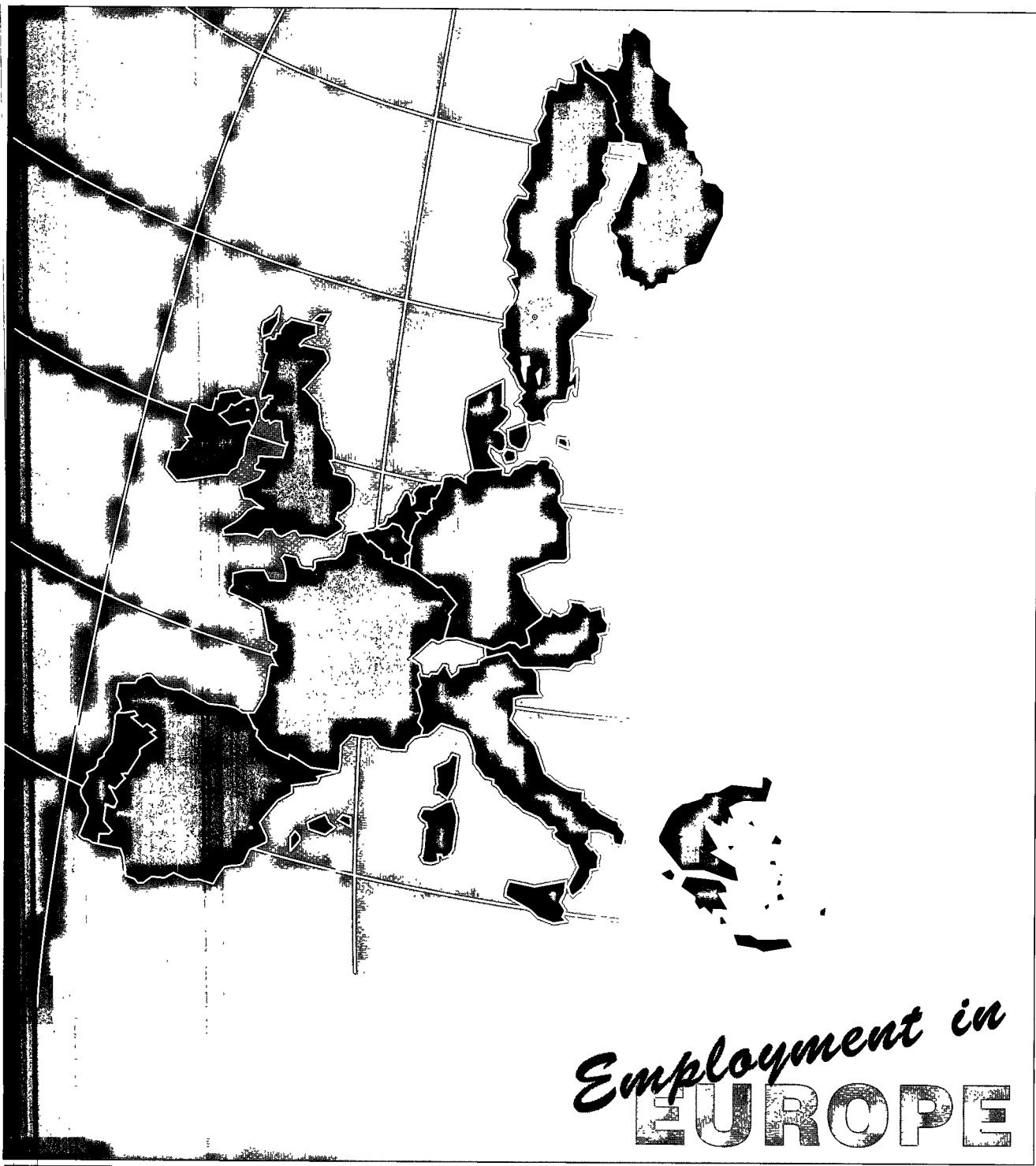


# EMPLOYMENT OBSERVATORY

## Trends

24

Changes in employment, analyses, evaluations  
Series produced from the SYSDEM network



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR EMPLOYMENT  
INDUSTRIAL RELATIONS  
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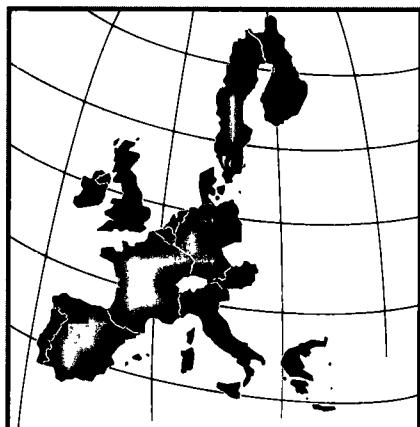
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# EMPLOYMENT OBSERVATORY **Trends**



The Bulletin of the European System of Documentation on Employment (SYSDEM)

Nº. 24, 1996

TRENDS Bulletin is the quarterly publication of the European System of Documentation on Employment. It disseminates information collected by SYSDEM on the evolution of employment at European Union level. SYSDEM is managed on behalf of the Commission of the European Communities (DGV) by ECOTEC Research and Consulting Limited.

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TRENDS Bulletin is available in English, French and German.

## Contents

**Trends in Employment Policies in the Member States: Following up the recommendations of the Essen Council** 2

**Reforming Systems of Social Protection: Convergence in Diversity** 4

**The National Dimension:  
Abstracts and commentaries from the 15 Member States** 7

Spain	7
Austria	9
Italy	11
The Netherlands	13
United Kingdom	15
Portugal	17
Finland	23
Ireland	25
Denmark	27
Belgium	29
Federal Republic of Germany	31
Luxembourg	33
Greece	34
Sweden	36
France	38

**Statistical Supplement 24:  
Indicators of Labour Market Flexibility** 19

Abbreviations .....	6
Readers Survey: results .....	40
The national correspondents .....	Inside back cover
Further information on SYSDEM .....	Inside back cover
Employment Observatory .....	Back cover

The articles in the TRENDS Bulletin and the information presented in the Statistical Supplement reflect the views of the authors and do not necessarily reflect the opinions of the Commission of the European Communities.

# Trends in Employment Policies in the Member States : Following up the recommendations of the Essen Council

At last year's European summit in Essen, the heads of state of all Member States agreed on the now familiar five priority areas for action in the fight against unemployment. To reiterate, the Essen conclusions call upon the Member States to institute measures to: promote investment in vocational training; increase the employment intensity of growth; reduce non-wage labour costs; improve the effectiveness of labour market policy; and improve measures for groups particularly hard-hit by unemployment. All Member States have now completed their reports on the Essen follow-up process, and the Commission is keen to encourage an active exchange of ideas to encourage policy learning. In its second part, this year's *Employment in Europe Report* devotes a section to each of the five Essen conclusions, outlining the main initiatives instituted in the Member States.

## Promoting Investment in Vocational Training

The commitment of many Member States to reforming their education and training systems predates the recommendations of the Commission's White Paper on *Growth, Competitiveness and Employment*. The general aim is to make systems more responsive to differing geographical, sectoral, occupational and individual needs. One way in which Member States have sought to achieve this goal is by promoting the decentralisation of training in order to make provision more responsive to the needs of the local labour market. The increasing involvement of private sector providers and improved consultation with the social partners on training needs have equally served as a means to this end.

Although training has been afforded continuing priority by many governments, despite budgetary stringency, there is a trend towards greater rationalisation and improved targeting of provision. All Member States have developed publicly funded initial training programmes to reduce youth unemployment. These schemes are either school-based (periods of work experience) or work-based (off-the-job training periods) and additional support is frequently being made available for those with special needs to help integrate them into the labour market.

While most training schemes focus on unemployed people, some countries provide additional retraining programmes for workers affected by industrial restructuring. Account is often being taken of the increasing need for training in new technologies.

Quality is another important concern in assessing education and training systems. Previously, firms and individuals purchasing training had little guidance in choosing good quality providers. Efforts are therefore being made to introduce various quality standards and measures. Related to the issue of quality is that of the relevance of the training

offered, particularly at a time when job descriptions are changing rapidly and become more flexible. Most Member States, often through a process of national and regional consultation with the relevant actors, make some efforts to forecast skill needs and adapt nationally recognised vocational qualifications to changing occupational profiles.

Access to education and training is important at the initial stage, and particularly at the level of continuing training (since it often requires time away from work). Some countries have legal entitlements to time off for vocational training and many offer tax relief and other subsidies to employers providing training for unemployed individuals.

In spite of these efforts, there is still concern over evidence which suggests that those who already have higher educational standards are more likely to receive continuing, on-the-job training. Part-time workers (a higher percentage of women are represented in this category) and workers in SMEs are also less likely to have access to training.

Some countries therefore provide tailor-made programmes for women and SMEs. In the case of the latter, this provision involves financial assistance as well as help in quantifying skill needs.

## Increasing the Employment Intensity of Growth

In several Member States, a reduction of working time and increased work sharing is seen as a way of improving employment opportunities. Some governments have attempted to achieve this at a legislative level by introducing limits to permissible overtime working; others have sought to introduce positive incentives into collective agreements to increase employment through working time reductions. In other Member States, the autonomy of collective bargaining prohibits such government intervention and agreements on the reduction of working time have often been negotiated at the sectoral level.

Other initiatives to increase employment levels have focused on the substitution of full-time work with part-time work using government incentives, and in many countries there is a particular interest in increasing part-time employment amongst older workers who might otherwise exit the labour force. The aim is to fulfil the dual role of increasing employment and therefore relieving the strain on public pension insurance systems, but so far it has only met with a very limited response from employers and older workers alike.

Several Member States have schemes to encourage the temporary reduction of working time as an alternative to redundancies, and increasing use is being made of career breaks to render working time more flexible.

## **Reducing Non-Wage Labour Costs**

Statutory levies on employers are generally regarded as acting as an important obstacle to further hiring, particularly in the case of low-skilled employees, and although the level of such contributions varies widely among the Member States, it is not necessarily those countries with the highest levels which have sought to reduce this element of labour cost. Several countries have instituted general or temporary reductions in employer contributions, with a particular focus on the low-paid and low-skilled.

## **Improving the Effectiveness of Labour Market Policy**

Expenditure on labour market policy continues to be weighted very much in favour of passive measures, in spite of recent initiatives. Again this balance varies widely between the Member States, depending on levels of unemployment as well as the legacy of national labour market policy traditions. Doubts are increasingly being raised about the effectiveness of some forms of active labour market policy in times of high unemployment and much more comparative research is required to obtain information about the most effective policy mixes.

Much attention has been focused on the role and effectiveness of Public Employment Services in the different Member States. In some countries public services have been reformed in an attempt to achieve a better articulation of priorities and to improve the performance of the service. Many countries have relaxed existing legislation or legalised for the first time the use of private employment services and much research and evaluation is currently being conducted evaluating the services and the role of such providers in the future public-private mix. In most Member States, Public Employment Services play an important role in the administration of the unemployment benefit system, the reform of which is receiving increasing importance in attempts to maintain work incentives. Countries vary with regard to the level of restrictions imposed on the claimants of such benefits, and some countries are aiming for a better articulation between benefits in and out of work to avoid problems such as the poverty trap.

## **Improving Measures for Groups Particularly Hard Hit by Unemployment**

Most Member States offer some form of wage subsidy to employers for employing certain target groups (most commonly young people, long-term unemployed people and older workers). With regard to young people, there have

been widespread initiatives to encourage them to continue in education and initial training to increase their chances of obtaining employment. In some Member States, this has gone hand in hand with efforts to raise the profile of vocational education and training which is sometimes regarded as second rate (parity of esteem). Vocational guidance services have also been improved, and training and work experience schemes have emerged in many countries and localities (in the latter case often as a result of European funded initiatives).

## **Conclusions**

There have been a number of common trends in labour market policy in the 15 Member States as a result of common socio-economic pressures. However, the impact of a similar measure can vary dramatically depending on the economic situation of the individual Member State, as well as the underlying institutional background. A good knowledge of the latter is therefore essential when attempting comparative assessments. The crucial importance of social, labour market and economic policy co-ordination is becoming increasingly obvious as many policy initiatives flounder in the light of overwhelming macro-economic difficulties. Finance and Social Affairs Ministries are therefore being increasingly encouraged to work together to produce viable visions for the future, always respecting the need to improve the employment situation without creating a new class of working poor and without reducing the ambitions for social protection.

*Employment in Europe 1995.* Available from: Office for Official Publications of the European Communities, L-2985 Luxembourg. All EU languages.

COM (95) 74 Final: *Follow-up to the Essen European Council on Employment*, Communication from the Commission to the Council.

# Reforming Systems of Social Protection: Convergence in Diversity

*Abstracts of key comparative documentation from international sources*

## Social Protection in the Member States of the European Union

COMMISSION OF THE EUROPEAN COMMUNITIES (DGV) (1995)

This latest publication by MISSOC provides up-to-date information on the situation of social protection systems in the Member States of the European Union on 1st July 1994, and on the most important measures initiated between 1st July 1993 and 30 June 1994. The publication is particularly timely in the context of the emphasis placed by the Commission on the importance of reforming social security systems to eliminate any possible discouragement effects and of restoring stability to public finances. It begins with an analysis of the development of social protection and an account of the most important measures introduced in the individual Member States. It is argued that the pressure of the three overlapping crises identified in MISSOC 1993 (acute employment crises, chronic crisis of rising costs of publicly financed health care, and the impending demographic crisis) have created a real convergence of policies in European ministries responsible for social protection. The changes over the last 12 months can best be classified under the following headings: pension reform; restriction of unemployment and other cash benefits; control of medical costs; adjustment of contributions; alternative methods of financing (including privatisation); administrative changes and active employment measures.

All of the larger Member States and some of the smaller ones have reformed their pension systems in the last four years, with similar cost saving objectives and with considerable similarity in the measures adopted. Most measures have either directly or indirectly resulted in an increase in the age of retirement. It is, however, far from certain whether these measures will have the desired effect as companies continue to be reluctant to employ and train older workers in view of high rates of unemployment.

There has been an attempt to reduce expenditure on unemployment benefit by tightening qualifying conditions or introducing elements of means testing.

Governments have attempted to curtail spiralling expenditure on public health care programmes by increasing the proportion of the cost carried by patients and implementing other reforms of funding arrangements.

Mirroring the concerns of the Commission's White Paper on *Growth, Competitiveness and Employment*, Member State governments have shied away from using traditional sources to increase contributions and have in fact sought to reduce employer social contributions to encourage new hiring.

Although an increase in the use of active labour market policies is evident, spending on passive measures has continued to increase more rapidly due to the continuously high levels of unemployment. Policy developments in the area of social security therefore highlight the importance of integrating social and economic policy to achieve a reduction in unemployment figures.

The comparative tables concentrate on the following issues: the organisation of the administration of social security systems and their financing; health care provisions; sickness, maternity, invalidity, old-age and survivors benefits; employment injuries and occupational diseases; family benefits; unemployment; guaranteeing sufficient resources; and social protection for self-employed farmers.

The MISSOC document provides an invaluable source of comparative information on the social protection systems of the 12 "old" Member States. The inclusion of information on the three new Member States would improve this source even further.

Available from: Office for Official Publications of the European Communities, L-2985 Luxembourg. EN. DE. FR.

## European Economy - Performance of the European Union Labour Market

COMMISSION OF THE EUROPEAN COMMUNITIES (DGII) (1995)

This report, published as part of the series *European Economy - Reports and Studies* presents the results of an ad hoc labour market survey covering employers and employees, completed in 1994 as a follow up to similar surveys carried out in 1985 and 1989. The representative survey of industrial firms shows that in June 1994, 97% of employees worked full-time and only 3% part-time. The distribution by sex shows that women are much more interested in part-time work than men, holding 76% of all part-time jobs, although only 24% of industrial employees are women. Differences in these figures were found when looking at the survey by industrial branch and size of company. The latter revealed that the percentage of part-timers was higher in smaller firms.

A survey of skill requirements in the industrial sector showed that, according to employers, 69% of jobs in the European Union manufacturing industry required training. The survey reveals that the lower the number of jobs for which a qualification is necessary, the higher the proportion of women in the workforce.

In the retail trade, 10,000 firms employing some 1.9 million people participated in the survey. The share of part-time work in the retail sector is considerably higher than in manufacturing and stood at 32% in 1994. In contrast to the experience of the manufacturing industry, the share of part-time work in the retail sector increases with the size of the firm. The survey found that 59% of employees in the retail sector were women and that employees in this sector were more likely to require training (69% of the workforce were seen to require some form of training).

A comparison with the 1989 survey reveals that in industry the percentage of

full-time workers has increased at the expense of part-timers. Employees were more likely to be skilled than unskilled. In the retail sector, employment experiences have changed less markedly for the total workforce. There has, however, been a dramatic decrease in full-time employment and a corresponding increase in part-time employment amongst the male workforce. The reverse is true for female workers in the sector.

Among the employees interviewed, more were looking for work in 1994 than in 1989 and the share of public sector employment had declined from 29% to 26%, private sector employment stood at 57%.

Chapter 2 of the report outlines a strategy based on an increased co-ordination between economic and structural policies geared to improving the employment situation without, it is argued, creating a new class of working poor and without giving up the ambitions for social protection. The pursuit of such a strategy is a priority of the European Union and is currently being implemented as a result of the Essen follow-up process. The following are held to be the main economic priorities: the creation and maintenance of investment-led growth; further progress towards price stability; nominal wage developments compatible with low inflation; and a progressive but significant reduction in budget deficits.

It is equally important to increase the employment content of economic growth. The author argues this can best be achieved by a change in relative factor prices which encourages the use of labour; a downward widening of the wage scale; the reorganisation of working time and patterns; and the promotion of local initiatives.

Chapter 3 of the report focuses on the viewpoint of employees on labour market flexibility, and charts recent unemployment trends and characteristics of unemployed people across the Member States. The views of employees on working time vary by country. While on the whole workers would prefer to work shorter hours, views are divided on the question of the distribution of working time and income. In countries particularly affected by high unemployment and in countries where the redistribution of working time is part of labour market

policy, employees would forgo nominal wage increases for a reduction in working time. In the more prosperous Member States opinion has changed since the 1989 survey, and workers in 1994 showed themselves in favour of receiving higher wages rather than working shorter hours. The decline in full-time workers wishing to work part-time is attributed to the fact that since the last survey many have realised their wish to do so. The author therefore argues that the number of those working part-time against their will has declined.

Chapter 4 of the report assesses the potential for employment in industry and the retail trade. The report is fully annexed with tables of results.

N°3. Available from: Office for Official Publications of the European Community, L-2985 Luxembourg. EN.

### **Employment Outlook**

OECD (1995)

The 1995 OECD *Employment Outlook* contains chapters on recent labour market developments and prospects; an analysis of discouraged and involuntary part-time workers; the public employment service in Denmark, Finland and Italy; profit sharing in OECD countries; and long-term leave for parents in OECD countries.

In its editorial the document looks at ways of making labour market policies more effective at reducing persistently high rates of unemployment. It is argued that measures need to be targeted specifically at groups particularly affected by long-term unemployment, ie the less skilled, the less educated and young people. Unemployment continues to create unacceptably high costs in terms of wasted human resources and associated poverty, thus seriously undermining social cohesion. The OECD outlines what it considers to be the essential element in a strategy which aims to reduce unemployment: an increase in the effectiveness of active labour market policies. It argues that despite the commitment made by OECD Ministers in 1992 to shift labour market policy expenditure towards the promotion of active policies, this shift has been disappointing since it was hampered by the rise in unemployment figures and the ineffectiveness of some of

the policies instituted. The OECD perceives one of the key factors in the success of active labour market policies to be the Public Employment Services.

While this service does not have full responsibility for the implementation of these policies in all countries, it does perform an important co-ordinating function. The integration of the benefit allocation, job search and placement functions is vital to provide maximum support. The OECD has, and is continuing to carry out, in-depth research on the nature and effectiveness of Public Employment Services, as well as their interrelationship with private sector providers, who have increasingly entered the market, albeit against different legislative backgrounds and with different levels of market penetration. It adds its voice to the call for more comparative research in this area and the encouragement of active policy learning, which is orchestrated by recent CEC efforts.

Available from: OECD Publications, 2 rue André-Pascal, 75775 Paris Cedex 16. EN, FR.

### **TRANSFER**

ETUI (1995)

The journal *TRANSFER* was launched by the European Trade Union Institute in January 1995. In quarterly issues, it aims to provide a better understanding of significant developments in the field of industrial relations and European trade union policy and seeks to stimulate the dialogue between the European trade union movement and the academic and research community.

The first issue focused on the modernisation of trade unions in Europe and contained contributions on Germany, Denmark, the UK and Spain, as well as an analysis of the changing role of the trade unions in Europe. The second issue introduces very timely contributions on the issue of European Works Councils, following the adoption - under the Maastricht social protocol - of the "European Works Councils Directive" by the Social Affairs Council in September 1994. It looks at the long development phase of the Directive, which dates back to the legislative attempt at the introduction of employee information and consultation bodies in European companies in the 1970s. The journal presents the experience of exist-

ing voluntary arrangements, analyses the prospects for enactment of the Directive, assesses the views of Member States with existing arrangements for employee information and consultation and highlights the necessity for training future European Works Council representatives. The third issue focuses on labour relations and trade unions in Central and Eastern European Countries.

*TRANSFER* provides an informative and stimulating addition to the limited existing literature on industrial relations and trade union policies in Europe.

Available from: ETUI, Boulevard Emile Jacqmain 155, B-1210 Brussels. EN. (short summaries in DE, FR)

### Unemployment in the European Union

EUROSTAT (1995)

The most recent report on unemployment figures in the European Union compiled by EUROSTAT presents figures for September 1995. EUROSTAT estimates that the seasonally adjusted unemployment rate in the European Union for September was 10.5%, thus remaining at the same level as in July and August 1995. Following a slow but gradual decline from Spring 1994 to the beginning of Summer 1995, the European unemployment rate has remained static since July. The levelling out affects men and women,

and young persons equally. The highest rate of unemployment was registered in Spain (22.2%) followed by Finland (17.0%). The lowest rates were found in Luxembourg (3.8%) and the Netherlands (6.6% in August 1995).

Available from: Office for Official Publications of the European Community, L-2985 Luxembourg. EN, DE, ES, FR, IT.

### ABBREVIATIONS USED IN SYSDEM

		COUNTRY
SYSDEM	European System of Documentation on Employment	A Austria
EU	European Union	B Belgium
CEC	Commission of the European Communities	DK Denmark
DG	Directorate-General of the CEC	D Federal Republic of Germany
ETUC	European Trade Union Confederation	E Spain
Unice	Union of Industries of the European Communities	F France
MISEP	Mutual Information System on Employment Policies	GR Greece
MISSOC	Mutual Information System on Social Security	IRL Ireland
OECD	Organisation for Economic Co-operation and Development	I Italy
ILO	International Labour Office	L Luxembourg
CEDEFOP	European Centre for the Development of Vocational Training	NL The Netherlands
GDP	Gross Domestic Product	P Portugal
GNP	Gross National Product	S Sweden
SMEs	Small- and Medium-sized Enterprises	SF Finland
EMS	European Monetary System	UK United Kingdom
EMU	Economic and Monetary Union	
		LANGUAGE
		DA Danish
		DE German
		EN English
		ES Spanish
		FI Finnish
		FR French
		GR Greek
		IT Italian
		NL Dutch
		PT Portuguese
		SV Swedish

# The National Dimension: Abstracts and Commentaries from the 15 Member States

## Contents

Spain	7
Austria	9
Italy	11
The Netherlands	13
United Kingdom	15
Portugal	17
Finland	23
Ireland	25
Denmark	27
Belgium	29
Federal Republic of Germany	31
Luxembourg	33
Greece	34
Sweden	36
France	38



## Spain

### Unión Europea y paro español: ¿existe alguna relación? (*European Union and Spanish Unemployment: Is There Any Relationship?*)

JIMENO JF (1995)

To coincide with the 10th anniversary of Spain joining the European Union, the 'Colegio de Economistas de Madrid' (a professional association of economists from the Madrid region) published a special issue of its review *Economistas* aimed at assessing the economic consequences of integration.

The articles are divided into two sections. Firstly, they refer to the overall economic situation and its general features, and secondly, they study sectoral activities and specific economic sectors.

Jimeno's article is part of the former section. It tries to determine the effect on the labour market of Spanish integration into the European Union. He evaluates, in particular, the importance of integration, and the response to this event from social agents, government and public administration. Jimeno also tries to explain and clarify past trends and the foreseeable future of the Spanish labour market.

The article begins by describing the most relevant changes observed in the Spanish labour market during the last decade. The changes can be summarised

as follows: Firstly, the participation rate has increased, due to higher female activity, as has the educational level of the working population. Secondly, some important changes in the composition of employment have taken place; employment in services and construction have increased (70% of total employment), temporary workers represent 35% of total employees and white-collar workers have increased by more than 65% during the last decade. Thirdly, unemployment has become higher amongst women and people over 55 and lower amongst young people. Finally, the evolution of real wages and labour productivity has been unusual during the period 1986-93, as although the average annual rate of wage increases was near zero, labour productivity actually rose faster than in other European countries.

All of these changes can be explained by taking into account various factors, three of which appear to be particularly relevant: aggregate demand and macroeconomic policies; sectoral policies; and legal regulation of the labour market. Therefore, the best way to evaluate the impact of Spanish integration on the labour market is to analyse how these three factors have been modified as a consequence of integration into the EU. The

author concludes that none of these factors have been substantively modified by this event.

The last part of this article aims to determine the future evolution of unemployment in the face of Monetary Union. The author's main forecast is that unemployment will remain over 20%, due to the fact that in order to diminish this rate it would necessitate that the Spanish economy grows faster than those of other European Union members, and this is not compatible with the fixed exchange rate imposed by Monetary Union.

*Revistas Economistas No 66-67.* Available from: Colegio de Economistas de Madrid, Flora 1, 28013 Madrid. ES.

**España, 1994. Economía, trabajo y sociedad. Memoria sobre la situación socioeconómica y laboral (Spain, 1994. The Economy, Work and Society. Report on the Socio-economic and Labour Situation)**  
CONSEJO ECONÓMICO Y SOCIAL (1995)

This is the second of an annual report by the Social and Economic Council, which contains the global opinion of the Council about the socio-economic and labour situation in Spain. The structure of this report is similar to the previous one,

published in 1994 which referred to 1993 (see *TRENDS Bulletin 21* for further details). It is divided into three chapters with a final conclusion. The first chapter is a global approach to the Spanish economy, analysing relevant points, such as the recent evolution of investment and consumption, public debt, and inflation. The second chapter contains a complete analysis of labour market and employment policies as well as industrial relations. The third covers quality of life and social protection issues.

During 1993, the Spanish economy reached the end of the recession and during 1994, a new phase of recovery started. Despite this, the three main problems of the Spanish economy still remain: unemployment, inflation and public debt.

The report emphasises the labour market's present situation and its evolution in 1994. This year was characterised by crucial changes: although employment continued to decrease during the first nine months, in the last quarter this trend reversed. One of the most relevant changes during 1994 was the increase in importance of female employment, which suffered less than male employment during the crisis. Another point to highlight is the increasing proportion of temporary work, especially among women and young people. For the first time since the end of 1991, there was no increase in the unemployment rate due to the evolution of participation and employment. Despite this, the unemployment rate was still 7.4% higher than in 1993. At the same time the number of people receiving unemployment benefits notably decreased. Occupational change by socio-economic status, age, sex or education was also analysed. Transitions in the labour market studied referred to type of contract, as well as industrial relations. In 1994 an important regulatory reform took place in the Spanish labour market which has also been studied in the report.

*Colección Memorias No 2.* Available from: Consejo Económico y Social, Huertas 73, 28014 Madrid. ES.

#### **The Incidence of Household Characteristics on Labour Decisions: The Case of Spain** CEBRIÁN I AND MORENO G (1995)

A review of recent economic history shows that unemployment and the solu-

#### **Comment**

*The paper by Jimeno, a leading macro-economist and labour market expert, takes the view, which at policy level is not widespread or very popular, that the need for the Spanish economy to grow faster than its European partners may be incompatible with its membership of European Monetary Union. Yet this view is in line with various experts' reports and, in particular, with the view of the CEPR group (see *TRENDS Bulletin No 21*). However, the fact that unemployment is not perceived as a real problem, beyond the usual declarations, possibly because in spite of it being so high, it does not create serious political or social problems, reduces the chances of this view becoming mainstream. In the end, the issue is a political choice between what increasingly appears to be perceived as a trade-off between reducing unemployment or being a full member of the Monetary Union, thereby meeting the Maastricht criteria.*

*The Economic and Social Council Report represents a remarkable effort by social partners (the main components of the Council) to provide Spanish society with a far-reaching document, which is bound to be, once again, standard reference material for anyone interested in the situation and evolution of the Spanish economy and, most notably, its labour market. This year's Report focuses on various new issues, including the measurement of unemployment and employment and, most of all, labour market reform, which provides a recurring theme for the analysis.*

*Finally, Cebrián and Moreno's paper approaches labour market problems from a household perspective. Their novel analysis provides insights into the differences in participation and unemployment among the different types of household; thus providing a very significant insight into Spanish unemployment, which increasingly requires the adoption of such a perspective if one is to explain the persistence of unemployment and, as already mentioned, its apparent lack of social and political consequences.*

tion to it have become a permanent obsession of European economies, and especially so of the Spanish governing bodies, which are currently facing unemployment figures of over 20%. The participation rate of some groups is changing, notably of younger people and women, and certain unemployed workers tend to remain unemployed, forming specific social groups and household models. Labour market participation depends on several factors: firstly, individual personal characteristics (age, sex, qualifications); secondly, existing opportunities in the labour market, and finally, the characteristics of the family unit, for example, the woman's decision to join the workforce, and to remain in it, depends upon the specific characteristics of her partner as well as on parenthood.

This work presents an analysis of the effect of family relationships on individuals' employment decisions as well as on their position in the labour market. Two different types of analyses are carried out. Firstly, the authors attempt to identify the type of households most characteristic in Spanish society in order to select the main categories of where most people live. They can then study the decisions about labour market participation as well as the incidence of unemployment upon them. The second analy-

sis tries to implement a model aimed at studying the implications of such typology. The available data set for this purpose is the Spanish Labour Force Survey (Encuesta de Población Activa: EPA) conducted quarterly by the National Statistical Institute (INE).

There are at least two relevant results: the first shows the important concentration of unemployment in households of a couple with adult children and is clearly related to youth and female unemployment and the necessity of political intervention to correct them. The second points out the dependence between the employment status of the couple, mainly when they have low levels of education. Nevertheless, the woman is usually inactive, although this situation tends to change the younger she is, in which case the highest probability is that both members of the couple are employed.

*Labour Vol 9, No 2, Summer 1995. Available from: Blackwell Publishers, 108 Cowley Road, Oxford OX4 1JF. EN.*



# Austria

## Makroökonomische und sektorale Auswirkungen einer umweltorientierten Energiebesteuerung in Österreich *(The Macro-economic and Sectoral Impact of the Introduction of an Energy Tax in Austria)*

KÖPPL A, KRATENA K, PICHL C, SCHEBECK F, SCHLEICHER S, WÜGER M (1995)

The taxation of energy has been a topic of national and international debate for some time. The aim of this study is to analyse the economic impact of the introduction of an energy tax in Austria. It seeks to assess the impact of such a tax on economic growth and the labour market, as well as on inflation and the rate of unemployment, the budgetary deficit and the balance of payments. It also assesses its likely effect on different sectors.

The impact analysis is carried out on the basis of an adapted WIFO (Wirtschaftsforschungsinstitut) model which was integrated into an input-output model. These models allow a calculation of the impact of different variants of energy tax. The time-span covered by the simulation was 1988-1992 and the baseline data used was actual performance data from this period.

The most commonly envisaged form of energy tax is based on progressive taxation at the level of the final consumer with special exemptions applying to industry in the first few years. The EU draft directive was used to define these exemptions. Compensation for businesses would be in the form of lower non-wage costs as well as the provision of special assistance from a fund designed to encourage investment in more efficient uses of energy.

A cautious assessment of the results of the model simulation show both GDP and employment to be higher with, rather than without the tax at the end of the period covered (by 0.4%). A compensatory lowering of non-wage costs prevents the slowing of growth which would have taken place in the uncompensated scenario, because the higher costs accrued to businesses as a result of the energy tax are compensated by the lowering of non-wage costs.

### Comment

*The introduction of an energy tax is a much debated topic in the economic policy arena. As it becomes clear that an EU wide introduction of such a tax is difficult and currently only an option for the distant future, there are those who want to see the introduction of some form of environment tax in Austria only. At the forefront of these debates are concerns about the impact of such a levy on individual sectors, and particularly those with high energy consumption. The WIFO study is a first attempt at quantifying the economic and labour market impact of the introduction of an energy tax. The introduction of an energy tax would clearly only generate positive growth and employment effects if it coincided with a decrease in labour costs, and part of the revenue generated were used to improve the diffusion of energy efficient technologies. If the tax is merely used to consolidate public finances - as was envisaged by the previous government - no environmentally sustainable growth process can be expected.*

*The annual Structural Report on the labour market produced by the Synthesis Institute provides an important analytical tool to gauge the causes of certain developments in the context of employment and unemployment. The strength of this report lies in the assessment of the dynamics of labour market trends. It measures in and outflows as well as the effect of the overall economic context on labour market processes. It highlights the differentiated effects of the 1994 economic boom on the labour market and the coinciding increased momentum in the process of structural change.*

*The discussions on raising the age of retirement are an important part of the political debate in Austria. The funding of retirement pensions becomes increasingly difficult as the number of recipients increases and the number of contributors falls which has led the government and the social partners to demand an increase in the retirement age. The paper by Wörister provides for the first time a comprehensive summary of all statistical data on the pension system. It is also concerned with the social policy implications of the different approaches used to limit the number of early retirements, which thus far have been given inadequate attention.*

*The lowering of unit labour costs, which the White Paper as well as the Essen conclusions perceive as a stimulant for recruitment, is not an important topic of political debate in Austria. So far this has not been considered important because until the early 1990s unit labour costs were on a par with the European average. However the most recent data on unit labour cost show that the competitiveness of Austrian industry has deteriorated dramatically as a result of unfavourable exchange rate developments, in spite of above average increases in productivity. Pressure on the achievement of productivity gains is therefore likely to mount and the scope for wage and incomes policies will become increasingly limited.*

*The Austrian Labour Market Service has in recent times commissioned a number of evaluation studies on the impact of active labour market policy instruments. While such measures are usually found to be effective, political debate centres around the issue of whether these positive impacts could have been achieved with or without more limited measures. This comparative study of sample groups of long-term unemployed individuals who have or who have not taken part in such measures, shows that beneficial effects were achieved well beyond what could have been expected without such support.*

In a scenario where the reduction in non-wage costs fully compensates the rising cost incurred by the new energy tax, GDP would be reduced by -0.2% and employment by 10,000. It can therefore be shown that a connection between tax revenues and an increasing diffusion of energy efficient technologies can pro-

vide important impulses for growth and investment.

Available from: Österreichisches Institut für Wirtschaftsforschung, Postfach 91, A-1103 Wien, DE.

*continued on page 10*

**Bericht Arbeitsmarkt 1994:  
Strukturwandel im Aufschwung  
(Report on the Labour Market 1994:  
Structural Change During  
Economic Recovery)**

FRÜHSTÜCK E, HUDEC M, LÖFFLER R,  
NEUDORFER P, SENN C, URBANEK C, WAGNER  
M (1995)

This report on Austrian labour market trends for the year 1994 assesses data from the unemployment insurance benefit fund. Since 90% of those registered with the Labour Market Service receive unemployment benefit, this structural analysis can provide a representative picture of the problem of unemployment in Austria. In conjunction with other data sets, this enables an analysis of the development of unemployment in the context of overall economic and employment trends.

The level of unemployment is usually measured as an annual average. This structural report, however, also measures the inflow and outflow from the unemployment register which allows a fairly reliable estimate of the number of individuals affected by unemployment over the year. It is shown that in 1994 an annual average 215,000 individuals were unemployed. However, during the same period a total of 613,000 individuals were affected at least once by unemployment.

An analysis of data on the receipt of unemployment benefit and emergency assistance provides an indication of income levels during periods of unemployment. These figures show that, as in other countries, unemployment entails a reduction in disposable household income. Half of those claiming unemployment benefit received a monthly income of less than 19,069 ATS prior to losing their jobs. Similarly, 50% of female unemployed claimants received less than 7,268 ATS per month, with the median for men being slightly higher at 9,733 ATS. These figures highlight the fact that the low paid are more at risk of unemployment than those in higher income brackets.

Available from: Synthesis-Forschungs-  
gesellschaft, Kolingasse 9, A-1090 Wien. DE.

**Zur Anhebung des Pensionsalters  
(The Raising of the Retirement Age)**  
WÖRISTER K (1995)

This contribution assesses the causes for the fall in the average age of retirement and discusses the political debate centring around the desire to raise the age of retirement. Average pension age fell from 60 to 57 years between the mid-1970s and 1987 and has since stabilised. The fall was particularly dramatic amongst craftsmen and farmers. Differences between men and women are only marginal, in spite of the fact that there are five years between the official retirement ages. In 1993 women on average retired at the age of 57 while men retired at 58. In the same year 63% of early retirement pensions were invalidity pensions.

It is here that the author argues changes need to be made, such as the introduction of a partial invalidity pension. Early retirement pensions need to be rendered more flexible. This would allow older workers continued participation in the labour market but it is heavily dependent on the creation of less arduous and part-time employment. Another possible way of increasing the pension age would be to attach a penalty to early retirement pensions. However, from a social policy point of view it would be questionable if such penalties were to apply equally to invalidity pensions and to early retirements due to long-term unemployment, since this would have more effect on the poorer sections of society.

Available from: Arbeiterkammer Wien, z. Hd.  
Mag. Karl Wörister, Prinz-Eugen-Str. 20, A-1041  
Wien. DE.

**Verschlechterung der  
Wettbewerbsfähigkeit trotz  
sinkender Lohnstückkosten  
(Declining Competitiveness Despite  
Lower Unit Labour Costs)**  
GUGER A (1995)

This paper analyses the changing position of the Austrian economy in a comparison of international unit labour cost. Over the short period of time since September 1992, exchange rate imbalances have caused substantial shifts in the international hierarchy of unit labour cost. In 1994 one working hour in Austrian industry cost 248 ATS. This figure comprised 125.20 ATS performance related

pay and 122.80 ATS non-wage labour cost. In an international comparison Austrian direct labour costs are very low while its social cost (98.1% of direct salary), is very high. Together with Germany, Switzerland and Belgium, Austria is one of the countries with the highest wage costs. Austrian wages in industry are 12% higher than the EU average.

In the 1980s Austrian industry was able to compensate the exchange rate-induced relative rise in wage costs with above average increases in productivity, thus improving its position in the international league table of unit labour costs. In the 1990s the situation changed, and despite continuing increases in productivity (4.9% per year), Austrian industry was unable to compensate for exchange rate turbulence. Relative unit labour cost increased by half a percent in excess of its trade partners and other EU Member States since 1990 (on the basis of a common currency).

In 1994 unit labour cost in Austrian industry fell by 3.6% due to a levelling out of wage increases and high rates of productivity growth achieved by streamlining the workforce. Nevertheless, Austria's international competitive position continued to deteriorate, as the decline in unit labour cost was even greater among its main competitors. Amongst the trade partners, unit labour costs were on average 3.9% lower and among EU countries 4.5% lower than in 1993.

Available from: Österreichisches Institut für  
Wirtschaftsforschung, Postfach 91, A-1103 Wien.  
DE.

**Vergleich der Erwerbsverläufe von  
Geförderten der Aktion 8000 und  
von nicht geförderten Arbeitslosen  
(A Comparison Between the Labour  
Market Experiences of Those  
Supported Under Action 8000 and  
the Unsupported Unemployed)**  
LECHNER F, REITER W, RIESENFELDER A  
(1995)

In the discussion on the effectiveness of labour market programmes, the question is always asked, whether the observed employment effects would not have occurred without such subsidies. This question is pursued in the study by L&R Sozialforschung, which compares the labour market experiences of previous participants of Action 8000 (see TRENDS

*Bulletin 23* for further information on Action 8000) with a comparable sample of registered unemployed people who did not participate in a labour market programme. The study shows that previous participants of this labour market measure fared much better in their later employment experiences, in terms of employment and salary outcomes. Individuals previously supported under Action 8000 move from 17.6% annual la-

bour market participation to 62.3%. This rise of 44.7% compares with a rise of only 5.9% for those not participating in a labour market measure (sample selection generated a control group with similar characteristics, however their average annual labour market participation rate was higher at 49.9%). An analysis of the factors influencing this improvement in labour market experiences shows that participation in the measure, together with

previous employment record were the most important factors. Barriers to employment such as lack of training, disability, age, long absences from employment due to pregnancy and parenthood were effectively reduced by Action 8000.

Available from: L&R Sozialforschung, Neustiftgasse 17/6, A-1070 Wien. DE.



## Italy

### **Disoccupazione e Offerta di Lavoro Potenziale in Italia nel Biennio 1992-1993 (Unemployment and Potential Labour Supply in Italy Between 1992-1993)**

MONDUCCI R (1995)

This Working Paper is part of a series produced by ISTAT, the Italian National Statistical Institute. The author discusses the October 1992 revision to the definition of unemployment, following EUROSTAT guidelines. Using 1992/93 labour force survey data, Monducci analyses and compares the structure and dynamics of two different concepts of unemployment which can be distinguished by the timing of jobsearch activities: potential unemployment (the Italian definition, which includes those individuals who had undertaken job search activities more than 30 days prior to interview), and active unemployment (the EUROSTAT definition, which includes individuals who had actively looked for employment on at least one occasion during the 30 days before interview). The author also considers the inflows and outflows from unemployment statistics which occurred between 1992/93 using panel data from the labour force survey.

The report argues that the EUROSTAT unemployment indicator is more suited to detecting short-term dynamics in the labour market. The Italian definition of unemployment, on the other

hand is a better indicator of the structural aspects of the under-utilisation of human resources. Long-term unemployment forms a large component of unemployment and the highest concentration of such unemployment is to be found in Southern Italy.

Potential unemployment, as well as a selective demand for jobs is more widespread among those with a less disadvantaged family background, since this group is made up mainly of secondary job seekers (spouses and children).

Potential unemployment figures show greater inflows and outflows between different labour market status' due to the alternating nature of more active labour search and a weakening of search efforts. Active unemployment presents instead a greater stability within the unemployment status.

Available from: DGEN/C, ISTAT, via C.Balbo 16, 00184 Roma. IT

### **Labour Market Institutions and Flexibility in Italy**

DEMEKAS D (1995)

Demekas provides an interesting, concise account of labour market regulations and their effect on the level of flexibility in Italy and compares these with other European countries. The paper considers three main systems of labour market intervention and their recent development

in a comparative European framework: employment protection legislation, unemployment benefit systems and wage bargaining arrangements. The author stresses the relative rigidity of both employment protection legislation and systems of wage determination which persisted until the early 1990s and describes subsequent moves towards greater flexibility since the turn of the decade. He also underlines the inequity of the Italian unemployment benefit system which is very generous to some workers and less generous to others, depending on the sector and size of the firm they work in. His account of recent changes towards greater flexibility of labour relations and wage bargaining highlights the lack of comprehensive reform of Italian labour market regulation. Although changes have been introduced, it has been in a piece-meal and inconsistent fashion and the main inconsistencies of the Italian labour market have not been corrected.

Available from: Journals Marketing, Blackwell Publishers, 108 Cowley Road, Oxford OX4 1JF. EN.

### **L'Economia Italiana dagli Anni 70 agli Anni 90 (The Italian Economy from the 70s to the 90s)**

PIZZUTI F R (ED) (1994)

This book provides an analysis of the structure and dynamics of the Italian

economy since the 1970s, with particular reference to the period during which Italy was part of the EMS (1979-1992).

The 1980s brought a change of direction to the Italian economy. Membership of the EMS was supported both for internal and external reasons. On the external side, it was determined by the high level of international integration reached by the Italian economy; on the internal side, considerations linked to the credibility of low inflation policies were important factors.

In the first half of the 1980s ESF rules were less stringent and membership of the EMS favoured the Italian economy, which suffered from relatively low rates of growth. These favourable monetary conditions, however, were not fully utilised to improve the structural functioning of the Italian economy and its competitive capacity. When the conditions for European economic integration became more stringent, the structural shortcomings of the Italian economy led to the exchange rate crisis of 1992/93, and the exit from the EMS merely served to highlight the difficulties facing the Italian economy in accomplishing the Maastricht rules.

This book analyses the problems facing Italy in the process of European integration. It is organised in six parts, each containing papers by different authors. The first and second part consider the Italian position within the international context, with special attention being paid to the Italian experience in the European Monetary System. The third part analyses the relationship between the state, the market and society in Italy, highlighting the mistrust of Italian society in political and economic choices and the effect of the privatisation process on the welfare state.

The fourth part presents a discussion of the labour market, with particular attention being paid to wage outcomes and income distribution issues. The fifth part relates to the sectoral structure of the Italian production system, looking at financing mechanisms and economic relations between different sectors. Macroeconomic policies are considered in part six, with particular attention being paid to taxation and agricultural policies.

Available from: McGraw Hill Libri Italia Srl.  
Piazza, Emilia 5, 20129 Milano. IT.

## Comment

*The paper by Monducci provides an interesting analysis of labour force data and the different definitions of unemployment, not only in terms of their effect on the unemployment rate and thus on the position of Italy in the international context, but also in analysing the different characteristics of the structure and dynamics within the economic cycle of these different concepts of unemployment. The debate on the "correct" definition of unemployment and on the voluntary-involuntary component of it, has been very active in Italy since the 1960s. It was adapted at the end of the eighties, when the decision to adopt the EUROSTAT definition was considered by ISTAT. Now ISTAT provides both definitions: the more limited one used by EUROSTAT and the wider definition used traditionally in Italy. The paper provides a good indication of what can be learnt about the nature of unemployment by considering different definitions.*

*The article by Demekas is a particularly useful source for foreign researchers as it provides an English account of the Italian situation from the perspective of a commentator whose views are not blinkered by being immersed in the Italian policy debate. The author's account of Italian labour market regulation clearly and concisely summarises different sources of information. The author's argument that there should be a comprehensive reform of Italian labour market regulation is supported by Italian labour market experts and practitioners.*

*The book by Pizzutti et al is useful because it attempts the first comprehensive critical analysis of the evolution of the Italian economy since the 1970s. The authors are all well known Italian economists and the papers presented are well referenced and provide a critical assessment of each issue. The authors share a common view and approach with concern the conservative stance adopted more recently in Italian society. The main shortcomings of the book are the inadequate consideration of the issues surrounding regional dualisms and the developmental problems facing Southern Italy. A discussion of the effects of the decision to join the EMS and other economic policies on regional dualisms should have been included in order to complete the analysis of the Italian economy.*

*The paper by di Biase and di Marco provides an interesting contribution to the debate on the discouraging effects of employer social security contributions on new hirings.*

### The Redistributive Effect of the Tax Wedge In Italy

DI BIASE R, DI MARCO M (1995)

This paper presents an original set of microdata on the tax wedge, obtained by using the micro simulation model Itaxmod, developed at ISPE (Institute for Studies on Economic Planning). These data are used to measure the different components of the tax wedge and their impact on total labour cost. The calculation of tax wedges for different income brackets has been explored in two ways. The first is related to the differing weights of the components of the tax wedge on labour costs. Social security contributions are very high even for wage earners in the lowest income brackets (in 1992, the estimated tax wedge was more than 44% of total labour cost even in the second decile of labour cost). It is argued that this might discourage both labour supply and labour demand across the entire spectrum of deciles of cost of labour. The second line of research stud-

ies the impact of personal income taxes and employee social security contributions on gross earnings, under the maintained hypothesis that these two components of the tax wedge are shouldered by the employees. The effects of the changes that occurred from 1989 to 1992 in the fiscal treatment of gross earnings show that the policy-makers intention of increasing revenues without departing too much from equity has largely been achieved in the use of personal income tax schemes, mainly because of the adjustment in the size of tax credits. However, the simultaneous cut in family allowances worked in the opposite direction. This validates the concern that the set of measures used to sustain household income needs to be co-ordinated in a more rational framework.

*Labour, Volume 9, No 2, Summer 1995, Available from: Blackwell Publishers, 108 Crowley Road, Oxford OX4 1JF. EN.*



# The Netherlands

## Determinanten van zelfstandig ondernemerschap (Determinants of Self-Employment)

BAIS J, HOEVEN W H M vd, VERHOEVEN W H J (1995)

The central aims of this research report were to assess how the number of self-employed people in the Netherlands, and the volume of economic activity generated by this section of the labour market compared with that of other OECD countries. It also sought to analyse how these differences could be explained. In order to be able to define the relevant explanatory variables for the level of entrepreneurship, and to present an overview of related government policies in eight OECD countries, the authors carried out an extensive review of available literature. Estimates performed on the basis of the theoretical framework generated by these means showed that a country's GDP per capita; its level of unemployment as a percentage of the labour force; its industrial structure; and the size of the country were important factors conditioning the level of self-employed activity. The extent of urbanisation was found to be negatively related to the overall number of self-employed workers.

An assessment of policies seeking to encourage self-employment in the eight countries under study revealed that assistance for business start-up was the most frequently employed policy option. This was usually achieved through the provision of facilities for obtaining information, advice and consultation, and certain forms of subsidised loans. The second area on which government attention is focused is the promotion of exports, followed by policies to enhance job creation. Relatively little attention is paid to training and education and the possibilities for subcontracting. Of the countries under study, France has the most extensive policy framework of specific measures in favour of self-employment. The Netherlands and Belgium have a relatively modest policy framework in this field.

Available from: Sdu DOP, Postbus 30405, 2500 GK Den Haag, NL.

## Comment

*Self-employment is being viewed as increasingly vital for the creation and maintenance of economic prosperity and for the creation of new jobs. Many European governments have taken measures to encourage self-employment, mainly through assistance for small business creation and the European Commission has also frequently highlighted the importance of small and medium sized enterprises for business creation. Recent research on the nature of job growth by the Organisation for Strategic Labour Market Research (OSA) shows that favourable market prospects and an adequate entrepreneurial climate have a positive impact on the number of new business creations, and that sound preparations and systematic operations increase the likelihood of survival. The study by Bais, Van der Hoeven and Verhoeven provides a basic theoretical framework capable of expansion. As the authors stress, an extension of the set of panel data is necessary for future research to ensure that demographic developments, social, cultural and psychological factors can also be included in the equation. A measurement of the effectiveness of government policies in stimulating new entrepreneurship could not be performed on the basis of data collected for this study, but would also deserve further attention in data collection and research.*

*Since the late 1980s, the supply side of the labour market has received considerable attention because of the low participation rates in times of increasing employment. More recently, however, attention has shifted towards the demand side. At the beginning of the research project carried out by Van der Hoeven and Verhoeven, there was some uncertainty over the availability and value of demand side data. Statistics Netherlands (CBS) had ceased to publish data on the "demography" of firms in 1987 because of definition-related problems. The longitudinal analyses required panel data which the CBS could not provide (due to data protection and sample-related problems). Eventually, data from the Chambers of Commerce were used and topped up with additional interviews. Nevertheless, it was not possible to answer all research questions. Research by the OECD for its 'Employment Outlook' also met with difficulties when gathering and preparing the data for analysis.*

*The report by Van der Hoeven and Verhoeven provides a description of the development of job creation and job losses as well as a partial insight into the circumstances and conditions for these processes. The main conclusion which can be drawn from their study is that a general employment policy can only be effective if it links up with employers' growth strategies.*

*Labour market projections in the Netherlands (like those presented by the Organisation for Strategic Labour Market Research) usually do not include a regional perspective. For the regional bureaus of the Public Employment Service, however, information on possible future regional developments is vital to inform policy planning. The Central Employment Board publishes regional labour market studies on a regular basis. Prognoses since 1994 are extended with yearly time series' for key variables like labourforce, jobs, commuting and the number of unemployed job-seekers.*

*The trend towards greater labour market flexibility and European Commission support for the sectoral social dialogue have resulted in a growing interest in the role of the social partners. The consequences of and responsibility for collective agreements, moderate wage developments, agreements on training, and measures targeted at reducing unemployment for special groups in the labour market, are under discussion. A comparative analysis of the different definitions used for the measurement of the degree of corporatism clarifies the possible content of the term. Cövers and Van Veen present the findings of their own empirical research. Some of the shortcomings found in the studies they compared are avoided, for example, by using more recent material and by comparing the results for different definitions. The institutional and economic differences between the OECD countries that partly account for the diverging economic performances of countries are not taken into consideration. The relative weight of the influence of government expenditure and taxes (relative to GDP) on the one hand, and the centralisation of labour relations on the other hand is a topic for further research.*

## **Creatie en teloorgang van arbeidsplaatsen (Creation and Loss of Employment)**

HOEVEN W H M VAN DER, VERHOEVEN W H J (1994)

This report investigates the level and structure of employment growth in the Netherlands. It concentrates on the hidden dynamics of employment creation. The objective of the study was to examine in which sectors employment was created, in which sectors it was lost, and the conditions under which growth takes place. Data used are from the Association of Chambers of Commerce (*Enquête Regionale Bedrijfsontwikkeling 1987-1992* and *Mutatiebalans van het Handelsregister 1987-1992*). Changes in the number of firms are analysed, taking into account recently established firms as well as bankruptcies and the consequences of this change for employment. Furthermore, the study reports on the natality and mortality of firms and on employment trends. The authors conclude that employment creation appears to be the result of a number of developments and business objectives. Besides output growth and favourable profitability assessments, market orientation and strategic operations were found to determine the growth strategy of a firm, and, therefore the future of a company. Favourable market prospects and an adequate entrepreneurial climate also had a positive impact on the number of new business creations, and sound preparation and systematic operation increased the likelihood of survival.

Available from: Sdu DOP, Rooseveltstraat 52-56, 2312 BM Leiden. NL.

## **Regionale Arbeidsmarktprognose 1995-2000 (Regional Labour Market Prognosis 1995-2000)**

NATZUL H, WESTRA P (1995)

This report presents the short- and medium-term results of regional labour forecasts and includes a short description of the models used. Detailed results from the (currently) 28 regional bureaus of the Central Employment Board are presented in appendices. The report contains a conversion table for the planned reduction in the number of regional bureaus from 28 to a total of 18. The projections are based on the macro-economic estimates of the Central Planning Bureau ('Central Economic Plan 1995' and the 'Middle-term Estimate until 1998', with an extrapolation for 1999 and 2000).

Even though a favourable scenario is chosen as a starting point for the forecasts, the projections do not predict a decrease in unemployment. On the contrary, some regions may even face an increase in unemployment. Inner city areas, in particular, run the risk of high structural unemployment figures.

Available from: Arbeidsvoorzieningsorganisatie, Centraal Bureau, Sektor Marketing Services, afdeling Onderzoek en Advies, 2280 AK Rijswijk. NL.

## **On the Measurement of Corporatism**

CÖRVERS F, VEEN T VAN (1995)

This paper initially assesses the question of whether there is a relationship between corporatist forms of interest intermediation in labour relations and economic performance (real wages, unem-

ployment, inflation, strike activity). It highlights the fact that in previous theoretical and empirical analyses the role of governments in this process is not explicitly assessed. In this study the role of government is therefore incorporated into the analysis. The findings show that higher levels of corporatist interest intermediation are closely linked to moderation in real wage increases and lower levels of unemployment, inflation and industrial action. An analysis of the data reveals that corporatist countries (as defined by Calmfors, Driffill, and Crouch) are not only characterised by a high degree of centralised and co-ordinated wage bargaining, but also by relatively high government expenditure and significantly higher tax revenues. Moreover, it is concluded that corporatist countries show a higher ratio of active to passive labour market policies and higher average unemployment benefits. Paradoxically, labour market participation rates can be shown to be high in extreme corporatist as well as extreme non-corporatist countries.

Available from: ROA, PO Box 616, 6200 MD Maastricht. EN.



# United Kingdom

## Unemployment in Europe - Problems and Policies

SYMES V (1995)

This book focuses on the problem of unemployment in Europe. Like many other contributions on this issue it includes more generalised statements on how unemployment has developed, and why. In comparison to the USA or Japan, European countries have failed to meet the challenge. However, it then moves away from a purely sociological approach and focuses on unemployment from an economic geographer's perspective by looking at a comparison between five large cities in the European Union: Montpellier, Manchester, Rotterdam, Barcelona and Frankfurt.

The author initially provides an analysis of the causes of persistent unemployment in the five EU countries covered, and attributes it to a lack of wage flexibility, low geographical mobility and other factors. Subsequently, the author concentrates on the incidence of urban unemployment, highlighting the apparent paradox that even in superficially successful cities such as Montpellier and Frankfurt, indicated by rapid population increase and high per capita incomes, unemployment remains a significant problem, with both cities having unemployment rates above their national averages. Population size is not seen as an explanatory factor in high unemployment or in situations where unemployment has fallen.

The five city case study chapters provide an introduction to their characteristics (population, employment, unemployment, etc), followed by a discussion of how unemployment policy is organised locally. In Montpellier, for example, local policy is a reflection of nationally determined priorities; in Manchester the derivation of policy is much more fragmented; in Rotterdam tripartite national and local structures seem to prevail, whilst in Barcelona and Frankfurt national and regional authorities play a key role.

The book concludes with a brief look towards the end of the decade. A key finding is that there needs to be more

## Comment

*Continuing improvements in key indicators such as unemployment suggest that the general state of the UK labour market may be good. However the debate on the validity of the main unemployment data series (based on the number of benefit claimants) has been reopened and a working party has been set up to look again at the alternative measures. However, in reality there is only one alternative, the 'Labour Force Survey'. Therefore the main option being examined is to use the LFS on a monthly basis, although the implementation costs would be high. These deliberations coincide with the merger of the Employment Department with the Department for Education forming the Department for Education and Employment. In addition the statistical work of the former Employment Department has been transferred to the Central Statistical Office.*

*That unemployment remains an intractable problem is highlighted in the book by Symes (1995) which plots the situation in five EU Member States, including the UK, from an interesting angle. It suggests that even in apparently prosperous regions there may be an underclass of disadvantaged groups in the labour market for whom traditional policies are failing. Also it is interesting to note that despite a difference in approach to policy determination and implementation in the different regions, none seems to have fully answered the problems of these groups.*

*Labour market difficulties are also addressed in the two reports from the main social partner groups in the UK, the CBI and the TUC. The CBI document is remarkably honest about the prospects for long-term unemployed people and the suggestion that employers need to do more is realistic and that there is the need for a benefits system which facilitates rather than hinders the transition from inactive to active labour market status. The TUC paper, on the other hand, focuses on the lack of job security in a labour market characterised by deregulation. The feeling of insecurity permeates the whole economy and has been blamed for the rather sluggish economic recovery, the sclerosis in the housing market and other traditional indicators of UK economic optimism.*

*The report by Senker (1995) contains the findings of comparative research on funding for training arrangements. It details how other countries address this issue given that the UK has all but abandoned its system of levies. One of the more useful conclusions from the study is that any training policy works better when all the partners agree and co-operate. However, whether this could work in the UK without the kind of legislative framework that exists in many other countries remains a matter for debate.*

flexibility in unemployment policies that allows local adaptation and implementation. The suggestion is that failure to adequately address unemployment can lead to dire social consequences.

Available from: Routledge Publishers, 11 New Fetter Lane, London EC4P 4EE, UK. EN.

### Tackling Long-term Unemployment - A Business Agenda

CONFEDERATION OF BRITISH INDUSTRY (1995)

This is an interesting and well balanced document from the employers' confederation (CBI) which recognises that the goal of economic growth alone is not enough to alleviate persistent long-term unemployment. The report documents the contrasting labour market experiences

in Britain with, for example, skill shortages existing alongside long-term unemployment and uses its own survey-based research (employers and a sample of long-term unemployed people) together with case study material to develop ideas on how the problem can be addressed.

The survey of long-term unemployed people reveals that most have some previous work experience and are actively seeking work. However, they are often searching for work in a range of occupational areas which are out of step with the way the labour market is developing. It seems that long-term unemployed people often expect permanent full-time jobs predominantly in low skilled manual occupations. One particularly interesting finding shows that the methods of job

search most frequently used by long-term unemployed people (for example, press advertisements, the Employment Service and personal contacts) do not always correspond with those used by employers. Throughout the report there is further evidence of this kind of conflict in perception between employers and long-term unemployed people.

The report identifies three key areas which should act as the focus for a policy response. Firstly, it focuses on the issue of skills. The report shows that many long-term unemployed people, perhaps through a lack of information, have low expectations in terms of the skills required to find employment. Even more fundamentally there is a need to ensure that long-term unemployed people feel confident in their basic skills and that this is conveyed to employers. Employers also appear to need to change their perceptions since the survey found that some were looking for skills and qualifications unsuited to the job on offer. The second key area identified is the need to improve job search. Here the principal focus is on the provision of a better Employment Service and, in particular on persuading employers to use the service more and to hold it in higher regard. The third issue raised in the report is the benefits barrier which is not seen in terms of the overall level of benefits for unemployed people, but highlights more the need to assist those moving from unemployment to work through the payment of a transitory benefit.

Available from: CBI Publications, Centre Point, 103 New Oxford Street, London WC1A 1DU. EN.

### **Job Insecurity and the Recovery**

TUC ECONOMIC AND SOCIAL AFFAIRS  
DEPARTMENT (1995)

This publication by the British Trades Union Congress blames the lack of job security in the labour market for the rather sluggish economic recovery in the UK. The paper highlights the need to create more permanent jobs to replace those lost and to counter the growth in temporary work in order to combat the general feeling of insecurity, which has had an effect on economic performance.

While the TUC does not deny that some jobs have been created, it argues that the majority of these are temporary or in self-employment which can be de-

scribed as insecure employment. The statistics used in the paper suggest that fewer than 10% of all new jobs created between the Autumn of 1993 and the Autumn of 1994 provided permanent employment, the bulk of which were either temporary or self-employed. The problem is compounded by a fall in permanent part-time work which particularly affects women.

Fixed-term contracts are growing in popularity alongside more traditional forms of temporary working such as seasonal jobs and 'temping' and increasingly men are being affected by these developments. This is not only a private sector phenomenon. Changes in public sector employment have favoured the conclusion of more precarious contracts and have thus contributed greatly to these labour market changes. Employee dissatisfaction with job insecurity was confirmed by the TUC's own poll (quoted in the paper) showing that almost one in five of the workforce sampled had a high level of dissatisfaction.

The paper is clearly aimed at highlighting the TUC's concern over the growth in job insecurity and it blames government policy for much of the problem because of its continued efforts to deregulate the labour market.

Available from: Trades Union Congress, Congress House, Great Russell Street, London WC1B 3LS. EN.

### **Training Levies in Four Countries: Implications for British Industrial Training Policy**

SENKER P (1995)

Until the late 1980s, a system of training levies which extracted funds from employers to finance training shortfalls was used extensively in the UK. The Industrial Training Board (ITB) system covered many sectors but was considered too interventionist by a government committed to developing a deregulated labour market. This study, commissioned by one of the largest and most influential of the training bodies that emerged from these changes, examines this trend alongside the practices in France, Australia and Singapore, with an appended section on the German training system.

The report finds much to commend in the old ITB system in Britain especially during the earlier period of its existence

from 1964-73 when the grant/levy system operated in earnest. However, the 1973 Employment and Training Act saw some significant changes in the ITB structure and its methods of operation, not least of which was a switch to a levy/exemption scheme. By 1988 the government had decided to do away with all but the Construction ITB and the Engineering Construction section of the former Engineering ITB.

Looking around for inspiration, the report finds that ingrained cultural differences between countries often militate against the UK adopting other national systems. For example, the French practice of levying all firms with a training tax (*taxe d'apprentissage*) is called into question (as it has been in France) and accused of being cumbersome to administer and perhaps too restrictive in its benefits. Similarly in Australia the innovative *Training Guarantee Scheme* levied on employers to encourage adequate training is now seen to be inadequate in terms of the quality and extent of training achieved.

The country with the system that comes closest to acting as a potential model for the UK is Singapore. This country has operated a levy system since 1981 which penalises firms paying low wages and uses the revenues raised to set up a *Skills Development Fund*. This would be used to finance training which would help raise the general skills level of the economy. The author notes, however, that the political and economic structures in Singapore and the UK differ too greatly to allow for this system to be imported but suggests that the basic principle of setting clear objectives for such programmes is an obvious lesson to learn.

Broadly the report is in favour of some kind of levy to develop training in the UK but one that is based on clear objectives, which may mean objectives limiting the scope. Above all, the adoption of any new policy on training needs to have the support of the key players including the employer groups, trade unions and training bodies. Equally it would need to fit within the broader overall policy on education and training.

Available from: EnTra Publications, PO Box 75, Stockport, Cheshire. SK4 1PH. EN.



# Portugal

## **Etude de faisabilité pour assurer l'assistance nationale à la formation professionnelle des femmes (Feasibility Study to Ensure National Assistance for Women's Professional Training)**

GUERRA I, DUARTE I, MARANHÃO MJ,  
REBELO DA SILVA N (1994)

This study was commissioned by the Task Force for Human Resources, Education, Training and Youth, DGV of the CEC, and led by a research team from CET (Centre des Etudes Territorial) of the Istituto Superior de Ciências do Trabalho e da Empresa (ISCTE).

It deals with concerns regarding discrimination against women, which continues despite the legislative efforts of recent decades. The aim of this study is to look at the evaluation, relevance, and organisational details surrounding the setting-up of National Co-ordination Units of the IRIS network, in each European Union Member State.

The methodology deployed, which the authors consider to be innovative, aims to establish a dynamic process of reflection and debate in each Member State, which goes beyond current interests and practices.

The research methods used were face-to-face interviews and surveys as well as meetings with:

- national representatives of the institutions responsible for the definition and enactment of policies relating to employment and vocational training as well as equal opportunities for men and women;
- with representatives of the institutions that finance national and/or EU professional training programmes;
- those responsible for the national co-ordination of the European NOW (New Opportunities for Women) programme.

The results of the study show that all Member States recognise the need for national systems which encourage professional training for women, taking into account national differences, notably those concerning differing training structures. The organisation of the Co-

## Comment

*Two of the three studies reviewed in this bulletin give us a global panorama of the Portuguese labour market, thus being an important contribution to the debate surrounding this question. The data show some common trends in the Member States of the European Union, such as the ageing of the population, with its inevitable effect on the public pension and social insurance system. In conjunction with the increasing life expectancy, this raises a number of problems for social policy making and for the funding of the welfare state in particular. However, in comparison with other Member States, Portugal's demographic structure is changing much more slowly.*

*Another important change in the Portuguese labour market is the increasing female participation rate. Although this trend has been slower than in the other Member States, it is nevertheless significant. While this has generated more income from taxes, it also puts pressure on the economy to create more new jobs. Within the context of a recession, this necessarily results in an increase in expenditure on unemployment benefit which has to be funded from contributions and public expenditure. Despite these financial pressures Portugal continues to have among the lowest taxes and social security contributions in Europe.*

*Recent labour market developments confirm trends which have been ongoing for the whole decade, the most important being the rise in unemployment which reached 6.8% in 1994 and affected young people most seriously.*

*The study by Guerra, Duarte, Maranhão and Rebelo da Silva analyses the contribution of professional training to promote the equality of opportunities in the European context. This is an evaluation of an initiative of the European Commission, the IRIS network, launched within the scope of Union concerns around the problem of discrimination against women. The results are very clear with regard to the need to reinforce positive discrimination policies through the creation of national structures. With the active involvement of the social partners, these should contribute to the provision of improved vocational training for women and strengthen their position in the labour market. The need for such policies is even greater where there is a tendency for the female unemployment rate to increase.*

ordination Units confirms the need to safeguard the role of those institutions responsible for the promotion of equal opportunities, for the setting of broad objectives for intervention, and for the promotion of co-operation with the various social partners.

Available from: CET, Avenida das Forças Armadas, Ed. ISCTE, 1600 Lisboa. FR.

## **A Evolução do Mercado do Trabalho - Análise Retrospectiva (Labour Market Development - A Retrospective Analysis)**

JOSUÉ M E, GONÇALVES M F (1995)

This study was carried out by the Labour Market Study Department of the Instituto do Emprego e Formação Profissional (IEFP) which is responsible for the enactment of employment and vocational training policies in Portugal.

The main aims of the study were to analyse labour market developments be-

tween 1981 and 1991, and for this purpose the authors used statistical data provided by the two national censuses carried out in 1981 and 1991.

The study begins by presenting the main concepts necessary for understanding the workings of the labour market. It continues by analysing the demographic structure of the Portuguese population, and the state of its labour market, particularly with regard to the calculation of the active, inactive, employed and unemployed population.

The main conclusions which can be drawn from the results are the following:

- a stabilisation in the growth rate;
- an ageing of the population;
- a downward trend in the number of illiterate adults;
- an increase in migration of people away from the less developed regions of the country, particularly Alentejo, Centro and Açores;

- a 9% increase in the number of economically inactive people in the population;
- a 9% increase (paradoxically) in the active population due to the increased entry of women into the labour market;
- a substantive growth in tertiary sector employment; and
- a fall in unemployment from 6.8% in 1981 to 6.1% in 1991.

Available from: IEFP, Xabregas 52, 1900 Lisboa. PT.

**Situação do Mercado de Emprego-  
Relatório Anual 1994 (*The Labour  
Market Situation - Annual Report  
1994*)**

JOSUÉ M, GONÇALVES M F, PENHA M M (1995)

The main aim of this report is to analyse the labour market for the year 1994, particularly with regard to the growth in the active population and unemployed people.

It includes a compilation of statistical data gathered by the three public organisations responsible for this work: the National Statistical Institute (INE), the Research Department of the Employment and Social Security Ministry (DEMESS), and the Instituto do Emprego e Formação Profissional (IEFP).

The data collected by INE illustrate the increase in the active population between 1993-1994 (+1.3%), which was due mainly to the entry of women into the labour market. They also show a reduction in available employment (-1.3%), particularly for young men; a reduction in the number of workers (-2%) and an increase in self-employed workers (+4.1%).

The DEMESS survey suggests that the principal reason for the creation of employment is a rise in orders while redundancies are due to the introduction of new technology and a drop in orders. According to this study, SMEs at present tend to create employment while large companies do the reverse. As far as

unemployment is concerned, the DEMESS data highlight the rise in unemployment (+17.2% in 1994), and illustrate the profile of unemployed young people looking for their first job. The region with the highest unemployment rate of 11% is Alentejo.

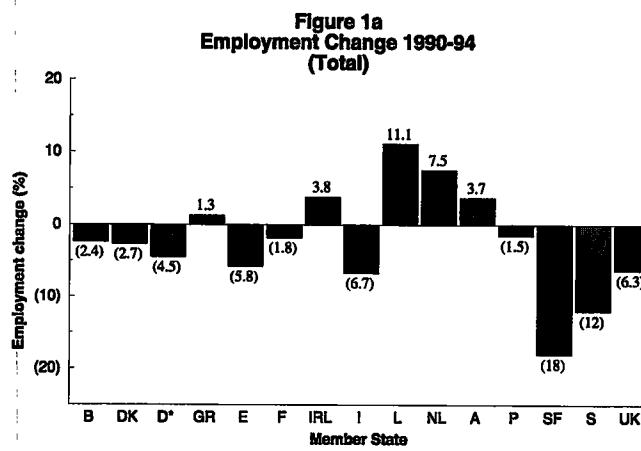
The statistical data obtained by the IEFP describe the employment demand and the number of unemployed people registered with Job Centres. In 1994 the number of registered unemployed people rose by 12.4%. The largest single group being those looking for their first job.

Available from: IEFP, Xabregas 52, 1900 Lisboa. PT.

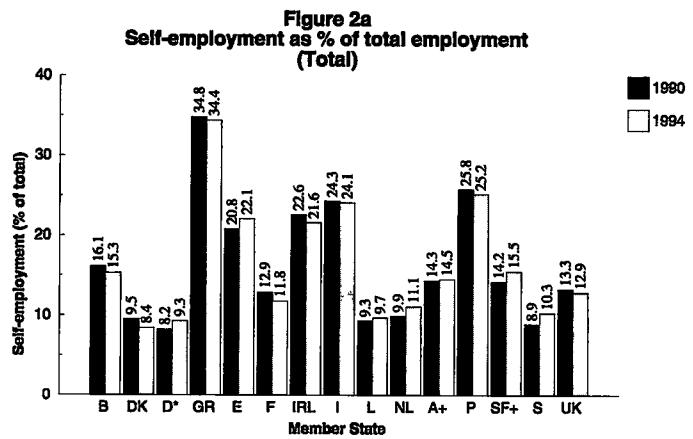
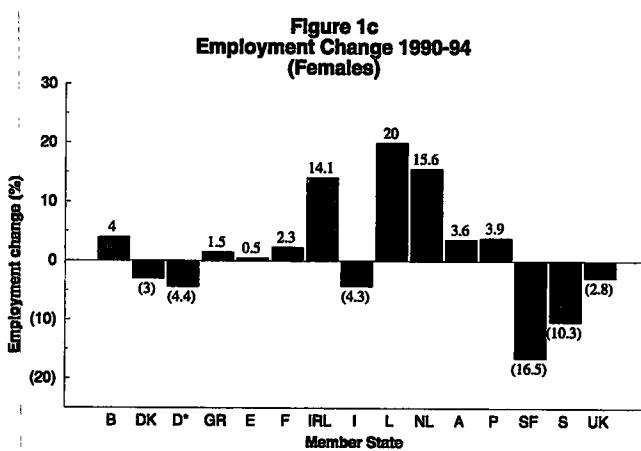
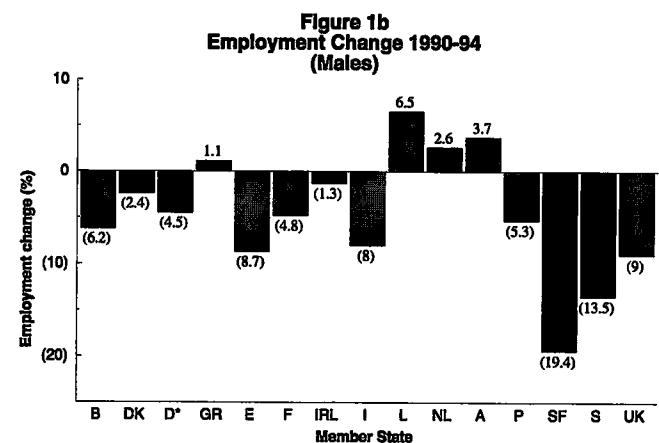
# Statistical Supplement N° 24

## Indicators of Labour Market Flexibility

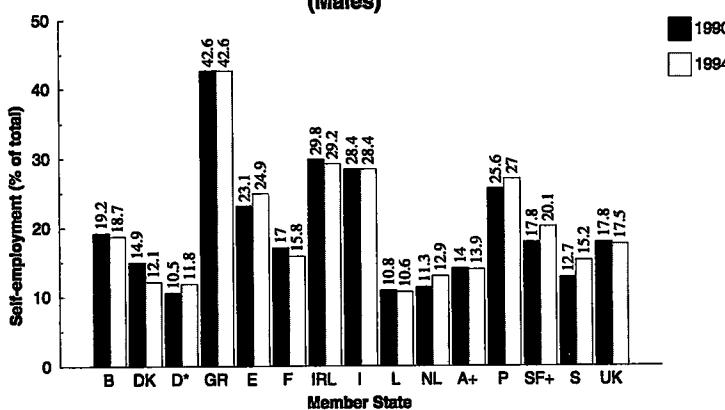
This statistical supplement explores the available statistics on three indicators of labour market flexibility alongside the overall figures for employment over the first half of the 1990s. The three indicators of: self-employment; part-time working; and fixed-term contracts provide only a partial picture of labour market flexibility but nonetheless give a useful perspective on how employment patterns are developing in the 15 EU Member States.



(\* figures for 1991-94)  
(+ figures for 1990-93)

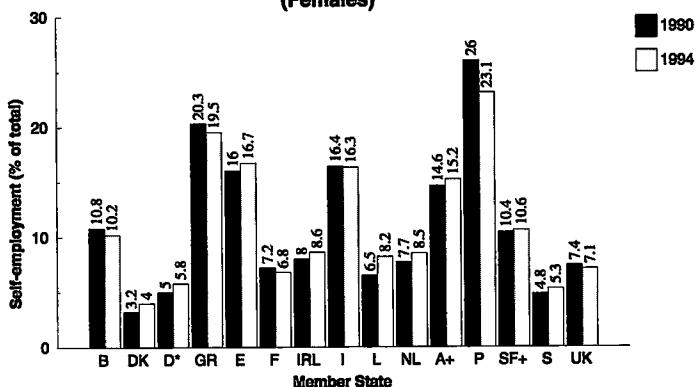


**Figure 2b**  
Self-employment as % of total employment  
(Males)

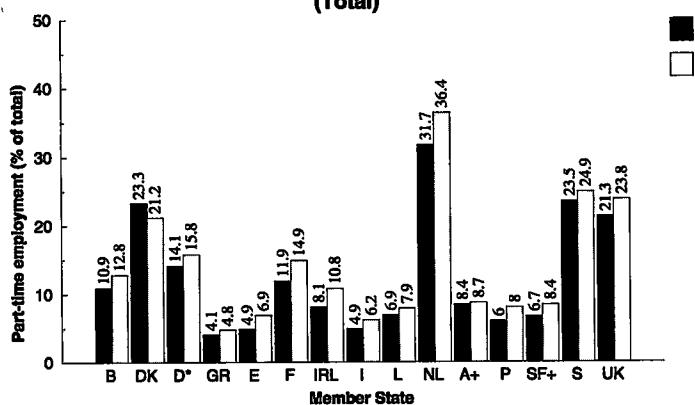


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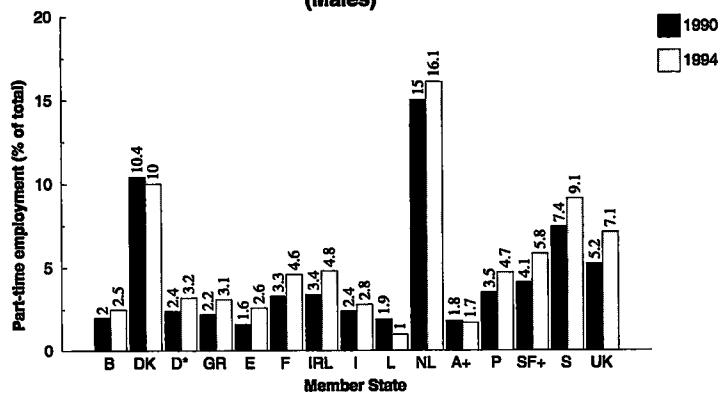
**Figure 2c**  
Self-employment as % of total employment  
(Females)



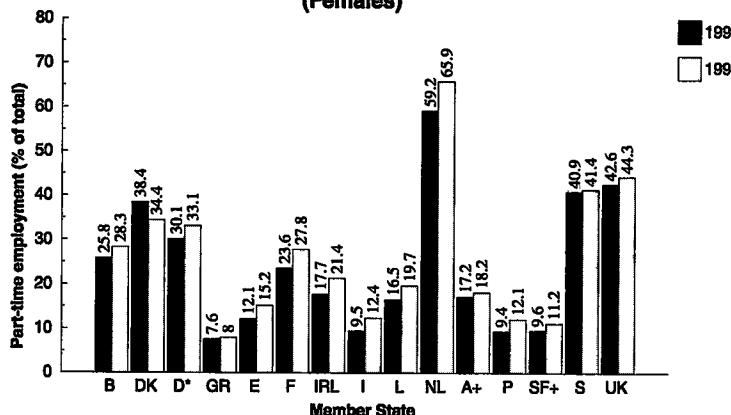
**Figure 3a**  
Part-time employment as % of total employment  
(Total)



**Figure 3b**  
Part-time employment as % of total employment  
(Males)

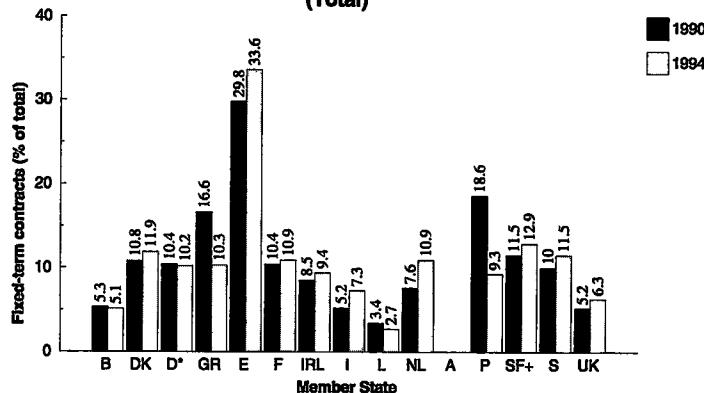


**Figure 3c**  
Part-time employment as % of total employment  
(Females)

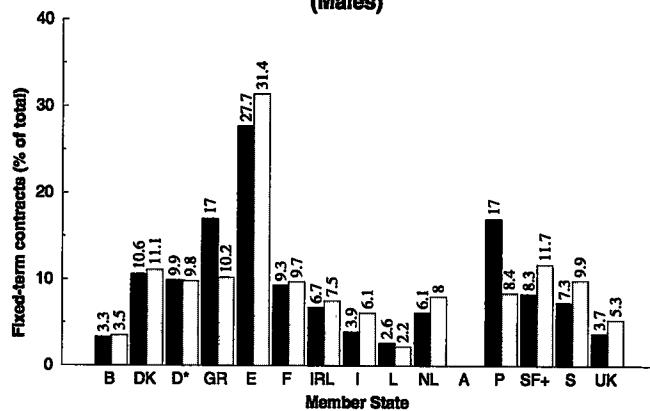


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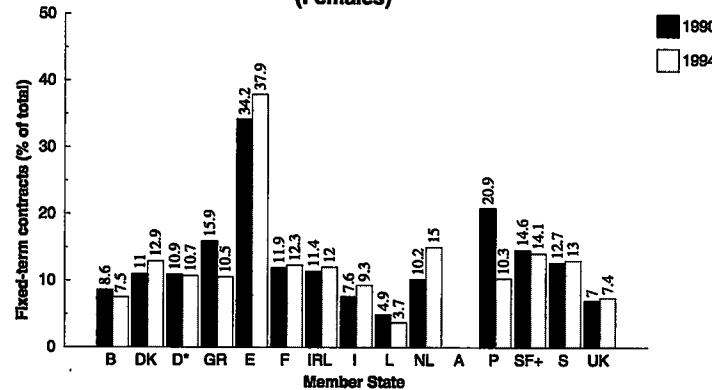
**Figure 4a**  
Fixed-term contracts as % of total employment  
(Total)



**Figure 4b**  
Fixed-term contracts as % of total employment  
(Males)



**Figure 4c**  
Fixed-term contracts as % of total employment  
(Females)



## Commentary

### Indicators of Labour Market Flexibility

This statistical supplement explores statistics on three indicators of labour market flexibility alongside the overall employment trend over the period 1990-94. The three indicators of: self-employment; part-time working; and fixed-term contracts provide a useful, but incomplete perspective on how employment patterns are developing in the EU Member States. The information is drawn from a variety of national and Eurostat sources, all of which are summarised in the Statistical Annex to the latest edition of *Employment in Europe*.<sup>1</sup>

### Data Considerations

The information on total employment includes all forms of working according to the definitions applied by the Labour Force Survey and so can be considered broadly comparable.<sup>2</sup> More problematic are the definitions for the other measures of employment. For example, part-time working can vary considerably as measured by the number of hours worked, and the LFS policy is to allow the respondent to determine their own part-time status (but checked against the normal hours worked). Fixed-term contracts are those employment situations which specify a certain period of work. However, this is also open to different interpretation and it may be that those employed on fixed-term contracts stay with the same employer for some considerable time, with contracts renewed on an annual or similar basis. Legislative conditions can also influence the nature and extent of fixed-term contracts with, for example, employers taking advantage of length of service rules that apply before employees become eligible for benefits such as paid holidays and redundancy.

### The Statistics

The trend in overall employment over the five year period 1990-94 is shown in Figure 1. In the case of males and females in total (Figure 1a) only a minority of Member States experienced a growth in employment numbers. This was highest in Luxembourg with an increase of 11.1% followed by the Netherlands with 7.5%. Only three other Member States, Greece, Ireland and Austria, showed employment growth over this period. For the majority of Member States the first half of the 1990s has been characterised by a fall in employment. The most significant decrease was in Finland with 18% followed by Sweden with 12%.

For males and females separately the general experience has been a more favourable situation for women in the labour market, at least in terms of job growth. For example, the figures show that whilst four Member States recorded increases in male employment (Figure 1b), this increased to nine for female employment (Figure 1c). Furthermore, some of the increases in female employment were significant at 20% in Luxembourg, 15.6% in the Netherlands and 14.1% in Ireland. To counter this, the decreases in female employment were also significant in Finland and Sweden with 16.5% and 10.3% respectively.

Subsequent figures in this supplement allow some examination of the ingredients of these overall employment changes. Figure 2, for example, shows that self-employment has changed only marginally over the reference period. Taking males and

females together (Figure 2a) only seven Member States have seen self-employment assume a bigger proportion of total employment. Here the largest increase was in Finland and Sweden, although the latter generally has a smaller proportion of self-employment than many other Member States. Falls in self-employment as a proportion of total employment were not great in any Member State. However, it is also interesting to note the wide variation in the significance of self-employment amongst the Member States, with a high of 34.4% in Greece and a low of 8.4% in Denmark.

Self-employment has tended to be more prevalent amongst men than women and this is clearly shown in Figures 2b and 2c. For example, in Greece over two out of every five males in employment are self-employed whereas the figure for women is around one in five. Only in the case of Austria does the proportion of women who are self-employed exceed that for men (15.2% compared to 13.9%).

These gender differences are even more pronounced in the case of part-time working (Figure 3). Between 1990 and 1994 the proportion of men and women working part-time increased in all but one Member State (Denmark). However, whilst there were increases in the proportions for males in 12 of the Member States, the overall proportions are much smaller than the corresponding ones for women. Figure 3c, for example, shows that in 1994 almost two thirds of women in the Netherlands (65.9%) were working part-time which was well ahead of the nearest Member States of the United Kingdom and Sweden with 44.3% and 41.4% respectively. The lowest proportions for women working part-time were in Greece (8%), Finland (11.2%), Portugal (12.1%) and Italy (12.4%).

The proportions of those on fixed-term contracts in the employed labour force are shown in Figure 4. An increase in the incidence of such contracts might be interpreted as a sign of a more flexible labour market. However, the available figures show that only nine of the Member States recorded increases over the period 1990-94 with the biggest changes in Spain (from 29.8 to 33.6%) and the Netherlands (from 7.6 to 10.9%). Spain was also the exception in having such a large proportion of its employed labour force on fixed-term contracts. For the majority of Member States the proportion was around 10% or lower.

In general more women than men were affected by fixed-term contracts. In all Member States the proportion of women in such employment situations exceeded those for men and sometimes the margins were quite significant. For example, in Belgium the comparable figures were 3.5% of men and 7.5% of women; in the Netherlands it was 8% for men and 15% for women; and in Luxembourg 2.2% for men and 3.7% for women. This information, combined with the trend in part-time working, would suggest that women have been most affected by the development of so-called flexible working methods.

<sup>1</sup> *Employment in Europe 1995*, published by the European Commission, DGV.

<sup>2</sup> Of the 15 Member States only Austria does not currently hold a labour force survey. Here the information is based on details supplied by that country's Statistical Office.



# Finland

## Muuttuvat työajat ja työsuhheet (Changes in Working Time and Employment Contracts)

JULKUNEN R, NÄTTI J (1995)

This study was commissioned by the Ministry of Labour and carried out by Julkunen and Nätti. It focuses on the changes in working time arrangements and the nature of employment contracts in Finland. It describes recent developments identified in the Supplementary Labour Force Surveys (1989, 1993) and Working Life Barometers (1993, 1994).

The results show that the most obvious change, partly accelerated by the recession, is the increasing number of working time agreements concluded at company level. While most Finnish wage earners continue to prefer normal working time (35-40 hours per week), demands are increasingly being voiced for more flexible arrangements such as greater flexibility during particular life phases, or the accumulation of time savings for longer "sabbatical" leaves.

Between 1989 and 1993, only minor changes occurred in the nature of existing employment contracts, with the share of permanent and full-time employment contracts declining only slightly from 81.4% to 80.5%. Substantial changes did, however, take place with regard to new employment contracts. In 1989, 52% of new employment contracts (tenure of less than a year) were full-time and permanent. In 1993, the corresponding share was only 28%.

The research continues as field work and focuses on the diversity of local working time arrangements as well as experiences with work sharing.

*Labour Study 104.* Available from: Ministry of Labour, Publications sale, Box 536, FIN-33101 Tampere, FI.

## Työolobarometri marraskuu 1994 (Working Life Barometer 1994)

YLÖSTALO P, KAUPPINEN T (1995)

The third *Working Life Barometer* is based on data collected through telephone interviews with 1209 wage earners and salaried employees aged between 18-64

### Comment

*The deep recession in the Finnish economy gave rise to changes in the patterns of labour use. The Finnish labour market is now witnessing a greater cautiousness in hiring new employees, more intensive use of existing staff, and the negotiation of more fixed-term contracts and firm-level agreements on flexible working time. Along with the economic revival, labour supply started to grow, thus partly offsetting the favourable impact of job creation on registered unemployment. The decrease in registered unemployment has therefore been quite sluggish. The very high levels of unemployment have given new impetus to demands for work sharing and greater flexibility in labour use, and these are regarded as prerequisites for a better employment performance. The regularly published 'Working Life Barometer' is useful in monitoring developments in working conditions, industrial relations and patterns of labour use. Given the greater opportunities for negotiating working time arrangements at local level, the survey serves to illustrate the practical use of these options in the workplace. The results show a pronounced increase in overtime working towards the end of the recession. The ceilings for permissible annual overtime hours are very high in Finland by European standards, and in recent years there have been some proposals to reduce the maximum amount of overtime per employee from the present 320 hours a year to no more than 200 hours.*

*Changes in the pattern of labour use, and working time preferences as observed in the Labour Force Surveys are also considered in the study by Julkunen and Nätti. The results suggest a dramatic decline in the share of full-time and permanent employment contracts among new appointments between 1989 and 1993. However, an exceptionally low number of new contracts concluded and a large amount of temporary work placements subsidised through labour market policy measures during the recession, may have overestimated the strength of the underlying change. The authors also discuss the content of the working time debate in Europe and describe national workshare initiatives in Finland.*

*The contribution by Kairinen, Rantanen-Lahti and Uhmavaara looks at local co-operation and participation within enterprises. This is governed by a 1978 Act amended in 1989, which outlines the scope of co-operation procedures. The Act covers all enterprises employing 30 persons or more and stipulates that the employer must consult employees before making any major decisions affecting working conditions or workforce size. The law does not prescribe co-determination on these matters, however, and according to the study it has been the informative function of the co-operation system which has so far been vital from the employees' point of view. With regard to a multitude of issues however, both employers and staff representatives considered the co-operation procedure equally suitable for local negotiations. Compared to a previous follow-up study from the early 1980s, the results suggest that the co-operation system appears to have taken root in Finnish company culture.*

*The emphasis within labour market policy measures has shifted from subsidised work towards labour market training in Finland. The more pronounced role of labour market training under circumstances of mass unemployment has raised important issues relating to the benefits of training. To what extent does training increase the chances of obtaining gainful employment in the short and long term? What is the meaning of education for the unemployed individual, can it provide building blocks for a restructuring of vocational identity or does it boost self-confidence and help to retain internal control of life? Can the motivation of the participants be maintained if short-term returns in the form of better job prospects are not very promising? The research project by Mikkonen is based on a survey of some 10,000 individuals (participants in labour market training and a control group) whose labour market experiences were followed for two years. As a result of the first phase of the project, the motives for entering training and the subjective assessments immediately after the completion of the course are reported in the article included in the collection of essays on labour market training. The results are encouraging in suggesting that the personal motivation of the trainees has continued to be firm even under conditions of high unemployment.*

years. The barometer depicts perceived changes in the quality of working life which occurred in 1994 as well as the future expectations of employees.

For the first time during the recession, the quality of working life appeared to improve in 1994. However, changes in "expectations" were more pronounced than the "actual" changes experienced in the workplace. The incidence of social tensions in the workplace clearly declined in 1994, but remained higher than they were prior to the onset of the recession. The results also suggest that opportunities for employees to influence their job content were also increasing. With regard to other factors adversely affecting working conditions, proportionately more workers in 1994 said that time pressure as well as physical and mental strain had increased. There was a substantial increase in overtime working, particularly in larger companies.

*Labour Study 112.* Available from: Ministry of Labour, Publications sale, Box 536, FIN-33101 Tampere. FI.

### **Yhteistoiminta työelämässä (Co-operation and Participation within Enterprises)**

KAIRINEN M, RANTANEN-LAHTI A, UHMAVAARA H (1995)

This study has three different dimensions. Firstly, it provides a follow up to a study on the functioning of co-operation and participation systems within enterprises carried out in the early 1980s. Amendments have since been made to the Act covering the procedural regulations relating to collective job security. Secondly, the suitability of the co-operation procedures as a tool for local negotiations was considered in a survey conducted among representatives of both employees and employers. Thirdly, the prevailing legal interpretations of the key regulations on company level co-opera-

tion procedures are examined. The study compares Finnish and EU legislation on issues relating to the transfer of undertakings or the co-operation between groups of companies.

The opportunities for influencing negotiations in co-operation talks were generally rated between reasonable and slight by staff representatives. Employee representatives were more likely to be able to bring their influence to bear in larger companies, whereas in smaller businesses co-operation was usually very limited. It was the informative function of the co-operation procedure which was emphasised by the staff representatives. Employer and employee representatives disagreed about the need to extend the scope of co-operation procedures. With regard to issues such as working time, lay-offs, productivity, investment and equal opportunities, however, both parties agreed that the co-operation system would be a suitable procedure for local, company level negotiations.

*Labour Study 105.* Available from: Ministry of Labour, Publications sale, Box 536, FIN-33101 Tampere. FI.

### **Three Essays on Labour Market Training: Company, Individual and Policy Perspective**

JUUTI P, MIKKONEN I, RAISANEN H (1995)

This report summarises in English the main findings of three separate studies on publicly funded labour market training programmes published in Finnish in 1994-1995. The studies were commissioned by the Ministry of Labour and represent three different perspectives on the effectiveness of training: company-level, individual-level and policy-level.

The first study deals with experiences in companies and is based on surveys and interviews with managers and corporate executives. Although attitudes towards labour market training were generally

positive, three quarters of respondents felt that there was room for further improvement in terms of efficiency. Closer co-operation between companies and the Labour Administration and the importance of using labour market training for purposes of in-company training was emphasised by managers interviewed in the survey.

The second study focuses on the assessment of the value of labour market training from the point of view of individuals who had participated in such schemes.

The third study is concerned with the macro-level outcomes of training using statistics produced by the Labour Administration. On the basis of the respondents' assessments immediately after the course, it appears that labour market training met the participants' expectations. As to the underlying motives for entering training, the results showed that the main motivation for entering training was the interest in developing or acquiring professional skills. Another major motivation stemmed from a desire to raise self esteem and to break the monotony of unemployment. Only very few people started training without any personal motivation, either as an initiative of the employment service or because of financial gain in the form of unemployment benefits. The positive effects of labour market training programmes in terms of reducing overall unemployment were also emphasised in the third study. However, in more recent years, due to the worsening unemployment situation, the proportion of unemployed trainees two months after completion of the training rose sharply from 10% in 1989 to 59% in 1993.

*Labour Study 108.* Available from: Ministry of Labour, Publications sale, Box 536, FIN-33101 Tampere. EN.



# Ireland

## An Analysis of Secondary Employment Associated with the Manufacturing Industry

O'MALLEY E (1995)

This paper presents estimates of secondary or indirect employment which is associated with the manufacturing industry in Ireland. The secondary effects include (a) associated services employment due to industries purchasing of services inputs, (b) employment supported in services by expenditures of industrial employees on services, and (c) employment in services supported by the re-spending of taxes arising from the taxation of both industry itself and its employees. The basic data for the study were obtained from an annual survey of industrial enterprises (the Irish Economy Expenditures Survey) carried out by the Industrial Development Authority. This enquiry (which covers all enterprises employing 30 persons or more) seeks information on sales and purchases (including those transacted within the Irish economy) as well as wages, salaries etc.

The results show that in 1991 when total manufacturing employment stood at 199,000 there were approximately 168,000 associated service jobs. This implies that there were about 84 service jobs associated with each 100 direct manufacturing jobs. Concerning trends over time, the results indicate that the ratio of total secondary services employment to direct manufacturing employment drifted slowly downward between 1983 and 1990, from 89 to 83 jobs per 100 direct manufacturing jobs. This was followed by a small increase to 84 per 100 in 1991, and a larger increase to 91 per 100 according to preliminary estimates for 1992.

The study shows that the performance of overseas and foreign industrial enterprises is superior to that of indigenous companies in generating secondary services employment effects. The results reveal that in 1991 there were 94 associated jobs in services per 100 direct jobs in overseas manufacturing companies, while the corresponding ratio for indigenous industry was 77 per 100. De-

## Comment

*The report by O'Malley is of considerable value in informing the ongoing industrial policy debate in Ireland, especially in relation to the role of multinational companies. One of the more surprising results is that overseas companies generate greater secondary employment effects than indigenous enterprises; previously the general view was that the former did not perform as well in this regard because of a lack of linkages within the economy, expatriation of profits and other problems. It is necessary, however, (as the author acknowledges) that the limitations associated with the methodology used should be borne in mind. The study covers only certain secondary effects (even though these can be deemed to be the most important). Furthermore the secondary employment effects are derived from expenditure data on the basis of average productivity estimates, without taking account of marginal or capacity utilisation aspects.*

*When looking at the report by Murphy and Whelan, it should be borne in mind that the surveys in question related to the twelve month period after leaving full-time education. While this allows a reasonable period for full integration into employment, due to the current volatility associated with the youth labour market, the results cannot be interpreted as indicative of a longer term transition time path. This applies particularly, for example, to external migration. The normal pattern for second level school leavers in Ireland is to first test the domestic labour market before considering employment prospects abroad. This explains the relatively low incidence of emigration as indicated by the figures.*

spite the fact that a relatively high percentage of the value of sales of overseas manufacturing concerns is not retained in Ireland, but is spent on imported inputs or diverted out of the country in the form of profit outflows, the amount spent on wages and salaries and on Irish services is of quite significant proportions.

Available from: Economic and Social Research Institute, 4 Burlington Road, Dublin 4. EN.

## The Economic Status of School Leavers

MURPHY M, WHELAN B J (1995)

This report summarises the results of the three most recent Surveys of Second Level School Leavers undertaken by the Department of Enterprise and Employment. As in earlier surveys the enquiry was conducted a full year after school leavers left full-time education, thus allowing a reasonable time for a career path to have developed. As this survey has now been conducted for 15 years, it is possible to monitor important changes in the experience of school leavers over a significant period of time. Thus while the findings for 1992/94 are the main focus of this

report, reference is also made to longer term experiences where appropriate.

The results of the 1994 survey indicate that of an estimated 67,500 school leavers, 34.5% were in employment the year after leaving school, while 37.8% were engaged in further education. Corresponding estimates from the two preceding surveys indicate that the proportion of school leavers who were employed a year after they left school decreased by 4.1% over the period from 1992 to 1994. Over the same time span the proportion of leavers pursuing further studies increased by 5.7%. Unemployed leavers decreased from 23.1% of all leavers in 1992 to 20% in 1994. The level of emigration among school leavers remained constant in recent years, accounting for less than 5% of total leavers.

Viewing the position over a longer time span the most dramatic change which has taken place is the decline in the proportion of school leavers in employment. This figure halved over the past fifteen years while at the same time the proportion of school leavers who progressed to further study has increased from 20% in 1980 to its current level of

nearly 38%. The unemployment rate among school leavers varied considerably during this time, reaching its highest level in the mid 1980s when over 25% of school leavers were unemployed.

The surveys point to an increasing proportion of young people leaving school with senior cycle second level qualifications. Just over 60% of leavers in the 1980 survey had attained this level, compared with nearly 80% in 1994. The surveys reaffirm the now well established patterns whereby unqualified school leavers tend to fare badly in the labour market. Apart from the traditional diver-

gence between the employment prospects of those who have no formal qualifications and those who do, the influence of having senior cycle qualifications, as distinct from junior cycle qualifications, has become much more significant.

The results of the 1994 survey illustrate the extent to which industry is the dominant sector providing employment for school leavers. Over 37% of all school leavers who were in full-time jobs when the survey was undertaken were working in industry. Furthermore this proportion has been increasing steadily over the past few years, from less than 30% in 1992 to

nearly 38% in 1994. It should be noted, however, that this relative change has occurred in a context where the total number of young people in employment has been falling, but where the absolute numbers taking up jobs in the manufacturing industry remained constant.

Available from: Economic and Social Research Institute, 4 Burlington Road, Dublin 4, and from the Department of Enterprise and Employment, Adelaide Road, Dublin 2. EN.



# Denmark

## Lokalløn i den offentlige sektor (Decentralised Wages in the Public Sector)

IBSEN F (1994)

A comprehensive analysis of decentralised wages in the whole of the public sector, this document is based on a number of previous reports on wage determination in local government (communes), counties and the state. Comparisons are drawn with the private sector where developments throughout the 1980s and 1990s have led to a certain decentralisation of wages. In the private sector, the collective wage bargaining system has moved away from so-called "normal" wages to a system of agreed "minimal" wages. In this instance, local negotiations determine any additional sums. In the public sector, the system in place is generally characterised in terms of the "normal" model, with wages determined by salary scale and seniority. Over and above that, a "local wages pool" has been in existence since 1987 which can be used for certain agreed supplements. However, this does not constitute a new wages system as funds for decentralised wage supplements are still very limited.

One of the key findings of the study is the lack of co-ordination between personnel policies and decentralised wage policies. Each is the responsibility of different sets of actors which provide an obstacle to integration.

The principles and organisation of the decentralised wage system have not found favour with the bodies, staff and members concerned even though the system has been in operation for some time. The system is not considered to be fair, a fact substantiated in a special report about employees' attitudes. The effect of a decentralised wage system on productivity, or other conditions of work, is not proven by the results of this study. Whilst productivity in the public sector has increased dramatically in recent years, the increase cannot be attributed to the trend towards local wages.

Available from: Forlaget Kommuninformasjon, Nyropsgade 37, 1602 København V. DA.

## Lokal erhvervspolitik i en internationaliseret verden. Et vestdansk perspektiv (Local Industrial Policies in an International World. A West Danish perspective)

TANVIG HANNE W (1995)

Western Denmark has experienced major industrial growth and reorganisation in the past 10/20 years. This booklet is part of a wider study focussing on the changing role of local and regional policies in the region and the institutional framework that supports these policies. Three categories of industrial promotion are defined:

- local industrial promoters (usually financed through local government sources and working as agents for local companies to establish and improve the conditions for local businesses);
- local government industrial programmes (public-private co-operation and intergovernmental liaison with a strong geographical focus);
- a consortium of international, national and local actors (without the geographical links based on a mix of regional and micro-economic policies).

The result is a complex pattern of public-private relationships that goes beyond the traditional regional functions of local business promotion. The study suggests that these three functions supplement one another and may, if successfully operated, accentuate differences between strong and weak regions.

Available from: Sydjysk Universitetsforlag, Niels Bohrsvej 9, DK-6700 Esbjerg. DA.

## The Employee Perspective on Working Life and Politics - a study of members affiliated to the Danish LO

BILD T ET AL (1995)

The views of trade union members on working life and politics were drawn from interviews with 3340 members affiliated to the LO (the Danish Confederation of Trade Unions). This publication consists mainly of tables and key conclusions. Other discussions appear separately in journals and a full bibliography of these sources is provided. Since unionisation in Denmark is high, nearly 90% of all employees, the study covers a broad section of the population. Furthermore, membership of unions has been growing in the 1980s and 1990s.

The study points to members' strong identification with the union from both a blue and white collar perspective, even though attitudes have moved away from solely the traditional association with wages, working conditions etc. There are strong feelings that unions should adopt a broader mandate including environmental issues and the promotion of personal values. The study also identifies a low level of confidence in the political leadership of trade unions.

Available from: Department of Economics, Politics and Public Administration, Aalborg University, Fibigerstræde 1, 9220 Aalborg. EN.

## Nordisk arbejdsmarkedsforskning 1991-93 (Nordic Labour Market Research 1991-93)

BONKE J (1994:5)

Published by the Nordic Council (a council of Members of Parliament) and the Nordic Ministers' Council, this is the first edition of a yearbook of Nordic Labour Market Research. It covers primarily the findings of empirical research undertaken by all the Nordic Countries since the early 1990s. Inevitably, the main focus of the research is the worsening unemployment situation in the Nordic Region. Nevertheless, there are differences between the countries in interpretation of the causes of unemployment and variations in the policy measures adopted. The research covered reflects these differences within a wide range of topics including labour supply and demand, training and further education, labour market mobility, remuneration systems and employment impact, flexibility and working time, marginalised groups, social security and employment

programmes, the employment effects of technological change, older people and the labour market, the evaluation of labour market policies and an assessment of industrial policies. Although this volume of research is preoccupied with the seriousness for employment of worsening economic conditions, other key issues include flexibility, high levels of welfare benefits, and perceived barriers to labour market entry. A selective bibliography is provided together with a summary of the main conclusions in Danish and English.

Available from: Nordisk Ministerråd, København. DA, EN (summary only).

**Arbejdsmiljøets arbejdsmarkedsforskningsprogram 1993-95 (Ministry of Labour's Labour Market Research Programme, 1993-95). Revised version.**

MINISTRY OF LABOUR (1995)

The Ministry of Labour's research programme for 1993/1995 indicated the research priorities for 1995. Some 4 million Danish kroner have been distributed in 1995 in the form of research grants under seven headings that give priority to labour demand issues. Recent trends in the labour market have influenced the Ministry's research priorities. With falling unemployment, attention has reverted to the increasing demand for labour and any possible obstacles. Research into wage inflation is a particular priority.

The main research headings are:

- education and training needs to meet the skill demands of public and private employers;
- the reduction of non-wage labour costs;
- possibilities for labour substitution where sectors are experiencing skill shortages;
- the potential of certain public service jobs to employ long-term unemployed people;
- new trends in the organisation of work;
- the relationship between the labour market, education and training and industrial innovation;
- the position of unskilled workers in the labour market.

**Comment**

*The comprehensive study of wage bargaining systems in the public sector (Ibsen) illustrates the conflict existing on the issue of wage decentralisation between employers and employees in Denmark. The recent collective wage bargaining between the major labour market organisations in the public sector did not result in a major breakthrough for locally determined wages which was the aim of employers. On the contrary, a rather centralised wage system appears to be in place. If a more flexible system is required, the current framework does not seem to provide the solutions.*

*The study of trade union members financed by the LO, may not be an isolated study. There are parallels in Sweden where similar surveys are carried out at five yearly intervals. The findings of the Danish study have lent support to the debate over the future structure of the trade union movement. Many trade unions, together with the LO are involved in this debate. Since the interviews were carried out in a period of Conservative liberal governance, the possible effects of a change to a Social-Democratic-Centre government might have been interesting to investigate. The continued decline in political party membership may support the finding that a scepticism towards party politics among trade union members is widespread.*

*The most interesting aspect of the analysis of industrial promotion in Western Denmark (Tanvig) is the move towards a more complex public-private effort with a meso- and macro-level focus and strong international links. A key question, still to be answered, is whether tax financed efforts compare more favourably than the efforts of the industries themselves. In the case of Denmark, however, with a large number of small enterprises, there is a clear trend towards tax financed industrial promotion measures within the context of an international market. Another key question, raised tentatively in the study, is the extent to which these promotions policies are aimed at moving activities from one region to another.*

*The last two volumes, both referring to government priorities for research, reflect the difficulties of undertaking empirical research in a rapidly changing environment. The Nordic volume is highly recommended as a useful introduction to empirical labour market research in the Nordic countries. Inevitably, the topics for research and the policy agendas are subject to frequent change as the industrial and public sector employment context evolves. Some research approaches are more suited to accommodate this change whilst others, such as large-scale data sets, are slower to respond. Although the direction of empirical research is frequently supported by theory, the Nordic volume contains no reference to this theoretical underpinning. The volume would have benefited from some discussion of the theoretical options and the principal disagreements about interpretation and strategic choices. The Danish research document emphasises the need for continuity in labour market research. However the risk that short-term economic change may create a series of new priorities remains. These priorities are likely to reflect the day-to-day needs of policy implementers rather than the longer-term needs of strategic decision-makers. The evaluation of new labour market policies is of major interest to all concerned. The results of evaluations may however, be maximised through more in-depth research from a wider range of interdisciplinary teams of researchers. This wider research facility is not foreseen as part of the Ministry of Labour's research programme, relying therefore on other opportunities for funding.*

In parallel to the programme of research, the government is also undertaking evaluations of active labour market policies including the various leave and sabbatical schemes and special education and training programmes for unemployed people.

Available from: Ministry of Labour, Laksegade 19, DK-1063 København K. DA.



# Belgium

**Le marché du travail en Belgique: salaires et durée du travail (The Employment Market in Belgium: Wages and Working Hours)**  
ADMINISTRATION DE L'EMPLOI (1994)

This document issued by the Ministry of Work and Employment in September 1994, aims to briefly outline the institutional and statistical elements essential for an understanding of the salary situation in Belgium.

The opening chapter devotes itself to the setting of salaries in the private sector. The author reviews different levels of salary negotiations. Interprofessional agreements grant certain benefits to all workers regarding salaries at a national level such as a guaranteed minimum monthly wage, set working hours and annual paid holiday entitlements. Agreements concluded at this level are supplemented by negotiations between trade unions and management at sectoral or sub-sectoral level, and finally there are negotiations between trade union representatives and employers at company level.

The second section of the chapter reviews the main sources of salary statistics available. Examples are: the surveys of salaries by the National Institute of Statistics, the index of contractual salaries for workers and employees of the Ministry of Work and Employment, the statistical data issued by the National Office of Social Security (ONSS), the National Institute of Sickness and Disability Insurance (INAMI) and the National Pension Office (ONP).

The second chapter deals with the guaranteed minimum monthly wage. The aim of this chapter is to take stock of the various legal provisions in Belgium to guarantee workers a minimum wage. Indeed, in common with many other countries, Belgium imposes a minimum wage which is guaranteed to employees. Unlike some neighbouring countries (France and the Netherlands), this minimum wage is not statutory but is the result of a labour agreement drawn up at national level between unions and management within the National Labour Council. The CCT (Convention Collective du Travail) la-

bour agreement no 43 of 13th July 1993 (for adult workers aged 21 or over, working under a full-time contract) and the CCT no 50 of 29th October 1991 (for workers under 21 years old) are studied in this chapter.

The principle of safeguarding competitiveness is discussed in the third chapter. Since 1989, Belgium has had a system for monitoring the competitive status of the economy, and a specific intervention procedure in case this position deteriorates.

The objective of this chapter is firstly to briefly analyse the reasons and context which led to the setting up of a "standard" (the rapid increase in salaries after the first oil crisis and government intervention in wage settlements). It then goes on to show that the concept of competitiveness as understood in law is the result of a long debate during which this definition was considerably broadened and to clearly present the law itself. Finally it recounts the conditions and objectives of government intervention in 1993 when, on the basis of this law, a range of measures were taken, notably those introduced in the global plan.

Chapter four develops the approach in terms of wage costs and net gains. Salaries are a cost to companies and a revenue (net gain) for households. The current chapter aims to briefly present the relevant statistics for the net gains and wage costs, as well as a table showing the gap between the cost of employment and the workers' net revenue in various European Union countries.

As far as net gains are concerned, the principle statistical source is the National Institute of Statistics, which collaborates in the production of statistics on the levels and trends in workers' net gains in manufacturing industries in the EUROSTAT framework. This is a measure of the gains after tax and social security payments paid by employees. In relation to international comparisons, these data are particularly enlightening when one considers the heterogeneity of the fiscal regimes and the finance mechanisms of the social security systems across the European Union.

For labour costs, the reference is a survey undertaken every 4 years covering industry, commerce, banks and insurance companies in most European Union countries.

Finally, the author combines the statistical data on net gains and wage costs to produce a table which reconstructs the differences between salary costs and net gain based on the average salary of a single industrial worker.

The final chapter deals with the various statistical concepts used for working hours (the idea of normal duration and effective duration of work) as well as the various available sources on the subject (Planning Office Statistics, survey of labour costs by the National Institute of Statistics (INS), survey of the workforce by the INS, semestrial survey on work duration within the companies of INS).

Available from: Ministère de l'Emploi et du Travail, rue Belliard 51, 1040 Bruxelles. FR.

**Tele-thuisarbeid in Vlaanderen: Ver Van Mijn Bed? (Teleworking in Flanders: "Far from my bed?")**  
STOOP R, SELS C (1994)

The introduction to the report provides an overview of the different working arrangements referred to as "teleworking". Teleworking involves many variables, which the authors argue to be the following: the technology used (phone, fax, modem, PCs and so on), the concept of work place and of distance (teleworking from home or from a local centre, mobile work for travelling salesmen, and so on), the amount of time spent teleworking (part-time or full-time), the level of qualifications involved (which determines the flexibility of the work, the level of computerisation, the amount of time which can be spent "teleworking", and so on) and the apparent tendency for women to be involved in teleworking.

The two following sections present the results of two surveys carried out in Flanders: one of employers, and the other of workers.

The survey of employers aims to evaluate their need for teleworking, and more particularly the potential and limi-

tations of this form of work organisation. Particular attention was payed to SMEs, but the authors found no significant difference in the perception of teleworking between small and large companies. The employers' answers could be summarised as follows: "teleworking yes, but...". The survey showed concern over how teleworkers would be managed, how to maintain discipline, enterprise culture and personal contact with teleworkers. The authors end this section by presenting several examples of teleworking in Flanders.

The second survey seeks to determine whether workers are prepared to telework, and for how much of their working time. It appears that among workers whose jobs lend themselves easily to teleworking, this only interests half of the employees. For the most part these workers are young, have small children, are managers within the company and have high incomes. As a rule, the employees all stated that they had no interest in teleworking full-time.

Finally, the authors stress that the assumed advantages of teleworking, such as a paperless society, telecottages and so on, are hardly in line with reality.

Available from: SERV-Stichting Technologie Vlaanderen, Jozef II straat 12-16, 1040 Brussels. NL.

## Comment

*The document by the Belgian Labour Administration takes stock of the setting of salaries in Belgium and is all the more interesting in that it is set in the climate of the current wage freeze.*

*The salary question was high on the political agenda last year in the context of the debate on the redistribution of work through a reduction of working time. One of the stumbling blocks in the negotiations between management and the unions was the preservation of the salary level which would have necessitated a change in the method of calculation.*

*It seems that this question is still current as it is more than possible that this question will be on the agenda upon the reopening of parliament. Indeed, the Belgian government is charged with implementing a multi-annual plan for employment. The salary question will without doubt be part of the debate; the unions are already united on this subject.*

*The research by Stoop and Sels is particularly timely in the light of the work being undertaken by the European Commission appointed expert working group on the employment implications of the information society.*

*The surveys which were carried out at the request of Stichting Technologie Vlaanderen, the Technology Assessment Unit of the Social-Economish Verbond van Vlaanderen, are novel in that they do not focus solely on contemporary experiences of teleworking, but also look at the opinions of employers and workers by looking at a wider sample of businesses, and whether or not they have adopted teleworking.*

*The study starts from the observation that despite the predictions of the technicians (in 1971, AT&T forecasted that by 1990 half of American workers would work from home, while in 1988, surveys showed only 10,000 teleworkers in the USA), in Flanders teleworking represents a negligible practice relative to the potential teleworker population. The double survey offers an answer to this question.*

*The survey of employers suggests the real reasons preventing them from incorporating teleworking into their company are the fear of losing control of their workers and the necessity of fundamentally reorganising work management (training, promotion and so on). This demonstrates that teleworking is more a problem of human resources and work management than one of technology.*

*The survey of the workers shows that a significant number of employees are reluctant to telework, particularly full-time. This highlights the many psychological and sociological implications that teleworking engenders (loneliness, isolation and so on).*

*Teleworking is seen by workers and employers alike as a major factor of institutional change; this change needs to be carefully managed.*



# Federal Republic of Germany

## Beschäftigungspolitik (Labour Market Policy)

ENGELEN-KEFER U., KÜHL J., PESCHEL P., ULLMANN H. (1995)

This book provides a thorough account of developments in German labour market policy. It begins with an outline of the conceptual foundations of labour market policy and describes the operational principles of labour markets from a sectoral as well as from an overall economic point of view. Labour market policy is clearly defined as an element of social policy.

The authors provide an historical overview of labour market trends in West Germany and reference is made to more recent developments in East Germany. Particular attention is devoted to structural changes in the labour market, and in particular the way in which certain sections of the labour force have been affected by the employment crisis. In another section the book assesses the extent and pervasiveness of income inequalities.

The labour market policy instruments used since the foundation of the Federal Republic of Germany are outlined in a comprehensive chapter and their application in the specific context of the East German labour market situation is discussed. The final chapter provides projections for employment trends in Germany and concludes with demands for the achievement of full employment to become a declared priority of the Federal State.

According to the authors, economic policy over the last ten years has increased GNP and the numbers in employment, but it has been unable to resolve the problem of mass unemployment. The reasons for this failure are attributed to the failure to put internal investment above profits yet the reductions in working time which have been achieved are considered favourably.

A chapter devoted to the problems of the East German labour market assesses the impact of a variety of separate measures. The authors strongly reject deregulation as an option for stimulating employment, and demand a more active labour market policy, to be achieved

## Comment

*The book by Engelen-Kefer, Kühl, Peschel and Ullmann is the reissued, updated third edition. Its comprehensive nature has made it an essential textbook on labour market policy. It looks at labour market policy from a long-term, structural perspective and regards long-term unemployment in Germany as a fundamental deficit. It therefore calls upon politicians and employers to face the problem constructively. The book does not conceal the political orientation of its authors (one of the authors is deputy leader of the German peak trade union organisation (DGB). However, this book is a highly informative and scientifically well-sourced work.*

*In view of the exchange rate turbulence in early 1995, the creation of a common currency area has attained new prominence. During this time it demonstrated just how difficult it is to bring economic and currency policy into line throughout the whole of the EU and maintain a balanced exchange rate. The need to create a common currency was highlighted further by the problems caused by exchange rate risks. The study by Rhein provides an up to date overview of the scientific discussion on the employment and wage impact of a single currency. In addition to the well known documents published by the Commission (Emerson-Report) this study includes contributions from the German and French speaking countries.*

*The volume by Busch provides several suggestions from a trade union point of view. It points out the dangers of Economic and Monetary Union for the operation of trade unions and describes three different integration scenarios with different requirements for collective bargaining. While the adjustment needs in labour markets and wages are clearly identified, the economic advantages and overall employment benefits seem to be underestimated.*

*The prevention of long-term unemployment and the reintegration of those affected by it is one of the main priorities outlined by the Commission in the follow-up reports to the conclusions of the Essen summit. The study by Schmid, Krömmelbein, Klems and Gass recounts the experience of a recent German initiative in this area. The report shows that the new direction taken by labour market policy for the hard to place can be considered to be useful. At the same time the researchers highlight the deficits in the conception and implementation of the measures and highlight possibilities for their improvement.*

through a better co-ordination of structural and labour market policy.

Available from: Bund Verlag GmbH, 51149 Köln, DE

**Europäische Währungsunion:  
Mögliche Konsequenzen für  
Beschäftigung und Lohn. Ein  
Literaturbericht. (European  
Monetary Union: Possible  
Consequences for Employment and  
Wages. A Literature Review)**  
RHEIN T (1994)

Using an overview of the literature published in the 1990s, this essay seeks to assess the impact of European Monetary Union on employment and wage policies and discusses its effect on regional eco-

nomic development. Experiences from the USA are included where they offer additional insights.

The essay initially discusses the theory of optimum currency areas, and details the requirements for the success of a common currency as being: the integration of economic policy with identical rates of inflation; a high level of trade interconnections; and sectoral structures of production moving closer together. A system of fiscal transfers which is able to balance regional crises is also required.

These are considered to be the basic criteria for the creation of a single currency area. External shocks in certain regions or sectors have to be compensated for, by introducing greater labour market flexibility. This can be achieved

through migratory movements as well as flexible wage systems.

It is generally assumed that monetary union will lead to positive long-term effects relating to the reduction of currency risks and transaction costs. However, in the short-term the costs of adjustment will be high due to the creation of a common monetary and fiscal policy geared to achieving maximum economic stability. The adaptability of labour markets in the EU is considered to be much lower than that of the US. Currency union places higher demands on wage flexibility and wage differentiation, but a common currency makes wage relations a lot more transparent. The author argues that this could lead to greater demands for the equalisation of wage differentials. Differences in regional development may either be exacerbated or eased by monetary union.

Available from: W. Kohlhammer GmbH, 70549 Stuttgart. DE.

**Europäische Integration und Tarifpolitik. Lohnpolitische Konsequenzen der Wirtschafts- und Währungsunion (European Integration and Collective Bargaining Policy. The Consequences of Economic and Monetary Union for Wages Policy)**  
BUSCH K (1994)

This book is structured in five chapters: Chapter one provides an historical overview of European integration before the framing of the agreement on Economic and Monetary Union. The second chapter argues that from the workforce's point of view, devaluation is a less painful instrument for the achievement of fiscal and monetary adaptation than wage-price flexibility. The third chapter explores the development of collective bargaining in the Community in the 1980s. The fourth chapter presents the changed framework for collective bargaining resulting from convergence policy. The final chapter outlines different scenarios for monetary integration and their effects on trade union policy for collective bargaining.

Busch assesses the question of the impact of European economic and monetary union on wage policy, and highlights consequences for trade union ac-

tivities. He follows the hypothesis that the pursuit of economic and monetary union contravenes the interests of employees in Europe for a variety of reasons. In an economic and monetary union scenario wage earners would have to suffer much greater adjustment costs than in a system of adjustable exchange rates. When an imbalance occurs in the development of competitiveness between the different Member States in an economic and monetary union scenario, downward wage flexibility will substitute exchange rate adjustments as an adjustment mechanism.

Economic and monetary union will make it more difficult for trade unions in Europe to build an effective wage cartel. Trade unions will therefore have to develop a European strategy aimed at eliminating any wage competition between stronger and weaker national trade unions, which might lead to the weaker trade unions dominating wage bargaining.

The author argues that attempts to adhere at any cost to the convergence criteria laid down in the Maastricht Treaty contributed to the deepening of the recession in Europe in 1991 and 1992. Convergence policy has also led to a worsening of the social situation of salaried employees in Europe. The reduction of unit labour cost is seen to be the declared aim of convergence policy in many Member States.

A step by step transition to European and Monetary Union over a longer period of time is considered to be in the best interests of salaried employees, and could avoid the discrediting of European integration in many parts of Europe.

Available from: Bund Verlag GmbH, 51149 Köln. DE.

**Neue Wege der Arbeitsmarktpolitik für Langzeitarbeitslose (New Forms of Labour Market Policy for the Long-term Unemployed)**  
SCHMID A, KRÖMMELBEIN S, KLEMS W, GASS G (1994)

This study presents the findings of a study accompanying the *Action Employment Support Measures for the Long-term Unemployed* which the German Government instigated in 1989. Researchers

focused on the 250 million DM special programme for hard-to-place long-term unemployed people.

This volume is structured in four parts: initially it outlines the guidelines and aims of the programmes, the position of the programme in the overall policy context, and introduces the methodology of the study. This is followed by an analysis of the target group and a look at the types of measures used. Finally it provides a summary of the results of the study and a discussion of conclusions relevant to labour market policy.

At the centre of the study is the question how far the labour market policy strategies pursued by the programme - project assistance, assistance for social reintegration, the combination of different measures, and the co-operation of different actors - could improve the labour market opportunities of the target groups. Project assistance was aimed at realising measures, which would have been difficult to implement under the currently dominant system of individual assistance.

Project assistance aims at a holistic approach towards assisting participants.

The analysis of participants showed that there was a significant discrepancy between the participants and the target group. Older participants, women, those with health problems and those without training were a minority. The integration of *social care* measures into labour market policy was perceived as a qualitative leap. The extension of labour market policy to cover social policy aspects is considered to be crucial. Only by addressing their social and psychological needs will it be possible to achieve a reintegration of the target groups into working life.

The level of placement achievement - 35-40% - was remarkably high, yet only half the participants could be integrated into the primary labour market. The reason is thought to be the fact that the programme provided little incentive for companies to participate. The conclusion to be drawn is that supply and demand policy are both necessary for the success of such initiatives.

Available from: Edition Sigismis, Heimstraße 14, 10965 Berlin. DE.



# Luxembourg

## La main-d'œuvre frontalière au Luxembourg (*Cross-Border Labour in Luxembourg*)

STATEC (1995)

This document is an account of research entitled 'FRONT', which was carried out by the Public Research Centre of the Luxembourg University Centre with the help of four Luxembourg institutions from the field of employment statistics and statistical analysis.

The project, intended as an exhaustive study of cross-border labour in the grand-duchy of Luxembourg, is part of a wider study of employment based on figures collected by the Luxembourg social security system.

The advantage of this study over previous research in this field is its exhaustiveness. Indeed, it draws on data from every branch of the Luxembourg social security system. In addition, it is supported by a large quantity of unpublished census data gathered by international institutions based in Luxembourg and statistical offices from neighbouring regions.

The study shows that in 1994, nearly 25% of domestic employment in Luxembourg consisted of cross-border labour (5% German, 12% French, 8% Belgian).

Over the last 20 years, almost all of the rise in employment has been due to the increase in foreign workers, immigrants or cross-border labour.

The study reveals that three economic sectors account for 40% of the cross-

### Comment

*The flow of cross-border labour into Luxembourg has for decades been the subject of numerous studies, all of which have encountered difficulties concerning the reliability and comprehensiveness of the available statistics.*

*The strength and the aim of this study is to resolve this problem by using a range of statistical sources for which reliability and comprehensiveness are well established: a database of information covering all branches of the Luxembourg social security system, and unpublished figures gathered by international institutions based in Luxembourg and the statistical offices of neighbouring regions.*

*The pooling of these resources has highlighted some very interesting information, notably a detailed breakdown of the home regions of cross-border workers. However, further light needs to be shed on some significant problems such as the training of cross-border workers and the precise location of employers - this information was not available.*

border workforce. These are the construction, financial services and other services (estate agents, business services and so on) sectors.

The authors also considered the salary discrepancies between residents and cross-border workers. The average salary of cross-border workers is lower than that of residents. The study sought to assess whether this was due to discrimination or social "dumping". It transpired that the salary gap was due mainly to differences in social status, work sector and age or sex distribution. The apparent discrepancies between wage levels for residents and cross-border workers merely reflects the structural differences between the two populations.

Finally, the study offers a possible answer to the question often posed in

public debate: what links exist between resorting to cross-border labour and the growth in domestic unemployment?

The research gives no support to the hypothesised link between cross-border work and unemployment in the domestic workforce. Rather, the main factors behind the rise in unemployment among residents seem to be the slowdown in the growth of the employment market and the educational profile of the workforce.

Available from: STATEC, 6 bd Royal, b.p. 304, L-2013 Luxembourg. FR.



# Greece

ΤΕΧΝΟΛΟΓΙΚΗ ΠΟΛΙΤΙΚΗ ΚΑΙ ΠΕΡΦΕΡΕΙΑΚΕΣ ΖΗΤΗΣΕΙΣ ΠΡΟΣΟΝΤΩΝ ΣΥΝΘΕΤΙΚΗ ΕΚΘΕΣΗ (*Technology Policy and Regional Demand for Skills - Synthesis Report*)

BLUMBERGER W, NEMETH D, PAPATHEODOSSIου TH (1995)

This is a synthesis report of studies conducted in Austria, Greece, Ireland and Italy with financial support from the European Union. The report compares the development of technology policy in the four countries over the last decade. The extent to which this policy can influence regional skill demands (or shortages) is a key issue. Three sectors are examined - metals (excluding steel), textiles, and plastics - first, from the point of view of the diffusion of advanced technology; second, from an approach that identifies skill shortages. The study is particularly interesting for Greece as it allows an exchange of information from countries in different stages of development which have recent experience of disseminating advanced technology and of responding to the impact on the skills of the workforce.

Available from: Institute of Technological Education, 56 Sygrou Av, 117 42 Athens. EN.

ΜΕΛΕΤΗ ΑΝΑΠΤΥΞΗΣ ΛΑΥΡΙΟΥ (*Development Study for the Region of Lavrio*)

TEAM OF EXPERTS (1994)

Lavrio is typical of a region experiencing de-industrialisation and related employment problems. The objective of this study, commissioned by the OAED, was to undertake analysis and make recommendations on appropriate local economic development measures. Strategically, the study was designed to find solutions in the short and medium-term to combat the severe employment crisis. Because the labour market problems of Lavrio are perceived to be multi-dimensional, with rapid movement in trends, the totality of individual institutions and policy options was reviewed. Overall the findings of the study suggest a development strategy for the region made up of

## Comment

*The report on technology policy is long awaited and well received despite the limitations of the study with its focus on only three sectors. It will not therefore be possible to generalise for the benefit of other sectors, either in Greece or the other case study countries. Other sectors that would benefit from a study of this type include the chemical and food industries where new technology is advancing rapidly. Less automated sectors of potential interest include clothing and footwear.*

*The studies of Lavrio and Thiva, part of a series of development studies on problematic regions commissioned by the OAED, were completed in 1994 and discussed at a special workshop. The report on Lavrio is an interesting pilot study. Although the region exhibits the usual characteristics of a declining industrial region with high unemployment, the proportion of skilled and semi-skilled industrial workers and technicians over 40 years of age is higher than average.*

*The report dedicated to the FORCE activities, one of the first initiatives of the newly formed National Institute of Labour, fills an information gap by providing interesting data about a widespread programme of projects. A more extensive bibliography and a list of the relevant training agents in Greece would have been useful additions. As the activities of these projects are rapidly evolving, regular updates of studies of this type are necessary.*

*The study by Voutsinos duplicates some previous work in its outline of education and training systems (albeit with more recent material). The innovation is in the proposal to include the training systems of the workforce in the wider development strategy for human resources.*

*The report on Thiva leads to a set of specific development proposals including the promotion of a transportation and communications infrastructure, the supply of both public and private services, the introduction of measures to improve the competitiveness of productive activity, and the transfer of at least some of these activities from the saturated region of Athens. Whilst the analysis has led, in most cases, to a comprehensive, development plan, the longer-term multiplier effects are not fully examined as the report is optimistic in predicting a positive consequence on employment and income from the interventions.*

partial strategies for each sector of the economy, together with the creation of a well-targeted development mechanism.

Available from: Organisation for the Employment of the Labour Force (OAED), 8 Thrace Str, 173 42 Trachones, Athens. GR.

ΣΥΝΕΧΙΖΟΜΕΝΗ ΕΠΑΓΓΕΛΜΑΤΙΚΗ ΚΑΤΑΡΤΙΣΗ ΣΤΗΝ ΕΛΛΑΣ (Continuous Vocational Training in Greece)  
ILIADIS N (1995)

A national report of continuing vocational training, undertaken within the framework of the FORCE programme, involved the participation of the Trans-enterprise Association. There are two main parts to the report. The first sets the context and includes data on the economic situation in Greece, the labour

market, the education system and the legislative, political and financial framework within which continuing vocational training operates. Information is also provided on the delivery of training projects by various training providers/agents.

The second part of the report is dedicated to activities implemented within Greece under the FORCE programme. The data are presented according to various categories of projects which are meant to appeal to both specialist and non-specialist readers. The report covers the organisation of training projects, assessments and evaluations that highlight aspects of quality in training and the opportunities for access to continuing vocational training.

Available from: National Institute of Labour, 89 Patission Str. Athens. GR.

**ΠΟΛΙΤΙΚΗ ΑΝΑΠΤΥΞΗΣ  
ΑΝΘΡΩΠΙΝΩΝ ΠΟΡΩΝ (*Policies  
for the Development of Human  
Resources*)**  
VOUTSINOS G ET AL (1995)

A team of five experts have recently completed this study for the Centre for Political Research and Retraining. The approach adopted has three main elements:

- a European overview which gives information on the development of European policies that link education to social policy, economic policy and labour market policies and measures;
- a national overview which outlines the Greek framework within which the demand for education, employment, training and retraining is expressed;
- and, finally, a series of proposals for the development of human resources policies in Greece. These proposals are devoted to the achievement of equal opportunities; the relationship between education, training and the

labour market; and the best means of co-ordinating activities to achieve good practice in human resource development.

Future policies point to an overhaul of the vocational education and training system, a review of the accreditation system of qualifications and, finally, the establishment of a Supreme Council for the development of human resources.

Available from: Centre for Political Research and Retraining, ION Publishing, 7 Simpligadon Str., Peristeri, Athens. GR.

**Ο ΛΑΝΔΥΞΙΑΚΟΙ  
ΠΡΟΒΛΗΜΑΤΙΣΜΟΣ ΚΑΙ ΟΙ  
ΠΡΟΤΑΣΕΙΣ ΓΙΑ ΤΗΝ ΠΕΡΙΟΧΗ  
ΘΗΒΑΣ (*Development Issues and  
Proposals for the Region of Thiva*)**  
TEAM OF EXPERTS (1994)

The region of Thiva is dominated economically by the secondary production sector and the development problems are specific to an area dependent on manufacturing for employment. Various production units are located in this region

which vary in characteristics and size. For example, one quarter of the workforce in the region is employed in large industries such as Aluminium of Greece, the Greek aviation industry, and LARKO mines. The remaining industrial workforce is located in SMEs including food, metal products, clothing, textiles, timber, non-metallic minerals etc.

The study comments critically on the region's development problems by examining the role of large industry in the labour market. Conclusions are drawn about the overall performance of the economy on production and, eventually, the employment prospects for the region.

Available from: Organisation for the Employment of the Labour Force (OAED), 8 Thrace Str, 173 42 Trachones, Athens. GR.



# Sweden

## Nägra utländska forskares syn på svensk arbetsmarknadspolitik (*Some Reflections on Swedish Labour Market Policy*)

BLANCHFLOWER D G, JACKMAN R, SAINT-PAUL G (1995)

This report is one of a number commissioned by the Committee on Swedish Labour Market Policy. The committee appointed by the Swedish government in 1994, was charged with reviewing the role, scope, focus and delimitation of labour market policy. As a part of this work and in order for the evaluation of today's labour market policy to be as complete as possible, a non-Nordic group of experts was invited to make an independent study.

This group of experts found that Swedish active labour market policies appeared to have been successful in a number of areas. Though not the main cause of Sweden's historic low unemployment rate, these measures assisted in preventing the emergence of long spells of open unemployment, even if there is no evidence that the total length of spells out of regular work diminished. There are also some indications that active labour market policy measures are effective as work tests, since participation in labour market programmes is handed out by the employment agency as a requirement for further benefit eligibility.

However, the authors argue that in the current climate of recession and fiscal crisis, the financial burden of spending on unemployed people is unsustainable and is inhibiting the creation of new jobs. One of the main findings in this report is that the role of the state in the functioning of the labour market needs to be reconsidered and, until this issue is more fully addressed, it may be premature to look at more detailed administrative arrangements.

The authors recommend that shock therapy is required in the short-term to help solve the current fiscal crisis. In the medium and long-term, the authors argue that the unemployment benefit system should be redesigned in order to avoid harmful disincentive effects and that the

labour market for youth should be made more competitive in order to create jobs. They also recommend that the scope and purpose of active labour market policy should be greatly reduced and clarified. Reductions in long-term unemployment should be clearly stated as the chief objective of such policies. The authors also recommend a continuing programme of quantitative evaluations of the success or otherwise of labour market schemes.

Available from: Fritzes kundtjänst, S-106 47, Stockholm. SV, EN.

## Swedish Economic Policy Review

THE ECONOMIC COUNCIL OF SWEDEN (ED) (1995)

The first issue of the *Swedish Economic Policy Review* was launched in the autumn of 1994. Its purpose was to publish research on economic policy of particular relevance for Sweden.

The journal is edited and published by the Economic Council of Sweden, a body of academic economists commissioned by the Swedish government to initiate and provide information about policy relevant research, and to advise the Ministry of Finance and the National Institute of Economic Research on scientific matters. The *Swedish Economic Policy Review* addresses issues of economic performance confronting policy-makers.

One of the important topics covered in the second issue published (*Swedish Economic Policy Review*, Vol. 2, No.1, Spring 1995), is the effectiveness of active labour market policy measures. The article *Swedish Labor Market Programs: Efficiency and Timing* by Ackum Agell, focuses on how active labour market policy measures have worked during the recent recession. One of the main findings is that the effect of active labour market programmes on an individual's future labour market prospects, appears smaller the later placement in a programme occurs. Participants in replacement schemes are generally better off than in the other programmes under

study. According to the article, it is not clear whether low-budget, large-scale programmes are less efficient than others. The author has after the publication of the article reported that, due to certain errors in the sample, some interpretations made in paragraph 3.2 and the last concluding remark, are not valid. A clarifying note on this will be published in Vol. 3, No. 1 Spring 1996 of the journal.

One of the topics examined in the article *Employment Policies and Displacement in the Youth Labour Market* by Skedinger is to what extent young workers in Sweden are crowded out from regular employment by job creation programmes for young people. Such programmes are of a temporary nature and allow employers to hire young people without giving them permanent contracts. The results in the paper indicate considerable displacement of regular employment. The effects are larger than those found in previous studies, where data aggregated over all age groups were used. The author points out, however, that the particular design of the programme is likely to be an important factor behind the size of the crowding-out effects but that this aspect has not been possible to include in the empirical analysis.

In the article *Unemployment Insurance, Labour Market Programmes and Repeated Unemployment in Sweden* by Ackum Agell, Björklund and Harkman, likely consequences of limiting the right to renew the eligibility to employment benefits by participating in labour market programmes are studied. The authors find that long spells of benefit-programme periods are common in Sweden. Their theoretical framework implies that a limitation of benefits would create stronger incentives to escape unemployment among a significant number of unemployed people. However, they also find that those unemployed people who run the risk of losing benefits have lower family income and are more likely to receive social allowances than other unemployed people. So, the authors conclude that an efficiency-equity trade-off seems to be involved.

Available from: STK-Distribution, Box 84, S-162 12 Vällingby. EN.

## Labour Market Policy at the Crossroads

JOHANNESON J, WADENSJÖ E (EDS) (1995)

This is one of the major reports published by the Expert Group for Labour Market Policy Evaluation Studies (EFA), a group of researchers, administrators and representatives of trade union and employer organisations, which initiates research concerning the effects of labour market policy. The report consists of independent chapters containing several macro-economic empirical evaluations and a summary of micro-economic empirical evaluations on active labour market policy.

The emphasis in the macro-economic evaluations is on the effects of active labour market policy on the stabilisation of employment. The results indicate that labour market policy fulfilled its stabilisation role during the 1970s and the 1980s but that in the beginning of the recession in the early 1990s, compared to earlier economic slowdowns, labour market policy programmes started to be implemented at a later stage, and on a smaller scale. Later in the recession, the extent of labour market programmes was expanded considerably and reached unprecedented levels. The delay may have contributed to the increase in unemployment, and thus to the fact that the total volume of labour market policy is now larger than it would have been otherwise.

A comparison between Sweden and France regarding the effect of labour market policy on the development of long-term unemployment during the 1980s suggests that the longer time that passes before labour market policy reacts to an increase in unemployment, the more serious the hysteresis effect will be and consequently the greater the volume of labour market policy measures needed to bring long-term unemployment back to its former level. Another study indicates

### Comment

*For decades, active labour market policy measures have played an important role in Swedish economic policy. Due to the recession which started in the early 1990s, the extent of labour market programmes has now reached unprecedented levels. In 1994, around 5% of the labour force participated in programmes. Despite the fact that open unemployment is expected to fall somewhat in 1995 and 1996, a decrease in the percentage of the labour force in programmes is not projected.*

*Evaluations of active labour market policy initiated during the 1990s have now begun to emerge. There are indications that active labour market policy measures implemented in the present economic climate have less positive effects on the labour market and on individual labour market prospects compared to previous periods. The reports reviewed in this issue of the Bulletin use different approaches to look at the efficacy of active labour market policy during the 1970s and 1980s but also during the recession in the early 1990s.*

*The report by Blanchflower, Jackman and Saint-Paul offers an interesting complement to the studies carried out by Swedish researchers. The authors were not invited to pay much attention to questions concerning individual labour market programmes, methodological solutions and internal efficiency but their terms of reference included rather more institutional matters.*

*In the spring 1995 issue of the 'Swedish Economic Policy Review', (a recently launched economic journal addressing policy oriented matters), articles on micro-economic empirical evaluations of active labour market policy measures are given a prominent position. The results are indeed interesting since some of the studies are based on very recently generated data sets. The main findings in these articles cast some doubt on the effectiveness of Swedish active labour market policy. This is discouraging since one of the principal differences between choices of economic policy during the recession in Sweden in the early 1990s and the recession in Western Europe in the early 1980s is the dedicated pursuance of an active labour market policy in Sweden.*

*The report 'Labour Market Policy at the Crossroads' offers a broad and valuable survey of both macro- and micro-economic evaluations of different effects of active labour market policy on the stability of employment, the functioning of the labour market, wages and prices, and on participating individuals' future labour market prospects. Throughout the report, emphasis is placed on the importance of discriminating between the composition, targeting and timing of labour market policy measures when undertaking evaluation studies.*

that countries with centralised wage bargaining systems have about the same rate of inflation as other countries, but they also spend more on active labour market policy measures and have lower unemployment.

In one chapter, a summary of certain micro-economic evaluations of Swedish labour market policy programmes is presented. The results of a specific programme vary over time. The most recent

evaluations show less positive results than the earlier ones. This presumably reflects the fact that the earlier studies refer to situations when unemployment rates were much lower and fewer people were taking part in programmes.

Available from: The Expert Group for Labour Market Policy Evaluation Studies (EFA), Ministry of Labour, S-103 33 Stockholm. EN.



# France

## Le travail dans vingt ans (*Work in Twenty Years Time*)

COMMISSARIAT GENERAL AU PLAN (1995)

A report by the Commissariat Général au Plan, published on 5th October 1995, envisages a far reaching reform of labour legislation "to rebuild the institutional and legal foundations of work".

The Commissariat argues that profound changes are currently under way which require a revision of the long accepted concept of full employment. The Commissariat Général au Plan asked a Committee chaired by Jean Boissonat to outline its vision of the concept of work over the next 20 years.

The Committee's report is based on an analysis which attempts to show how many elements of labour legislation inherited from the Taylorist period are increasingly unsuitable for regulating today's employment relationships. The maintenance of a notion of fixed working hours is also no longer seen to be feasible today. In addition to other irreversible developments, such as the reversal of the age pyramid over the next 20 years, the authors forecast an increase in the geographical and occupational mobility of individuals as well as "*a metamorphosis of work*". In spite of these changes they insist that over the next 20 years work will continue to be an essential factor in the social integration of individuals.

Four alternative development scenarios are postulated: stagnation; hyper-competition (the so-called "every man for himself" scenario); adaptation; and finally co-operation. A combination of the latter two scenarios is preferred by the authors. An annual reduction of working time to 1500 hours in 2015 (compared with 1670 today) is foreseen and at least 10% should be devoted to training. This would effectively lead to a reduction in actual working time of 20-25% over 20 years. The authors also propose the creation of a new regulatory framework for employment relationships, the so-called "activity contract" which would be signed between an individual and a body constituting representatives of companies, uni-

## Comment

*Didier's contribution proposes a few simple short-term formulae, in the search for a solution to the problem of unemployment, which take account of the current economic recovery in France. Both he and the Boissonat Committee advocate the idea of collective responsibility, and the involvement of all economic and social actors, as an essential means to creating employment opportunities.*

*The thoughts on the reconceptualisation of working time are probably among the most advanced in the French debate and constitute a positive route towards the achievement of redistribution of work. Working time is an issue where collective agreement is more likely to succeed than on the issue of wages.*

*The authors of both reports have argued that it is imperative to proceed with their policy proposals since employment will continue to play a crucial role in the integration of individuals in society, "a country of 20 million workers and 4 million unemployed people is not the same as one with 16 million full-time and 8 million part-time employees; in the first case, the society is divided into two halves, in the second it remains a unity thanks to the integration of the other half into the work process".*

*Both contributions argue that the concept of work will undergo fundamental change which will be slow to take root in the minds of French people and they seek to open new areas of policy debate. The Boissonat report argues that since unemployment is currently predominantly structural, it is changes to the structures that are required. Among these the legal structures are perceived to be in most need of reform. This is a new area of work for the French government.*

versities, training organisations and other types of actors (Chambers of Commerce, local authorities and various other associations). This contract would be signed for a sufficiently long duration (eg 5 years) during which the signatory would be offered work, training, independent employment and periods of sabbatical leave.

These proposals therefore place into question a number of current principles of labour law (such as open ended contracts, statutory wage differentiation, self-employment and state employment) and more generally, the current form of employment relationships. However, the state will maintain an essential role in the reduction of instability and inequality.

Available from: Documentation Française, Quai de Branly, Paris. FR.

**Scénarios pour l'emploi : changement technique, mondialisation, emplois : où allons-nous ?  
(Employment Scenarios: Technical Changes, Globalisation, Employment: Where Are We Going?)**

DIDIER, M (1995)

Several hundred economists, academics, company directors and politicians gath-

ered for the bi-centenary of the foundation of the *Conservatoire National des Arts et des Métiers (CNAM)* to express their views on the employment debate. This event resulted in the production of a report comprising the interventions of several renowned economists. Michel Didier (Professor at CNAM and one of the directors of the Research Centre for the Expansion of the Economy and the Development of Enterprises (Centre de Recherche pour l'Expansion de l'Economie et le Développement des Entreprises) puts forward his vision for a return to full employment in France, the idea being to reduce the number of job seekers to two million thus returning to unemployment rates of between 7% and 8% in the short-term. His model is based on three main strategies which, if implemented could create thousands of additional jobs in the French economy.

The first measures seek to redress the balance between salaries and employment, aiming to create, at least for a short while, a growth in employment rather than salary increases for those already in employment. This redistribution can only be achieved through collective agreements which would necessitate an active involvement and commitment from the

social partners. In this way, the social partners would be able to play an important part in the return to full employment. Employment is already an important issue in collective bargaining today, but there are fears that this trend could be reversed in times of economic recovery.

The author argued that such agreements could be complemented and reinforced by a significant reduction in employer social security contributions financed by general taxation. Employment generation effects could be further maximised by increasing the flexibility of remuneration systems and by the resumption of a progressive and negotiated decrease in working hours. With regard to the latter the author warns of any "imposed" reduction in working hours, which would inevitably have a restrictive effect on the labour market since it would require some level of salary compensation thus disturbing the job market.

The second approach contemplates the use of unemployment benefit as an incentive for recruitment (by offering employers part of this benefit for hiring an unemployed worker), accompanied by a lasting shift in the level of employer

social contributions, and a strengthening of existing active labour market policies, accompanied by a tightening of the obligations of job seekers and a closer relationship between salaries and productivity. The latter does not, in principle, imply a rejection of the concept of a minimum wage (SMIC), but the author advocates the availability of some room for negotiation, such as the adjustment of the SMIC according to the cost of living in different regions or according to sectors. Regarding active labour market policies, the author claims that France ranks fairly low amongst EU countries in terms of the relative effort put into active programmes, although its total public expenditure in support of employment is about average in Europe. On the subject of social contributions, aside from the eventual changes in the basis of mandatory contributions, the author suggests the reduction of these charges. This would give rise to a reduction in health expenditure since this is financed through compulsory contributions imposed on salaries.

The third proposal is essentially aimed at companies, which it is argued are at the

heart of the employment creation process: the author proposes a reinforcement of the deregulation of services which is already under way and a better distribution of the risks facing entrepreneurs to increase the possibility of success for new ventures. The author envisages an adaptation of the system of redistribution and financing of social and economic risk which, in France, is currently very much slanted in favour of the coverage of social risks. He proposes the adoption of collective responsibility for economic risks far beyond the current framework, through specific regulations covering new emerging enterprises aimed at simplifying administrative procedures.

The author concludes his contribution with different projections of employment creation which he carried out for each of his proposals. These predict a global gain in the order of 500,000 to 1.4 million additional jobs <sup>(1)</sup>.

Available from: Editions Economica, 49 rue Héricart, 75015 Paris. FR.

<sup>(1)</sup> Ces évaluations chiffrées ne résultent ni de modèles économétriques, ni d'études fines et sont donc forfaitaires, approximatives, fragiles et bien sûr contestables.

## Forthcoming Events

The 1996 Conference of the European Distance Education Network (EDEN) **Life Long Learning : Open Learning : Distance Learning** will take place on 8-10 July 1996 at the Palais des Congrès, Futuroscope, Poitiers, France. The conference will seek to build on the successes of the last two conferences: *Human Resources*, *Human Potential*, *Human Development; the Role of Distance Education* (Tallinn, 1994) and *Open Classroom* (Oslo, 1995). It will consider: Technology: the Information Society; Professionally oriented education/training; Education and training; and School level: Open Classroom. This will, in turn, consolidate the network's activities and co-operation in all areas of professionally oriented educational training, and in particular training for SMEs, professional organisations and associations with responsibility for the personal development of women and young and elderly people. In addition, EDEN is developing links and general activities in the corporate sector.

For additional information contact: EDEN Secretariat UK, PO Box 92, Milton Keynes, MK7 6DX. Tel: +44 1908 654147; Fax: +44 1908 654374; E-mail: eden@open.ac.uk

The **1996 Annual Conference** of the European Association of Labour Economists (EALE) will be hosted by Greece and will take place at the Mediterranean Agro-nomic Institute of Chania (MAICH), Crete on 19-22 September 1996. The Conference will be organised by The Centre of Planning and Economic Research (KEPE), Athens.

For further information contact: Dr Nicholas P. Glytsos, KEPE, 22 Hippokratous St., 106 80 Athens, Greece, Tel.: +30 1 3614475, Fax: + 30 1 3611136.

## Editor's note

The editor would like to receive full details of any forthcoming conferences, seminars and workshops.

Please send information to the SYSDEM Analysis Unit, ECOTEC Research and Consulting Ltd., Priestley House, 28-34 Albert Street, Birmingham, B4 7UD, UK. Tel: + 44 121 616 3600; Fax: + 44 121 616 1099.

## Readers' survey: results

In a recent survey of readers' views on the Bulletin, 83% of respondents said that they found it interesting or very interesting, against 1.3% who found it dull or very dull. Three-quarters said that they read every issue of the Bulletin, one-fifth read selected issues with the remainder (about 5%) reading the Bulletin very occasionally. Most respondents (97%) said that they found the Bulletin very or moderately relevant to their interests.

A total of 389 questionnaires were returned which represented a 20% response rate of the targeted survey and almost 6% of the total readership. The views of all of the different types of organisations receiving the Bulletin were represented although by far the largest percentage of questionnaires (47%) were received from universities, research organisations and consultants.

All of the additional comments received have been very useful for planning the work programme for this year. The survey confirmed that Bulletins should be more focused in future. Forthcoming Bulletins will focus in particular on the Employment Implications of the Information Society, Trends in the Provision of Employment Services, and The Reintegration of Disadvantaged Groups in the Labour Market. The Bulletin will continue to report regularly on labour market trends in the Member States through the presentation of both qualitative and quantitative material.

Thank you for assisting with this survey.

# EMPLOYMENT OBSERVATORY

# Trends



Series produced from the  
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# EMPLOYMENT OBSERVATORY



## Trends

### SYSDEM

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 Union languages.

#### Trends

The series on "Trends" contains summaries and analyses of employment developments in the European Union 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 (SYSDEM), which aims to collect, analyse, synthesise and disseminate available information on employment in the Union. "Trends" is published quarterly in English, French and German.

#### 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 Union. 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 Union. 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.

#### 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 recent 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.