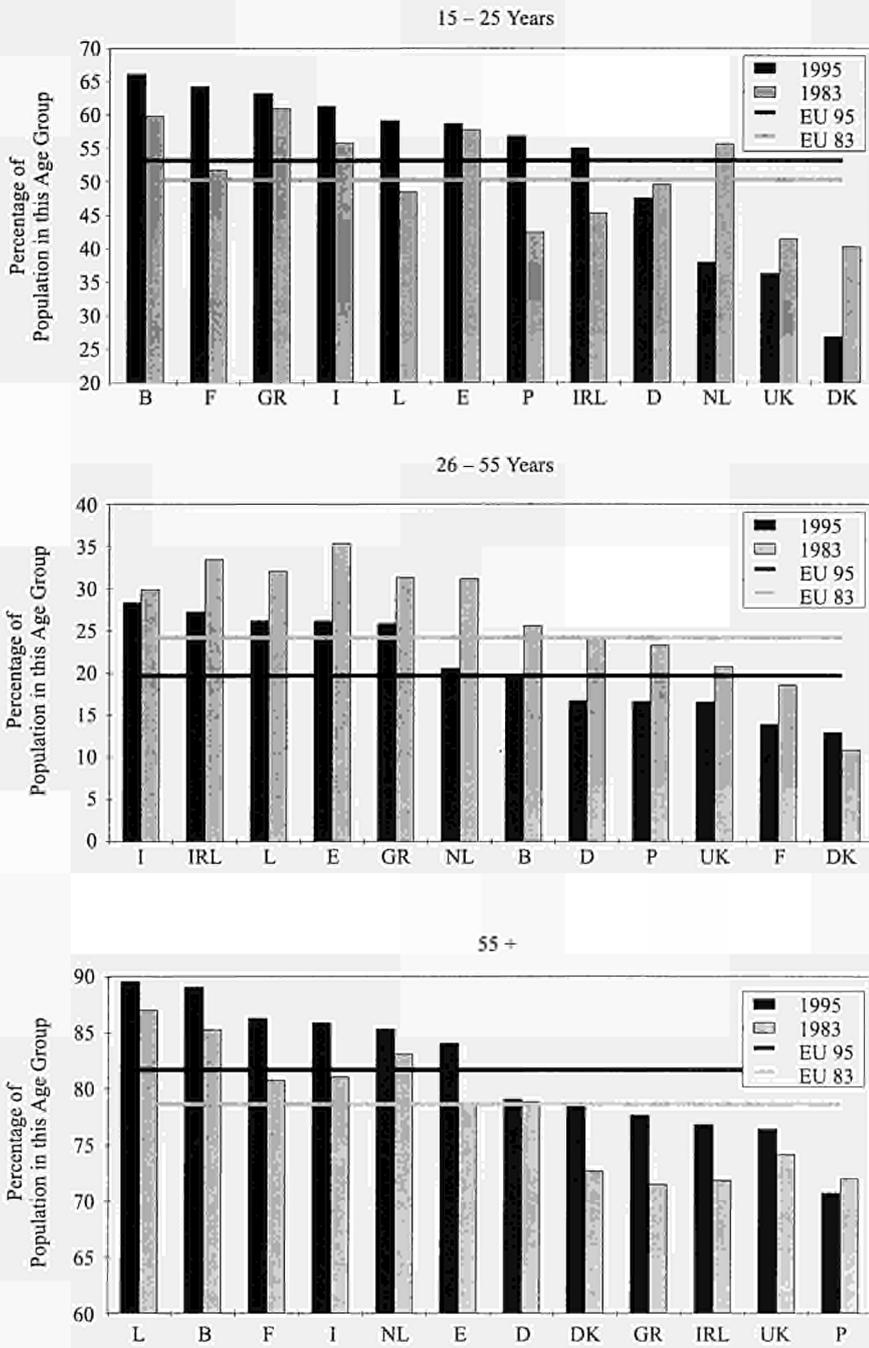
Source: OECD Employment Outlook; author's calculations.

the over-55 age group, the inactivity rate for men has risen by about six percentage points and that for women by less than one percentage point. Here, too, the rates for women (around 90%) are much higher than those for men (around 74%), although this gap has also narrowed considerably (see Figures 2–4).

Reasons for inactivity

The statistical overview leads us to ask what caused the above differences in inactivity rates and what led to the changes, a question which can only be answered very summarily on the basis of the European Labour Force Survey (ELFS). The extent to which inactivity is only a transitory

Figure 2: Inactivity Rates by Age in the EU: Men and Women, 1983 and 1995



For E and P: 1986 data.

Source: Eurostat: Labour Force Survey.

state, ending sooner or later in employment, cannot be deduced from cross-sectional data (longitudinal analyses would be necessary)⁴. However, the following analysis will suffice to narrow down the broad spectrum of explanations.

General education and vocational training

One of the most common reasons for inactivity in the Member States is participation in general education or vocational training. In fact, it is the main reason for young people, as shown by data from the ELFS⁵. According to these data, an average 16% of all in-

actives in the ten EU countries for which data were available in this form responded that they were inactive due to participation in education. The percentage ranged from 21.4% in Spain to 8% in the UK. On average, the share was around 12 percentage points higher for men than for women (see Figure 5).

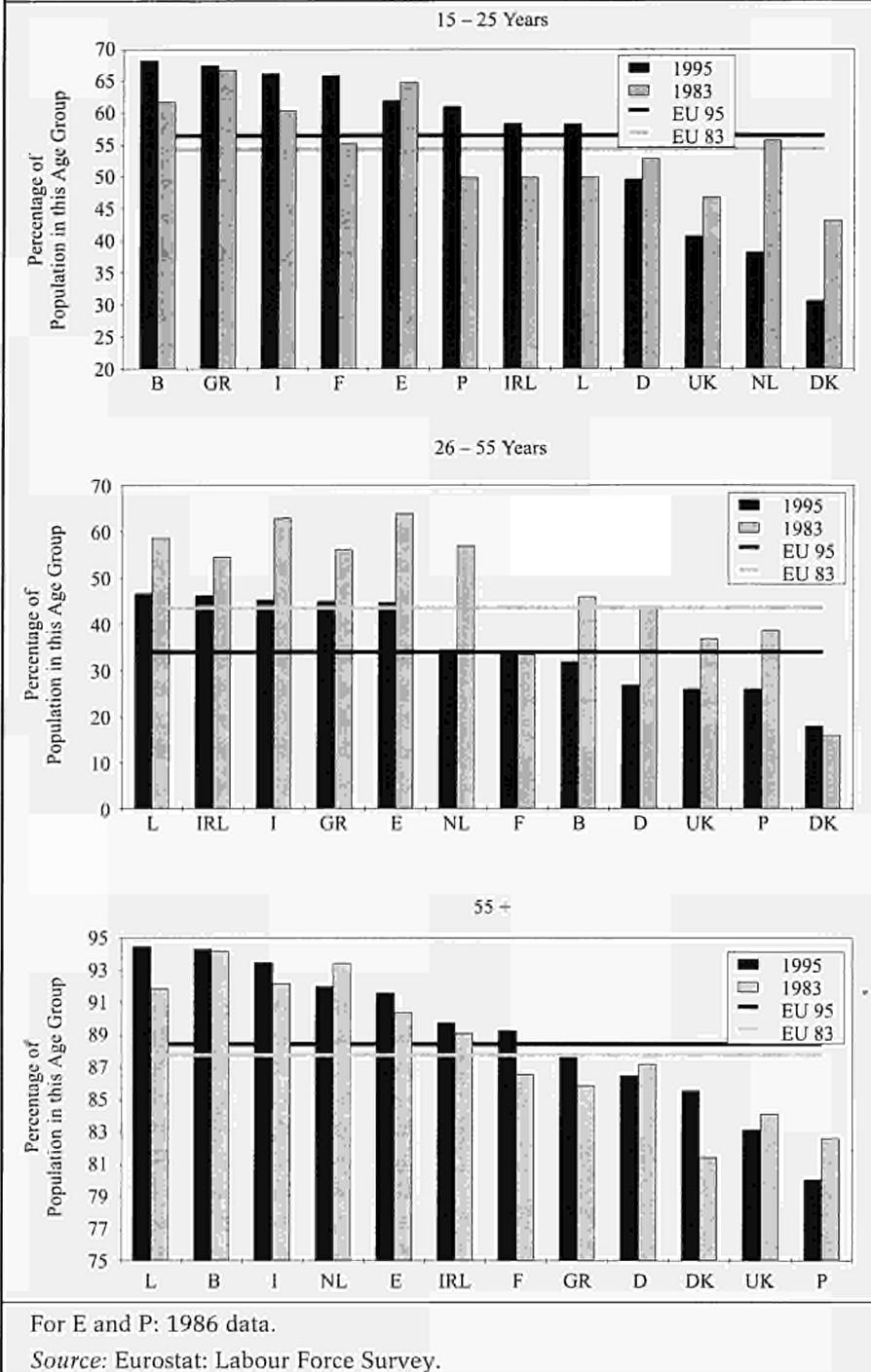
According to Eurostat data, the following picture emerges for 14 EU countries (no data were available for Sweden). In 1995, around 18% of inactives were in training, or around 26% of the men and about 15% of the women (Ireland leads the field here, with the UK bringing up the rear). A comparison over time shows that the share of inactives in education fell in the 12 years between 1983 and 1995 from around 21 to 18%. This decline was particularly sharp in the Netherlands, Denmark, Germany, the UK and Belgium. In France and Ireland, the share of inactives in education actually increased.

Education is an age-related factor, and participation in education decreases rapidly with increasing age (Eurostat 1996). Figure 6 compares the share of inactives in education from all age groups (14-54) with 14-24 year-olds in 1995. It is quite clear that education is one of the principal reasons for the "inactivity" of this group: almost 90% of all young people aged between 15 and 24 (around 95% of all 15-19 year-olds and around 70% of all 20-24 year-olds) cite education as the reason for inactivity, and this share has risen on average in the EU, in contrast to the

4 The reader is again referred to the Schömann/Kruppe project and also to the "Transitional Labour Markets" project being carried out at the WZB under Günther Schmid within the framework of the project "Social Integration by Transitional Labour Markets: New Pathways for Labour Market Policy" (co-financed by GD XII).

5 The European Labour Force Survey (ELFS) is a representative household survey in which 600,000 households in the EU are questioned annually about a range of labour market characteristics. Here, we are interested in the reasons for inactivity (education, retirement, permanent disability and family and personal reasons). In other studies, inactivity also encompasses those who are employed but not working (European Commission 1996).

Figure 3: Inactivity Rates by Age in the EU: Women, 1983 and 1995



share of over-25 year-olds in education. As noted in the "Employment in Europe" report (European Commission 1996a), the rise in the inactivity rates of young people is entirely due to education, mainly of young women. On average, education is becoming less significant as a reason for the inactivity of men in the EU. The difference between the participation of the two sexes in education has thus fallen by half from around 16 to 8

percentage points. The decline in the share of inactive young people in education (and of the inactivity rate in this age group) was particularly significant in the Netherlands (especially for young men) and in Denmark (for young women), while Greece (young women), in particular, and also France and Luxembourg (both sexes) showed an increase. The inactivity rates for young people also rose overall in the latter three countries.

However, this decline tells us nothing about actual participation in education, because the share of 14-24 year-olds in education has also risen overall in all countries (Eurostat 1996). Thus, in countries where the share of inactive young people in education has decreased, the share of young people who are combining education and employment has risen. This development is best exemplified by the Netherlands. Here, the overall participation of young people in education has remained more or less constant. Therefore, although the share of young people classified as "inactive" but in education has decreased, the share of young people combining education and employment has increased. While only around 10% of young people in education were also working in 1983, the share had risen to almost 50% by 1995. This trend can probably be traced back to more restricted access to grants and similar factors in the Netherlands, but also to the increased opportunities for part-time work. Around 55% of all young people were working part time in 1995, compared to only 16% in 1983.

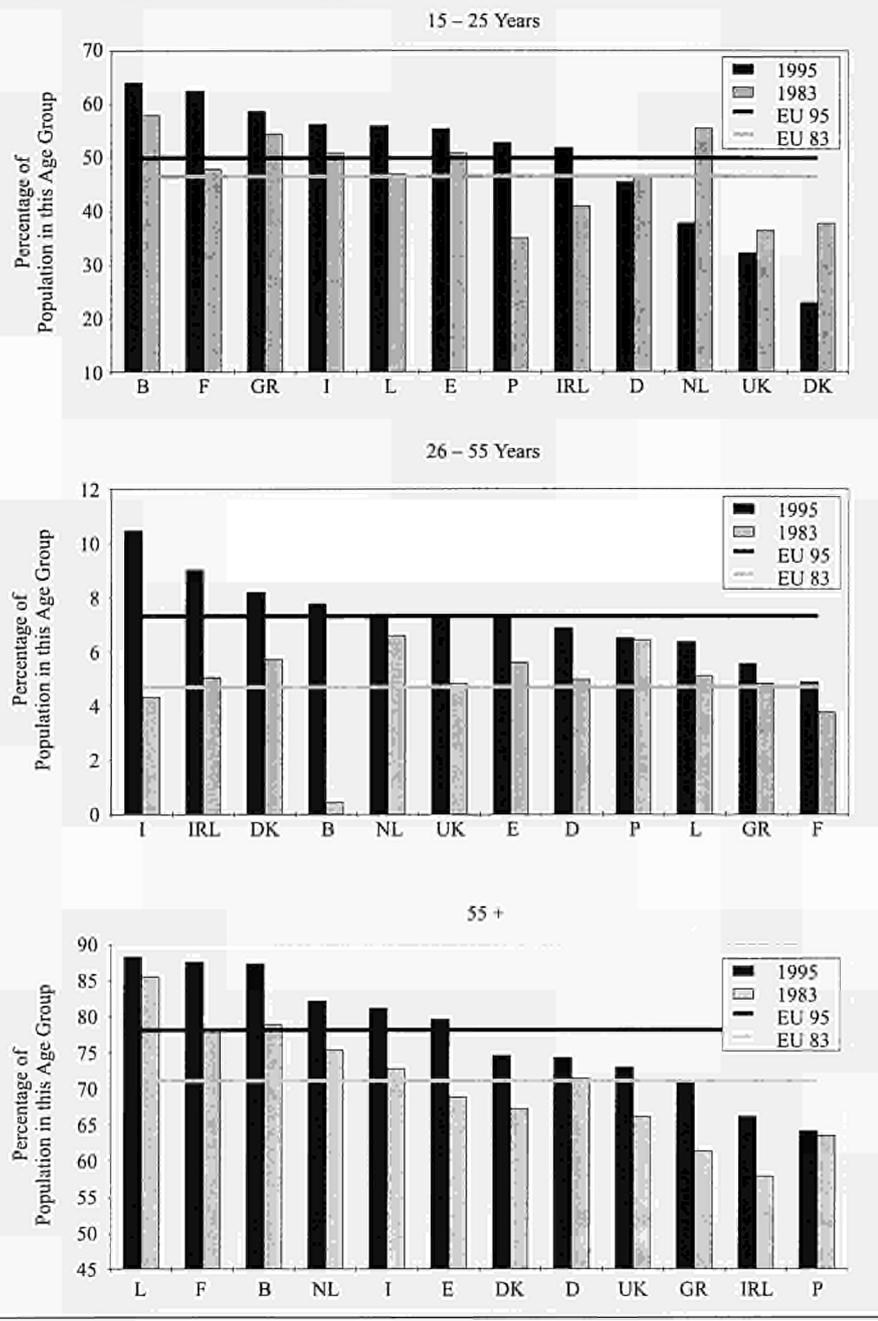
Thus, a large number of inactive young people are in education, so the share of those who are actually excluded from the labour market is probably relatively low⁶. On the other hand, the number of older people in education is much lower, and we must therefore ask what else causes inactivity. To answer this question, we again draw on ELFS data⁷ (see Figure 5).

According to these data, other primary reasons for inactivity are retirement and occupational disability. A total of 50% of all inactives (around 67% of men but only 41% of wom-

6 The four southern Member States - Portugal, Spain, Italy and Greece - along with Denmark and the UK, had the highest share of 15-19 year-olds who were neither in education nor active. The share is even higher for 20-24 year-olds (European Commission 1996b). However, we have no information as to the varying quality of education or whether it actually acts as a bridge to employment.

7 The data are, however, somewhat incomplete. They are classified by sex, but not by age, and only the 1995 data were available to us. An analysis of more specific data might reveal interesting results.

Figure 4: Inactivity Rates by Age in the EU: Men, 1983 and 1995



For E and P: 1986 data.

Source: Eurostat: Labour Force Survey.

en)⁸ in the ten countries for which data are available cite retirement or invalidity (disability) as the reason for their inactivity. The data for the male core age groups – who have low overall inactivity rates – show, as expected, that participation in education decreases with increasing age, but also that retirement and occupational disability increase. Thus, among the 25–34 year-olds, around 50% of the inactive are in education and only

around 8% retired or unable to work. Of the 35–49 year-olds, only 5% are still in education, but around 45% in retirement or unable to work (European Commission 1996a). Only in Sweden and Denmark are high shares of 35–49 year-olds in education. The number of (early) retirees in this age group is highest in Austria and Portugal. The Netherlands, Belgium, Luxembourg and the UK have the highest proportion of occupational disability.

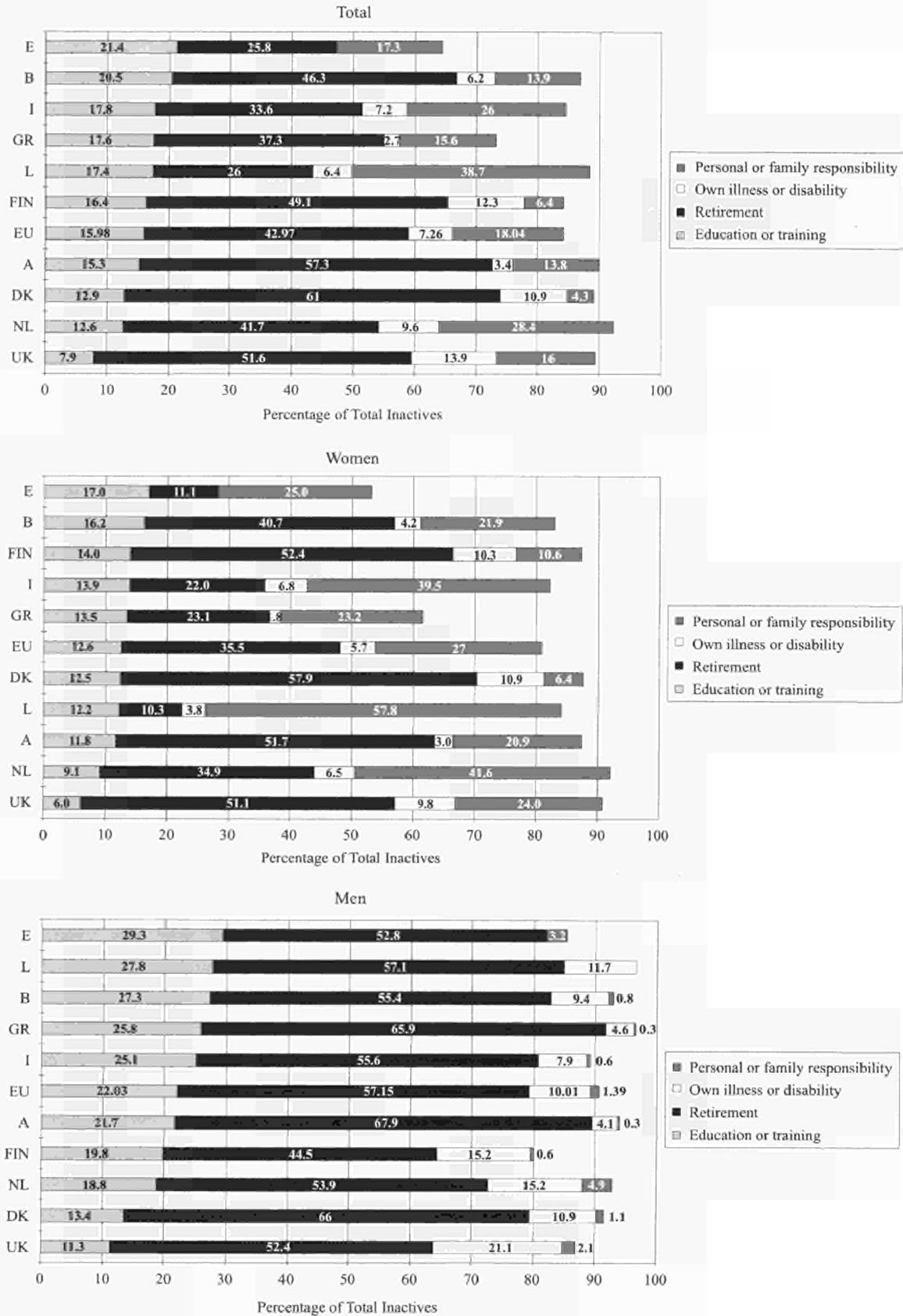
In fact, at around 32% on average, this is the most common reason for inactivity given by men aged between 35 and 49 in the EU. This shows that pensions for occupational disability have been granted in many countries for labour market reasons, a practice which is now being sharply restricted in the Netherlands and elsewhere.

There are no precisely comparable data for the share of (male) pensioners among the over-55s. However, according to the European Commission (1996b), the share is around 60% for the over-55s and over 75% for the over-60s. Again, there are considerable differences between the individual countries. Greece and Portugal have the highest shares of retirees (with low shares of inactive older people), followed by Italy and France (which also have high shares of inactive older people). The share of occupational invalids is probably high in countries such as the Netherlands and Belgium. Inactivity as a whole and also the rise in inactivity among older people, which is considerable in some countries, are largely an outcome of the policy of reducing labour supply through early retirement, standard retirement (e.g. the reduction of retirement age to 60 years in France) and disability pensions⁹.

8 With the exception of Finland, in all the ten EU countries for which data are available the share of early and other retirees among the inactive is over 50%. It is particularly high in Denmark, Austria and Greece. The shares for women are lower, exceeding 50% in only four countries (Denmark, Finland, Austria and the UK). The UK, the Benelux countries and Finland exhibit a high proportion of occupational invalidity. However, women are disadvantaged as regards all types of pension because they often have no or only negligible entitlements due to career interruptions (cf. e.g. Kohli/Rein 1991).

9 Although retirees, early retirees and occupational invalids are not excluded from the labour market by definition, a more thorough analysis not only of the labour market status, but also of the income situation, would show if this is actually true. The widespread practice of early retirement, in particular, has created a group of pensioners who are in fact able to work and whose labour market status is thus somewhat ambivalent. Such people might be forced to (unlawfully) take up work if their wage-replacement benefits prove insufficient.

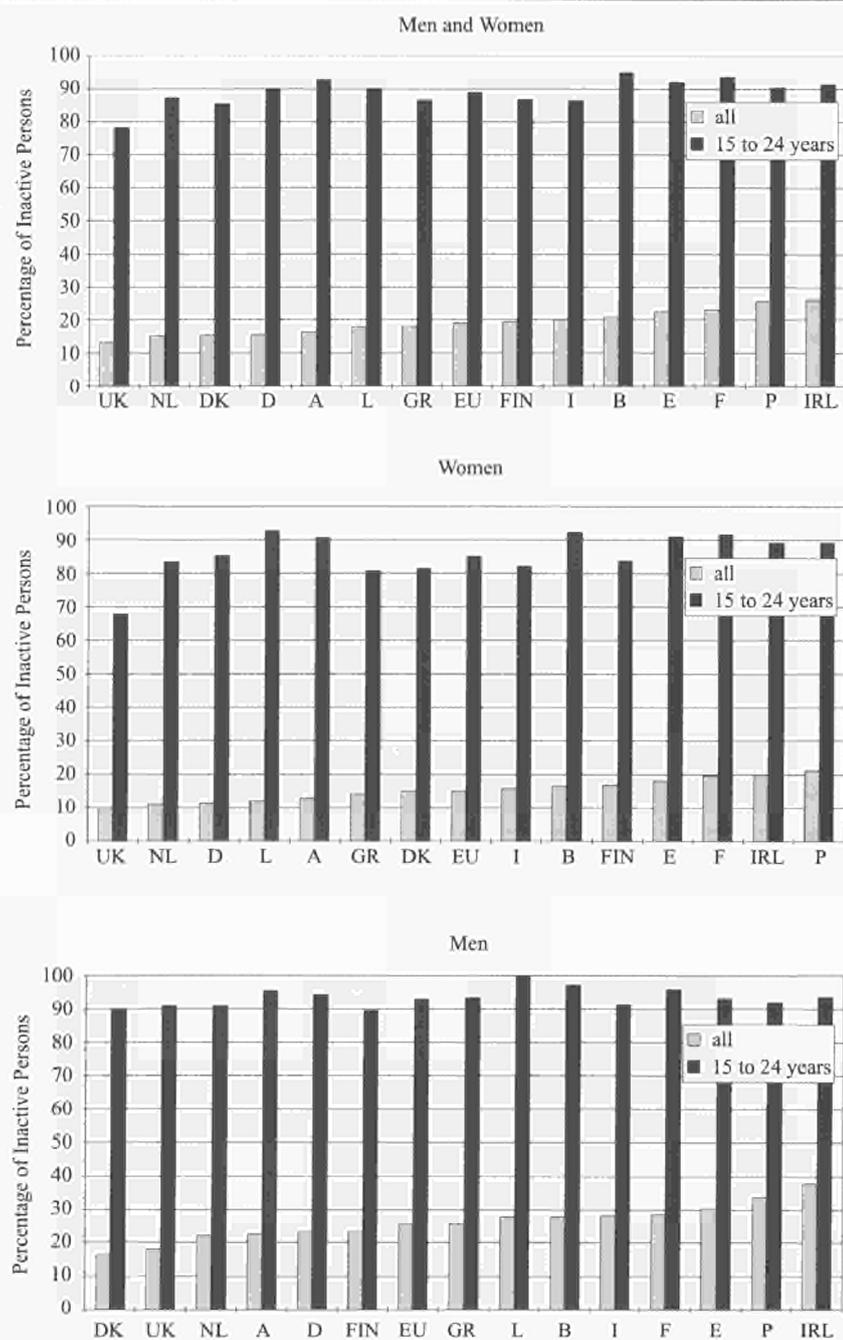
Figure 5: Inactive Persons: Reasons for not Seeking Employment, 1995



No data for IRL, D, S, P and F.

Source: Eurostat: Labour Force Survey.

Figure 6: Inactives in Education: Rates of Participation in Education



No data for S.

Source: Eurostat: Labour Force Survey.

The activity of women in the household

While inactivity among men – which is less common than among women – is largely due to education for younger men and to retirement and disability for older men, only 1.4% of men in the EU (ten countries) cite personal or family reasons for their inactivity¹⁰. For women, however, this is the most

commonly cited reason (27%) after retirement (35%). Personal and family reasons are cited very often in Luxembourg and the Netherlands, followed by Italy, Spain and the UK (see Figure 5).

Thus, all in all women appear to participate less in education than men, to benefit less from retirement pensions and – as evidenced by data

from Germany on the main source of income – to draw their main income much more often as “dependants”.¹¹

Is inactivity the same as labour market exclusion?

The ELFS only provides a partial answer to the question as to whether inactives are excluded from the labour market, although they are asked in the survey whether or not they would like to work. According to the responses, around 86% are not available to the labour market, and only 6% would prefer to be working (see Figure 7). The average difference between men and women in the EU is not very large.

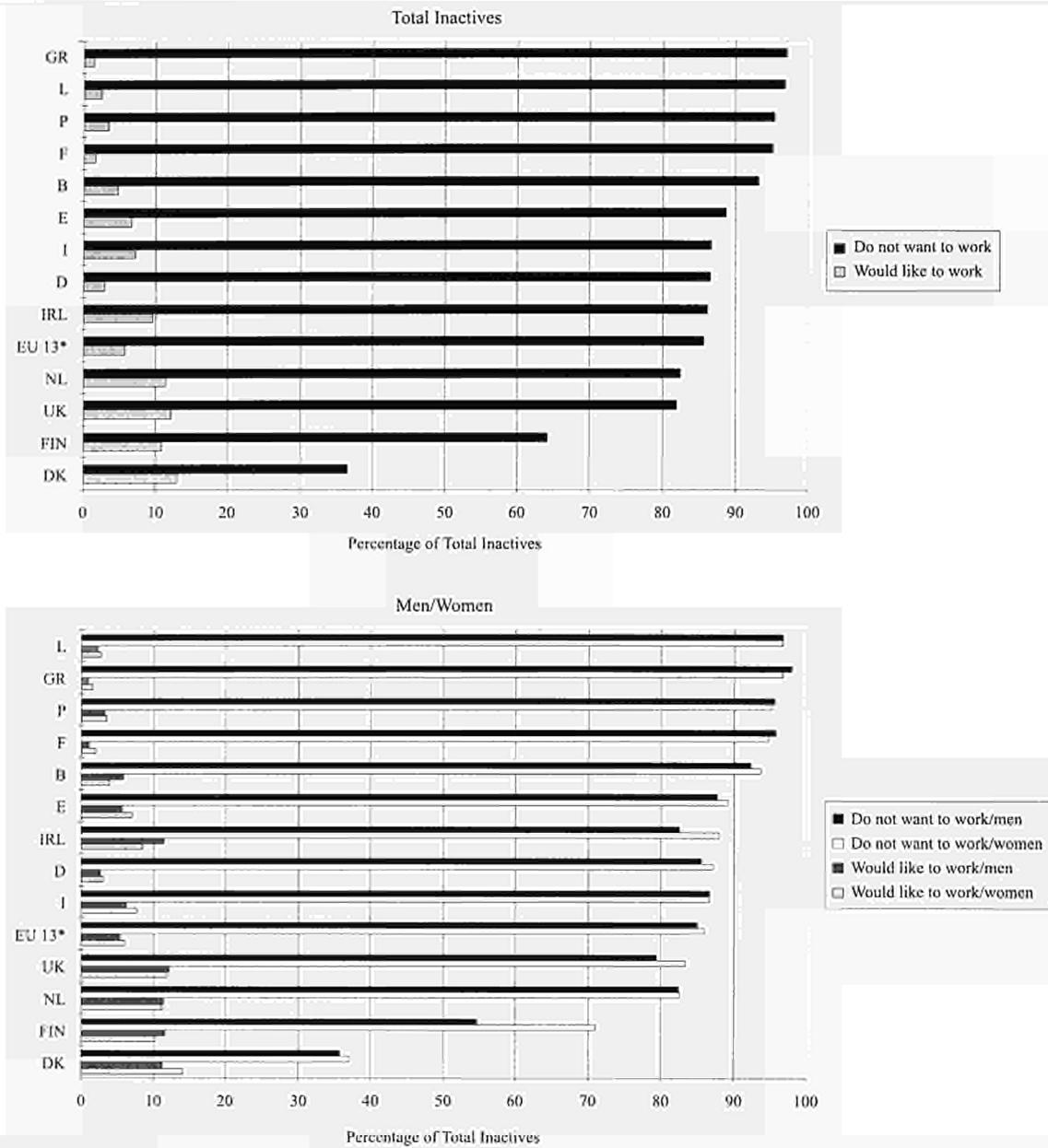
However, there is still an unexplained share of around 8% on average in the EU¹². If it is assumed that inactives who would like to work but cannot¹³ are by definition excluded from the labour market, this could serve as an indicator. On this basis, the number of “excluded persons” is very high in Denmark, the Netherlands, the UK and Ireland (between 10 and 15%), but extremely low in Greece, France and Germany (between 2 and 3%). However, these figures cannot be taken as a measure of actual exclusion without further analysis (for example, of the different ways in which the surveys are conducted and the results allocated).

Conclusion

One can thus conclude that the majority of those persons classified as “inactive” are actually engaged in some “activity” or have permanently left

10 Only in the Netherlands does there appear to be a small but significant share of “house husbands”.
 11 Data in Germany for 1995 show that 75% of young men are dependants, as compared with only 5% of the 25–55 year-olds and only 1% of the over-55s. For women, the figures are 78% of the young, 34% of the 25–55 year-olds and 24% of the over-55s who are dependent on the income of another family member. Source: Statistisches Bundesamt, Fachserie 4.1.1., 1985 and 1995.
 12 Although Denmark and Finland have remaining shares of 50 and 25%, respectively.
 13 Due to the formulation of the question, however, it is not clear whether their inability to work is due to personal or to labour market reasons.

Figure 7: Inactive Persons: Willingness to Work, 1995



* No data for S and A.

Source: Eurostat: Labour Force Survey.

the labour market through retirement or disability. Work in the household plays a significant role as a reason for labour market inactivity among women. However, there are differences across countries, and there are substantial “residual numbers” of persons who are presumably really inactive (and possibly excluded), but the reasons for their inactivity are not evident from the surveys and the values vary according to country, gender and age¹⁴.

If one were to consider only 20% of those who provided no reason for their inactivity plus all of those who would prefer to work as the “excluded”, then an average of around 9% of all inactives could be considered as excluded in the EU (10/12 countries)¹⁵. Whether this conclusion is legitimate can only be determined by a precise analysis of the “residuals”.

The theory that women who have taken on family obligations are “excluded” more often, because they

14 The “residuals” are the result of insufficient detail. This category covers an average of around 15% of all inactives in the EU but, for example, 35% in Spain and 25% in Greece. The share is almost twice as high for women as for men and appears to be higher (according to the European Commission 1996a, p. 47) for the 35–44 year-olds than for younger and older inactives.

15 Again, this value varies by country, gender and age. It is only a rough and rather arbitrary estimation, which is based on the assumption that the share of the excluded is larger among those indicating no reason for their inactivity than among those who want to work but cannot.

more frequently express a desire to work without being able to, is not supported to any great extent by the available data. Thus, the share of inactive women wishing to work is not always high in countries where there is a high share of women who are "inactive" for family reasons (e.g. Luxembourg, the Netherlands, Italy). In fact, Luxembourg has the lowest share of inactive women who want to work, but also the highest share of women who are "inactive" due to work in the household. Only in the Netherlands does a high share of "inactive" housewives go hand in hand with a high share of women who want to work.

The existence of a high proportion of inactive persons who do not wish to work suggests that some labour market statuses (those in education, pensioners and housewives) are indeed "inactive" in the statistical sense. However, this statistical analysis allows only limited conclusions about the actual extent of labour market exclusion. A more thorough analysis would also require a precise definition of exclusion and would need to investigate the permanence of exclusion, the extent to which it affects entire groups, the labour market status of the excluded and especially their income situation. However, the first impression gained from the available statistics is that inactivity is linked to "exclusion" only in some areas, depending both on the labour market status concealed behind inactivity and on the individual desire to take up employment. Perhaps a shift in perspective is necessary, whereby "labour market exclusion" is not only sought among the "inactives" but also in the categories of the (long-term) unemployed and even the employed (e.g. people with few working hours, "involuntary" part-time workers, etc.), who are possibly more permanently excluded from regular work than many of the inactives.

This analysis can contribute only a little to the attempt to determine actual labour market exclusion. However, the analysis of the inactivity rates does indicate the age groups in which Europe would have to increase its em-

ployment rates in the coming years in order to serve the aims of a European employment strategy. Such increases will depend not only on falling unemployment figures, but also on whether it will be possible to reduce the number of "real" inactives through transitions into employment. Due to the increase in employment among women, the inactivity rate for the core age groups has already begun to decrease. A further increase in female employment rates is expected, although these have fallen during the 1990's employment crisis in some European countries with high employment rates for women.

Moreover, significant increases in the employment rates can only be achieved if in the age groups with very high inactivity rates (i.e. young¹⁶ and old people) there is significant movement from inactivity (not only by women) into employment. This is the area where Europe differs most markedly from Japan and the USA (see iMi 56, Focus). However, the policy up to now of relieving the burden on the labour market through early retirement and disability pensions, which has led in some countries to extremely low employment rates among the over-55s, would then have to be reversed.

There are bottlenecks in this regard above all on the demand side. Who is going to provide the jobs for the elderly? Will young people not be pushed out if in a reversal of past policy older workers are now no longer sent into (sometimes generous) retirement, but rather the retirement age is increased? Answers to these questions must now be found. Part-time retirement whereby resulting vacancies are filled by young people will only have an effect if introduced more extensively, and even then it is more a means to maintain than to create jobs. Only the availability of a sufficient number of jobs will serve to "activate" some of the "inactives" (e.g. pensioners on low pensions and women who have withdrawn from working life, the so-called "silent reserve", etc.).

More restrictive conditions for receipt of early retirement and disabili-

ty pensions would – it is hoped – remove supply-side barriers. And these have already been introduced (e.g. stricter control of inability to work in the Netherlands and the abolishment of generous early retirement in France, Germany and Austria). However, studies in the Netherlands have shown that only around 22% of those who lost their disability pension found work again, that around one-third are presumably still inactive, although they are clearly no longer drawing any wage-replacement benefit, and that many are now unemployed (cf. Trends No. 28/1997). Thus, it is important that this policy of restriction be linked with an active employment policy. This would prevent the emergence of the equation $\text{inactivity} = \text{real labour market exclusion}$ (for – increasingly also male – older people) even if the desirable reduction of benefits designed for other purposes¹⁷ is achieved.*

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16 With possible negative effects on participation in education and training.

17 "Designed for other purposes" in the sense that "inability to work" should be justified on the basis of health (and age-related retirement) and not on labour market grounds.

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European Employment Observatory



The aim of the European Employment Observatory is to promote the multilateral exchange of information on labour markets and labour market policies between EU Member States and to produce and disseminate quality analyses and research on relevant issues for employment and labour market policy.

The European employment strategy adopted by the European Council in Essen in December 1994 imposed new demands on the Observatory. In particular, it is expected to contribute effectively to the task of monitoring the progress of labour market reforms that are in line with the common strategic goals.

Following the changes introduced in 1996 to cope with these new challenges and tasks, the Observatory now consists of two networks – MISEP (Mutual Information System on Employment Policies) and SYSDM (System of Documentation, Evaluation and Monitoring of Employment Policies) – and a new RESEARCH advisory group.

The main products of the networks, which consist of members of the national labour market administrations (MISEP) and independent researchers (SYSDM, RESEARCH) and are administered by a common secretariat, are the following:

inforMISEP Policies

This series reports four times a year on recent labour market policy developments in Member States. Following a summary drawing on the five recommendations for an integrated European employment strategy, the main section of "Policies" consists of the national reports supplied by the correspondents. Since 1993 "Policies" has also included a longer article ("Focus"), which is the responsibility of the Secretariat; "Focus" discusses a labour market or employment policy-related topic and often extends to non-Member States.

Basic Information Reports

These are comprehensive national reports on all EU member countries. They are updated every two years and report on public labour market institutions (ministries and employment services), the statutory bases for labour, labour market and employment policies and, in particular, "active" and "passive" labour market policy measures; details on information and research institutions dealing with employment policy are also provided.

Tableau de bord

The "Tableau de bord" is a synoptic overview of the labour market and employment policy measures implemented by the Member States, classified according to the five policy areas recommended at Essen.

Trends

This main product of the SYSDM network appears twice a year and provides a comparative and indepth overview of selected policies and developments in the labour markets of the Member States.

RESEARCH report

The RESEARCH network publishes annually a study of a selected labour market or employment policy topic.

Electronic Documentation System

Large parts of the information contained in the publications are also available on CD-ROM, the ERSEP (Electronic Retrieval System on Employment Policies) database, and are accessible via Internet (address: <http://www.ias-berlin.de>).