

EMPLOYMENT OBSERVATORY

Policies

Developments in employment policies in Europe.
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inforMISEP



Commission of the European Communities
Directorate-General
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Developments at a Glance

- Belgium:** The partial fiscalisation of social-security contributions, aimed at raising competitiveness, especially in the industrial sector, is to be maintained, but slightly changed. Loans for the unemployed wishing to start up their own business are subject to new conditions; the maximum available credit volume has been increased. The provisions governing voluntary work by recipients of unemployment benefit have been tightened, and benefit entitlement for those "interrupting" unemployment for social or family reasons has been reduced.
- Germany:** New control methods such as data-comparison procedures and the social-insurance ID introduced in 1991 have enabled the authorities to clamp down on benefit abuse and illegal employment. In the new *Länder* the first Job-Information Service, a job-search aid on a self-service, computer-assisted basis, has been set up. The special programme for particularly difficult-to-place long-term unemployed has been extended until 1996.
- Spain:** As part of the Spanish contribution to the European Growth Initiative, a number of employment policy measures – such as the provisional extension of the permitted duration of fixed-term contracts, and grants for their subsequent conversion into permanent contracts and for recruiting part-time workers – have been introduced. The minimum wage for 1993 represents an increase of 4% on the previous year.
- France:** The balance of ANPE's activities in 1992 shows a number of positive results, particularly in the fight against long-term unemployment, in the introduction of data-processing technology and progress towards decentralisation. Part-time work is being supported by a further reduction in employers' social-security contributions.
In future, firms shedding labour for economic reasons will be obliged to incorporate into their social plans active measures aimed at reintegrating redundant workers.
- Greece:** Three new vocational training institutes have been founded, and wage-cost subsidies for specific target groups have been agreed.
- Italy:** Despite a fall in the official unemployment rate resulting from changes in the way unemployment is defined, the employment situation in Italy is a cause of great concern. A new employment programme is to provide assistance by introducing a series of measures aimed at increasing the flexibility of the labour market and stimulating vocational training.
Although "mobility lists" have had a positive effect in Lombardy, target groups account for only a small proportion of those placed.
- Portugal:** Vocational training requirements of the long-term unemployed were determined by means of a representative survey. A legal framework for the introduction of "job clubs" has been created.
- United Kingdom:** An additional package of measures has been announced which will provide assistance to 100,000 unemployed persons.
The take-up of training loans has increased by 30% on 1992.
- Netherlands:** The recruitment and selection of job-applicants is the task of the social partners. The labour market authority has signed cooperation agreements with the graphical industry and has decided to focus its policy instruments on small and medium-sized firms.

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Overall Developments

Spain

Urgent Employment-Policy Measures to Revitalise the Economy

With the aim of stimulating public and private investment, and so reactivating the Spanish economy, in February the Government passed the Royal Decree-Law 3/1993 of 26 February 1993 (legal gazette, 2 March 1993), which provides for urgent measures in budgetary, fiscal, financial and employment policy. These measures constitute Spain's contribution to the so-called European Growth Initiative, adopted recently by the EC member states with a view to the current economic situation within the Community.

As far as employment policy is concerned, the new measures refer to various aspects of the regulations governing temporary work. In order to promote employment, those temporary employment contracts which, after the maximum duration of three years, expire in the period between 3 March 1993 (when the Royal Decree-Law came into force) and 31 December 1993, may be extended by up to a further year (although by not less than six months). In addition, employers prolonging temporary employment contracts in this way will be entitled to a subsidy of Pta. 250,000 if, after the four years, they convert the temporary employment contract into a permanent one.

Secondly, the new measures extend the financial incentives available for the conclusion of permanent, full-time employment contracts (under Law 22/1992; cf. iMi 38: 2) to also cover fixed-term, part-time employ-

ment relations. Such contracts must commence between 3 March and 31 December 1993, and the working hours set out in the contracts must constitute at least 50% of standard working hours for the activity in question. The level of the grant is determined on a pro rata basis to the working time set out in the employment contract. The current allowance for permanent, full-time contracts amounts to Pta. 400,000 for young persons and Pta. 500,000 for workers over 45 and women.

The Decree-Law also provides for a series of measures which, in addition to three-year tax allowances for small and medium-sized firms and for business start-ups, offer a number of subsidised financing support facilities for small and medium-sized firms. An package of instruments to provide loan guarantees and risk capital for project promotion was also developed. A number of public works were adopted in the field of public infrastructure and environmental projects. Together, all these measures should serve to boost the Spanish economy and promote employment growth.

Italy

The Labour Market Situation in Italy (ISTAT Data)

In 1992 the Italian labour market was characterised by two major phenomena: the moderation of wage growth and the continued deterioration in the employment situation. The rate of increase of gross wage and salary income per employee fell sharply in 1992, and is now running at around 5%, compared with 10% in 1990 and 8.6% in 1991.

The slowing of wage inflation, which has led to a fall in domestic demand, results both from lower col-

lectively agreed pay rises and the abolition of automatic wage adjustment to the rate of inflation (*scala mobile*). Agreements reached between the social partners aimed to reduce labour costs and to revitalise the economy. The outcome, however, has been a significant deterioration in the employment position. It should be noted, though, that the data are not comparable with earlier surveys, as the level of unemployment is now calculated according to ILO definitions.

In addition, the lower age limit for membership of the "economically active population" was raised from 14 to 15. On these definitions, unemployment was put at 2.2 million and the unemployment rate at 9.5% (compared with 11% in the previous survey). The economically active population (above the age of 15) was calculated to be 23.3 million and the participation rate 40.8%. Notwithstanding the statistical reduction in unemployment, estimates made by ISTAT suggest that the real jobless total rose by about 230,000 between July and October 1992.

Nor are the prospects for the current year encouraging. A further fall in industrial employment of around 150,000 is expected. Moreover, it is important to note that the fall in employment is currently being slowed considerably by means of social policy measures such as short-time work (*cassa integrazione guadagni - CIG*), early retirement, and transfer to "mobility lists" (*mobilità dei lavoratori - cf. BIR-I: 50 ff.*). Taken together these measures have had a significant effect in reducing the number of workers entering unemployment. By way of example, in 1992 the *cassa integrazione guadagni* made compensation payments for 16.9% more working hours lost through short-time working than in 1991; in absolute terms this represented an additional 35.1 million lost working hours. Benefits provided by the "ordinary CIG" (for firms facing transitional economic difficulties) rose by 30%, and those of the "Special Fund" (responsible for help with structural problems) by 15%.

Erratum

iMi 41, p. 11, first col., first para.: The number of places on UK employment and training programmes for the unemployed was given as 50,000 instead of 500,000. The Secretariat apologises for this error.

In 1992 some 106,000 workers were registered in the lists of the *mobilità dei lavoratori*. The employers of these workers are not able to guarantee continuation of their employment relation; they are de facto redundant and are available for job placement elsewhere. Only 11,000 of these workers were subsequently reinstated in regular employment (see also the article on p. 9 of this edition).

in situations of significant mismatch between demand and supply on local labour markets.

The measures supported in this way are to be both efficient and longer-term in nature, and include public works and services, public housing construction, etc. The Fund will provide subsidies to employers for each additional worker recruited or reinstated on a full-time basis. Employers may be from the public, private or cooperative sector, and, in the case of labour-market target groups, the support is available for measures throughout Italy.

In addition, the Decree foresees measures aimed at reindustrialisation and employment growth, particularly through support for cooperatives.

15 workers can be registered in these lists, on condition that redundancy resulted from either a reduction, change or cessation of the firm's activity. The measure is thus primarily oriented towards those made redundant from small firms, although they do not receive compensation under the mobility scheme.

New provisions have also been introduced regarding duration periods and other modalities for prolonging benefit entitlement from the wage-compensation fund: until the end of 1995 the benefits provided by the "normal" fund to firms reducing the level of, or ending business activity (CIG, cf. BIR-I: 45) are extended to firms employing between 5 and 15 employees in particularly disadvantaged regions: the benefit entitlement period is 24 months. Also until the end of 1994, the benefits provided by the CIGs are extended to cover enterprises in the trade sector with more than 50 and less than 200 employees.

Italy

Urgent Employment Promotion Measures

Faced with the intractable situation on the labour market, between the end of 1992 and early 1993 the Italian Government passed a series of employment-promoting measures, among others the Decree No. 1 of 5 January 1993 (cf. iMi 41). This has now been replaced, with a number of changes, by Decree No. 57 of 10 March 1993, entitled "Urgent measures of employment promotion".

The original intention was to bring together in a single piece of legislation all the existing provisions governing urgent crisis-management measures and those concerning the introduction of new measures aimed at ensuring greater labour market flexibility.

Later, however, the decision was taken to present two decrees: one dealing with support measures for business and industry, the other with the effects of the economic crisis on employment.

While referring back to the contents of the previous measures, Decree No. 7 of 10 March 1993 also extends the role of the government in employment promotion. For example, the proposal for an "Employment Fund" has again been made; it is to run for a period of three years (1993 to 1995). This Fund will finance employment-promoting measures in the areas set out by the EC (aims 1 and 2 of EC Regulation No. 2052/88) and

Solidarity contracts and support for "worker mobility"

In order to maintain employment, solidarity contracts (*Contratti di solidarietà* – cf. BIR-I: 48) have again been proposed and are to be implemented more intensively than previously. They have been made more flexible by allowing working time to be reduced not only on a daily but also on a weekly, monthly and annual basis. Further reductions in social security contributions (until 31 December 1995) are foreseen for employees on solidarity contracts, depending on working time and the firm's geographical location: the hours not worked are also subsidised by the *cassa integrazione*.

The Decree also provides for a number of changes to the *mobilità dei lavoratori* (cf. BIR-I: 50 ff.) regarding registration in the mobility lists, and the recruitment by the public administration of workers from the special wage compensation fund (*cassa integrazione guadagni straordinaria* – CIGs) and from the "mobility lists". The aim of these provisions is to promote the employment of target groups (women, workers in CIGs and "mobility", and workers in the areas of Naples and Palermo). Until 31 December 1994 workers who were made redundant from small craft firms and cooperatives (*cooperative di produzione et lavoro*) employing up to

Vocational Training

The Decree also contains a series of provisions designed to rationalise the use of financial resources in the field of vocational training. They include the centralisation of resources, currently distributed among a number of costs units, into a central fund, and plans for targeted vocational training measures. Specifically, the following urgent measures have been implemented:

- agreements between regions and autonomous provinces on the analysis of local employment situations, and a newly created bipartite commission, set up on the basis of an agreement between the social partners;
- financial support for orientation and job-search-support services for workers registered with the CIGs or in the mobility lists in order to assist their reintegration into the labour market (including placement in cooperatives and self-employment);
- financial support for further training in enterprises which have recourse to the special wage-compensation fund and for workers registered in the mobility lists;

Overall Developments

- on-the-job work experience for young persons or workers encountering great difficulties in reentering the labour market.

The government has decided to put measures of labour market flexibilisation (introductory wage, temporary agency work, "first employment contracts", and the recruitment of agricultural workers "by name"; cf. iMi 41: 9) on the agenda of the tripartite negotiations on labour costs and the reform of industrial relations; they are then to take the form of concrete statutory provisions. If Decree No. 57/93 is not accepted and passed into law by parliament within two months of its publication in the official gazette, it is null and void.

United Kingdom

New Employment Measures

Following a review by the Employment Secretary, the Chancellor announced in the Budget on 16 March a package of new measures to help the unemployed back to work. The new measures should provide about

100,000 more opportunities to help unemployed people.

The main aims of these new measures are to combine community work with job-search, give unemployed people a new way to gain qualifications, to provide more help for those wishing to start up in business, and to develop new approaches to tackle unemployment.

The proposal contains five elements:

Community Action: A new community action scheme, run by the Employment Service along with the voluntary sector, will start in the summer, with 60,000 places for long-term unemployed to work on projects run by voluntary organisations. People taking part will be working part-time and paid an allowance equivalent to social security benefits, plus £10 per week.

Learning for Work: A new scheme will enable 30,000 people who have been unemployed on 1 March for longer than six months, to take full-time vocational education courses aimed at enhancing their job prospects. Those on the scheme, due to start on 1 September, will have their course fees paid and an allowance equivalent to their benefit entitlements for up to a year. The scheme will be operated by Training and Enterprise Councils (TECs) and local enterprise councils (lecs), which will be working with

Further Education colleges and other course providers.

Workstart Pilots: Four pilot schemes will be run to test the effectiveness of giving financial incentives to employers to provide opportunities for unemployed people. Different approaches will be tried in different areas. Employers who take on people who have been out of work for two or four years will receive a subsidy, related to average benefits. These pilots, two run by TECs and two by the Employment Service, will also start in the summer.

The Business Start-up Scheme: Run by TECs and lecs, the current business start-up scheme to help unemployed people who want to set up their own business will be expanded to provide an extra 10,000 places. Business training, counselling and advice is provided, together with a weekly allowance.

TEC Challenge: A £25 million fund, to which TECs and lecs will bid to develop and run innovative and practical new ways to tackle unemployment and encourage job creation. TECs will submit bids to the Employment Division for access to the fund, and decisions on projects will be made on the basis of the degree of innovation, the effect on unemployment, involvement of the private sector and the ability to deliver practical projects quickly.

Training

Greece

New Vocational Training Institutes

Three new vocational training institutes are to open their doors under the auspices of the national labour market authority (OAED) and within

the framework of the "National Vocational training system" (ESEK) institutionalised by Law No. 2009/19/2/92 (cf. iMi 39).

Participation in ESEK by the OAED is considered favourable because the authority, in view of its considerable experience in the field of vocational training, is thought to be able to make an important contribution to mediating work-related

knowledge to school-leavers. Its prime concern will be vocational training for this group in occupational areas currently in great demand on the labour market, an approach which, at the same time, will help to reduce youth unemployment.

The new vocational training institutes will be set up in Eleusina, Oraïokastro (Thessalonika) and in Galatsi. Professions in which training

will take place have been selected with a view to requirements on local labour markets. Examples include: programmers, transport occupations (shipping and air transport), clothing designers, natural-gas technicians, administrative and book-keeping staff etc.

Training lasts between one and two and a half years, depending on the profession in question.

Operating costs for the three vocational training institutes will amount to 320 million drachma in 1993. This sum will be met out of the OAED's budget, with support amounting to 80 million drachma coming from the EC Commission (EC Directive 815/84).

Portugal

The Need for Vocational Training for the Long-Term Unemployed

During the second half of 1992 the statistics department of the Ministry for Labour and Social Security (DEMESS) conducted a regionally based study designed to determine the vocational training needs of the long-term unemployed. Based on data provided by the employment offices of the Institute for Labour and Vocational training (IEFP), a representative sample of the long-term unemployed was selected.

The survey covered persons of up to 54 years of age who had been registered unemployed with the employment offices for more than a year. The aim of the survey was to obtain information on *typical characteristics of the section of the population affected, the causes of long-term unemployment, and to hear the opinion of those affected concerning their need for vocational training.*

The following conclusions can be drawn from the results of the study: *Typical characteristics:* Some 63% of the long-term unemployed are younger than 35 years old; women,

too, are over-represented (65%). The majority of those questioned (67%) had at most six years of school education, whereby the educational level was slightly higher among women and those under 25.

Some 7% of those surveyed had never worked. Of those with previous work experience, the largest group (31%) had been active in the extractive and manufacturing sectors.

78% of respondents had never taken part in any form of vocational training. Of the remainder most had only participated in one such training course, although this experience they considered to have been positive.

In 57% of cases personal or family reasons, or the fact that fixed-term contracts were not renewed were given as the *reason behind long-term unemployment.* Other factors mentioned as preventing access to a steady job were the lack of job offers (28%), insufficient training (16%) and age (12%).

As far as the *requirements for vocational training* are concerned, it is generally true that younger age groups are considerably more open to offers of vocational training than the older long-term unemployed: 39% of respondents in younger age groups reacted positively to offers of this type; 52% made them contingent on various conditions being fulfilled, while just 9% rejected any form of vocational training. The proportion of the older age group (45-54-year-olds) rejecting vocational training outright was significantly higher.

In terms of the existing level of qualifications, the results indicate that refusal to participate in vocational training measures is most common among those long-term unemployed with the least education.

The long-term unemployed are primarily interested in vocational training in occupations such as computer technician, book-keeper, cook, seamstress, hairdresser, electrician and sales person.

This survey was conducted within the framework of the support scheme for employment programmes, which receives financial assistance from the EC Social Fund.

United Kingdom

Career Development Loans

The Career Development Loan scheme was introduced in 1988, and was designed to allow people to undertake a training course by helping them to raise sufficient funds for their training (cf. BIR-UK, iii.8). The loan scheme is operated by the Employment Department in partnership with three major banks, Barclays, the Co-operative Bank and the Clydesdale Bank, who actually make the loans.

There was a 30% increase in the take up of Career Development Loans in 1991/2 the year before, according to the first Annual Report on CDLs, published in November 1992. The report shows that the proportion of applications from women has increased since 1988. About 11,000 loans were made in 1992/93. CDLs are being significantly expanded over the next three years to provide over 120,000 loans.

Between £200 and £5,000 may be applied for to support up to one year of education or training, including up to twelve months of a course lasting longer than a year. Training and Enterprise Councils (TECs) and local enterprise councils (lecs) are able to sponsor CDL applications for up to two years of training and for loans of up to £10,000.

Generally the loan may cover up to 80% of course fees. People who have not worked for three months or longer can apply for 100% of course fees. Training can be full-time, part-time or distance learning, with living expenses considered for full time courses. CDLs can also support the cost of books and materials for the course.

Repayments are not required during the training period and up to three months afterward, during which time the Department pays the interest. After three months the borrower is liable for the repayments on the loan, and any further interest over a length of time agreed with the Bank concerned.

Placement

Germany

First Job-Information Service in the New Federal States

Computer-based self-service information system

The first job-information service (*Stellen-Informationen-Service - SIS*) in the new federal states was recently opened in Jena. The facility is based on a self-service information system whereby job-seekers can themselves look up job-offers per computer and obtain a print-out. Almost all vacancies are listed, together with full details (name, address) of the employer. A telephone number is also provided enabling initial contact to be made - free of charge - from the employment office.

In West Germany the SIS has been installed in the majority of employment offices, where it is in heavy demand from both job-seekers and employers. Employment offices running such a service receive, for instance, more job offers, even from employers who had previously had no contact with the employment office. Clearly, though, the new service is a supplement to, but not a substitute for, traditional placement procedures. On request any job-seeker can receive personal assistance from a placement officer.

Currently the employment office in Jena is receiving between 1,800 and 2,000 vacancies per month. The new SIS also contains job offers from surrounding regions and, in the case of academics, nationwide. The SIS is steadily to be extended throughout the new federal states.

France

Balance of ANPE's Year 1992

1992 was a busy year for the labour market authority, ANPE (*Agence Nationale pour l'Emploi*). Within the framework of the aims agreed in the "Contract for Progress" (*Contrat de Progrès*) with the public administration, the modernisation of the authority was accelerated and efforts on behalf of its clients, in particular the campaign against "exclusion from the labour market" implemented with new élan.

The programme for the long-term unemployed proved of great assistance to this group. The rise in long-term unemployment, which had been seemingly inexorable, was stopped in June 1992; the number of very long-term unemployed fell (cf. *iMi* 41:17). With great personal effort, the staff at ANPE proved that exclusion from the labour market is not an irreversible fate. This measure is estimated to have avoided an additional 120,000 to 150,000 long-term unemployed.

The number of vacancies registered with ANPE was 8% up on 1991, and - according to the criteria set out in the "Contract for Progress" - around 80% of these job offers are being filled. The measures implemented to improve the processing of job offers produced significant quantitative results. At the same time, a qualitative improvement has also been achieved, as was shown by a study of 38,000 firms using the services offered by ANPE conducted at the end of 1992. Firms were significantly more satisfied in 1992 than in 1991: 80% of user firms were very satisfied with the speed and efficiency with which their job offers were accepted and processed; the majority of firms, having also used other means of recruitment, rated ANPE as the most effective; two thirds of the firms questioned re-

ported an improvement in ANPE's services.

ANPE's modernisation process has occurred at various levels. In order to facilitate job-search, almost all units now place diverse facilities (telephones, photo-copiers etc.) at the disposal of users on a self-service basis.

Of its 732 local employment offices, 273 are now working on the basis of the principles of the "Internal Development Plan" (*Plan Interne de Développement*). Their organisational conditions and services (immediate service, professional teams) help to intensify relations to firms and to improve measures to prevent labour-market exclusion. These changes have been welcomed by job-seekers, who expressed a higher level of satisfaction in the modernised offices.

In this context, 1992 saw the realisation of the most comprehensive reconstruction programme since the Agency was founded: relocation and renovation measures were conducted on an office area of 83,000 square metres.

Significant progress has also been achieved in the field of information technology, the impact of which will be felt all the more in 1993: increase in the number of operators, replacement of outdated equipment, introduction of a pilot site dedicated to the improvement of working conditions within the Agency ("*APUI*"), increased security in the central offices, improved working methods, etc.

Last but not least, the Agency's human resources have benefited from the recruitment of 1,100 new staff members and from measures to extend the responsibilities of those already employed. ANPE's work relies, in the final analysis, on the efforts of its 15,000 staff, whose competence and professionalism, already universally recognised, are constantly being improved by the intensive further-training efforts made within the Agency.

All in all 1992 was, despite the difficult external context, a significant

year in ANPE's modernisation. The efforts made to improve the quality of management, notably the setting of quantitative priorities in conjunction with those responsible at regional level, to push ahead with decentralisation down to the level of local employment offices, and to achieve a qualitative and quantitative leap forward in the use of computers all serve one basic aim: to improve the quality of the services the Agency renders to job-seekers and firms.

- incentives for reemployment in the form of reduced employer social-insurance contributions for one to two years;
- targeted support and orientation services aimed at reintegration and provided by the local offices of the Ministry of Labour in conjunction with regional government in the case of vocational training and re-training.

Within this framework the employment offices (*Agenzie per l'impiego*), set up by the Ministry of Labour in all the regional capitals from January 1991 on, were accorded a significant role. According to Law No. 56/87 (cf. BIR-I: 50 ff.), these offices are charged with developing active labour market policy measures. The provision of support and orientation services for workers on the mobility lists has become one of the major functions of the employment offices. In many regions cooperation agreements have been signed with the employers' federations and trade unions, with the aim of maximising the efficiency of the mobility lists and improving the reemployment chances of those made redundant. On 20 January 1993 the main union confederations and the industrial employers' federation (*Confindustria*) reached an agreement under which these regional cooperation accords can also be realised at national level.

In any discussion of practical experience with the mobility lists, the work of the employment office in Lombardy deserves special attention, as good results have been achieved by the scheme in this region. There, in addition to reaching cooperation agreements with the social partners, firms were provided with comprehensive information detailing the various subsidies and incentives available to employers recruiting workers from the mobility lists. This approach succeeded in reaching a large number of firms. Information was also provided on the personal and occupational characteristics of the workers on the mobility lists, with the aim of facilitating contact to employers.

Results

According to a survey conducted on 16 March 1993, 10,122 employees have so far been registered in Lombardy's mobility list (on the basis of Law No. 223/91 and Decree-law No. 57/93). A total of 2,804 persons have been placed; 904 of them on a fixed-term contract (such workers retain the right to re-enrol in the mobility list), and 1,900 on permanent contracts. 682 persons were removed from the list. This covers those who failed to register at the required time or were taken off the list for other reasons (refusal to take up an equivalent job, refusal to take part in training, transition to self-employment etc.)

Comparing these results with those of a survey conducted on 14 January 1993 shows that the number registered rose during the intervening period from 7,275 to 10,122, an increase of 39.2%. Over the same period job placements rose by 18.1%. The gender distribution of those placed remained unequal: women accounted for between 57 and 55% of those registered, but only 34% of those placed; this placement rate is on the increase, however. The placement success rate also varies strongly according to age: workers aged less than 30 make up 16% of those listed, but 30.4% of those placed; the over 50s, on the other hand, account for just 7.6% of those reemployed, despite constituting 33% of those listed. White-collar workers are more likely to be placed than blue-collar workers, although they represent a smaller share of registrations (22%).

That the bulk of those registered in the mobility lists tend to be relatively unskilled is confirmed by the distribution of school-leaving certificates: less than 14% possess educational qualifications exceeding the statutory minimum. Around two thirds come from the textile and metal-manufacturing sectors (3,301 and 3,339 persons respectively); the placement success rate in the textile sector, though, is just 16.3%, whereas in metal manufacturing it is 30.4%.

At national level, a total of 106,541 Italian workers were registered in mobility lists at the end of 1992. The regions most affected are Campania,

Italy

The Mobility List: Experiences with the New Measure in Lombardy

Law No. 223/91 introduced a number of innovations in Italian labour law. In particular, the legal provisions governing the wage-compensation fund and the provisions on mass redundancies were modified; in addition, for the first time a procedure for "worker mobility" was introduced, affecting employees which the employer considers himself unable to reemploy (cf. iMi 37). The new legal provisions have created two options for workers in firms hit by economic crisis:

- (a) those workers made redundant only temporarily, and reemployed after the enterprise has been restructured, remain on the company books throughout the process, receiving their remuneration temporarily from the wage compensation fund;
- (b) those workers made redundant permanently for structural reasons are registered in so-called "mobility lists", on the basis of which they are entitled to the following benefits:
 - financial support, the duration of which depends on their age;

Piedmont, Lombardy, Lazio, Tuscany and Venice. During the course of 1992 a total of 11,567 workers were placed, of which 3,482 found work on fixed-term contracts, 7,985 with permanent employment contracts. The employment policy measures most recently passed in Italy focus strongly on efforts to improve the reemployment chances of workers on mobility lists (cf. the article on page 5).

Netherlands

Intensive Cooperation between the Labour Market Authority and the Graphics Industry

The labour market authority and the graphics trade are to seek intensive cooperation in placing and providing further training for unemployed persons. A start has been made in 1993 by offering further training and employment opportunities to 100 difficult-to-place unemployed. If this trial scheme proves successful, an additional 900 unemployed are to receive training for activities within the graphical trade in the coming years. In selected regions experiments with new placement procedures for this branch are also to be conducted.

Ethnic minorities

The agreement on further training is a specification of the relevant provisions in the collective agreement for the graphics industry. Employers and unions had agreed to intensify their efforts in support of the difficult-to-place unemployed, whereby further training for ethnic minorities was accorded top priority. The unemployed persons to benefit from the scheme are selected by the employment offices and then passed on to the programme itself. Employers and unions in the sector have committed themselves to do everything in their power to create jobs for the unemployed individuals trained in this way.

Placement

The aim of the experiments with new forms of placement is to bring about a speedier and more efficient match between supply and demand on this sectoral labour market. To this end the regional labour market authorities (RBA) will work intensively with the "Bureau for Employment in the Graphics Industry" (*Bureau Werkgemeenheid Grafische Industrie - BWGI*). If, after one year, the experiments prove a success, they may be implemented at national level.

Financing

So-called "regional graphical platforms", in which all the affected parties are represented, will coordinate these activities. The costs incurred by the agreements on further training will be borne both by the RBAs and the branch as a whole. The labour market authority will shoulder the direct costs of training (estimated at around 20,000 guilders per participant). The graphics trade is investing in extending its capacities for further training, for which a maximum budget of 3.9 million guilders is available.

Netherlands

The Dutch Labour Market Authority to Focus on Small and Medium-Sized Firms

This year the labour market authority expects to be able to fill 153,000 vacancies, 3.2% more than in 1992. In addition, the Central Office of the labour market authority (CBA) plans, in conjunction with the regional authorities (RBAs), to develop special measures for small and medium-sized firms, whereby measures benefiting the long-term unemployed and ethnic minorities will have priority. These guidelines on future policy were agreed in the National Medium-Term Policy Plan (1993-97), three

months later than originally envisaged.

The current deterioration in the labour market situation is bound to affect the employment offices' placement results. The new planning data, drawn up by the RBAs in October 1992, have yet to be acknowledged by the CBA. The CBA, for its part, hopes to go some way to easing the grave economic situation by improving regional organisation and intensifying cooperation with branches and sectors, and with the social-insurance institutions.

The labour market authority intends to place more than 140,000 job-seekers in regular employment in 1993. In addition, 13,000 unemployed who have participated in training measures and "job clubs" should receive a job. Some 10,000 unemployed are to take part in temporary measures in support of work experience, and will be placed in fixed-term jobs. Through job pools and within the framework of the employment guarantees for young people (cf. iMi 41), a further 16,000 people should be able to take up employment. Overall, in the course of the year more than 180,000 jobless persons should be successfully placed by the employment offices.

The CBA and RBAs are to push ahead with sectoral labour market policies in the current year. Priority is to go to job placement in the following branches: construction, the graphics industry, retail trade, hotel and catering, transport, landscape gardening, the education sector, health, care for the aged and other social care facilities.

Preparations are also to be made for sectoral further training. A new framework law on branch-specific further training is currently being elaborated by the CBA and should come into force in 1994. This new statutory framework will include the regulations which currently govern contributions for apprenticeships (BVL), branch-specific training (BBS) and support measures for training for the employed (SSWB).

Small and medium-sized firms will form a focal point of the work of regional labour market authorities in

1993. Firms lacking a personnel department or manager are to receive special attention. The services provided by the RBAs for small and medium-sized firms are to be improved by intensifying personal visits to firms, increased efforts to register vacancies in such firms, and advice in recruiting and selecting job applicants. By these means the RBAs intend to expand their market share to 20%.

The regional labour market authorities are now able to deploy job-creation measures more flexibly. The CBA hopes by these means to increasingly orientate policy to the needs of target groups. The aim is still to raise the share of total placements taken by the long-term unemployed and ethnic minorities to the same level as their shares of total unemployment. This aim has already been achieved for unemployed women, who make up 45% of the unemployed persons registered with the employment offices, and 46% of job placements. The corresponding figures for the long-term unemployed are 49% and 36% respectively, a fact which must clearly give concern to the placement offices. Given the difficulty of raising the placement success of this group merely by providing subsidies, the CBA intends, in agreement with the RBAs, to develop more effective measures of placement promotion.

Ethnic minorities account for 17% of registered unemployment, and their share of total placements is planned to rise to 14% this year. The labour market authority's efforts to help ethnic minorities will concentrate on measures for long-term unemployed men and women from ethnic minorities.

Over the next four years the RBAs will also implement measures targeted at young people, academics, the partially disabled and refugees and asylum seekers.

The labour market authority intends to strengthen its position as a job-placement agency by improving

its internal management, insuring a wider diffusion of the services offered, and intensifying cooperation with the social-security institutions. In cooperation with these institutions (*Federatie van Bedrijfsverenigingen*), the CBA is this year to start experimental activities in the area of further training for the partially disabled in order to develop more efficient placement methods.

Portugal

"Job Clubs"

In March 1993 the legal basis for the creation and operation of so-called "job clubs" was created (Decree No. 295/93, 13 March). The aim of these clubs is to develop support measures for the unemployed, especially the long-term unemployed, in such a way that those affected are themselves directly involved and are therefore better able to solve their own employment and educational problems.

Specifically, job clubs are to develop the following measures:

- Individual and group analysis of the situation of the unemployed and developing options for their solution in each case;
- support and advice in job search;
- collation and dissemination of information about employment and vocational-training options;
- cooperation with the employment offices of the Institute for Employment and Vocational Training (IEFP), particularly with regard to the exchange of information useful to the unemployed;
- support for the unemployed in choosing suitable vocational training measures and in applying for such courses;

- motivating the unemployed to create their own job by starting up a small business, either alone or in a group.

Besides the IEFP itself, vocational training centres, the social partners, and public, private or cooperatively organised institutions can found job clubs.

Job clubs receive technical and financial support, together with help for training, from the IEFP, provided that they bring together at least 10 unemployed persons, have suitable facilities and employ a specially trained staff member.

Technical support is forthcoming:

- in passing on information concerning supply and demand on the labour market, particularly in the locality of the job club;
- through participation in the measures developed by the job club, for which an application must be made;
- in implementing special measures, applied for in advance, particularly working groups, information and orientation events etc.;
- by establishing group meetings in which joint solutions to the problems of individual job clubs can be sought.

Financial subsidies are available for both the costs of the infrastructure and equipment up to a maximum of 400,000 Esc., and a share of the running costs up to a maximum of 300,000 Esc. per annum.

Help with training covers training courses for members of staff and reimbursement of the costs for working materials of a pedagogical or technical nature.

Priorities have been set with regard to the distribution of the resources available under the scheme: job clubs are to be set up primarily in those areas which do not already have one, where the unemployment rate is especially high, or where crises exist.

Belgium

Start-Up Loans for the Unemployed

In 1983 the responsibilities of the "Participation Fund" (*Fonds de Participation*), which had been set up within the framework of the "National Professional Credit Fund" (*Caisse nationale de Cr dit professionnel*), were extended to cover loans to unemployed persons seeking to found a company or set themselves up as self-employed (cf. BIR-B, v.11).

From 1 January 1993 the provision of such loans has been subject to new regulations. These changes in fact date back to the Law of 28 July 1992 (Belgian legal gazette, 31 July 1992) and the fiscal and financial provisions it contained, which transformed the Fund into an autonomous public institution with its own legal status. The new Fund assumes the rights and responsibilities of its predecessor (which continued to exist formally until 31 December 1992 within the framework of the above mentioned credit fund). The Royal Decree of 22 December 1992 (Belgian legal gazette, 13 January 1992) regulates the structure and function of the new "Participation Fund".

As far as the granting of loans itself is concerned, recipients of unemployment benefit are now entitled to a loan if they create for themselves a principal source of self-employed income in one of the following ways:

- starting up a one-person firm;
- founding or taking over an enterprise in the form of an association or company together with other - unemployed or employed - partners, in which they themselves become an active partner;
- becoming an active partner in an existing company or association.

This loan is only available for those activity areas not precluded by the ministries of finance, the small and medium-sized firms (*classes moyennes*)

and of labour and employment.

As was previously the case, the loan is only granted if the following conditions are met. The unemployed person must:

- satisfy all the legal provisions and stipulations necessary to set up in the occupation chosen;
- have been, on applying for the loan, in receipt of unemployment benefit for at least three months without interruption and for all the days of the week;
- provide in advance capital amounting to half the sum loaned (which can consist either of personal capital or funds borrowed from another source).

If one or more additional loans are required from a financial institution in order to finance investment, the Participation Fund's decision is taken on the basis of a detailed report on the planned investment which must be submitted to it; in particular, the name of the financial institution, the rate of interest and the conditions attached to the loan must be given.

The subsidised loan covers, partly or in full, the material and immaterial investments, financial investments and working capital including the initial funds necessary to start up the business.

Before the funds are placed at his/her disposal the unemployed person must produce proof that he/she is no longer in receipt of unemployment benefits, and provide evidence that the qualifying period has been completed.

The loan is granted for a minimum of ten and a maximum of twenty years. The Fund may accord a grace period, during which no capital repayments need be made, of between three and five years. The maximum loan volume which can be granted is currently BF 1 million (before: BF 450,000). This figure is linked to an index and will be adjusted every two years. The rate of interest charged is 5% in the first five years and 7% in the subsequent five years. After the tenth

year the interest rate corresponds to the then valid rate charged by the National Fund for Professional Credit for fixed-duration advances of equal length.

Each application for a subsidised loan must be presented to the Fund's administrative council, whose decision whether to grant the loan is based on the following criteria:

- the credit-worthiness of the applicant;
- the vocational skills of the applicant;
- the technical, economic, and financial importance of the planned project;
- the survival chance of the new firm; in the case of already existing firms, viability must be shown by presenting the firm's turnover and profit/loss accounts, excerpts from the taxation accounts showing the direct taxes paid during the previous three years, and, where appropriate, the expected improvement in performance resulting from the Fund's loan. In the case of a new firm, viability must be demonstrated in the form of a description of the initial business situation and a justified and credible synopsis of expected receipts and expenditure.

If the applicant runs into difficulties in meeting his/her contractual obligations vis-a-vis the Participation Fund, the administrative council is empowered to modify the lending conditions.

If the recipient of the loan ceases activity for one of the reasons determined jointly by the ministries of finance, of the "classes moyennes" and of labour and employment, the Fund does not require repayment of the rest of the loan, unless the cessation occurs more than five years after the start of the qualifying period or where certain stipulations are broken.

It finally remains to be noted that the Royal Decree of 29 January 1993 allows unemployed persons wishing to enter self-employment to perform the following activities without losing entitlement to unemployment

benefit, provided he/she informs the authorities to this effect in advance:

- conduct feasibility studies of the planned project;

- prepare and equip premises and materials;
- conclude the contracts required in order to implement the project.

This special provision is valid for a maximum of three months and can only be granted once.

Special Categories of Workers

Germany

Special Programme for the Particularly Disadvantaged Long-Term Unemployed Extended until 1996

Assistance already provided in 29,000 cases

In view of heavy demand, the Federal Government has decided to extend the programme for "particularly disadvantaged long-term unemployed and other very-difficult-to-place groups" until 1996, and to provide additional funding of DM 300 million. This decision will enable the employment offices to incorporate a further 25,000 difficult-to-place, long-term unemployed into the scheme between 1993 and 1996: By

October 1992 a total of 29,000 unemployed persons had already been reintegrated into the labour market under the Programme.

Support is available for measures providing employment opportunities, vocational training and social support for the difficult-to-place, long-term unemployed. Organisations performing such tasks receive financial support from employment offices covering investment costs, working materials and staffing costs.

In addition, since mid 1989 more than 100,000 long-term unemployed have found employment under the "employment support for the long-term unemployed" scheme (*Aktion Beschäftigungshilfe für Langzeitarbeitslose*). This special Programme, which is due to run until 1994, has a budget of DM 2.15 billion. Of the placements in permanent jobs supported by the Programme so far, 90,800 were in the old and 9,300 in the new *Länder*.

Greece

Wage-Cost Subsidies

Following a decision by the General Secretary of the Ministry of Labour, the OAED is to offer subsidies to those employers who create new jobs for drug-addicts after leaving treatment and for those released from the custody of a remand institution or sanatorium. The subsidy is set at 2,900 drachma per day for each new worker recruited; the subsidy can be paid for up to 12 months from the date of recruitment.

This measure complements the programmes implemented by other public and civil institutions (the Ministry of Justice, the centre for the treatment of drug-addicts), and aims to bring about the full integration of such groups into society.

Working Time

Part-Time Work

Under Law No. 92-1446, 31 December 1992 (*Journal Officiel*, 11 January 1993), new and significant measures have been passed to promote part-time work. The most important provision is the introduction of a regula-

tion governing the reduction in social-security contributions for unlimited, part-time working contracts, or where full-time jobs are transformed into part-time work.

Decree No. 93.238, 22 February 1993, provides for a reduction of employer contributions to the social security system (social insurance, accidents at work, family support) by 50%, where part-time work is offered.

Following the introduction of this new legislation, part-time work in the private sector conforms to the following basic characteristics.

Part-time work is any employment consisting of less than 80% of statutory or standard working hours. There is no minimum working time; in practice, however, a certain number of hours (120 per calendar month) is necessary in order to benefit from social-security coverage.

Part-time work can be agreed between employer and employee on the initiative of either party.

The conditions for the introduction of part-time work at the request of the employee are determined by the relevant sectoral or other collective agreement.

The firms affected

The following types of firm are affected by the new legislation:

- firms in the maritime fishing industry;
- industrial, commercial and agricultural firms;
- public and ministerial offices, the professions, civil organisations, unions and professional associations;
- public industrial and commercial firms, partly and fully state-owned enterprises.

Implementation

Part-time work at the request of the employee

A collective agreement or contract at branch level is to determine:

- the conditions under which the employee can opt for part-time work;
- the modalities of the application to be made by an employee interested in part-time work;
- the conditions under which he/she receives priority where a part-time job is vacant and where he/she desires to return to full-time employment;
- the grounds under which the employer can refuse the employee's request;
- the modalities by which the employee is informed of the rejection, and the arbitration and conciliation procedures under which this refusal can be contested.

Part-time work at the request of the employer

The employer is also entitled to take the initiative by creating part-time jobs.

The transformation of a permanent employment contract at full working hours into a permanent, part-time employment contract can only occur with the express agreement of the employee concerned.

Concluding and fulfilling the contract

A part-time contract (or the transformation of a previously full-time contract) must be set out in writing and must include a number of obligatory provisions.

The distribution of working time under the contract must be stipulated, in terms of either weekly or monthly working time. The parties to the contract have the option of changing the pattern of working hours. The conditions to which such a change is subject are to be determined either in the original contract or with reference to a collective agreement. The employee must receive at least three working days notice of any such changes.

Additional working hours are all those worked in excess of the number of hours stipulated in the part-time contract. Additional hours, which must also be mentioned in the contract, may not exceed one tenth of the contractually agreed weekly or monthly working hours. This figure can, however, be extended to a maximum of one third via collective agreement. Refusal to work additional hours beyond these limits is neither in breach of contract nor does it constitute a ground for dismissal.

By contrast, the refusal to work the additional hours set out in the contract is seen as breach of contract and as a real and significant justification for dismissal. If additional hours are worked regularly for a period of twelve consecutive weeks, the number of working hours stipulated in the contract is to be adjusted accordingly.

Additional working hours are not subject to overtime bonus payments. Total weekly working time, including the additional hours, must not exceed 39 hours, or the collectively agreed standard working week.

The above provisions apply:

- immediately to employment contracts for part-time work concluded after 1 January 1993;
- from 1 August 1993 for employment contracts signed before 1 January 1993.

Employers' obligations

The employer is required to offer newly created or vacant part-time

jobs to existing employees of the firm first. The employer can at any time refuse to organise part-time work where this would lead to major disruptions in the running of the enterprise.

In cases where the request comes from employees, the motives which can be cited by the employer as grounds for refusing such a request must be listed in the relevant collective agreement.

Before introducing part-time work the employer is obliged:

- in firms with more than 10 employees, to seek the opinion of the works council or employee representatives and to pass the opinion expressed to the labour inspectorate within 15 days;
- in firms with less than 10 employees, merely to inform the labour inspectorate.

The opinion expressed by workers' representatives is purely consultative in nature and in no way binds the employer (except where the relevant collective agreement stipulates otherwise). At the same time, failure to consult representatives of the workforce on the introduction of part-time work can be sanctioned by law.

Following the introduction of part-time work, management is obliged to draw up an annual report on the part-time work performed within the firm and to present the results to the works council or other worker representatives and to the enterprise's trade union delegates. Specifically, this report must contain details of the number, sex and qualification of the employees affected. In addition the employer has also to state the reasons given for the refusal to transform a full-time into a part-time, or a part-time into a full-time job.

The employer benefits from governmental support through the reduction in social-security contribution payments.

Governmental support for employers

The principle

Employers offering part-time employment to their employees benefit via a reduction in their contributions to the social-security system. This re-

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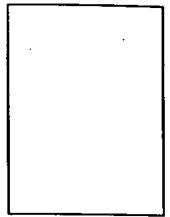
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duction is designed to compensate for the increased costs resulting from the fact that the same volume of work is divided among a number of part-time workers.

Entitlement

Employers are entitled to this benefit with respect to all employees except those on "atypical" employment contracts (young people on a fixed-term adjustment contract [*contrat d'adaptation*], temporary employees) or those whose employment contracts contain no stipulation as regards working time (subject to a number of exceptions).

Conditions of application

Affected are all workers hired under a part-time, permanent employment contract after 1 September 1992, in so far as this constitutes genuine job creation. This can take the form either of the creation of an additional job or the transformation of a full-time into more than one part-time job.

Each transformation must be linked to one or more hirings, such that the overall volume of working hours set out in the original employment contract is maintained.

This provision does not apply, however, where the transformation occurs within the framework of a social plan. In the special case of a firm with at least 50 employees which lays off at least 10 employees within 30 days, transformation may occur without the total volume of hours in the original employment contract being maintained.

The employment contract must stipulate a volume of weekly or monthly working hours within the following limits:

- at least 19 hours per week (without additional working hours);
- not more than 30 hours per week (additional working hours beyond this point are not permitted).

The prior consent of the local representatives of the Ministry of Labour (*direction départementale de l'emploi et de la formation professionnelle - DDTEFP*) is to be obtained by employers who have shed labour for economic reasons in the six months preceding the introduction of part-time work.

It is not possible to derive entitlement to multiple reductions in contributions by simultaneously assigning more than one part-time job to one and the same employee.

Nature and extent of the reduction in social security contributions

1. *Basis for calculation:* The reduction applies to contributions due on the basis of wages and salaries paid from 1 September 1992.
2. *Extent:* The reduction applies to the employer's share of the contributions paid to the social-insurance institutions, for accidents at work and family support. The remaining contributions by both employer and employee remain unchanged.
3. *Rates and duration:* From 1 September 1992 the reduction amounts to 30% of the contributions for a minimum duration of 36 calendar months from the start of the new (or modified) employment contract.

From the date of publication of the Decree (22 February 1993) the reduction amounts to 50% without any restriction on duration. Entitlement to the reduction is suspended as soon as one of the conditions of its provision is no longer fulfilled.

Procedure and formalities

The procedure for obtaining the reduction is based on a simple declaration by the employer. This does not apply to employers who have shed labour for economic reasons in the six months prior to the introduction of part-time work; they must first seek and obtain the approval of the DDTEFP in order to secure the reduction.

In all cases the employer is obliged:

- to consult employee representatives before introducing part-time work. If no elected workforce representation exists, the employer must consult the labour inspectorate;
- to conclude a contract with the employee affected (new hiring) or a supplementary agreement (transformation of existing contract);
- to register the new part-time job or transformation within 30 days to the DDTEFP and the URSSAF in writing, on a special form and in quadruplicate.

The administrative authority

If the contract of supplementary agreement does not conform to the legal stipulations, the administrative authority has one month from receipt of the declaration in which to inform the employer of the fact.

The rights and duties of employees

Workers in part-time employment enjoy, in principle, equal legal rights to those working full-time.

In an enterprise in which some employees work part time, the existing workforce enjoy priority as regards "coming and going" between full-time and part-time jobs. This prerogative is guaranteed in two ways:

1. The employer is obliged to inform workers who have indicated their wish to work part time or to return to full-time employment of any suitable vacancies which arise, by providing each one with a list of jobs conforming to the worker's intentions as they become vacant.
2. In the case of a rejection the employer must justify the decision at the annual meeting of the works council in the course of the annual report on part-time work.

Individual rights

Remuneration: Given equal length of tenure, the wage/salary of the part-time worker must be proportional to that of a full-time worker with the same responsibilities and qualifications in the firm. Part-time employees have a right to monthly remuneration, but not to the monthly minimum wage.

Length of tenure: Tenure begins with the first day's work performed by an employee, irrespective of whether he/she was hired directly as a part-time worker or his/her employment contract was transformed into a part-time employment relation.

Holidays and bank holidays: Part-time workers are entitled to the same number of days holiday as full-time workers, provided that they have worked for the same reference period.

Remuneration for paid holidays is linked to the worker's pay level.

Working Time

Public holidays are also to be remunerated, to the extent that the conditions imposed by the agreement on monthly payment are fulfilled.

Trial period: The trial or probation period is the same for part-time and full-time workers.

Social benefits: Part-time workers are entitled to health insurance, maternal leave, sick pay and surviving dependents' benefit, provided they have paid the appropriate minimum level of contributions.

With one exception, part-time workers involuntarily losing their job are entitled to exactly the same benefits from the unemployment-insurance scheme as full-time workers: the fixed share of the unemployment benefit is paid out in proportion to the individual contributions paid in.

Termination of the employment contract: Refusal by a worker to work part time

constitutes neither a breach of contract nor a justification for dismissal.

Termination of a part-time employment contract is subject to the same notice periods as for full-time workers. The same is true of compensation payments in cases of redundancy and retirement (the reference wage is average gross earnings of the last three months' employment).

Collective rights

Part-time employees enjoy the same collective rights as their colleagues working full time. A number of special provisions exist, however.

Calculating the total number of employees in a firm: Part-time employees are included in calculations of a firm's total workforce by dividing the total number of working hours contained in the various part-time employment contracts by the statutory or standard number of working hours.

Entitlement to vote in plant elections: In order to vote in elections to the works

council, part-time employees must meet the same statutory conditions as all employees: a minimum age of 16 and at least three months tenure. If a part-time worker is employed in more than one enterprise he or she may vote in all these enterprises.

Right to be elected: Part-time workers can be elected provided they are over 18 and have been in constant employment with the firm for at least a year. A part-time worker employed in more than one firm can only be elected in one of them (although he/she can serve as a union representative in more than one firm).

Accrediting of working hours for worker-representation responsibilities: The monthly working hours of a part-time worker can be reduced by up to one third to cover the time required to exercise his/her mandate(s) within the enterprise. Any additional hours which may be required must be remunerated by the employer, but be performed by the worker in question outside his/her working hours.

Miscellaneous

Belgium

The MARIBEL Measure

Opération MARIBEL was initiated in 1981 in order to promote corporate competitiveness via a partial "fiscalisation" of employers' social contributions. This takes the form of a lump-sum reduction in employer contributions to the social-insurance scheme for blue-collar workers, with the resulting income short-fall made good by a resource transfer out of general taxation (cf. BIR-B, i.2).

The Royal Decree of 12 February 1993 (Belgian legal gazette, 9 March 1993) has brought about a number of modifications to the way in which this measure is implemented and to the extent of the reduction in contributions.

Employers entitled to the measure

Entitled to benefit from MARIBEL are all those employers:

- which employ blue-collar workers subject to all the sections of the social security system;
- and which pay contributions to the fund offering support for enterprise closures (*Fonds de Fermeture des Entreprises*).

This effectively excludes firms not pursuing either industrial or commercial activity, although service companies providing family and senior-citizen support and work for the disabled are entitled to participate in the scheme. Excluded from the measure are also those employers whose enterprise comes under the auspices of one of the following bipartite commissions: petroleum industry and commerce, health service, insurance companies, estate, insurance and

other agents, credit, exchange, banking and other financial institutions, the gas and electricity industries.

Categories of workers establishing entitlement

The reduction is available exclusively with respect to manual workers, on condition that:

- they are subject to all the branches of the social-insurance system;
- they do not already entitle the employer to a reduction in social-security contributions on the basis of the statutory programme of 30 December 1988 (reduction of social-insurance contributions on recruiting certain types of worker; BIR-B, v.6), the Royal Decree No. 495 (Alternation of Employment and Training; BIR-B, iv.3), or Royal Decree No. 230 (Work Experience and Reintegration into Paid Employment for Young Persons; BIR-B, iv.2);

- they perform, during the trimester for which the reduction is applied for by the employer, at least 51% of the working hours or days worked by a full-time employee during the same period.

Extent of the reduction

The extent of the reduction available to the employer for each manual worker fulfilling the conditions set out above depends on the number of workers employed.

An employer who, during the course of the preceding calendar year, employed no workers, or a average of less than 20 workers, may deduct the sum of FB 2,825 per trimester for a maximum of 5 workers fulfilling the above conditions; for the remaining workers meeting the above criteria the reduction is restricted to FB 1,875 per trimester.

An employer who, during the course of the preceding calendar year, employed an average of 20 workers or more may deduct the sum of FB 1,875 per trimester for each worker fulfilling the above conditions.

In order to determine the number of workers employed during the previous calendar year, it is necessary to determine the total number employed on the last day of each trimester. This sum is then divided by the number of trimesters for which a declaration has been made to the national social security office (*Office national de Sécurité sociale*).

Belgium

Interrupting Unemployment for Social or Family Reasons

Unemployed persons who, for family reasons, are temporarily not available for placement (for instance due to child-care responsibilities) have the option of interrupting their unemployment for "social and family reasons".

Until the end of last year this option was initially available for a maximum of one year, although leave could be extended to a total of five years. Those affected received unemployment benefit totalling FB 8,528 per month, were not subject to supervision by the labour market authorities, and were not required to be available for work.

Since 1 January 1993 the level of support has been cut to just FB 130 per month in those cases where unemployment has already been interrupted for 24 months and a renewed application for extension is made after 31 December 1992.

This new level of benefit is to be seen as a symbolic figure, which serves to maintain applicants' status as being unemployed and thus to secure their entitlement to other social-insurance benefits (family support, health and pension insurance).

Belgium

Voluntary Work by the Unemployed

Under the previous regulations, unemployed persons were able to work for non-profit organisations provided that they reported the fact to the authorities. They were not entitled to any form of compensation for this activity which, by its nature, would be inimical to their entitlement to unemployment benefit.

The Royal Decree of 31 December 1992 (Belgian legal gazette, 26 January 1993) has changed these provisions. It is now taken as a general principle that any services rendered to a third party result in compensation or a material advantage. For this reason, a ministerial Decree of 4 January 1993 (Belgian legal gazette, 26 January 1993) has set out the conditions which the unemployed person and the third party must meet if the former is to work on a voluntary basis for the latter without losing his/her entitlement to unemployment benefit.

Voluntary work for private individuals

The unemployed person retains benefit entitlement if he/she declares his/her intention to take up a voluntary and unpaid activity for a private individual (services in the social sector or within the family). This declaration must include details of the parties affected, the nature, duration, frequency and location of the services, and must be signed by both parties.

Voluntary work for organisations

The unemployed person retains his/her entitlement if he/she declares in advance his/her intention to take up a voluntary and unpaid activity for a public body, a public-interest organisation, an educational establishment organised, recognised or subsidised by the local authority, a cultural centre, youth centre, or a non-profit association. This declaration must include the same information as is required in the case of voluntary work for private individuals, plus a commitment by the organisation in which the unemployed person is active to remunerate this activity with FB 100 per working day. During the first eight weeks of voluntary work, however, this flat-rate payment need not be made, nor is it required where the activity only takes place on Sundays, does not total more than ten hours per week, or is purely humanitarian in nature.

Germany

Getting Tough on Abuse of the Social Security System

Over 430,000 cases of benefit abuse and illegal employment in 1992

The employment offices are clamping down on those attempting to cheat the social security system. In Germany as a whole they identified 433,600 cases of benefit abuse and illegal employment in 1992, 82,000 of them in the new *Länder*.

In West Germany 222,400 (1991: 207,600) and in the East 32,000 investigations ended with cautions, fines and criminal charges. Total fines and cautions amounted to almost DM 43 million. Due to their particularly serious nature almost 39,000 cases were passed on to the public prosecutor. Just over 100,000 cases have yet to be conclusively resolved.

By far the greatest number of infringements consisted of unlawful claims on social benefits. The most important means of identifying such benefit abuse was the comprehensive data-comparison procedures (DALEB) between the period during which benefits were drawn from the unemployment office and the duration of employment as reported by employers. This comparison has been extended to cover those working under the social-security limit. Provided that employers report accurately and comprehensively, as they are obliged to do, abuse of this kind can be identified in virtually 100% of cases. Moonlighters not reported by their employers are tracked down by the employment offices primarily by checks carried out in firms themselves. 46,000 such visits were made last year, allowing checks to be made on 107,000 persons and around 940,000 wage and salary accounts.

By means of the DALEB procedures and external checks of this kind, a total of DM 135 million in unlawfully drawn social benefits and a further DM 67 million in wrongly paid social-insurance benefits were identified. Since the autumn of last year the employment offices have received support in checking up on firms and personnel by customs officers. Including these staff, more than 1,100 personnel will be employed in control functions of this type in the longer term throughout Germany.

Social-insurance ID

An additional instrument designed to prevent legal infringements in this area is the social-insurance ID introduced on 1 July 1991. This ID must be presented to the employer on taking up employment; in a number of sectors, e.g. the construction industry and building cleaning, employees

must carry their ID during working hours. On entering unemployment, the ID must be handed in to the employment office where it is retained for as long as wage-compensation benefits are paid. Adherence to these requirements and the duty of employers to report new employment are supervised by the employment offices and customs officers.

Unemployed benefit-recipients are permitted to work (either as an employee or in self-employment), provided the activity does not exceed 18 hours per week, and the fact is reported to the employment office. Earned income up to DM 30 per week or DM 130 per month has no effect on benefit levels. In most cases half of any income above this level is deducted from benefit. Failure to comply with the requirement to report such activity can lead to heavy fines, in particularly serious cases to charges being brought. Any excess benefits received must be repaid. Abuse of wage-compensation benefits of this type were identified and punished in 160,500 cases in West and 29,300 cases in East Germany.

Illegal employment of foreigners

In the wake of the political and economic upheaval in eastern Europe and the liberalisation of the borders, there has been a marked increase in the illegal employment of foreigners in Germany. The number of cases identified rose to 46,200. Despite the threat of legal sanctions, the temptation to employ cheap foreign labour, in some cases exploiting their precarious situation, is high. Hourly wages way below collectively agreed levels are commonplace. A total of DM 5.65 million in fines and cautions were imposed on those found guilty of such practices, with criminal charges brought in more than 4,100 cases.

5,400 suspected cases of unlawful temporary employment were investigated, with legal consequences in a total of 3,816 cases. In the old *Länder*, fines totalling DM 22.1 million were imposed against those illegally hiring and hiring out temporary workers.

The increase in the number of cases brought to light each year is an indi-

cation that the legal and administrative instruments at the authorities' disposal are increasingly having an effect. Further measures to prevent such abuse are planned for the future. On-site checks of firms are to be focused on "notorious" branches; those registered unemployed from such branches will have to register at least once a month at the employment office. The definitions of an "acceptable" job offer are to be more strictly interpreted. Special checks are also planned in the case of the benefits drawn by those on short time working and those temporarily not working due to bad weather. Foreigners, so the plans, will have to meet stiffer criteria in order to obtain work permits.

Spain

National Minimum Wage for 1993

Per Royal Decree No. 44/1993, of 15 January 1993, the Government has set the national minimum wage, which applies, from 1 January, to all the major employment contracts (permanent, fixed-term and temporary) and to domestic staff.

The new minima, which constitute a rise of 4% on 1992 figures, were calculated on the basis of the price index for consumer goods, the average productivity growth at national level, the growth of wages and salaries as a share of national income and the overall macroeconomic situation. Particular account was taken of the Government's desire to curb inflation and the unfavourable economic outlook for 1993.

Minimum wages and salaries in agriculture, industry and services were set at Pta. 58, 530 for employees over 18 years of age, and Pta. 38, 670 for those below this limit. On an annual basis, and allowing for two special payments of 30 days' wages, the minimum wage is now Pta. 819,420 or Pta. 541,380 respectively.

France

Modification of Procedures in the Case of Redundancy for Economic Reasons

The Law of 29 January 1993 has changed articles L.321-4-1 and L.321-7 of the labour law (*Code du Travail*): these articles affect enterprises employing at least 50 workers which make at least ten employees redundant for economic reasons within a period of 30 days.

The new law defines, for the first time, the contents of a social plan; previously article L.321-4-1 merely defined the objectives of such a plan.

The new law means that a social plan can only be considered as such if it contains measures aimed at the reintegration of employees. The absence of such a plan is registered by the local representative of the Ministry of Labour, the *Directeur départemental du travail, de l'emploi et de la formation professionnelle*, who informs the management and worker representatives of the firm concerned. The former is then obliged to see that the plan conforms to the new provisions of article L.321-4-1; failure to do so can lead to any redundancies being declared null and void.

Contents of the social plan

The new paragraph 3 of article L.321-4-1 defines the contents of the social plan which a firm shedding labour for economic reasons is required to draw up. In the spirit of the discussions which led the social partners to give the social plan a concrete form, and set out in article 12 of the national labour agreement signed on 10 February 1969, as amended 20 October 1986, the social plan must from now on contain measures which go beyond the provisions on retraining (*congé de conversion*) and whose aim is to ensure, wherever possible, the reintegration of redundant workers. Measures which do not have occupational reintegration as their aim, notably early retirement provisions and

financial incentives for early or voluntary redundancy, cannot be considered as appropriate measures in this context.

While not attempting to provide an exhaustive list, the newly formulated paragraph of article L.321-4-1 presents four types of measure which are either directly or indirectly oriented towards the aim of occupational reintegration.

1. Measures aimed directly at reintegration within or outside the enterprise:

The employer's obligation to exhaust all the possibilities to redeploy workers within the enterprise prior to announcing redundancies for economic reasons has been established by a series of recent decisions, subsequently confirmed, by the social chamber of the court of appeal. Thus the employer must already ensure, irrespective of the number of redundancies and the size of the enterprise, that no job exists which could be offered to the worker(s) in question, allowing for their skills. Such an examination must be conducted first within the enterprise itself and then, where appropriate, within other enterprises of the corporate group to which it belongs.

Measures of external reintegration refer to all the direct or indirect assistance provided the employee to facilitate his/her recruitment by another employer in those cases where redeployment within the enterprise is not possible.

These include, in particular, the commitment to make each employee one or more genuine job offers, provide job-placement help, compensation for income loss resulting from redeployment or placement in jobs at lower wages, support for occupational and geographical mobility etc.

2. Creation of new activities:

This involves the development of new activities within the enterprise or, where appropriate, within the corporate group as a whole, such as create new jobs and allow employees affected by redundancy to be reintegrated within the firm/group. Another option is the sup-

port, financial or otherwise, for new business start-ups (allowances for creating new businesses, contracts on a probationary basis etc.).

3. Training and retraining:

Such measures promote the internal or external reintegration of the employees concerned by improving their ability to adjust to labour market requirements.

4. Measures to reduce or redistribute working hours:

Such measures must enable at least some of those affected by redundancy to remain within the firm. All forms of modification or flexibilisation of working-time structures - reduction in working hours, part-time work, staged transition to retirement etc. - which have an impact on employment within the enterprise can be implemented within this framework.

Intervention by the labour market authorities

The aim of the reforms is to enable the public authorities to intervene at the earliest possible point in the process of redundancy for economic reasons in order to revise social plans which do not meet the minimum requirements set out in the amended article L.321-4-1 of the *Code du Travail* in such a way that these conditions are fulfilled.

Under article L.321-7 the local representative of the Ministry of Labour is responsible for ensuring that the social plan presented to him/her is in accordance with the revised article L.321-4-1.

The DDTEFP must ensure that the reintegration measures proposed by the employer are clearly appropriate to the social plan's professed aims, and that the proposed plan renders these aims consistent and credible.

Thus, for instance, the resources provided for reintegration-supporting measures (wage subsidies, assistance in setting up new business etc.) must be sufficient to enable the targets to be actually met. For example, an in-plant job-placement office, for which the resources necessary to cover the costs of its efficient opera-

tion are not stated with any degree of precision, will not be recognised as an appropriate measure.

The impact of intervention by the authorities

If the local representative of the Ministry of Labour identifies deficiencies in the plan, the employer must begin the redundancy procedure again.

This does not mean, however, that a failure to react on the part of the authorities necessarily indicates that the proposed social plan is valid, or that the procedure to shed labour for economic reasons can no longer be declared null and void by a court of law.

Consequences of an annulment of the redundancy procedure

The sanction for failing to respect the obligations regarding the social plan as defined in the revised paragraph of article L.321-4-1 is that the redundancy process is declared null and void.

Such an annulment can be declared by a court of appeal or a labour court following an appeal against redundancy for economic reasons by an employee.

Netherlands

Recruitment and Selection of Job Applicants is the Responsibility of the Social Partners

The recruitment and selection of job applicants is an aspect of social policy, but one for which employers, employees and their respective organisations are responsible. Statutory guarantees should restrict themselves to setting out fundamental values anchored in various laws and international treaties. In addition, the state can also play a role in an advisory and research capacity. This is how the Dutch Government defines

its position with regard to the way in which vacancies are announced and applicants selected: the state is to restrict itself to protecting the basic rights of job applicants, in particular their right to equal treatment in recruitment and the protection of their personal data. These matters are already sufficiently covered by the constitution, the civil law, international treaties and guidelines, and by the anti-discrimination and data-protection laws.

Portugal

Observatory for Employment and Vocational Training (OIEFP)

One of the provisions of the agreement on incomes and price policy was the establishment of a tripartite observatory. This observatory was to watch over developments on the labour market with particular regard to both the qualitative and quantitative aspects of training measures. The aim was to enable the authorities to evaluate the impact of these changes on individual branches and regions, and to analyse the efficiency of employment and training policy instruments.

On 16 February 1993 the Observatory for Employment and Vocational Training (OIEFP) was established by Decree (Decree no. 180/93). Its specific tasks are as follows:

- To research into the causes of and developments in preventive measures and problem-solving strategies on the labour market and in vocational training, in particular problems associated with a mismatch between supply and demand, the quality and maintenance of jobs, vocational qualifications, social and occupational integration, training requirements and the introduction of innovations and structural changes;
- to identify and observe existing and imminent crisis situations;
- to accompany and evaluate individual measures and programmes as they are implemented.

The OIEFP is based on a centralised structure which coordinates its activities, chaired by a representative of the State Secretary for Labour and Vocational Training, together with representatives of the Ministry of Labour and Social Security, the Ministry of education and collective organisations.

In addition, the OIEFP receives support from the Institute for Employment and Vocational training, to which, among other things, the vocational training centres belong.

At regional and local level the work of the OIEFP will be assisted by regional offices of the OIEFP and the relevant advisory committees. Responsibility at local level goes to the employment offices, the vocational training centres, and the relevant advisory committees.

Conferences at both national and regional level are planned with the aim of improving the work of the Observatory.

Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (in 3 June 1993):

Belgium	BFR	40.07
Denmark	DKR	7.47
Germany	DM	1.95
Greece	DRA	264
Spain	PTA	152
France	FF	6.58
Italy	IRL	0.80
Ireland	LIT	1,781
Luxembourg	LFR	40.07
Netherlands	HFL	2.19
Portugal	ESC	188
United Kingdom	UKL	1.26

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Continuing Training for the Employed in Europe¹

Peter Auer*

Following a general discussion of continuing training for the employed in Europe, this article proceeds to sketch the continuing training systems of five European countries (Federal Republic of Germany, Denmark, France, Great Britain and Italy), with particular regard to the role played by the social partners and the state in each country. It considers the possibility of a link between the "macro-organisation" of the continuing training system (role of the social partners, of the state, relative importance of market forces and regulation) with the "results", as measured by participation in continuing training. Purely quantitative indicators are, however, of little value in determining the influence of the macro-organisation on "outcomes", as qualitative factors, in particular the link between initial vocational training and continuing training, must also be taken into account. Comparison shows that national systems of continuing vocational training are "idiosyncratic", each with its own traditions and institutions, so that a European-level policy approach should aim less at harmonising national systems than for their mutual recognition, one which accepts differences and "functional equivalents".

Hardly any aspect of labour market policy has been discussed at such length in recent years as the continuing training of the working population. It appears to constitute one of those "uncontested terrains", on which trade unions and employers, governments and oppositions in all the European countries are agreed. Alongside further training for the unemployed, the aim of which is to prevent a widening of the discrepancy between labour market supply and demand and thus to help solve

the problem of unemployment, continuing training for those already in employment is becoming increasingly important. Further training is very much a priority at present for firms and countries seeking to withstand the pressures of structural change. Rapid technological and organisational change, the aging of the workforce contingent on demographic trends, and the much higher risk of unemployment for unskilled compared with skilled workers; all these are problems to which a system of (further) training for those already in employment must help to provide solutions (cf. Schmid 1990).

Broad agreement but significant differences

The broad agreement of all concerned about the need for more continuing training must not be allowed to conceal the major differences of opinion which do exist with regard to both ends and means. In general terms, the interests of the major social actors conform to the following pattern. Employers would like to be as free as possible in the choice of training methods and in the selection of employees; continuing training should primarily serve the interests of the individual firm. The trade unions would like to see as equal a participation in continuing training among the different categories of workers as possible, and above all to ensure the participation of the unskilled. At the same time, further training should, in their view, contain elements which are of value beyond the individual firm. They therefore insist on a say in the selection of employees for continuing training and call for general regulation rather than market forces. The state and all levels of national government, while serving as mediators in this conflict of interest, also have interests of their own; the state is keen to see firms

investing in continuing training and, as far as possible, financing it themselves. Government has a number of incentives and sanctions at its disposal in order both to minimise firms' "investment losses" – and particularly to prevent firms which do not train from poaching trained workers from other firms, which could lead to a low level of continuing training throughout the economy – and to promote continuing training in general. Policy options here include both direct financial aid and regulative intervention, for instance, charging a general levy on firms to finance further training, release from work for training, regulation of formal qualifications and support for the network of further-training institutions. In general, however, the national governments tend to deploy the means at its disposal in order to promote vocational training aimed at reintegrating the unemployed or those threatened with redundancy, rather than for continuing training for the employed (see Table 1).

Although, at this general level, the policy aims and interest constellations described above apply to all European countries, each country has, of course, within its vocational training system its own specific traditions and forms of institutional regulation. These differences are sketched below, taking five EC countries as an example. It is important to note at the outset that the "system" of continuing training is in fact a "sub-system" of the overall system of general education and vocational training, and is

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firmly embedded within this larger context.

"Mixed system" with some influence by the social partners: Federal Republic of Germany

Unlike its system of initial training, vocational further training in the Federal Republic of Germany is subject to relatively little collective and statutory regulation. As in other countries, the system consists of a number of segments, the most important of which is the further training provided for their employees (and financed) by firms. However, this segment also includes a number of "regulated" continuing training courses, with certification subject to bargaining by the social partners and governed by state training regulations. Examples include the master craftsman certificates (*Meisterprüfungen*) in industrial and craft occupations. The Employment Promotion Act also provides for the promotion of continuing training, which,

though largely geared to the reintegration of the unemployed, also benefits those still in employment to a limited extent. The range of training opportunities provided by the public system is determined more by individual's training wishes than by the skill requirements of employers. Both experts in the field and the trade unions consider the degree of regulation of continuing training to be "inadequate" (cf. Streeck et al. 1987). Employers, on the other hand, are keen to retain their freedom of action, and are generally happy with this low level of regulation (cf. Weegmann 1992).

The various institutions run by the social partners do, however, provide the unions with an opportunity to influence events at a number of levels. At national level, committees consisting of employer and employee representatives (such as the Continuing Training Coordination Group - *Koordinierungskreis Weiterbildung*) exist, while cooperation between the

social partners is promoted by the fact that statutory regulations are only imposed after agreement between the two sides of industry (Streeck et al. 1987). At sectoral level, the social partners play a far less influential role than they do with regard to initial vocational training: some collective agreements do, however, regulate continuing training (Mahnkopf and Maier 1991). At firm level, the Works Constitution Act (*Betriebsverfassungsgesetz*) provides opportunities for union involvement, which have an impact primarily in larger firms.

In summary, it can be concluded that governmental involvement in continuing training for the employed is of only secondary importance: the German state concentrates its resources on the unemployed, those threatened by unemployment, and on the promotion of individuals' professional advancement, assistance in the last-mentioned case usually being made in the form of a repayable loan. Continuing training is largely a matter for enterprise managements, although the trade unions do have relatively far-reaching rights to participate in decision-making at the various levels, and there is a small, but growing area of "regulated" continuing training, in which all three parties to industrial relations are involved.

Government as "regulator": France

In contrast to Germany², continuing vocational training in France appears, at first sight, to be a system comprehensively regulated by both the social partners and the state. By requiring firms with more than 10 employees to spend at least 1.2% (since 1992 1.4% and from 1993 on 1.5%; but only 0.15% in the case of firms with less than 10 employees) of their total wage and salary bill on continuing training for their employees, government intervention in this field, based on a national collective agreement and various laws and regulations, is considerable. All the same, the agreement merely specifies

Table 1: Public Expenditure on Labour Market Training as % of GDP, 1991¹

	Labour market training total	Training for unemployed adults and those threatened by redundancy	Training for employed adults
Countries ²			
B	0.14	0.13	-
DK	0.57	0.45	0.12
D	0.47	0.44	0.03
GR	0.23	0.04	0.20
E	0.10	0.07	0.03
F	0.33	0.28	0.05
I	0.003	0.003	-
IRL	0.48	0.31	0.17
L	0.02	0.02	-
NL	0.22	0.22	-
P	0.16	0.01	0.15
UK	0.17	0.15	0.02
EUR 12	0.31	0.27	0.04

1 Figures for Belgium, France and the Netherlands are for 1990.

2 Figures for Germany cover East and West Germany. Figures for the UK do not include spending in Northern Ireland.

Note: Special programmes for youth and the disabled are not included. - For a more precise definition of the programme categories, see OECD, *Employment Outlook 1992*, Paris 1992, pp. 89-90, and OECD, *Labour Market Policies for the 1990s*, Paris 1990, pp. 50-51, 93-128.

Sources: iMi 41, p. 27; Ministero del Lavoro.

2 The analysis refers primarily to the old *Länder*. Despite the steady progress towards institutional adjustment in the new *Länder*, a number of special conditions apply.

a minimum amount which firms must spend on continuing training; enterprises are free to choose training institutions, participants and courses as they see fit. This freedom of choice is restricted somewhat by the fact that only those on-the-job courses which are based on a continuing training plan are taken into account, and by the requirement that 0.3% out of the statutory minimum be spent on promoting vocational training for young people, and 0.15% on "individual education leave" (CIF).

In addition, a number of, relatively small-scale, government programmes are in operation, such as the *Engagements de développements de la formation*, particularly for small firms. Such firms are also able to meet their legal obligations with regard to training by paying the minimum sum required into funds, which then use the financial resources so accumulated to finance on-the-job training. Also noteworthy is the requirement to include "reconversion further training", set out in *Conventions de conversion*, in social plans for those threatened with redundancy.

Continuing training is one area of French industrial relations in which the trade unions can also make their influence felt. This is particularly true at national (intersectoral) level, and to some extent at sectoral level. Although the laws passed in the early 1980s (*lois Auroux*) have meant that continuing training now plays a larger role in agreements between employers and works councils than was previously the case, the scope for participation by workers' representatives at firm level is less than in the Federal Republic. Bipartite administration of the above-mentioned training funds provides another opportunity for participation. Still, given the overall weakness of the French trade unions (union density has now fallen to around 12%), partly a reflection of multi-unionism, government intervention has a stronger regulatory function than in, say, Germany, where the principle of free collective bargaining is more dominant. The decentralisation of vocational training (regional government has been formally responsible since 1982) will, in the longer term, bring about

changes in the role played by central government, although the latter does of course have its own territorial (labour market) administration and implements a number of training programmes within the context of labour market policy.

Labour and management in partnership: Denmark

Unlike in France, where firms only pay the "continuing training levy" if they are unable to show that they themselves have undertaken at least somewhat formalised continuing training of their own (or have paid into a training fund), in Denmark all employees and employers pay a vocational training levy into a central continuing training fund (AUD). The flat-rate levy currently amounts to DKR 1,800 per annum, with employees contributing about two thirds and employers the rest. Part of the employee contribution is earmarked for the training of the unemployed. The money (about DKR 3 billion in 1993) is used to finance participants' expenses. The network of continuing training establishments is mostly financed by (regional or central) government, although the social partners also play a role (e.g. in the case of the schools originally founded by the union for unskilled and semi-skilled "special" workers). Overall, though, government intervention is of a subordinate nature, as the entire system, from policy formulation to implementation, is largely the responsibility of the two sides of industry. The sectoral level is crucial here, as it is in sectoral committees that continuing training curricula for the various occupations are discussed. These are, however, vetted by a central committee (within which the labour market authority also brings its influence to bear); its prior approval is required for both course content and examinations.

Whereas in Germany the emphasis in the state-run segment of the continuing training system is on individual career promotion, and in France collective and public regulation focuses on the continuing training requirements of firms, the Danish system has achieved a partial balance between employers' interest in skills

relevant to the day-to-day needs of the firm and individual interests in career advancement. This is achieved by the organisation of continuing training in short-term modules, each certified on completion; the specification of the contents by sectoral commissions and the possibility of combining the modules to form long-term, upgrading training courses, with universally recognised certificates.

Market-regulated training: the United Kingdom

Whereas the other countries in our comparison, despite on-going changes, have been marked by a degree of institutional stability in their systems of vocational continuing training over the last twenty years, the British system has undergone radical changes. The Conservative Government has abolished the public labour market authority (Manpower Services Commission) and its successor (the Training Agency), incorporating what remained of them into the Department of Employment. At the same time, it has created a network of over 100 Training Enterprise Councils (TECs) in England and Wales and "local enterprise companies" (lecs) in Scotland. These are organised as limited liability companies, and representatives of (local) firms enjoy a majority on their supervisory boards. The TECs and lecs are now the institutional agencies for the most important labour market programmes implemented by the British Government (e.g. Youth training and Training for Work), and are also responsible for promoting continuing training for the employed, for instance by means of the programme "investors in people" (cf. BIR-UK, iii.3).

This process of decentralisation has led, among other things, to a weakening of institutional participation by the trade unions (which used to be represented on the MSC's supervisory board), restricting their involvement to the boards of the TECs and lecs, where they are in a minority. The government has also abolished almost all the sectoral organisations for continuing training ("Industrial Training Boards"), which collected a levy from firms to promote the continuing training of employees, and in

which the unions were able to exert an influence on continuing training. The ITBs are being replaced by voluntary sectoral organisations.

The British Government sees decentralisation and closer links with firms as the means to overcome the notorious weaknesses of the British continuing training system. However, given that the work of the TECs and lecs still focuses primarily on implementing government vocational training programmes for young people and the unemployed, they have relatively few resources at their disposal for the continuing training of the employed. They are attempting, more by persuasion than significant financial incentives, to raise firms' propensity to invest in workforce training.

The policy of deregulation and the almost complete withdrawal of government from the continuing training system for employees has meant that the initiative has increasingly passed to the various forms of cooperation between local offices and private firms. At the same time, the Government has introduced (on a voluntary basis) the so-called National Vocational Training Certificates, which recognise on-the-job learning, the most widespread form of vocational training for the employed in Great Britain. These certificates consequently take work experience as the decisive evaluatory criterium. Their main significance lies in the fact that they represent an attempt to establish nationwide recognition for, and comparability of vocational training.

Regional diversity: Italy

Continuing vocational training in Italy is the responsibility of the regional authorities. As a result the Italian system is characterised by marked regional diversity; indeed, it is difficult to speak of an "Italian model" of vocational training at all. Besides the major North/South divide, there are also considerable differences within the northern and central regions. According to a study conducted in 1986/87, continuing vocational training receives support in Lombardy, Veneto, Valle d'Aosta and Emilia Romagna, for example, whereas in a region such as Calabria,

no significant continuing training activities were identified.

Consequently, the influence exerted by the unions also varies significantly. In regions such as Lombardy or the Emilia Romagna the unions do play an important role in regional training committees, but their influence in other regions is much weaker. In some large firms, most of which have their own initial and continuing training centres, the unions also have some say in training policies, the extent depending on their plant-level strength. Unlike in Germany however, Italian unions have no contractual right to a say in training matters at firm level.

As far as financing is concerned, the support provided by the European Social Fund plays a not inconsiderable role, often providing the initial impetus to organise training courses for the employed (cf. Méhaut and Villeval 1990). Central government, on the other hand, plays only a marginal role, with responsibility only for research, evaluation, and conducting experimental programmes. Central government also administers two funds, the *Fondo di Rotazione*, financed by an employer levy of 0.35% of the wage and salary bill (with the ESF funding 50% of costs), and the (smaller) "Mobility Fund", whose resources are also used to finance continuing training activities.

Yet in Italy, too, central and regional government concentrate their training activities on initial training and the problems of transition from school (or unemployment) to the labour market. Further training for the

employed is seen primarily as the responsibility of firms themselves.

"National systems" and participation in continuing training

Let us begin this concluding section by summarising the results of our national analyses. The influence of the social partners is greatest in Denmark (with government performing a subsidiary function). Mixed systems characterise France and the Federal Republic of Germany, with a predominant role going to the state in France and to the social partners in Germany (although here firms themselves play the leading role). Britain is characterised by a market model, while in Italy, given the high degree of regional variation there, it is doubtful whether one can speak of a national system at all. The questions now arises whether these various macro-organisations of continuing vocational training exert an influence on participation in continuing training by the employed.

For many years now the European Labour Force Survey, conducted by Eurostat, has included questions on employee participation in continuing training. These data provide some insight into the scale of participation by employees in continuing training, although the figures are not free of criticism and require careful, critical evaluation. Nevertheless, these surveys are based on a sample of 600,000 households throughout the Community, which are asked to give details of participation by individual household members in vocational training during the four weeks preceding the

Table 2: Participation rates of wage and salary earners* in vocational training during the four weeks prior to the survey, 1989 (in %)

	Total	Women
DK	17.7	19.1
UK	13.2	13.0
D	6.3	5.7
F	3.4	3.6
I	2.3	3.0

* Aged 14-49 excluding apprenticeships or other initial training programmes (e. g. Youth Training Scheme)

Source: Eurostat, European Labour Force Survey

survey. On the basis of the ELFS surveys it is possible to rank our selected countries according to participation in continuing vocational training, as follows:

If we assume there to be a direct link between the macro-organisation of the system of continuing vocational training and the extent of participation in such training, the figures show that a system administered by the social partners and financed, as in Denmark, by a fund to which both employees and employers contribute appears to generate high participation rates. However, a market-oriented system such as that in Great Britain seems to have almost the same effect. The German mixed system, on the other hand, does not appear to stimulate particularly high levels of participation, and participation is particularly low in France – despite the obligation on employers to set aside 1.2% or 1.5% of the total wage and salary bill for continuing training – and in Italy's regional system. These conclusions apply to both male and female workers, although female participation was slightly higher in three of the five countries.

Other sources

Whether the training picture in the five countries is accurately portrayed by these figures is a question which cannot be conclusively resolved here. Although there is convincing corroborative evidence of the high level of participation in Denmark, and the national labour force survey in Great Britain roughly corresponds to the figures in the ELFS survey (which after all is based on national surveys), the findings derived from national sources in Germany and, especially, France differ considerably from those given above. The German "microcensus" of 1989, for instance, suggests a participation rate of 11.2% of all employees aged between 15 and 64 (participation in continuing vocational training in the two years prior to the survey), while the reporting system on further training (*Berichtssystem Weiterbildung*) indicates a figure of around 25% (German nationals aged between 19 and 64): French sources indicate participation rates of up to

30% of all French nationals of working age. However, these statistics refer to different periods of time, different worker age-groups, and, in the case of France, are partly derived from administrative sources rather than survey data; in short the figures cannot be used for the purposes of comparison.

The significant point here, though, is that a direct causal link between the macro-organisation of continuing vocational training (with regard to the role played by employers, unions and central or regional government, and the relative importance of market forces and regulation) and participation rates is highly unlikely, as the factors influencing the latter can be expected to be very diverse in nature.

Functional equivalents

To give one example, the relationship between initial and continuing training clearly plays an important role. It seems plausible to assume that the need for continuing training as a *compensation* for inadequate initial training is greater in Great Britain than, say, Germany, as initial training in the UK is, both in spread and depth, comparatively underdeveloped (cf. Finegold/Soskice 1988; Prais 1989).

To put it another way: what is learnt during apprenticeship in Germany must to some extent be acquired during continuing training in Great Britain. This view is confirmed by the higher participation rates for unskilled and semi-skilled workers in continuing training in Britain.

Where the initial training system is largely organised in schools (as in Italy and France) it seems fair to assume that, in contrast to the Federal Republic, where the greater part of training takes place within the enterprise, schooling will be followed by a longer phase of work familiarisation on the job. In their comparison between France and Germany Méhaut and Géhin (1993) start from the premise that, considering initial training alone, German workers are more highly trained. Overall resource input on vocational training is, however, on the figures used by the authors, of a similar order of magnitude in the two countries by virtue of the higher rates of participation in continuing training among French workers. Although it must be assumed that solid initial vocational training makes workers more receptive to on-going training, in other words that an *accumulation* of vocational know-how is to be preferred to a continuing training system designed to compensate for deficits in initial training, in cross-national comparison it seems best to accept the possibility of functional equivalents: what is performed at one level in one country can be achieved at another level in another country. Adding together the effects of such functional equivalents reduces the degree of divergence between the countries, as is shown when an overall view of training is taken. This conclusion supported by the figures from the European Labour Force Survey on participation in vocational training as a whole (by the population of working

Table 3: Participation rates of the working population* in vocational training during the four weeks prior to the survey, 1989 (in %)

	Total	Women
DK	20.9	21.5
D	14.2	12.3
I	13.6	13.0
UK	12.5	10.9
F	10.6	10.1

* Aged 14-49

Source: Eurostat, European Labour Force Survey

age between 14 and 49): with the exception of the very high participation levels in Denmark, the differences between the other countries are less pronounced than when continuing training for the employed is considered in isolation (cf. Table 3).

Uncertain results

The preceding discussion may have left some readers dissatisfied: Which country provides the most, the best training? Which "system" produces the best results, and which system might offer guidelines for a "European continuing training system", if harmonisation in this area is ever achieved: the Danish system, which appears to have brought about a balance of interests between firms' requirements and the career-advancement interests of individuals, unique in Europe; the German system, which, by virtue of the efficiency of its initial training system perhaps requires rather little by way of continuing training; the British system in which the employers are now in the driving seat; the French with its statutory and collective requirements for a minimum expenditure on vocational training, or that in operation in an Italian region such as the Emilia Romagna, where vocational training is organised on the basis of a local network with the cooperative participation of numerous social actors (Capecci 1992).

In our view, a scientifically sound answer cannot be given to these questions at present. The data required for a quantitative and qualitative assessment are incomplete, allowing only provisional statements to be made. Above all we know little about the qualitative output of continuing training systems and their contribution to economic growth. Our own studies (Auer 1992) point to a very unsystematic correlation between economic, growth, productivity, and the Eurostat figures on continuing vocational training. This may be due to the figures themselves, the accuracy of which is far from ideal.³

That this does not merely reflect problems with the data, however, is confirmed by the fact that unsystematic correlations between edu-

cation and training and growth have been identified in other cross-national studies. Denison, for example, in whose national studies in the USA (general) education plays an important role in explaining long-term American growth trends, found in an international comparison no support for a systematic correlation (Denison 1967). Shackleton (1992) quotes a study by the British think tank, the Central Policy Review Staff, which concluded that it was all but impossible to draw on the characteristics of national education systems in order to explain productivity differences (cf. Education, Training and Industrial Performance, HMSO, 1980, quoted in Shackleton 1992, p.17). Although at sectoral level productivity differentials have been explained by differences in (initial) vocational training systems (e.g. by Steedman and Wagner 1987), such a link is far more tenuous at aggregated (national) level and with reference either to further training alone or to entire vocational training systems.

It is also apparent that macro aggregates, such as "national systems of vocational training", are idiosyncratic entities, i.e. that they are contingent on a whole range of factors which are so country-specific that they can scarcely be generalised (on this point cf. Maurice, Sellier and Sylvestre 1986), forming as they do an organic element within a national context.

Any attempt to derive recommendations from our study must, therefore do so with all due caution and in full recognition of idiosyncrasies of this kind. Our findings suggest that organising continuing training in separate, short-term modules, the certification of which is recognised nationwide, and which can be combined into longer-term and widely accepted qualifications, along Danish lines, is one possible response to the increased requirement for flexibility in industrial and service production. The joint administration of this system by the social partners, with government involvement, leads to a balance of interests, and joint financing (through levies) alleviates such problems as the loss of investment due to the poaching of trained employees by non-training firms.

This does not mean that the "Danish model" of continuing training is to succeed the "German model" of initial training as an economic panacea, but rather that this model contains elements which decision-makers in the field of vocational training and labour market researchers should examine more closely.

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3 As far as data on continuing training is concerned, the efforts being made by Eurostat and Force (assisted by CEDEFOP) to collate data on vocational training in European firms, should go some way to clarifying the position.

STATISTICS

At irregular intervals, the MISEP secretariat is publishing comparative statistics on labour market policies in the Member States of the European Community. The series continues with a statistical overview of participants entering labour market policy programmes in the Member States in 1991.

Participants Entering Labour Market Programmes as % of the Labour Force 1991¹⁾

Countries ²⁾	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
2. Labour market training	1.9	7.8	4.1	1.0	1.2	4.1	3.6	x		1.4	1.2	1.1	2.3
a) Training for unemployed adults and those threatened by redundancy	1.8	2.3	3.7	0.1	0.8	2.5	1.7	x		1.4	—	1.1	1.8
b) Training for employed adults	0.1	5.5	0.5	0.9	0.4	1.7	2.0	x		—	1.1	—	0.6
3. Youth measures	—	1.6	0.7	0.3	0.7	2.8	3.3	5.0		0.9	0.6	0.8	1.7
a) Measures for unemployed and disadvantaged youth	—	1.6	0.4	—	0.7	1.1	2.6	1.5		0.1	—	—	0.6
b) Support of apprenticeship and related forms of general youth training	—	—	0.3	0.3	—	1.8	0.7	3.4		0.8	0.6	0.8	1.1
4. Subsidised employment	3.2	0.2	1.5	0.8	5.4	1.2	1.6	—		0.3	0.4	0.2	1.3
a) Subsidies to regular employment in the private sector	0.5	—	0.1	0.6	3.5	0.4	0.2	—		0.1	0.1	—	0.5
b) Support for unemployed persons starting enterprises	—	0.2	—	0.2	0.5	0.2	0.1	—		—	—	0.2	0.1
c) Direct job creation (public or non-profit)	2.6	—	1.4	—	1.4	0.7	1.3	—		0.2	0.3	—	0.7
5. Measures for the disabled	x	2.2	x	—	—	x	—	—		0.1	0.2	0.1	0.1
a) Vocational rehabilitation	x	1.6	0.3	—	—	x	—	—		—	0.2	0.1	0.1
b) Work for the disabled	x	0.6	x	—	—	x	—	—		0.1	—	0.1	0.0
Total³⁾	5.0	11.8	6.7	2.1	7.2	8.2	8.6	5.0		2.7	2.3	2.2	5.5

x No data available.

1) Figures for Denmark, Spain and The United Kingdom are for 1990. Training data for France are for 1989. No figures are available for Luxembourg.

2) Figures for Germany cover East and West Germany. Figures for the UK do not include spending in Northern Ireland.

3) The total values printed in italics exclude a number of items.

The programme categories are the same as those presented in iMi 41, p. 27, but categories 1 (public employment services and administration), 6 and 7 (passive measures) are excluded here. For a more precise definition of the programme categories, see OECD, *Employment Outlook 1992*, Paris 1992, pp. 89-90, and OECD, *Labour Market Policies for the 1990s*, Paris 1990, pp. 50-51, 93-128.

Sources: — OECD, *Employment Outlook 1992*, Paris 1992, pp. 105-111, and updates provided by the OECD secretariat;
 — Figures provided by the Italian Ministry of Labour;
 — Calculations by the MISEP secretariat (EUR12 data).

Public Expenditure on Labour Market Policy as % of GDP 1991: Italy

Figures on public expenditure on labour market policy for Italy were not available for inclusion in the "Statistics" section of iMi 41 at the time of publication. The data have now been collated by the Italian Ministry of Labour and are given below.

1. Public employment services and administration	0.08	3. Youth measures	0.66	6. Unemployment compensation	0.40
2. Labour market training	0.003	a) Measures for unemployed and disadvantaged youth	0.34	7. Early retirement for labour market reasons	0.28
a) Training for unemployed adults and those threatened by redundancy	0.003	b) Support of apprenticeship and related forms of general youth training	0.32	Total	1.42
b) Training for employed adults	x	4. Subsidised employment	—	Active measures (1-5)	0.75
		5. Measures for the disabled	—	Passive measures (6-7)	0.67



Policies

inforMISEP

The Employment Observatory of the European Commission currently produces four series of regular reports covering different aspects of the Community's labour market. The Employment Observatory complements the Commission's "Employment in Europe" report published annually in all Community languages.

Policies

The series inforMISEP "Policies" presents those measures, policies and instruments adopted by the Member States which are aimed at promoting and improving employment within the European Community. The reports are compiled on the basis of information provided through the Mutual Information System on Employment Policies (MISEP). MISEP was created to meet the need for an exchange of information on employment policies and institutions within the European Community. A bulletin of recent developments in employment policies is published quarterly in English, French and German. Basic Information Reports describing the national employment institutions, measures and procedures in each Member State are updated and published periodically. In addition, comparative reports on the effects of labour market policy measures will be published at regular intervals.

Trends

The series "Trends" contains summaries and analyses of employment developments in the European Community on the basis of published work (books, reports, and scientific papers) throughout the Member States. It disseminates the information collected by the European System of Documentation on Employment (SYSDÉM), which aims to collect, analyse, synthesise and disseminate available information on employment in the Community. "Trends" is published quarterly in English, French and German.

Research

The "Research" papers present the results of studies on specific themes carried out jointly each year by the Commission and the Member States. The themes for these studies are chosen by the Commission in consultation with the Member States and the social partners in the light of the contribution which can be made by the national co-ordinators and of their relevance for on-going policy analysis. They are published annually in English, French and German.

Central and Eastern Europe

The "Central and Eastern Europe" bulletin is a new addition to the Employment Observatory, containing regular reviews on labour market and social conditions of Central and Eastern Europe. It aims to present up-to-date information on labour market and social conditions in these countries. It contains not only the latest statistical labour market indicators, but also analytical articles on employment developments in the six countries currently covered: Bulgaria, Czech Republic, Slovakia, Hungary, Poland and Romania. It is published twice a year, in English only at present.

East Germany

The aim of the series on "East Germany" is to present analytical and up-to-date information on the transformation process and its implications for the labour market in the one part of the former Eastern Bloc which has already become a part of the European Community: the new German Federal States (*Länder*). The publication is addressed to persons and institutions in Western, Central and Eastern Europe who have an interest in the transformation process from a planned to a market economy. This newsletter is published quarterly in German, English and French.