

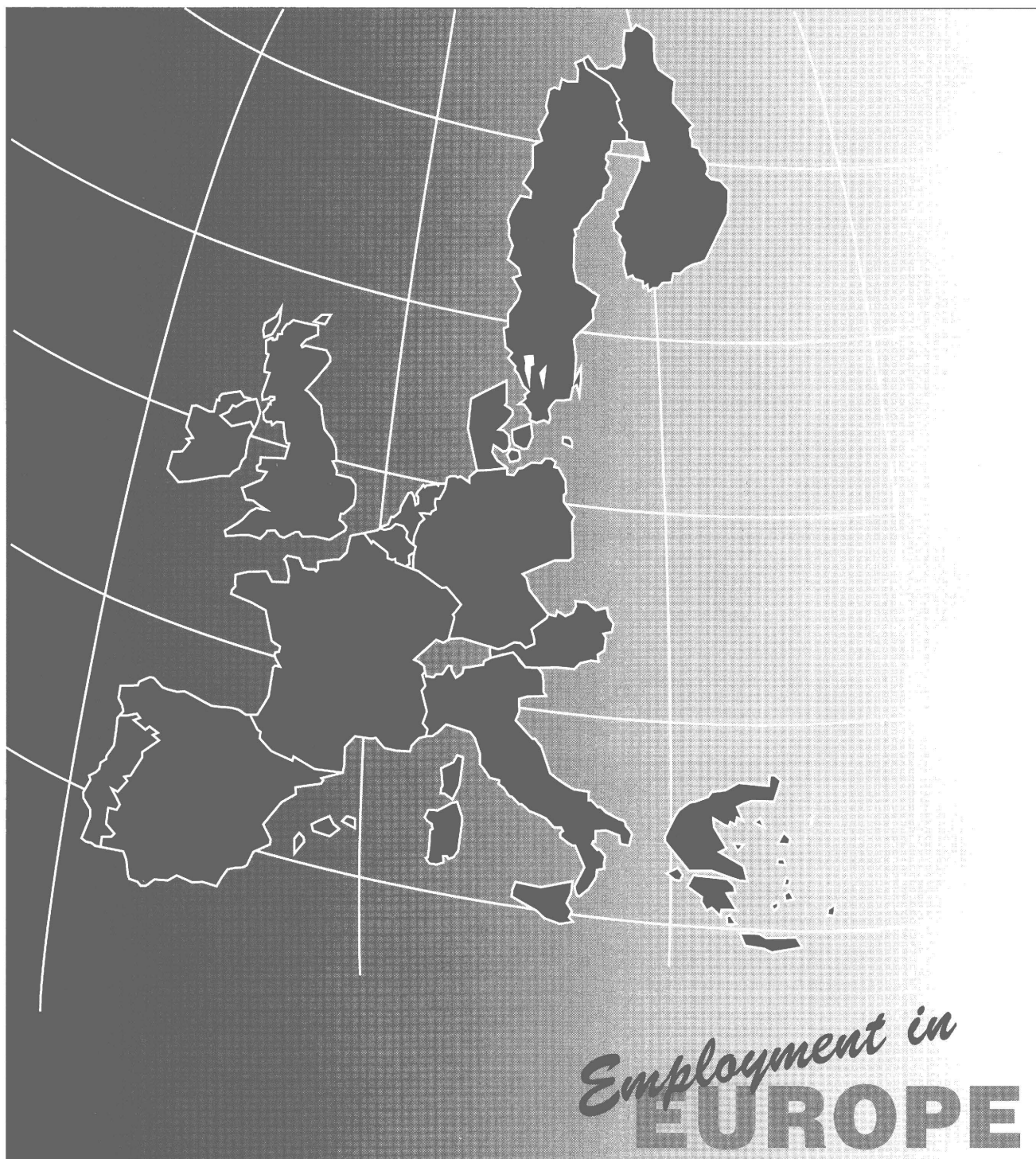
EMPLOYMENT OBSERVATORY

Policies

49

Developments in employment policies in Europe.
Series produced by the MISEP network.

Spring 1995



Employment in
EUROPE



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR EMPLOYMENT
INDUSTRIAL RELATIONS
AND SOCIAL AFFAIRS

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Developments at a Glance

Austria	The labour market service was removed from direct state administration in July 1994 and became an independent organisation. Its original functions of job placement and implementation of labour market policy will now be the focus of its activities. The new organisation is administered on a tripartite basis at central level and has elements of self-administration by the social partners at regional and local level.
Belgium	<p>Under a new recruitment plan wage-cost subsidies are retained in the form of reduced social security contributions on recruitment of unemployed persons.</p> <p>This type of support is also provided for in the national collective agreement for all sectors. However, agreement was reached at the same time that 0.30% of total wages are to be spent on measures to promote employment. The Brussels region grants a lump-sum transition bonus lasting twelve months to difficult-to-place young people.</p>
Denmark	<p>Part-time early retirement for 60 to 65-year-olds was introduced on 1 January 1995. A lump sum of DKR 57 per hour not worked is granted to those who reduce their working hours by at least a quarter.</p> <p>Parental leave and training leave, introduced as pilot projects in 1994, will now become permanent schemes. The sabbatical leave scheme will be extended to 1999. Wage compensation rates for parental leave and sabbaticals will be reduced.</p> <p>From 1995 stricter regulations on availability for work will apply.</p>
Spain	The minimum wage for all sectors has been increased by 3.5% for 1995.
France	<p>Job Clubs were introduced by the ANPE in 1994, which specifically target improved job placement for young university graduates.</p> <p>Service centres for young people (<i>Espaces jeunes</i>) have also been set up, which offer a wide range of counselling, information and supervisory services to young jobseekers.</p>
Finland	Nineteen wage-cost subsidy programmes currently in existence are to be amalgamated in five new schemes. The employment offices are to be afforded greater flexibility in granting such subsidies through less restrictive allocation criteria.
Ireland	35 local enterprise committees were set up to encourage small business start-ups and to promote the expansion of existing very small firms.
Portugal	A study on the social and occupational circumstances of socially disadvantaged groups concludes that vocational training for marginal groups improves their chances of integration into the labour market.
Sweden	The Swedish Government is fostering the integration of unemployed young persons into the labour market through the promotion of "integration work experience" followed by employment in the firm for at least six months.

EMPLOYMENT OBSERVATORY Policies



No. 49, Spring 1995

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Overall Developments

Belgium

The National Collective Agreement (*Accord Interprofessionnel*), 1995-1996

Following the approval, subject to certain modifications, of the provisional agreement by the Belgian Federal Government, the social partners signed the National Collective Agreement (*Accord Interprofessionnel*) for the period 1995-1996 on 7 December 1994. It is to serve as a basis for future collective bargaining at sectoral level. The employers' associations and trade unions have committed themselves to orientate such bargaining exclusively to maintaining and expanding employment. It is their view that it is vital that jobseekers are offered the prospect of employment in line with the possibilities offered by economic growth, productivity growth, and the profitability and competitive position of Belgian firms. This article deals with the most important provisions of the Agreement.

Employment

Complementary to the employment promotion measures already in existence, the social partners, after consultation with the Government, have put forward the following formulae:

Sectoral agreements on employment

The Federal Government's Global Plan already provides for a reduction in employer social insurance contributions for each additional recruitment within the framework of an Enterprise Plan for Work Redistribution (cf. iMi 45). With a view to the extension of such enterprise plans, the social partners propose the following formula:

Employers expanding their (net) workforce on the basis of collective employment promotion agreements reached by a bipartite sectoral commission are entitled, for the duration of this National Agreement, to a reduction in employer social insurance contributions of a maximum of FB 37,500 per quarter

(compared with FB 25,000 per quarter under the Enterprise Work Redistribution Plans) for each additional job created. If the jobseeker recruited had been unemployed for longer than one year at the time of recruitment, the formula described under "Employment Plan" applies, if this is more favourable. The reference period for determining the size of any net increase in the workforce is the corresponding quarter of the previous year.

Enterprise agreements on employment

The negotiation period at the level of the bipartite commissions expires on 31 March 1995, unless prior to this date the parties decide that it is impossible to reach an agreement. From this moment in time it is possible to reach agreements at enterprise level. If such an agreement is reached for which the above-mentioned, larger cut in social insurance contributions is claimed, this must be approved in advance by the bipartite commission. For firms lacking either a works council or a trade union delegation, the larger cut in contributions is contingent on the approval of the National Commission instituted at the Ministry of Employment and Labour.

Employment Plan to Promote the Recruitment of Jobseekers of Certain Categories

The Youth Employment Plan (cf. iMi 44) has enabled 70,000 young people to be recruited, but was restricted to unemployed persons aged less than 25. In view of this limitation, the social partners propose a similar programme, but one which is open to all those unemployed for more than one year.

Employers who, in 1995-96, recruit a person who has been unemployed for more than one year are to benefit from the following reduction in employer social insurance contributions:

- 75% during the quarter in which recruitment occurs to the end of the fourth quarter following it;
- 50% from the fifth to the eighth quarter inclusively following that in which recruitment occurs.

If the jobseeker has been unemployed for more than two years, the reduction in contributions is increased to 100% during the quarter in which recruitment oc-

curs to the end of the fourth quarter following it, and to 75% from the fifth to the eighth quarter inclusively following that in which recruitment occurs.

For young jobseekers who have never worked and must complete a waiting period before becoming entitled to unemployment benefit or the waiting allowance (cf. BIR B-iii.5), this waiting period is considered as equivalent to a period of unemployment.

Unemployed persons drawing minimum social benefit during the year/two years prior to recruitment also enter into consideration for the reduction.

Early retirement

The social partners propose to reduce the collectively agreed early retirement age to 55; this is to apply for the period 1995/96, is to be based on an agreement concluded within the bipartite commission, and only applies if the worker concerned has been economically active for at least 33 years.

It is to be recalled, however, that the Federal Government has decided gradually to raise the minimum age at which the early retirement pension can be claimed, and that by the end of 1996, this minimum age will be set at 58 in all sectors of the economy.

In order to avoid an excessive rise in the costs of early retirement, the social partners suggest that firms should pay a monthly contribution to the social insurance institutions towards the additional costs of this measure, the level of which should be reduced if a long-term unemployed person is recruited to replace the worker on early retirement. This contribution would be payable until the worker on early retirement reaches the age of 58.

Information and evaluation

The social partners have agreed that by 31 March 1995 they will have worked out - at the National Council of Labour - the details of the report to be made by employers on employment incentives. The signatory parties have also agreed to complete the evaluation of the measures implemented within the framework of the Global Plan (cf. iMi 45) by the end of 1995. In addition, a study of employment trends is to be conducted within the Na-

tional Council of Labour in the course of 1996.

Extension of the 1993/1994 agreement to 1995/1996

Special employer efforts to promote employment

The previous National Collective Agreement (cf. iMi 41) stipulated that in 1993 and 1994 firms were to spend 0.25% and 0.3% respectively of their total wage bill on employment-promoting measures as follows:

- For 1993 and 1994 a contribution of 0.10% to finance the Plan for the Guidance of the Unemployed (*Plan d'accompagnement pour chomeurs* - cf. iMi 40) was to be made;
- in 1994 0.05% were to be used to finance child-care initiatives;
- in 1993 and 1994 a contribution of 0.15% was to be used in line with provisions set out in branch or firm-level collective agreements which took account of the specific nature of the branch or firm in question.

The social partners propose that the contribution of 0.1% of the payroll which in 1993 and 1994 was dedicated to financing the Plan for the Guidance of the Unemployed, a programme since extended by the Government, should now be utilised as follows:

- 0.05% to finance the Guidance Plan - from 1 April 1995 to 31 December 1996; .

- 0.05%
 - between 1 April 1995 and 31 December 1996 as a contribution to make up the deficit incurred through paid training leave. It is proposed that the sum left over from the 0.05% contribution paid in 1994 be used as a one-off grant towards meeting the debts resulting from the introduction of paid training leave;
 - between 1 January 1996 and 31 December 1996 to top up the contribution of 0.15% of payroll to promote employment and vocational training in branches and enterprises.

In view of the Government's decision to reduce the contribution rate dedicated to financing the Guidance Plan from 0.1% to 0.05%, the social partners are willing, within the framework of branch or firm-level collective agreements, to raise the expenditure on employment-promoting measures from 0.15% to 0.20% in 1996, whereby this is to be based on provisions that take account of the specific characteristics of firms and branches.

At the same time, they call on the Government to extend the exemption from the obligation on employers with more than 50 workers to take on young jobseekers to a level corresponding to 3% of their workforce - the so-called "*obligation de stage*" - cf. BIR B-iv.2) in the case of those sectors and firms making efforts to promote the employment of risk groups and participate in the

Guidance Plan, provided that they spend 0.20% of their payroll on these ends in 1995/1996.

The social partners are willing to continue paying the contribution of 0.05% dedicated to the personnel costs involved in providing care for children aged between 0 and 3 and for those of pre-school age in 1995/1996.

In the course of 1996 these measures are to be subjected to evaluation.

Holiday pay

The agreement to provide double holiday pay for the third day of the fourth week is extended to 1995/1996.

Concluding provisions

The social partners declare that they will not make additional demands on one another in the areas covered by the agreement for its term of validity. They invite the Government to express its approval of the proposals presented to it in the context of the agreement (which occurred at the end of November 1994, see above). In addition, they demand guarantees that in the areas covered by the agreement no measures will be implemented during its term of validity that would have the effect of raising wage costs or affecting work organisation. Finally, they declare that the effort to achieve a climate of social peace is considered by all signatories as an important contribution toward the realisation of the agreement.

Placement and Vocational Guidance

Austria

The New Labour Market Service

Following negotiations that had lasted two and a half years, on 1 July 1994 the new Austrian labour market service was institutionally separated from the federal administration. On 7 April the National Council passed the relevant laws

with the votes of the governing coalition.

The reform of the labour market authority (LMA) ushered in by the legislative package consists of three specific elements.

Concentration on core tasks

The "old" labour market authority had been overburdened with tasks that, at best, were only indirectly linked to the labour market, reducing the focus on the core tasks of a public labour market service body. This also meant that it was

virtually impossible to create a coherent corporate identity for the organisation.

Under the labour market service accompanying law, benefits not directly linked to the labour market and tasks that are in contradiction to the new emphasis on "service" are to be transferred to other sections of the administration or to social insurance institutions. This will enable the new labour market service to concentrate on its core tasks; the tasks of the old labour market authority (cf. figure 1) are to be transferred to other institutions.

Placement and Vocational Guidance

Organisational form

Under the labour market service law the labour market authority has been institutionally separated from the federal administration. It has been joined together with the funds previously run by the labour market authority and set up as an autonomous legal entity with the title Labour Market Service (LMS). The LMS has a form of legal organisation all of its own, one which combines structural elements of a self-administered body (as in the social insurance institutions), a public fund (e. g. the funds previously run by the labour market authority) and a public limited company.

The organisational model of the labour market service (cf. figure 2) is based on the belief that an effective labour market policy is only possible if it involves the collaboration of workers, employers and the government, and if it allows for regional specificities and differences. With a view to the latter requirement, the LMS is divided into federal, state and regional organisations (cf. figure 3). At each organisational level the social partners play a central role in decision-making processes.

Personnel

Those public-sector employees employed since the start of 1994 with the LMA funds automatically become employees of the new LMS when the labour market service law comes into force.

The federal law on public-sector employees (*Vertragsbedienstete* as opposed to civil servants – *Beamte*) will remain applicable to such workers with regard to their conditions of employment and pay for a maximum of one year after the institutional separation. By this time a collective agreement must have been reached between the public sector union and the LMS; if such an agreement is not forthcoming the Federal organisation of the LMS, in conjunction with the Minister for Social Affairs must draw up the new conditions of employment and pay scales in the form of directives.

A minimum condition of the new pay scale required by the new law is that the disadvantages of public sector employees in terms of life-time earnings compared with civil servants performing the same tasks must be compensated for.

Civil servants (*Beamte*) remain civil servants, unless they opt voluntarily to transfer to the new conditions of employment.

Financial reform

It was the financing of labour market policy and of the new labour market service that proved to be the thorniest issue during the negotiations on the reform of the LMA. Indeed, for a long time, the reform as a whole was blocked by this problem.

Finally, the following solution was found:

- The LMS budget is divided into two areas of operation; in the first, the LMS acts in its own name and on its own financial responsibility; in the second it acts in the name of, and with the financial backing of the Federal Government.

Figure 1: Transfer of Tasks Previously Performed by the LMA to other Organisations

Maternity leave		
Aid for part-time work	—>	Health insurance
Special emergency aid		
Reemployment aid		
Advance on old-age pension	—>	Pension insurance
Special support		
Aid to cover losses due to insolvency	—>	Federal Office*
Bad-weather allowance	—>	Construction workers' leave fund
Mediation of agency workers	—>	Federal Office*
Admission/supervision of private mediators	—>	Federal Office*
Responsibility for control of foreign workers (observation and legal proceedings)	—>	Labour inspectorate

* The term "Federal Office" refers to the state invalid offices (*Landesinvalidenämter*) which assumed the new title of "Federal Offices for Social Affairs and the Disabled" on assuming the new responsibilities.

Figure 2: Organisation of the Labour Market Service

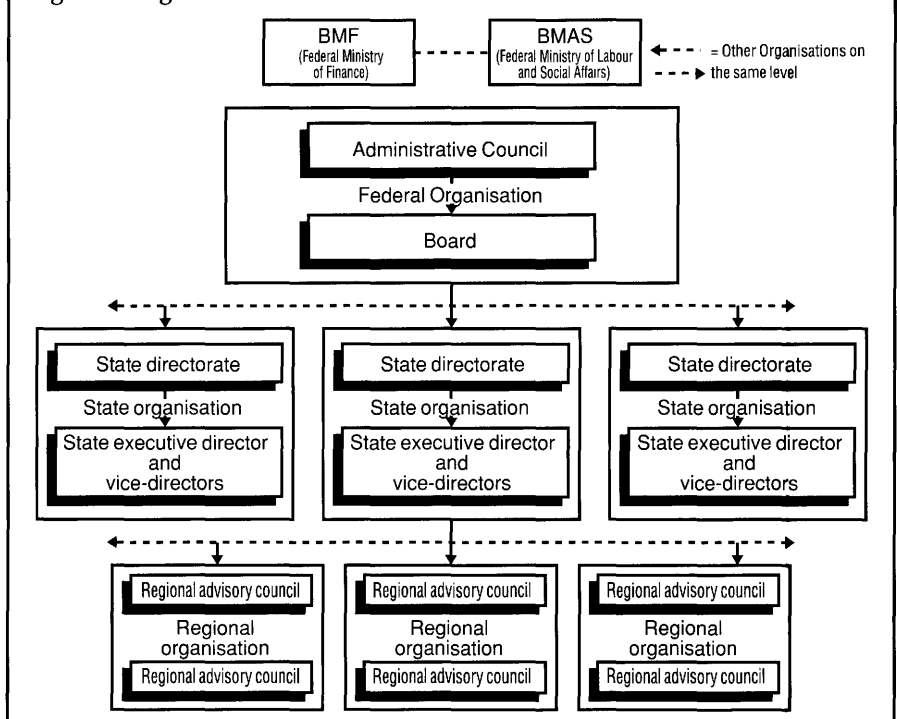


Figure 3: The three levels of the new Labour Market Service (LMS)

Federal organisation	<p>Main tasks: implementation of the objectives set by the Federal Ministry of Labour and Social Affairs (BMAS); labour market policy programmes for the LMS; coordination of the set objectives and uniform regulations governing organisation, personnel (incl. training), equipment, basic work and statistics; supervision of management at all levels</p> <p style="text-align: center;">Administrative Council (terms of office: 6 years)</p> <p>2 representatives of the BMAS; 1 representative of the Federal Ministry of Finance (BMF); 3 employee representatives; 3 employer representatives; 1 representative of the LMS employees (right to vote in affairs relating to pay and working conditions in the absence of a collective agreement)</p> <p>Main tasks: nomination and recall of board members; supervision of the board; collective agreement and directives for employees; organisational planning; labour market policy planning; distribution of budgetary and other resources between the state LMSs; specific management affairs</p> <p style="text-align: center;">Board (term of office: 6 years)</p> <p>2 members (one with right to sign contracts)</p> <p>Main tasks: operative management; preparation of decisions by the administrative council; labour market policy conception; ensuring that the personnel-related, organisational and financial conditions for the work of the LMS are met; supervision/control</p> <p style="text-align: center;">Federal Office Support apparatus</p>
State organisation	<p>Main tasks: developing labour market policy objectives for the federal State; coordinating the LMS with state institutions, context setting, guidance and support for regional organisations</p> <p style="text-align: center;">State Directorate (term of office: 6 years)</p> <p>State executive director; vice state executive director; 2 employee representatives; 2 employer representatives</p> <p>Main tasks: state executive programmes; state budget; proposals for nominating the state executive director and vice director; setting up the regional organisations</p> <p style="text-align: center;">State executive director</p> <p>Main tasks: operative management; supervision and support for regional organisations, labour market policy conception for the state organisation, nominating the directors of the regional offices</p> <p style="text-align: center;">State Office Support office of the state organisation</p>
Regional organisation	<p>Main tasks: implementation of the guidelines set by the federal and state organisations; determining the principles of labour market policy in the area covered by the regional office</p> <p style="text-align: center;">Regional Council</p> <p>Director of the regional offices as chairman; 2 employee representatives; 2 employer representatives</p> <p>Main tasks: proposals for concrete forms of labour market policy; approval of short to medium-term labour market programmes; approval of regional preliminary actions</p> <p style="text-align: center;">Director of the Regional Office</p> <p>Main tasks: operative management at regional level; decisions in all affairs of the unemployment insurance and labour market promotion, implementation of services for LMS clients (aided by a regional office to be set up)</p> <p style="text-align: center;">Regional Office Support apparatus of the regional organisation</p>

- Both its own area of operation (administrative costs) and the transferred area are financed via the (earmarked) "Labour market policy" budget within the framework of the overall Federal budget.
- The labour market policy budget has been redefined by the labour market policy financing law, replacing the former (earmarked) budget of the unemployment insurance fund.

Under the labour market policy financing law, the monetary flows used to finance labour market policy are now as depicted in figure 4.

Implications of the changes

1. The new LMS will enjoy greater freedom of action vis à vis the Federal Finance Ministry than the old LMA. This is true both of its own and the transferred area of operation. (Agreement is in principle now only required for spending items in excess of ÖS 50 million.)
2. Decision-making within the LMS will occur at the lowest (regional) level as far as possible.
3. The fact that the LMS will have its own employment and pay code (whether on the basis of a collective agreement or directive) gives it the opportunity to implement pay reform in line with the specific needs of the organisation and its tasks (e.g. pay according to ability and motivation and not, as previously, to level of formal education). Personnel decisions (for employees, although not for *Beamte*) can be taken independently of the Federal Chancellery.
4. The (necessary) bargaining and conflict processes with regard to the personnel, financial and technical resources to be devoted to the organisation and to labour market policy as a whole can proceed on the basis of a clear cost-benefit analysis, and thus with less regard to status and ideological fixations than was previously the case. The participants in this discussion – government and the social partners – are involved in and bound by the results of decision-making processes.
5. The (limited) scope to fund labour market policy beyond budgetary limits (i.e. by borrowing) will enable active labour market policy and unemployment insurance fund spending to be deployed anti-cyclically.

Placement and Vocational Guidance

Figure 4: The financing of the labour market policy

Revenue	LMS	Spending
Reimbursement of administrative costs		Personnel and operating costs (administrative costs)
Borrowing		Budget surplus (LMS contribution)
Reimbursement of costs of servicing debts		Debt servicing
Surplus from labour market policy budget		
	(Tied) LMP Budget	
UI contribution		Insurance benefits
FLAP contribution		Benefits under LMP programmes
Federal contribution		Reimbursement of administrative costs
LMS contribution		Reimbursement of costs of servicing debts
		Transfer of surplus to LMS
	Government Budget	
Fiscal revenue		Federal contribution (2.5 billion AS)

UI = Unemployment insurance; LMS = Labour Market Service; FLAP = family compensation fund; LMP = Labour Market Policy

In conclusion, the changes will promote consensus-finding between government and the social partners with respect to the objectives, instruments and resources of labour market policy, even in difficult times.

- The premises of the clubs are located
 - within local employment offices, where a hall, office or a technical zone set up specially for them is available for their meetings;
 - in the premises of the job-search circles (*cercles de recherche d'emploi*), used alternately by the club and the circle;
 - in the premises of the platform of the service.

The decision to found a job club

The initiative in this case lies with the director of the local employment office in collaboration with the departmental directors. The regional director is responsible for ensuring the development of the club with due regard to regional objectives and the budgetary framework.

Joining a club

Participation in a job club is voluntary. Participation results either from a suggestion by the ANPE or is at the request of the individual jobseeker in the wake of the information on the clubs disseminated by the ANPE. Requests to join the club are processed by staff at the local employment office by means of face-to-face interview. Participation is formalised with the signature of the new member and the employment office director on an entry form. Each club consists of four to six members.

Changes affecting participants

- They retain their status as unemployed and continue to draw the benefits to which they are entitled.
- They enjoy social insurance cover by virtue of a contribution paid by the ANPE.

- They are entitled to a job-search allowance, whose express purpose is to cover the costs incurred by job-search activities. This benefit consists of a daily flat-rate allowance of FF 30 for Paris, FF 50 for other urban areas and FF 80 for all other areas.
- They must be immediately and unrestrictedly available to participate in the activities of the club.

Benefits of membership

1. Participants receive *training in the techniques of applying for jobs with firms*. They must be in a position to look for work with a large number of firms intensively and methodically. They present themselves to employers as members of the job club attached to the local employment office.
2. They receive a *definition of a job-search plan* based on the information held by the ANPE on individual firms. The firms in question are located in the labour market region in which the local employment office and the affiliated job club are situated. The employment office staff ensure that the participants each have different profiles so that the target group of firms on which the club members are to concentrate their job-search activities is sufficiently large.
3. *Logistical assistance* in the form of equipment (fax machines, telephone, other office machinery, etc.) in support of their job-search efforts is provided.

The participants commit themselves to prepare and carry out their visits to employers in accordance with the job-search plans drawn up jointly by the club and the employment office.

The interviews held and the preparation of the next set of planned visits to employers are discussed at weekly meetings.

The members share the information and the job offers received among themselves. These offers are initially only for club members; if recruitment does not occur, the ANPE makes them available to the unemployed at large.

By acting as a group in both drawing up a job-search plan and by dividing job offers, and by offering a number of applicants, each with a different profile, to potential employers, the young people involved are able to multiply the benefits of interviews with employers.

Thus the aim of the job clubs is to place their members in employment as quickly as possible.

France

Job Clubs

Definition

In May 1994 the French labour market authority, the ANPE, introduced a new placement measure: "job clubs" (*clubs de chercheurs d'emploi*). The aim of these clubs is to aid college graduates in finding their first job, by organising and offering them continuous guidance on their job-search activities and by making all the job offers received available to all club members, so as to maximise the chances of success.

Jobseekers affected

Primarily young people aged less than 26 who, after completing their school education with the Baccalaureate examination, spent at least two years at college (Bac + 2), but have had no vocational training.

Location of the clubs

The job club is attached to the local employment office or, in metropolitan areas, to a group of employment offices. If there are a number of clubs within an agglomeration, they may be organised into different occupational fields and may occupy the same premises.

Each club is to attempt to operate on this basis for up to six months. The benefits of membership terminate as soon as a member is recruited. Those leaving the club make way for new members.

Results

In November 1994 around 133,662 young people were registered as young first-time jobseekers with the ANPE.

Between May and the end of November 1994:

- 3,491 young people joined one of 347 different clubs;
- job-search activities involved 27,744 firms;
- 2,140 job offers were received;
- in the wake of enterprise visits by young people, 1,892 contacts between employers and the ANPE were established;
- 1,656 young people left their club to take up employment.

By the end of 1994 400 clubs will be open to young first-time jobseekers, with a total of 1,000 clubs as the target for 1995.

France

The "Espaces jeunes"

The five-year law of 20 December 1993 on labour, employment and vocational training provides (art. 76) for the setting up of institutions "under one roof" to offer a number of services to young people - aged less than 26 - relating to training and their first steps in working life.

Youth organisations such as local missions, permanent guidance, information and orientation centres, and any other organisation whose aim is to provide guidance and orientation to young people with respect to job-search and training may become "Espaces jeunes" (literally "spaces" for young people).

By virtue of this "label", such organisations are able to broaden the range of services they provide to young people. To this end, the ANPE, after suitable training and guidance for those working in the organisations, delegates some of its services to these organisations.

The creation of the *Espaces jeunes* is part of the policy of financial deconcentration within the ANPE, represents

Schema for the Creation of <i>Espaces jeunes</i>	
<i>First stage</i>	
The first stage of negotiation is conducted at regional level. It comes to an end once the following two documents have been drawn up:	
Tripartite regional agreement: government - region - ANPE	Regional charta as a appendix to the regional agreement
- defines regional guidelines	<i>Employment section</i>
- defines the overall framework	Sets out the conditions for the delegation of ANPE services
	<i>Vocational training section</i>
	Sets out the conditions for the provision and placing of training opportunities
<i>Second stage</i>	
The regional documents enable departmental Prefects, in conjunction with the public employment service and local government representatives, to draw up a list of youth organisations with which negotiations are to be held in the subsequent phase.	
<i>Third stage</i>	
As far as the employment section is concerned, the local employment offices and the departmental delegates of the ANPE negotiate - on the basis of the list drawn up in stage 2, the regional agreement and the associate Charta, which is to be interpreted as a "duty book" - with each of the organisations selected, in order to determine which services can be delegated and at what level.	
<i>Convention on Local Cooperation - government - region - ANPE - youth organisation</i>	
This document implements the regional agreements in operational terms and defines the objectives and formalities of local cooperation.	

one of the new links which it, under articles 76 and 77 of the five-year law, must establish at regional level, and is a contribution towards the decentralisation of vocational training for young people.

The *Espaces jeunes* open the door to a new form of partnership, a key element of the second "Progress Contract" signed between government and the ANPE (cf. iMi 48, pp. 14-16), which is to be based on a National Charta to be announced at the start of 1995.

In negotiations between the government, region and regional ANPE directorate, the objectives, formalities and conditions for the implementation of *Espaces jeunes* in the region are set out, listing the youth organisations eligible for conversion into *Espaces jeunes*.

The negotiations come to an end with the formulation of a tripartite regional agreement, appended by a regional charta.

These documents describe the formalities and conditions which are to

guide local actors in setting up *Espaces jeunes*, giving a contractual form to the decisions taken by the three parties.

The regional charta defines the list of the services to be delegated by the ANPE and to be performed by the *Espaces jeunes*, together with the conditions for youth support work and the resources to be committed by each party. The charta is also formulated with regard to the policies on vocational training for young people.

The regional charta contains two sections as follows:

1. The employment section formulated by the regional director of ANPE
 - determines the ANPE services the ANPE may delegate:
 - freely available information
 - pursuit of requests for work
 - change of situation
 - registering for an ANPE measure
 - preparation of contacts to employers
 - collecting job offers

Placement and Vocational Guidance

- diffusion of job offers and contact mediation
- pursuit of job offers
- provision of job-search services

The following services may under no circumstances be delegated:

- registration of the unemployed
 - change of status
 - control and suspension (of benefit)
 - Determines the legal, operational, human-resource and financial conditions necessary to operate each service.
 - Determines the modes of training and education of those working in the youth organisations.
 - Determines the "codes of good conduct" which will enable the partners to work together with each other.
 - Sets out the control and guidance tools that the regional partners intend to set up in both quantitative and qualitative terms.
2. The training section formulated by the regional council
- sets out the terms for the provision and placement of training opportunities;
 - describes the arrangements for guidance, counselling, information and supervision.

Languedoc-Rousillion and Poitou-Charente are the first two regions to have signed a tripartite agreement and regional charta establishing *Espaces jeunes*.

The local cooperation agreement

The departmental Prefects, the departmental directors of the ANPE and local government representatives select the youth organisations that appear best suited to the realisation of the regional objectives that have been set.

For the ANPE this offers an opportunity to establish new bases for partnerships between local teams, the permanent, guidance, information and counselling services (PAIO), in which local government and local collective organisations participate, and all the other organisations with experience in dealing with young people.

In negotiations with each of these organisations, the precise objectives and forms of local cooperation appropriate to the specific characteristics and requirements of the relevant local labour market are determined. These negotiations at local level lead to the formulation of a agreement on local cooperation.

It is the director of the local employment office and the departmental delegate that bear full responsibility for negotiations with youth organisations re-

garding the delegation of ANPE services. In doing so they base their actions on the tripartite agreement and the employment section of the regional charta.

The agreement on local cooperation is not merely a declaration of intent, but rather a genuine contract.

The following points must be defined and described in detail in its appendices:

- the resources to be committed by each party to the agreement,
- the working links between the various organisations, and
- the precise organisation "on the ground" that is to implement each service.

The success of the *Espaces jeunes* depends on the extent to which ANPE is able to transfer some of its knowledge and skills, so as to create, stimulate and make effective a network of employment and training professionals. This transfer and the delegation of services on which it is based must, however, operate with the fullest possible guarantees of professionalism and quality.

The overall aim of the measure is to make it easier for all users to gain access to ANPE services. This requires the creation of a network in which the ANPE forms the core.

Job Creation

Belgium

Employment Plan to Promote the Recruitment of Jobseekers

In Belgium a number of measures have been implemented with the aim of raising the employment level by reducing social security contributions for employers recruiting unemployed persons. The most important are the temporary reduc-

tion in social security contributions for the recruitment of certain categories of workers (cf. BIR B-v.6) and the Youth Employment Plan (cf. iMi 44). In view of the fact that the latter expired at the end of 1994, and in the light of the proposals made by the social partners within the framework of their National Collective Agreement (*accord interprofessionnel*) for 1995/96, the Belgian Federal Government decided to bring together and harmonise these various measures in an Employment Plan for the Recruitment of Jobseekers (*Plan d'embauche pour la promotion du recrutement des demandeurs*

d'emploi). The legal basis of this new measure is section IV, chapter II of the law of 21 December 1994 on social and other measures (*Moniteur belge*, 23.12.1994).

Employers affected

All employers paying social insurance contributions may participate in the measure, irrespective of whether they belong to the private or public sector.

However, by the Royal Decree of 27 December 1994 on the implementation of section IV, chapter II of the law of 21 December 1994 (*Moniteur belge*,

30.12.1994) the following categories of employer are excluded from the scope of the measure:

- government, including the judiciary, the Council of State, the armed forces and the police;
- local and regional authorities;
- the commissions of the Flemish and French linguistic communities and the joint community commission of the capital region of Brussels;
- non-profit organisations and state enterprises controlled by the institutions listed above, with the exception of the public credit institutions, autonomous public enterprises, and of public institutions with regard to the personnel employed by them on fixed-term contracts in order to hire out their services to user firms.

Also excluded is the recruitment of civil servants, academic and scientific staff in institutions of higher education, and teaching staff in other educational establishments.

Employee categories that can be recruited under the measure

The Royal Decree of 27 December mentioned above requires that the employer seeking to claim the allowances provided for under the employment plan must recruit a jobseeker who, at the time of recruitment, is covered by one of the following situations:

- a) unemployed on full unemployment insurance benefits for an uninterrupted period of at least 12 or 24 months; it is to be noted that certain periods will be treated as equivalent to unemployment with full benefit entitlement (e. g. the waiting phase that a young unemployed person must accomplish on leaving education in order to be entitled to unemployment benefit or the waiting allowance, or, subject to certain conditions, periods of employment as an agency worker with a user firm, if this firm subsequently recruits the worker);
- b) unemployed recipient of the minimum subsistence allowance (Minimex) for an uninterrupted period of at least 12 or 24 months;
- c) jobseeker who
 - has completed a training or guidance measure of at least six months' duration in an apprenticeship firm approved and subsidised by the French linguistic community;

- does not possess a stage II secondary education certificate;
- was employed (or self-employed) for no more than 150 hours during the previous 12 or 24 months.

d) jobseeker who

- has received part-time education within the framework of the compulsory part-time education scheme (cf. iMi 3);
- was employed (or self-employed) for no more than 150 hours during the previous 12 or 24 months;

e) jobseeker who was recruited on termination of employment within the framework of the Royal Decree no. 495 on the combined work and vocational training system for young persons aged between 18 and 25 (cf. BIR B-iv.3), and who was employed (or self-employed) for no more than 150 hours during the previous 12 or 24 months;

f) jobseeker who

- has completed a period of training or employment in a project relating to the partnership agreements subsidised by the Brussels capital region (cf. BIR B-vii.3);
- does not possess a stage II secondary education certificate;
- was employed (or self-employed) for no more than 150 hours during the previous 12 or 24 months.

The benefits offered by the measure

On recruiting a jobseeker meeting one of the above sets of conditions, the employer is entitled to a reduction in employer contributions to the social insurance system.

If the jobseeker concerned had been either unemployed on full benefit or drawing minimum social benefit for 12 months prior to recruitment, the reduction in contributions is as follows:

- 75% during the quarter in which recruitment occurs to the end of the fourth quarter following it;
- 50% from the fifth to the eighth quarter inclusively following that in which recruitment occurs.

The same reductions apply in the case of the recruitment of a jobseeker covered by one of the categories listed under point 2 (c-f), provided that he/she was employed (or self-employed) for no more than 150 hours during the previous 12 months.

If the jobseeker concerned had been either unemployed on full benefit or

drawing minimum social benefit for 24 months prior to recruitment, the reduction in contributions rises to:

- 100% during the quarter in which recruitment occurs to the end of the fourth quarter following it;
- 75% from the fifth to the eighth quarter inclusively following that in which recruitment occurs.

The same reductions apply in the case of the recruitment of a jobseeker covered by one of the categories listed under point 2 (c-f), provided that he/she was employed (or self-employed) for no more than 150 hours during the previous 24 months.

If the employer recruits a person that he had previously employed through a temporary employment agency, the calculation of the number of quarters for which the reduction is granted refers to the first date of recruitment by the agency for an employment fulfilling the conditions of entitlement to the reduction under the employment plan.

Cases excluded from the measure

The reduction in social security contributions is not granted:

- to employers who at the end of the quarter for which they claim the reduction are in arrears with their social security payments with the institutions charged with collecting such payments;
- to employers who have been shown to have failed to meet their requirements regarding youth training (cf. BIR B-iv.2);
- for the recruitment of stagiaires (trainees) under the youth training scheme;
- for the recruitment of employees within the framework of a reemployment programme.

Combining the reduction with other benefits

The reduction in social security contributions granted under the Employment Plan may not be combined with benefits derived from other measures providing for a reduction in social security contributions nor with those from reemployment measures.

Formalities to be observed

The procedure to be observed by employers seeking to claim the benefits provided for under the Employment Plan are set out in the Royal Decree of 23 December 1994 relating to social meas-

ures and implementing section IV, chapter II of the law of 21 December 1994 (*Moniteur belge*, 31.12.1994).

Those who have drawn full unemployment benefits for a sufficient period to be eligible for recruitment under the Plan receive, on application, a recruitment card from the local ONEM employment office which certifies this fact. Unemployed recipients of the minimum social benefit receive this recruitment card from the social benefit office responsible.

It is also possible for the employer to obtain a recruitment card in the name of the jobseeker in question certifying that he/she fulfilled the conditions for recruitment under the Employment Plan on the date of recruitment (if the employment relation has already commenced) or on the date of issue of the recruitment card (if the jobseeker has not yet been recruited).

The card is valid for three months after issue. The validity of the card can be extended by additional periods of three months provided that the jobseeker continues to meet the conditions of entitlement.

In order to claim benefits under the Employment Plan the employer must send the recruitment card, correctly filled in, to the ONEM employment office responsible within 60 days of recruitment. The employment office then passes on the details given to the institution responsible for collecting the social insurance contributions.

In addition, the employer must indicate the precise identity of the jobseeker for which he is paying contributions at the reduced rate in his quarterly report to the institution responsible for collecting the social insurance contributions.

Period of validity

The Employment Plan to Promote the Recruitment of Jobseekers applies to recruitments taking place between 1 January 1995 and 31 December 1996. The provisions listed under section III, chapter VIII of the programme-law of 30 December 1988 (temporary reduction in social security contributions for the recruitment of certain categories of workers – cf. BIR B-v.6) are no longer in force. However, they do apply to all recruitments occurring up to 31 December 1994 and for employers who, from 1 January 1995, recruit their first employee and meet the conditions for inclusion under the Plus-One Plan (cf. iMi 45).

Finland

Reforming Employment Subsidies in Finland

In 1994 the Ministry of Labour assessed the problems of the rather complex employment subsidy system in Finland in an attempt to improve and simplify the system, and to implement a result management system giving more room for manoeuvre and flexibility in its choice towards the goals.

The main problem relate to the complexity of the system, undesirable impacts and allocation problems.

At present there are 19 different forms of employment subsidies. There are 183 employment offices making over 100,000 decisions on subsidies annually. The very strict and detailed subsidy rules render the system inflexible and unsuitable for this kind of decision-making, which has become very time consuming and arduous. Also the system is subject to constant changes because of the pressures exerted by mass unemployment (19.9%, i. e. 485,000 unemployed out of a workforce of 2.4 million people/January 1995) which have aggravated the problems inherent in the system.

Unemployment protection and employment subsidies cause undesirable combined impacts as the aim of actively improving the employment potential of the jobless remains all too frequently unattained. The basic objectives of the subsidy system are not sufficiently reflected in practical operations. Amid the pressures of mass unemployment, subsidy policies face allocation problems. Subsidies are granted for many purposes and to provide work for several target groups, and this tends to increase the number of different subsidy forms. Efforts to respond to these pressures have contributed to making the system more extensive and complicated. Constant changes present problems of absorption – not enough time to absorb and put into effect earlier changes.

It is also unclear how the manpower services and subsidized employment are interrelated. In reality the declared objective of increasing coordination between the two has barely been attained. Subsidies to business have led to speculation, in which companies tend to

choose the temporary labour that comes with the best possible subsidy. All too often it is the company applying for a subsidy that decides who gets the job rather than the employment office. This reduces the desired selectiveness of the subsidy measure, i. e. its allocation on the basis of sound labour-policy grounds to those unemployed whose employment potential should be improved. Companies tend to regard a subsidy as part of their normal recruitment process for fixed-term labour – no subsidy, no job, leading to distortion of the proper functioning of the labour market. Also in the present employment situation, the systems of employment subsidies and unemployment protection seem to actually work together against the desired aim of improving employment potential.

The proposal of the Ministry of Labour was adopted in Council of Ministers in August 1994 and the reform will enter into force in the beginning of April 1995. It is expected that there will be an annual saving of FIM 530 million in unemployment security expenses.

The reform will:

- reduce the number of subsidies from nineteen to five;
- change the subsidies granted to enterprises into a development and recruiting subsidy;
- abolish the minimum unemployment period as a precondition for granting a subsidy;
- change the definition of long-term unemployment: it will be possible to give subsidized jobs not only to persons who have been continuously unemployed for a period of twelve months, but also to persons who have been periodically unemployed within a period of twelve months;
- subsidized work will become mainly full-time employment and not only part-time employment, as before;
- the possibilities of combining subsidies with employment services will be expanded;
- employment offices will have considerably more discretionary power and freedom of action in individual cases – the primary need to assess whether the unemployed individual fits into a predetermined subsidy mould will be abolished.

Social Security, Unemployment Benefits

Denmark

Stricter Rules on "Availability for Work"

As from 1 April 1995 the rules in the Danish unemployment insurance legislation on unemployed persons' duty to be available for work will become stricter.

In a period of expanding employment and falling unemployment it is important to ensure that the rules on availability for work are effectively enforced. The administrative procedures will be streamlined by improving communication between the public employment service and the unemployment insurance funds. An efficient communication

between these two administrative systems is a condition for the effective enforcement of the rules on availability for work. In this connection new statistics have also been introduced which make it possible to follow individual cases through the system.

Under the new rules occupational mobility will also be extended.

Under the present rules an unemployed person is obliged – during the first 12 months of the unemployment period – to be available for "appropriate" work, meaning a job within the occupational field that the person has been working in. After 12 months the unemployed person must be available for "reasonable" work, that is work which may not be within a person's occupational field, but with due account being taken of the person's qualifications and work history.

The definition of "reasonable work" is now being extended. After 12 months' unemployment a person must accept a job which he or she is able to perform or for which he or she may quickly be trained.

However, the main principle that the public employment service must try to find the best qualified person for a vacancy still applies. This means that an unemployed person will not be offered a job outside this own vocational field, if there are other unemployed persons whose qualifications match the job better.

The sanctions imposed in the form of loss of benefits for a certain period if a person fails to accept a job offered by the public employment service or becomes unemployed due to his own fault will also become stricter under the new rules.

Special Categories of Workers

Belgium

The Brussels Capital Region – Occupational Transition Premium (*Prime de Transition Professionnelle*)

The decree of 19 May 1994 announced by the Government of the Brussels capital region, which modifies articles 53 to 58 of the Royal Decree of 20 December 1963 relating to employment and unemployment (*Moniteur belge*, 25.11.1994), allows certain employers to claim an occupational transition premium if they recruit difficult-to-place unemployed persons.

Employers affected

Enterprises employing up to 250 workers and located in the Brussels capital region

can be considered for the occupational transition premium. The size of the workforce is determined by calculating the arithmetic mean of the workforce statistics presented to the social insurance institution ONSS in the four quarters preceding the quarter in which recruitment occurs.

Employees affected

Such firms are entitled to claim the premium on recruiting difficult-to-place unemployed persons. These are defined as follows:

- aged less than 26, lacking a college degree or vocational training certificate or a higher secondary education certificate and registered with the Brussels regional employment office (ORBEM) at the time of recruitment; or
- registered unemployed with ORNEM for at least six months prior to recruitment.

Conditions of entitlement to the premium

The occupational transition premium is granted for new recruitments. It is not available for the recruitment of a jobseeker to replace an existing worker whose employment contract ended for any other reason than gross misconduct or retirement.

Value of the occupational transition premium

The value of the occupational transition premium varies according to the framework within which the recruitment takes place. The premium amounts to:

- FB 10,000 per month if the jobseeker is hired on the basis of the provisions introduced by the Royal Decree of 31 December 1986 (cf. BIR B-iv.3) which set up a system of combined work and training for young people aged between 18 and 25 and which provide for the temporary reduction in employer contributions to the social insurance scheme for these young people;

Special Categories of Workers

- FB 20,000 for the recruitment of a jobseeker meeting the definition given above, provided that a permanent, full-time employment contract is signed and the new recruit receives vocational training in the firm (such training must be of a type approved by ORBEM and consist of at least 240 hours).

Duration of the benefit

The premium is granted for a period of 12 months.

Denmark

Introduction of a Part-Time Early Retirement Scheme

The voluntary early retirement scheme (cf. BIR DK-vii.1) was introduced in 1979 as an element of the Danish unemployment insurance system. The scheme has become very popular and widely used. As of 1 September 1994 the total number of persons receiving voluntary early retirement pay was about 113,000.

In principle, this scheme implies full withdrawal from the labour market; however, persons who join this scheme are allowed to work for up to 200 hours per year.

With the part-time early retirement scheme – which came into operation on 1 January 1995 and which was supported by all parties in the Danish Parliament – it is now possible to withdraw partially from the labour market.

The target group of this scheme is 60-66 year-olds who satisfy the conditions for joining the voluntary early retirement scheme: entitlement to unemployment benefits and membership of an unemployment insurance fund for 20 out of the last 25 years.

The part-time early retirement pay is a fixed amount of DKK 57 for each hour by which working time is reduced.

It is a condition that working time is reduced by at least 1/4, but not more than 12 hours per week on average. As regards self-employed persons, working time must be reduced to 18.5 hours per

week and they must provide documentation for the reduction.

The scheme is administered by the unemployment insurance fund.

The background to the introduction of this new scheme was the growing need to enable 60-66 year-olds to remain in the labour market, but on a part-time basis.

The scheme should also be seen in the context of current demographic changes. In the coming years the number of persons in the labour force will decline, while the number of 60-66 year-olds will increase. There will thus be a growing need for this age group in the labour force.

Portugal

Labour Market Integration of Marginalised and Socially Disadvantaged Groups

At the start of 1994 the statistical department of the Ministry for Employment and Social Security (MESS), at the request of the Diocesan Charity of Lisbon and within the framework of EU support programmes, conducted a preliminary study into the social and occupational situation of marginalised and socially disadvantaged groups in a particularly poor part of the Lisbon Region and the Tejo Valley.

The area was selected in view of its above-average rate of unemployment and the precariousness of the jobs available there. The study, based on a survey of families living in the area, aimed to provide data on the employment situation of the persons of working age (14 and above); this group represented around 70% of the total of 1,276 people interviewed.

Characteristic of the population of working age is a low educational level: 50% attended school for four years or less. This is reflected in precarious forms of employment and in an unemployment rate of 18.4%, above the national average. Only 22% of those surveyed were actively looking for work, indicating wide-

spread discouragement on the part of the local population. Job search tends to be by means of contacts within the circle of family and friends; only 8.3% have recourse to the employment office.

The main reasons given by respondents for their difficulty in finding secure employment were the lack of jobs, inadequate skills and qualifications, and low wages. The vast majority of respondents (92.5%) had not taken part in vocational training measures, largely because they frequently do not meet the educational criteria required. On the other hand, 81.2% of those that had taken part in such a measure reported a positive impact on their working life.

Of the measures on offer, an apprenticeship (66%) and other forms of basic training (19%) were chosen most frequently. In sectoral terms the training focuses on construction, iron and steel and the metal-working industry.

It can be concluded on the basis of the study that vocational training measures are required if marginalised and socially disadvantaged groups are to be more fully integrated into the labour market. However, in view of the low level of general education of such population groups, these measures should be preceded by awareness-building measures, the provision of basic education and an improvement in the level of schooling.

Sweden

Introduction to Working Life for Young People

The programme Introduction to Working Life is a labour market policy measure for unemployed youngsters aged between 20 and 24. It consists of an on-the-job traineeship lasting up to four months followed by paid employment lasting at least six months with the same employer.

This measure, introduced at the end of 1994 by both law and decree, aims to promote the integration of young people into working life, as work experience and occupational practice are important in improving their ability to hold their own on the labour market.

What the measure offers employers

The measure applies to both private and public-sector employers. The traineeship period may last up to four months. For the training to receive approval it is a necessary condition that the employer takes on the trainee for a period of at least six months immediately following the end of the training period. Under certain conditions the employment office may offer the employer a recruitment grant.

If the employment office considers this desirable, the training period of young people with a reduced capacity to work may be extended until their 25th birthday.

Where possible the training should be on a full-time basis.

Target group

Unemployed youngsters may participate in the Introduction to Working Life measure from 1 July of the year in which they are 20, subject to the condition that it

had previously proved impossible to place them in regular employment or another, suitable labour market policy programme.

Contractual stipulations

The employment office implements the measure once agreement has been reached between the employer and the trainee. The aim of the agreement is to ensure that during his/her period of training the trainee receives schooling, guidance and practical vocational training.

In legal terms, no employment relation exists between the employer and the young person during the training phase. However, the employer is responsible for ensuring that appropriate work activities are performed and that the trainee's time at the workplace is spent safely and usefully.

During training the youngster receives a training grant of SEK 338 per

day. After a period of 12 months this grant is increased to SEK 475 in the case of young people with reduced capacity to work. Those youngsters entitled to unemployment insurance benefits receive a training allowance equal to their benefit entitlement, but of at least SEK 338 per day. The grant is paid by the unemployment insurance fund subject to the presentation of an attendance report by the employer.

The trainee is insured against accidents and death at work, the insurance covers also compensatory damages for pain and suffering. In most cases the government assumes responsibility for damage caused by the trainee.

During the subsequent period of employment the employer pays a wage in accordance with collective agreements.

It is hoped that around 50,000 young people will participate in the measure. Participation at this level would incur financial costs of SEK 3.3 billion.

Miscellaneous

Denmark

Changes in Leave Schemes

The Danish leave schemes – which were described in iMi 43 and 45 – have now been adjusted.

The leave schemes were introduced in connection with the Danish labour market reform which came into operation on 1 January 1994. There are three types of leave:

- training leave
- parental leave
- sabbatical leave.

As described in iMi 45, the leave schemes have become very popular. Tables 1 and 2 and Figures 1 and 2 show the take-up rates and the development in the number of persons on leave in the course of 1994.

In December 1994 the *Folketing* (the Danish Parliament) passed an Act amending the Act on Leave Schemes.

The most important changes are the following.

The three types of leave schemes were pilot projects planned to expire by the end of 1995. Under the new Act the parental leave scheme and the training leave scheme have now been made permanent schemes, and the sabbatical

leave scheme has been prolonged so as to run until 31 March 1999.

As regards the *parental leave scheme*, there is still a *statutory right* to 26 weeks' leave if the leave is taken before the child is one year old; if the leave is taken at a later stage this period is reduced to 13 weeks; in both cases it is possible to enter

Table 1: Leaves granted		
	Week 51	Week 52
Total number of persons granted leave	4,600	2,379
of which training leave	1,784	706
of which parental leave	1,970	922
of which sabbatical leave	846	751

Table 2: Number of persons on leave		
	Week 51	Week 52
Total number of persons on leave	79,659	78,754
of which training leave	23,213	23,165
of which parental leave	51,237	49,708
of which sabbatical leave	5,155	5,876
of which child-care leave (old scheme)	54	5

Figure 1: Take-up (leaves granted)

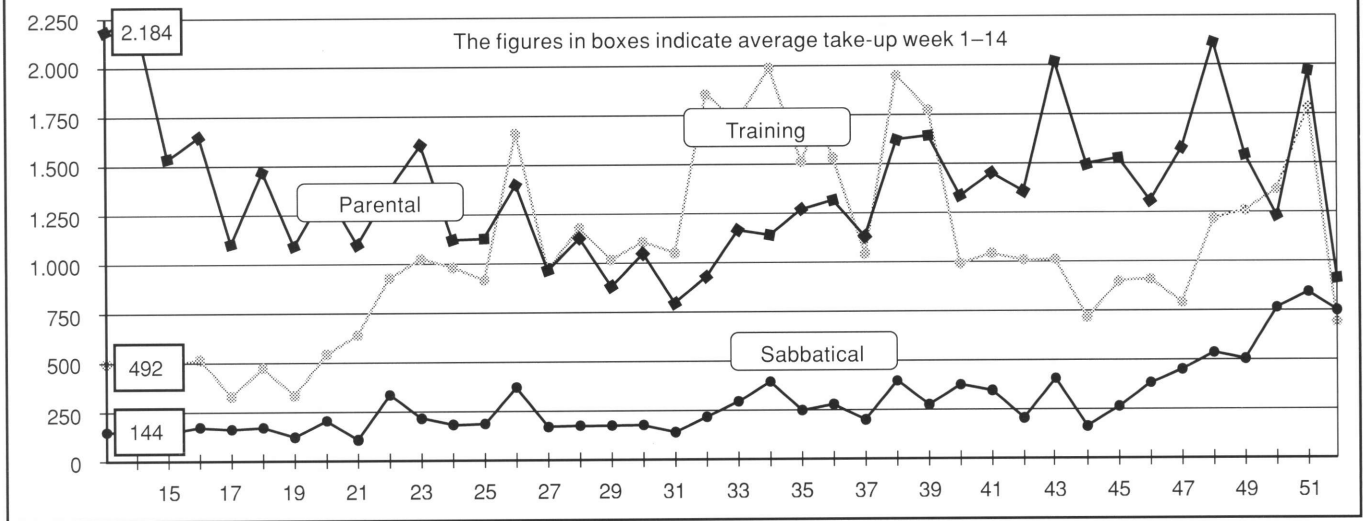
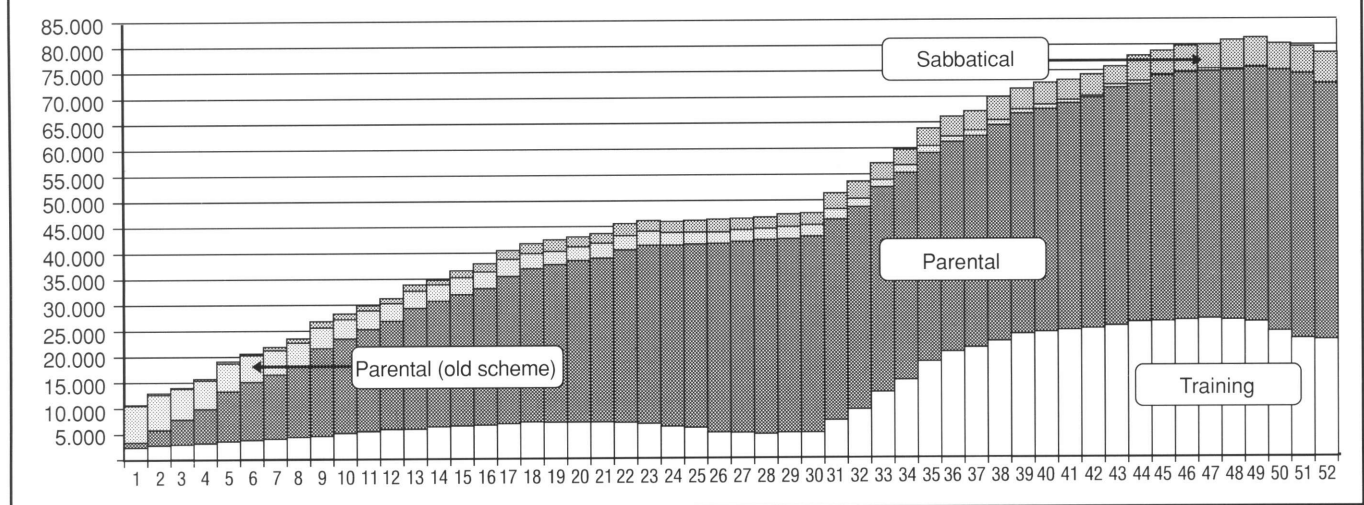


Figure 2: The number of persons on leave in the course of 1994



into an agreement with the employer on up to 52 weeks' leave.

The allowance granted in connection with parental leave is reduced from 80 to 70% of the maximum rate of unemployment benefit, and as from 1 April 1997 to 60%. The municipal authorities may grant a municipal allowance on top of this allowance.

The allowance in connection with training leave continues to be 100% of the maximum rate of unemployment benefit.

As regards sabbatical leave the allowance is reduced in the same way as the allowance in connection with parental leave. Furthermore, the duration of the sabbatical leave must now be at least 13 weeks and not more than one year. The persons recruited to replace a persons

on sabbatical leave must have been unemployed for at least 12 months.

Spain

The National Minimum Wage for 1995

By means of Royal Decree 2548/1994 of 29 December 1994, the Spanish Government has set the national minimum wage applying to permanent and fixed-term employment relations and to casual and domestic employment since 1 January 1995.

The new rates, which represent a 3.5% increase on 1994, were calculated on the basis of the price index for consumer goods, average national productivity growth, the growth of wages as a share of national income and the overall state of the Spanish economy. Particular attention was paid to the Government's aim of combating inflation. Wage moderation has become unavoidable, particularly in view of the significant fall in employment rates over recent years. The aim here is to reduce tensions, enabling the Spanish economy to benefit to the greatest possible extent from the current growth phase. It is hoped that in this way a contribution can be made to positive economic growth in 1995 sufficient to consolidate the economic recovery and enable new employment opportunities to be created.

The minimum wages and salaries in the agricultural, industrial and service sectors have been set at Pts. 62,700 per month for workers aged over 18 and Pts. 41,430 for workers aged below 18. In annual terms the minimum wage, including two special payments of 30 day rates, now amounts to Pts. 877,800 or Pts. 580,020, depending on whether the worker in question is under or over 18.

Commission's White Paper refers to the need for co-ordinated action on the part of all intermediaries (e. g. State agencies, Chambers of Commerce, local enterprise groups) so that entrepreneurs can be assisted in overcoming the structural weaknesses of small businesses.

Composition and structure of CEBs

The composition of the CEBs represents a partnership between elected representatives, State agency personnel, the social partners at local level, and local business and voluntary sector representatives. Each Board elects its own Chairperson from among the Directors and will be empowered to establish its management structure by engaging executive staff either directly or by secondment arrangements with private or State organisations.

The CEBs, which have been established within boundaries defined broadly in accordance with existing local authority boundaries, will be given autonomous legal status as companies limited by guarantee and will operate under a performance contract to be agreed with the Department of Enterprise and Employment.

Evaluation Committees

A special mechanism for the systematic appraisal of project applications has been incorporated as a feature of the new initiative with a specific brief to address the interrelated issues of deadweight and

displacement. These Evaluation Committees have been established to assist each Board and to make recommendations on the most appropriate level and form of assistance for projects, having regard, in particular, to the prospects for attracting other sources of funding. They include persons with banking and accounting expertise and experience in assessing the quality, local relevance and cost-effectiveness of project proposals.

Performance indicators

Each CEB will select annual targets and activity performance indicators which will form the basis for a comprehensive statement of quantified objectives and performance indicators for the County Enterprise initiative.

Targets

The employment targets for the CEBs will be achieved through the following:

- a significant acceleration in the establishment rate of new small businesses,
- the expansion and qualitative development of existing micro enterprises;
- the provision, on the basis of local planning, of "soft" supports (information and advice) to small enterprises; and
- the provision of assistance to community groups in undertaking studies and diagnostic work on the scope for initiating and supporting the development of small local enterprises.

Ireland

The Irish Government's County Enterprise Initiative

Basis for County Enterprise Initiative

A nationwide network of 35 City and County Enterprise Boards (CEBs) has been established by the Irish Government to develop indigenous economic potential and stimulate economic activity at local level, primarily through the provision of financial and technical support for the development of small enterprises. The objective of the initiative is to provide a structured response to the gap which has been identified in the range of support services for small and micro enterprises. The initiative is distinct from the programmes of the existing industrial development agencies at national and regional level. It is designed to tap into local knowledge, energy and commitment.

The EU context

The County Enterprise initiative is expected to be incorporated as one of three sub-programmes within the proposed Operational Programme for Local, Urban and Rural Development which is expected to form part of the Community Support Framework for Ireland, 1994 to 1999. The Programme would build on the experience gained from other recent local development initiatives such as the LEADER Programme.

The County Enterprise initiative combines a number of the features of the back-up measures proposed in the Commission's White Paper on Growth, Competitiveness and Employment, including the provision of financial support and information for small businesses. The

Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (30 March 1995):

Belgium	BFR	37.63
Denmark	DKR	7.27
Germany	DM	1.83
Greece	DRA	300.41
Spain	PTA	163.05
Finland	FM	5.71
France	FF	6.45
Ireland	IRL	0.81
Italy	LIT	2,241
Luxembourg	LFR	37.63
Netherlands	HFL	2.05
Austria	AS	12.85
Portugal	ESC	192.22
Sweden	SEK	9.52
United Kingdom	UKL	0.81

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The American Employment Miracle

Peter Auer

Europe looks enviously toward the USA, the land of unlimited employment possibilities. Whereas very few new net jobs are being created in Europe, and no dramatic fall in unemployment is in sight there, the USA is enjoying both employment growth and a decline in unemployment. This cannot be explained in terms of economic growth alone, but rather is clearly linked to specific characteristics of the American economic and social system. Rapid population growth and low wages are an important part of the explanation. Yet all that glitters is not gold; there are many unattractive sides to the American employment system, such that it is neither possible nor desirable simply to adopt the "American Model".

In 1994 employment in the USA again grew by around 3.5 million; this represents an annual growth rate of 3.1%. The service sector accounted for 83.5% of this growth, although goods-producing in-

dustries also expanded their workforce by 2.5% (see table 4, p. 20).

This significant employment growth in a year in which the US economy was booming – economic growth was around 4% – is by no means a one-off event. Indeed, it is the long-term ability of the American economy to create new jobs that is so striking. During the last 25 years (from 1969 to 1993) non-farm employment has expanded by more than 40 million people, an average of 1.6 million new jobs each year. Europe, on the other hand, created just 6.2 million net additional jobs between 1965 and 1993. Moreover, if allowance is made for the number of working hours, it is evident that the total volume of working time in the USA has also expanded, in contrast to Europe, despite the relative importance of part-time work there.¹ Back in 1970 effective annual average working hours per wage and salary earner were lower than in Europe; in 1993 they were, at 1736 hours, higher than in most European countries.

Analysis of the employment intensity of economic growth (i.e. the employment "generated" by each percentage point of economic growth) between 1970 and 1992 reveals a figure of 1:0.7 in the USA, compared with just 1:0.11 in

the (12) member states of the European Union, whereby overall economic growth during this period was actually higher in Europe (81%) than in the USA (70%). Thus while the fears of "jobless growth" may well apply to Europe, economic growth in the USA is clearly employment intensive. The employment rate (employees in work as a proportion of the population of working age 16 to 64 years) rose from 62% in 1975 to more than 70% in 1993, whereas in Europe it declined from 62.8% to 57.9% (cf. table 6). Of decisive importance for this trend has been the increase in the labour market participation rates of women – who accounted for around 60% of the overall rise in employment – and also the higher participation rates among younger persons and particularly older workers, which, although on the decline, are higher than in Europe (cf. table 1).

Only bad jobs?

Critics – such as the Harvard economist Richard Freeman, and even Labour Minister Reich himself – claim, however, that the undeniably high employment intensity of economic growth in the USA has its negative aspects. Although, they argue, employment growth has been satisfactory in quantitative terms, the quality of the jobs created often leaves much to be desired. Just how "bad" (or good) are the jobs created in the USA really? The view that the jobs are of poor quality is based largely on two arguments: firstly, that the well-paid jobs in the industrial sector, which has been undergoing restructuring, have been replaced by poorly paid jobs in the service sector (of which fast food chains are an example), and thus that average wages have fallen; secondly, that the gap between the well-

Group	1969	1973	1979	1983	1989	1993
Total, 16 years and over	60.1	60.8	63.7	64.0	66.5	66.2
Men	79.8	78.8	77.8	76.4	76.4	75.2
16 to 19 years	55.9	59.7	61.5	56.2	57.9	53.1
20 to 24 years	82.8	85.2	86.4	84.8	85.3	83.1
25 to 54 years	96.1	95.0	94.4	93.8	93.7	92.6
55 to 64 years	83.4	78.2	72.8	69.4	67.2	66.5
65 years and over	27.2	22.7	19.9	17.4	16.6	15.6
Women	42.7	44.7	50.9	52.9	57.4	57.9
16 to 19 years	43.2	47.8	54.2	50.8	53.9	49.9
20 to 24 years	56.7	61.1	69.0	69.9	72.4	71.3
25 to 54 years	49.1	52.3	62.3	67.1	73.6	74.7
55 to 64 years	43.1	41.1	41.7	41.5	45.0	47.3
65 years and over	9.9	8.9	8.3	7.8	8.4	8.2

* Employment rate: employed + unemployed on population of working age 16 and older.
Source: DOL (1994a).

¹ In 1993 17.5% of the US workforce was working part time, down from 18.4% in 1994. The average for the EU 12 was just 13%, although the figure is much higher in countries such as Denmark, Great Britain and especially the Netherlands.

paid and poorly paid jobs has widened. After all, an increasingly significant share of the American labour force belong to the "working poor"; i. e. people whose earned income is insufficient to place them above the official poverty line.

With regard to the first argument, table 2 shows that in seven of the ten contracting sectors weekly average wages are above the general average of US-\$ 428, while in six of the ten expanding sectors they were below this level. Sectoral change is leading to a decline in the rate of real wage growth, a trend reinforced by declining rates of wage growth within sectors and enterprises (Costrell 1988). This trend has been accelerating since 1973: between 1948 and 1973 private-sector wages grew by an annual average of 3.2%; between 1973 and 1979 the rate fell to 0.7% p.a., and from 1979 to 1993 to just 0.3% (DOL 1994a).² Thus the figures (incl. fringe benefits) for all wage and salary earners, including managerial and administrative staff, show that average wages and salaries do not appear to have actually fallen, although there has been a sharp drop in the rate of growth. At the same time, average wages have indeed fallen for the approx. 40% of employees in the lower wage categories – according to the Department of Labour they are below their

Occupation	1979	1989	1992	Percent change 1979-89	Percent change 1979-92
Executive, administrative, and managerial	11.6	12.8	12.9	1.2	1.3
Professional specialty	14.1	14.5	15.1	0.4	1.0
Technicians	3.0	3.8	3.9	0.7	0.9
Sales	7.3	10.1	9.6	2.8	2.3
Administrative support	18.0	17.0	16.8	-1.0	-1.2
Private household	0.9	0.6	0.7	-0.2	-0.2
Protective service	1.7	1.9	2.0	0.2	0.3
Other service	9.4	9.6	10.6	0.2	1.2
Farming, forestry, and fishing	1.4	1.6	1.7	0.2	0.3
Precision production, craft, and repair	13.6	12.0	11.0	-1.6	-2.6
Machine operators	9.6	7.7	7.5	-1.9	-2.1
Transportation and material moving equipment	5.1	4.6	4.5	-0.5	-0.6
Handlers, cleaners, helpers, and laborers	4.3	3.7	3.7	-0.6	-0.6

1973 level – which is clear evidence of the widening gap between low and higher earned incomes and the dramatic increase in the inequality of earned-income distribution.³ An example of this is the drastic increase in the wage differential between (male and full-time employed) college graduates and high-school graduates: in 1974 the former earned 37% more than the latter; by 1992 the figure was 74%. Moreover, according to Department of Labour figures (Reich 1993), around 18% of all full-time employees were working for less than the poverty-line income for a four-person household

(US-\$ 14,763 in 1993), and the minimum wage is now worth 30% less than in 1968.

Also good jobs

Despite growing inequality, it would be incorrect to assume that the American "job machine" had only generated poorly paid jobs. Analysis of the distribution of employment across economic sectors shows that, although the majority of new jobs have been created in sectors paying low – below the median – wages, if occupational categories are taken as a point of reference, it is apparent that most jobs (around two thirds) were created in the higher and middle-range occupational categories (managerial staff, professionals, technicians, etc.) paying higher average wages (cf. table 3). Managerial staff in business and administration, and professionals now account for around 27% of total employment; in 1970 the figure was just 20%. Unskilled and semi-skilled blue-collar workers, on the other hand, declined as

	Change in employment 1979-89 (in thousands)	Average weekly wage in 1989 (in US-Dollar)
Top 10 growing industries		
Business services	2,882.8	354
Health services ¹	2,642.5	723
Eating and drinking places	1,856.8	154
Food stores	972.7	242
Special trade contractors ¹	847.3	464
Social services	655.6	239
Miscellaneous retail	636.0	267
Durable goods distribution ¹	615.0	581
Transportation and public utilities ¹	569.0	556
Hotel and other lodging places	543.6	239
Top 10 declining industries		
Primary metal industries ¹	-471.4	617
Machinery, except electrical ¹	-339.3	608
Fabricated metal products ¹	-272.4	508
Railroad transportation ¹	-261.5	440
Apparel and other textile products	-212.8	283
Textile mill products	-159.0	367
Heavy construction ¹	-128.9	553
Bituminous coal and lignite mining ¹	-116.3	721
Stone, clay, and glass products ¹	-105.8	513
Leather and leather products	-105.0	317
1 Industry with above average weekly wages.		
Source: DOL (1994a, p. 13).		

2 Although these data are not above controversy – they are based on "real hourly compensation in the business sector", and cover wages, salaries, fringe benefits such as bonuses and tips, and social insurance contributions – all the various wage indicators (average weekly wages, hourly wages of industrial workers, etc.) exhibit the same trend of declining rates of wage growth, with slight differences in the percentage figures between indicators (cf. DOL 1994c, p. 49 ff.).

3 This is true of both men and women. The wage differentials between men and women have narrowed over time, however. Between 1979 and 1992 the wages of women in full-time employment rose by 15.3%, while male wages fell by 3.1% (effective pay in real terms for full-time employees aged between 25 and 64).

a proportion of total employment from 21% in 1972 to 14% in 1993. In the course of the current upturn, the relative importance of "good" jobs has increased further; since January 1994, 72% of the net new jobs created were for managerial staff or professionals, whose incomes are substantially above average. Moreover, in 1994 more jobs were created in the better-paid sectors than in the five previous years together.⁴

The decisive factor behind this is the growth of service sector employment; by 1993 the service employment as a share of the total was around 12 percentage points above that in the EU (cf. table 6). Net employment growth is due entirely to the service sector, in which around 80% of American workers are now employed (cf. figure 1), whereas in-

dustrial employment has actually declined (table 6).⁵ Growth has been particularly strong among producer services, health services, retail trade (which includes restaurants), social services, etc. (cf. table 2).

In conclusion, while employment growth in the USA has clearly been extraordinarily strong; in view of the growing inequality between the upper and lower wage categories and the declining real wages of those in the lower categories, the overall trend must be seen as ambivalent and renders the American society more and more polarised.

Unemployment

To start from an historical perspective, the unemployment rate in the USA was above that in the EU until about 1980.

Although it rose in both regions until 1983, once the recession of the early 1980s had been overcome it fell more rapidly and to a greater extent in the USA. Despite the sharp rise resulting from the recession at the start of the 1990s, it again fell far more quickly and substantially than in Europe (cf. figure 2). In December 1994 the unemployment rate was down to 5.4%, from 6.4% a year earlier.⁶ Unlike in Europe, there has been no "ratchet effect" – i. e. at the start of each recession unemployment is at a higher initial level than in the previous downturn – in the USA.

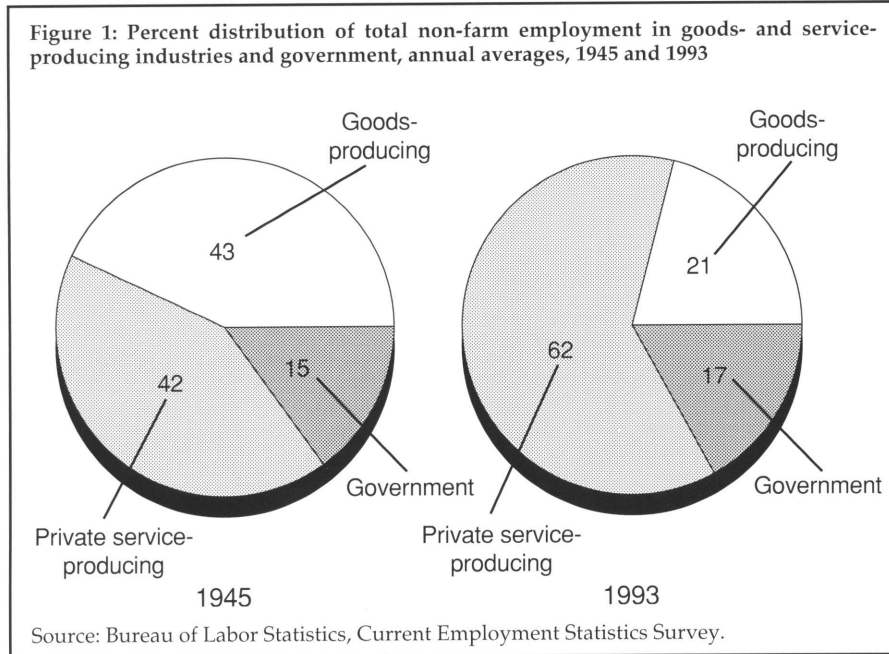
Among young people the incidence of unemployment is higher than average. Compared with the annual-average overall rate of 6.8%, the figure for 16-24 year-olds is as high as 13.3%. The unemployment rate among black workers is 2.5 times as high as for whites, with Hispanics also suffering to a greater extent from joblessness. The unemployment rates are also higher for people with low educational qualifications – who often come from these ethnic groups. Young blacks, in particular, are badly affected by unemployment: in 1993 their unemployment rate of 39% compared with 16.2% for whites, and 26.2 for Hispanics of the same age group.

Until the start of the 1980s, female unemployment had been higher than that for men. Structural change towards the "service society", however, involving the contraction of industrial sectors in which a disproportionately large number of men worked, has meant that male un-

Table 4: Nonfarm payroll employment by major industry, 1969 and 1993 annual averages

Industry	1969		1993		Dezember 1994	
	Number	Percent	Number	Percent	Number	Percent
Total nonfarm employment	70,384	100.0	110,525	100.0	115,092	100.0
Goods-producing industries	24,361	34.6	23,256	21.0	23,871	20.7
Mining	619	0.9	611	0.6	595	0.5
Construction	3,575	5.1	4,642	4.2	5,041	4.4
Manufacturing	20,167	28.7	18,003	16.3	18,235	15.8
Service-producing industries	46,023	65.4	87,269	79.0	91,221	79.3
Transportation and public utilities	4,442	6.3	5,787	5.2	5,906	5.1
Wholesale trade	3,919	5.6	5,958	5.4	6,127	5.3
Retail trade	10,785	15.3	19,717	17.8	20,710	18.0
Finance, insurance, and real estate	3,512	5.0	6,712	6.1	6,793	5.9
Services	11,169	15.9	30,278	27.4	32,521	28.3
Government	12,195	17.3	18,816	17.0	19,164	16.7

Source: DOL (1994a); Bureau of Labor Statistics, 1995.

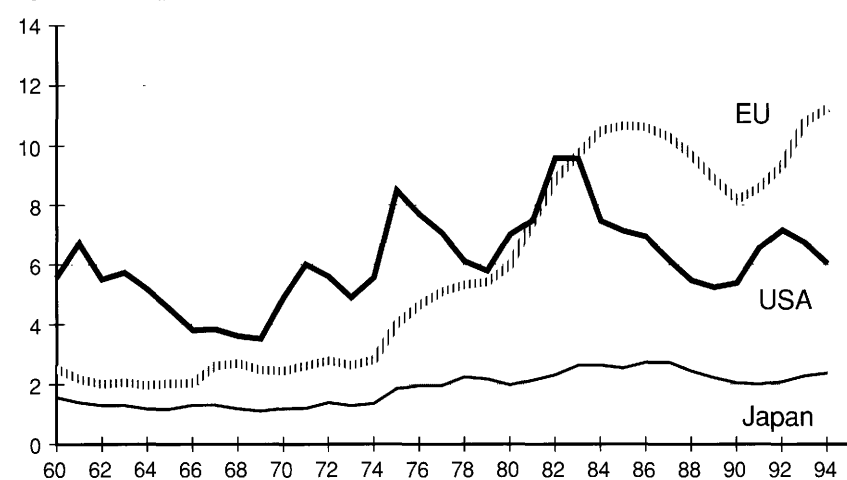


4 It should be noted, however, that "good" jobs are defined here purely in terms of the fact that they are found in higher wage categories compared to the median wage. Thus, factors such as job security, working conditions and the distribution of wages within the various wage categories are not taken into account.

5 Although the statistical definitions differ from country to country (repairs, for instance, are counted as part of the service sector in the USA, but in Germany ascribed to manufacturing industry), even if allowances are made for such discrepancies, service sector employment growth and shares remain higher in the USA: according to calculations by Appelbaum and Schettkat around two percentage points (1987) would have to be added to the German service sector to render it comparable.

6 According to the new mode of calculation, the unemployment rate at the end of 1993 was even 7% and fell during the course of 1994 from 6.7% in January to the figure of 5.4% calculated using the new method.

Figure 2: Unemployment in the Community (percentage of the civilian labour force)



Source: European Commission (1994c).

Table 5: Alternative unemployment indicators, U-1 to U-7, nine countries, 1989¹ (in percent)

Indicator	USA	Canada	Japan	Sweden	EU				
					F	D	I	NL	UK
Both sexes									
U-1	1.2	3.1	1.1	0.5	8.1	4.6	7.3	6.9	5.2
U-2	2.4	3.9	0.4	0.7	4.1	1.7	0.6	1.1	1.5
U-3	4.0	6.6	1.7	1.0	8.1	5.8	4.3	7.6	6.6
U-4	4.9	7.4	1.6	1.4	10.4	5.3	8.0	6.9	8.0
U-5	5.3	7.5	2.2	1.4	9.7	5.8	7.8	8.8	7.4
U-6	7.2	9.5	2.8	3.4	10.9	6.0	10.0	11.8	8.7
U-7	7.9	9.9	² 7.2	3.8	11.1	(³)	15.8	12.6	9.3
Men									
U-1	1.4	3.1	1.1	0.6	6.0	3.7	5.1	5.5	5.9
U-2	2.9	4.4	0.5	0.6	3.6	1.6	0.6	1.2	2.0
U-3	3.9	6.1	1.3	1.0	6.1	4.5	2.9	5.7	6.7
U-4	4.8	7.0	1.6	1.3	7.9	4.6	5.5	6.4	7.9
U-5	5.2	7.3	1.9	1.4	7.4	4.6	5.4	6.9	7.7
U-6	6.8	8.2	2.2	2.1	8.1	4.8	7.1	8.2	8.3
U-7	7.3	8.6	² 3.8	2.4	8.1	(³)	10.0	8.5	8.8
Women									
U-1	1.0	3.1	1.2	0.5	10.7	6.0	11.4	9.0	4.4
U-2	1.8	3.2	0.2	0.7	4.8	1.9	0.6	1.1	0.9
U-3	4.2	7.3	2.0	1.1	10.6	7.9	7.0	11.1	6.5
U-4	5.1	7.9	1.7	1.4	14.5	6.8	13.2	7.9	8.1
U-5	5.4	7.9	2.8	1.5	12.6	7.5	12.0	11.9	7.1
U-6	7.9	11.1	3.7	5.1	14.9	8.2	15.8	19.1	9.4
U-7	8.7	11.7	² 12.3	5.6	15.3	(³)	26.1	20.7	9.9

1 February 1990 for Japan.

2 Midpoint of range of estimates.

3 Not available.

Note:

U-1: long-term unemployment rate; U-2: job loser rate; U-3: adult unemployment rate; U-4: full-time unemployment rate; U-5: conventional measure; U-6: rate encompassing persons working part time for economic reasons; U-7: rate U-6 plus discouraged workers. Source: Compiled by Bureau of Labor Statistics from labor force surveys for each country.

Source: Monthly Labor Review, March 1993.

Legend:

U-1 Long-duration unemployment rate: Persons unemployed 13 weeks or longer, as a percentage of the civilian labor force.

U-2 Job loser rate: Job losers, as a percentage of the civilian labor force.

U-3 Adult unemployment rate: Unemployed persons aged 25 and over, as a percentage of the civilian labor force aged 25 and over.

U-4 Full-time unemployment rate: Unemployed full-time jobseekers, as a percentage of the full-time labor force.

U-5 Conventional unemployment rate: Total unemployed, as a percent of the civilian labor force.

U-6 Rate encompassing persons working part-time for economic reasons: Total full-time jobseekers, plus half of the part-time jobseekers, plus half of the total number of persons working part time for economic reasons, as a percentage of the civilian labor force, less half of the part-time labor force.

U-7 Rate adding discouraged workers: U-6 plus discouraged workers in the numerator and denominator.

employment has been about as high as female during the 1980s.

Particularly striking is the very low level of long-term unemployment in the USA: at 12% of the unemployed, the American figure is far lower than the European average of over 40%. This is shown by table 5, which summarises alternative indicators of unemployment. Indicator U1, the long-term unemployment rate (those out of work for 13 weeks or more), in particular, is very much lower than in the European countries.

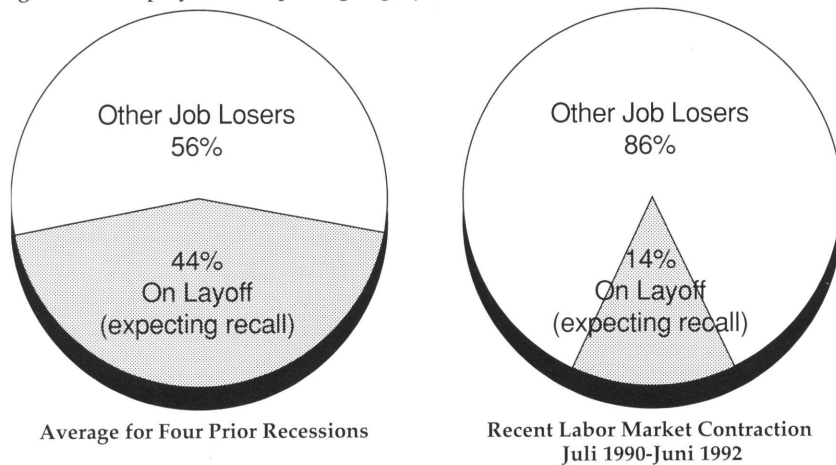
More permanent lay-offs

Although the USA has also fared better than Europe with regard to unemployment, new trends are emerging which imply, if not a departure from earlier practices, at least a shift within the employment system that will lead to new policy approaches (and to some extent has already done so). Compared with earlier recessions, the most recent (1990/91) was characterised by the fact that, although unemployment rose less sharply overall, it rose over a longer period. Previously it fell very quickly at the start of economic upturns; this time it continued to rise for more than one year after the end of the recession. A further characteristic was the trend to permanent – rather than temporary – dismissal (DOL 1994a, pp. 35 ff.). Relatively few employees were made redundant temporarily, whereas the rise in the number of those made redundant permanently was just as large as in previous recessions. Thus an unusually large number of people entering unemployment have no prospect of returning to their former jobs (figure 3).

The explanation offered for this trend is that the job losses in manufacturing industry – which makes greater than proportional use of temporary lay-offs – were less severe than in previous downturns, and that even in the sector a greater proportion of redundancies were permanent this time. Even in those areas – such as retail trade – where the majority of lay-offs during a recession tend to be permanent, the proportion of permanent lay-offs was greater than in earlier recessions. Almost the entire net increase in the number of unemployed who had previously been in employment⁷ was due to those that had been made redundant permanently; their share of the overall unemployment fig-

7 Whose share of total unemployment rose from 36% in 1969 to 54.6% in 1993.

Figure 3: Unemployed not expecting to get jobs back



Note: The National Bureau of Economic Research has determined that the recent recession began in July 1990 and ended in March 1991. However, the July 1990-June 1992 period is used for the comparison with earlier recessions because the number of job losers did not peak until June 1992, well past the official endpoint of the recession. In prior recessions the peak in the number of job coincident with the official endpoints.

Source: DOL, Bureau of Labor Statistics, Current Population Survey.

ure remained relatively high during the 1993 upturn.

According to the Department of Labour it is evident that the pattern of lay-offs during the last recession reflected not merely a period of cyclical demand weakness, but also a "fundamental change in the way firms are managing their labor resources" (*ibid.*, p. 38).

Intensified pace of structural change

This change on the labour market has been reflected only to some extent in unemployment stock data. Yet these changes are clearly reflected in surveys of the so-called "displaced workers" – employees aged over 20 who have lost their job due to plant closure, relocation or lack of work. In 1991/92 around 5.4 million people were displaced by structural change (4.8% of total employment). Although this percentage figure was lower than in the 1981/82 recession (5.7%), in view of the scale of the decline in employment it ought to have been even smaller: between December 1990 and February 1992 the level of employment fell by just approx. 0.9 million (0.8%), compared to 2.8 million, or almost 3% in 1981/82. Although this shows the dynamism of the US labour market, it is also evident that the job security previously provided by many firms in the USA – one need only think of large companies such as IBM – can no longer be maintained, and that the traditional system of short-term lay-offs followed by subsequent recall clearly does not function quite as it did.

This is linked to structural change. Fewer jobs were shed in the industrial sector in 1991/92 than in 1981/82, but more in the service sector, e. g. in financial and insurance services. Even managerial and administrative staff – in many ways the "winners" of structural change – experienced higher displacement rates this time.⁸

These labour market developments, which were interpreted as marking a decline in the opportunities to enter or re-enter the US labour market, led to the attempt by the Clinton Administration to introduce reforms. However, only some aspects of reform were in fact implemented, as the comprehensive reform package under the Reemployment Act 1994 encountered parliamentary resistance and was rejected by the 103rd Congress (despite its then Democratic majority).

Reform initiatives

The Reemployment Act was based on the analysis of the American labour market described above. On this view, structural change in the US economy has accelerated, and human resource management by firms has undergone a lasting shift. Yet the American unemployment insurance system and personnel management in many firms are clearly oriented to cyclical crises and are ill-prepared for structural crises. The US employment system must adjust to the changing conditions. The prevailing elements of the system were until recently as follows: temporary lay-offs with a recall system based on senior-

ity ("last in, first out") and job classifications (the unemployed are reinstated in the same jobs they held prior to dismissal); a relatively short duration of unemployment benefit (usually 26 weeks, whereby 60 to 70% of the unemployed do not use up their full entitlement, extensions are possible; see box: Unemployment Insurance in the USA, p.25). However, several of these elements are no longer functioning as they used to, leading to a need for change throughout the system. An unemployment insurance system oriented to short-term labour market problems is inappropriate to the rising number of permanent lay-offs and long-term unemployment.⁹ Although the so-called "extended benefits" mean that the duration of entitlement can, in principle, be extended, they perform a sort of "emergency function" and thus constitute part of an employment system that is at heart oriented to short-term labour market problems. Reduced job security in firms and increased demands on individual workers in terms of occupational mobility and life-long learning are a part of this change. Yet the recall system based on seniority and job classifications is no longer in tune with the requirements being made of workers in terms of skills and functional mobility.¹⁰

The idea underpinning the reforms is not to extend the period of entitlement to unemployment benefits, but rather to tailor job placement and vocational training programmes to the aim of rapid labour market re-entry, particularly for those made redundant whose reemployment chances are low. At the same time, unemployment-insurance funding is to be made available to offer such individuals vocational training measures lasting up to one year. One of the aims of the Reemployment Act was to consolidate

8 Even in the far deeper recession of 1981-82 the displacement rate was just 3.9% for "executive, administrative and managerial" staff and "professionals" compared to the figure of 5.0% in 1991/92.

9 The proportion of the unemployed registered for longer than 27 weeks is increasing as is that of those benefit recipients – so-called "exhaustees" – whose entitlement expires while they are still out of work. In the mid-1970s such people accounted for between 20 and 30% of the unemployed; since then the figure has been between 30 and 40%, and the trend is up (ACUC 1994). Compared with the figures for European countries, on the other hand, long-term unemployment in the USA is still low.

10 This system of job classifications is already "history" in many firms.

the programmes for dislocated workers – there are currently six programmes, each one based on a different reason for redundancy – and in more general terms the reform is to be seen as an attempt to “activate” passive benefits by providing rapid support to enable the unemployed to re-enter the labour market. The proposed Act also envisaged measures to prevent redundancies, such as the nationwide introduction of the short-time working provisions in operation in a number of states and the (restricted) use of unemployment-insurance funding for preventive vocational training for those still in employment.¹¹

Although the reform package as a whole was rejected by Congress, a number of sections of the reemployment law were in fact implemented. In addition, individual states have implemented some of the reforms at state level.

Some elements of the arguably most important focus of the Clinton Administration (and his labour minister Robert Reich), the improvement of education and training of the labour force, were also implemented, with incentives established for life-time learning, and greater security offered those changing job through the certification of vocational know-how. Of particular note in this context are the efforts made by the Clinton administration to introduce a form of apprenticeship training similar to Germany's “dual vocational training” system.¹²

Within the framework of the North American Free Trade Agreement (NAFTA), workers losing their job as a result of NAFTA were permitted to use unemployment benefits as a transitional allowance to set themselves up in self-employment (NAFTA Worker Security Act, Public Law 103-182, 8.12.1993). The programme is limited to a period of five years; the duration of individual participation and the level of compensatory benefits are in accordance with federal state unemployment insurance systems (see box “Unemployment Insurance”). A maximum of 5% of benefit recipients may participate. In line with a practice common in the USA, “demonstration projects” were first implemented in individual states (Massachusetts and Washington). These showed that “self-employment is a viable reemployment option for some unemployed workers” (DOL 1994b, p. VIII).

In addition, the so-called “Worker Profiling and Reemployment Services

System” (Public Law 103-152, November 1993) was implemented. Under this measure all federal state unemployment insurance institutions are obliged to examine all those made redundant permanently and claiming unemployment support with respect to their reemployment chances, and – if they are in danger of becoming long-term unemployed – to offer them reemployment services (counselling, tests, information, job-search seminars and job clubs). Such profiling is a requirement for entitlement to unemployment insurance benefits.

Other elements that have been introduced are oriented more toward vocational training. 1993 saw the introduction of the “School-to-Work Opportunities Act”, which provides for a number of support measures relating to the transition from school to working life (development and redeployment support, special help for poor areas, etc.). Also envisaged is the development of national standards for the evaluation of effective systems of supporting the school-to-work transition. The programme as a whole relies heavily on the participation of local decision-makers and links up with existing programmes such as “Apprenticeships for Young People”, “Co-operative Training”, etc. The school-to-work initiative was started under President Bush, the dual aim being to make school education better suited to the demands of working life and to raise the general standard of education.

These objectives are also the focus of the “Goals 2000: Educate America Act” passed in March 1994. In similar fashion to the National Vocational Qualifications in Great Britain, sectorally and occupationally specific qualification standards are to be developed and tests established, with the aim of granting certificates that take account of the occupational experience of employees. It is hoped that this will make it easier for firms to select labour, as the certificates will indicate skills held by a given worker. For employees, on the other hand, the standards, evaluated on various levels, offer the possibility of continuous further training, with a certificate granted for each stage completed. The system, which, although relying totally on the voluntary participation of both employers and employees, receives government financial support, will render labour mobility if not easier then at least less imponderable. As part of the measure a National Skill Standards Board has been set up.

Reemployment Act 1994

The main measures proposed by the Act were as follows:

- Early identification of factors obstructing placement for individual workers.
- The possibility of using unemployment support benefits for (long-term) further training.
- “One-stop-shopping”: bringing together the entire range of labour market services (counselling, placement, labour market programmes, unemployment support) under one roof.
- Individual reemployment plans.
- Development of a national labour market information system.
- Programme consolidation.
- Reemployment bonus for unemployed persons quickly finding new employment on their own initiative.
- Nationwide introduction of short-time working.
- The possibility of using unemployment support benefits to set up new businesses.

Thus certain elements of the reform have either been passed by the legislature or implemented as far as possible by administrative means. It seems, however, not least in view of the decisive shift in majorities in both chambers of Congress, that it will be impossible to push through a comprehensive reform, one based on a clear analysis of what is really occurring on the labour market, in the near future. The generally more conservative orientation of American politics and the return to “American values” mean that the ac-

11 Not only these policies oriented to the internal labour market, but also the “interventionist” approach taken by President Clinton and his labour minister Reich have been criticised, particularly by conservatives, as “Europeanising” or even “Germanising” America. A good example is the article by D. Gitlitz in the *National Review* (11 July 1994) entitled “The Reich Reich”.

12 Buechtemann, Schupp and Soloff (1993) point out the different labour market entry paths in Germany and the USA (in the latter linked to high “drop-out rates” and high youth unemployment); they identify many arguments in support of the need for a system of medium-level vocational training, while at the same time pointing out the difficulties involved in institutional innovation in a highly decentralised administrative system such as exists in the USA.

tive labour market policy measures, with their European origins, stand little chance of being implemented.¹³

Another reform project of the Clinton Administration will also prove very difficult to implement: the "activation" of social benefit. According to the 1994 proposal for a "Work and Responsibility Act", the AFDC ("Aid to Families with Dependent Children") programme, with around 5 million benefit recipients the largest welfare programme in the US, is only to be paid as a "passive" transfer benefit for a maximum of two years (which may be split up into a number of shorter entitlement periods). Subsequently, benefits will be conditional on participation in a work or training programme. In order to ensure that such work and training places are in fact available, "JOBS" ("Job Opportunities and Basic Skills"), a programme for social benefit recipients that has been in existence since 1988, is to be extended, while an additional, job-creation programme known as "WORK" is to be set up. Both programmes will leave federal states substantial scope to determine the precise form in which they are implemented in each state.¹⁴

In this case, too, conservatives have put forward alternatives. The Republicans, who gained the majority in both Houses in the November 1994 elections, want to see a rapid transition to paid employment, and propose that after two years' benefit, entitlement should only be in return for labour services ("work-fare"), without employment or training programmes. Indeed, some right-wingers have called for all benefits for single mothers aged less than 21 to be abolished, the children to be placed in an orphanage and the mothers in homes for single mothers.

Less in the light of public attention have been the significant increases, passed in 1993, to the Earned Income Tax Credit, introduced back in 1975, under which families with an annual earned income of less than US-\$ 24,000 not only obtain a credit for a tax rebate, but actually receive this sum "in cash"; the amount is degressive and its level depends on the level of income up to the ceiling of US-\$ 24,000. It is estimated that this will raise the annual income of up to 10 million people by up to US-\$ 4,000.

It is thus apparent that, despite the "employment miracle", recipients of "passive" transfer benefits have very much become a focus of attention for

	1975		1993		Change in % 1975/93	
	EU	USA	EU	USA	EU	USA
1. Total population	312.4 ¹	220.4	331.6 ¹	258.2	6	17
2. Population of working age ²	197.9	153.0	222.3	193.6	12.3	26
3. Employment	124.3	85.8	128.8	119.3	3.6	39
4. Unemployment	5.3	7.9	15.8	8.7	200	10
5. Unemployment rate	4.1	8.5	10.5	6.8	156	-20
6. Employment rates ³						
3+4/2	65.4	61.2	65.0	66.1	-	-
3/2	62.8	56.1	57.9	61.6	-	-
standardised OECD	(65.4)	68.4	(65.0)	76.8	-	-
standardised EU ⁴	62.8	(63) ⁵	57.9	70.7	-8	12
7. Distribution of employment between industry and services						
Industry	43.6	29.3	32.8	21.0	-25	-28
Services	56.4	70.6	67.2	79.0	19	12

1 Austria, Finland and Sweden are not included in this table.
 2 EU: 15-64; USA: 16 and over.
 3 USA: with respect to population aged 16 and over capable of work, standardised: for both EU and USA with respect to population aged 16-64 (denominator includes employees and unemployed).
 4 Employment in Europe, 1994; denominator includes only employees.
 5 Estimates.
 6 Definitions not standardised.
 Sources: European Commission (1994a; 1994b); DOL (1994a); OECD (1994).

the reform aims of the Clinton administration. So far, the main difference between the proposal made by the Democrat President and that of the Republicans has been that under the former parallel, active labour market policy measures are to be implemented at the same time that the entitlement period is to be cut. Labour market programmes or increases in net incomes by means of tax concessions are to help people escape from the dependence on passive benefits, or from a "poverty trap" which can arise where earned income is below, or only marginally above the level of transfer benefits, so that it "doesn't pay to work". Yet so far these measures have not enabled a large proportion of those falling under the poverty line to resurface above it (cf. footnote 16).

Poor Americans, rich Europeans?

The USA has experienced an "employment miracle". Although many low-wage jobs have been created, a significant, and growing number of the employment opportunities are of medium to high level. Even critics of the American "employment miracle" such as Bluestone and Harrison, having revised the data they had originally presented, now take the view that the low-wage jobs, although growing in absolute terms, account for only around one third of the employment opportunities created between 1979 and 1986 (the period they

analysed). The medium to high quality of the jobs is, however, subject to the caveat that, although data are available on occupational categories (which can serve as an indicator of status) and on (declining) average wages, no data are available on the duration of such jobs, or on working conditions (holiday entitlements, social security, etc.). In terms of such benefits, a typical European is much better off. Average annual holiday entitlement in the USA, for example, was just 12 days (1992) compared with around 28 days in Europe (*Die Zeit*, 17.9.1993).

At the same time, it would be wrong to assume that although less jobs are being created in Europe, they are generally al-

13 These values can be best summarised in terms of self-reliance, radical individualism (or radical subsidiarity), and belief in one's own strength, including a critical attitude towards government (and particularly central government).

14 Under President Reagan it was decided that ADFC entitlement was to be conditional on "proof" of willingness to work by participating in a work or training programme. Each state was to implement a JOBS programme by 1992. However, in 1994 only approx. 15% of potential participants were actually participating; 87% of which took education or vocational training or visited job-search seminars, etc., as against just 4% in the "Community Work Experience Programme", a genuine "work-fare" programme (US House of Representatives, 1994).

Unemployment Insurance in the USA

The unemployment insurance scheme, set up in 1935, is administered jointly by federal and state governments, whereby it is the latter that are the more important actor. In the early 1990s, more than 90% of all employees are insured, although on average just 43% are entitled to benefit. The entitlement criteria are based on the duration of prior employment and minimum incomes; these vary considerably, however, from state to state, as do contribution and benefit levels, as federal states enjoy great flexibility in setting such conditions.

There are three different benefits:

1. The regular state unemployment insurance benefit;
2. the extended benefits financed jointly by federal and state government; and
3. the fixed-term federal emergency unemployment programme.

The standard unemployment insurance benefit is financed out of employer contributions. These amount on average to just 0.8% of gross income and around 2.2% of the income threshold, which is currently around US-\$

7,000; this average conceals the considerable variation in rates between states, from 1.95% (3.51%) in Rhode Island to 0.4% (0.60%) in South Dakota; on top of this comes a federal contribution of usually 0.80% up to the income threshold. The benefits are generally available for a maximum of 26 weeks. The average wage compensation rate is around 35%; it, too, varied (1992) sharply between 27.5% in California and 49.5% in Hawaii. The average weekly benefit amounted to US-\$ 83 in Puerto Rico and US-\$ 239 in Hawaii.

The extended benefits are based on the standard benefit but are granted for 13 weeks longer. This extension is granted if the insured unemployment rate in the state in question has been in excess of a certain level over the longer term. A commission charged with reform in this area, the Advisory Council on Unemployment Compensation, has pointed out that this rate varies with the eligibility criteria. Given that practically all states have tightened eligibility, there has been a dramatic decline in the number of states in which this benefit could be drawn. An additional reason behind this development, however, is the existence of the federal emergency unemployment programme, which is wholly financed by

federal government and provides benefits of varying duration (the average was also 13 weeks, so that during the last recession the maximum duration of all benefit entitlement was 39 weeks, whereas in previous recessions benefits could be drawn for a maximum of 65 weeks). This benefit is granted by Congress as a transitional measure during recessions (the most recent "Emergency Programme" ran from November 1991 to February 1994). Because this programme works out cheaper for state governments than the jointly financed extended benefits, scarcely any states have granted extended benefits since 1981.

An additional feature of the US unemployment insurance system is the so-called "experience rating", which means that the level of contributions is determined partly by the extent to which firms have had recourse to the insurance scheme in the past. Therefore, industries with frequent lay-offs pay higher rates: for example, contribution rates in 1991 varied from 3.5% in construction to 1.5% in finance, insurance and real estate. However, because of rate ceilings there is still some inter-industry cross-subsidisation.

Sources: ACUC 1994; Schmid *et al.* 1992

ways of better quality. It must be recognised that a significant proportion of net employment growth in Europe has occurred in the areas of part-time, fixed-term and agency work. For example, of the jobs created in the USA between 1991 and 1993, around 70% were full-time, whereas in Great Britain the number of full-time employees declined, and only part-time employment expanded during the 1993 economic recovery (OECD 1994). In the Netherlands, a European "job machine", too, job growth has been almost exclusively in part-time employment relations. Clearly, there are substantial variations within such a heterogeneous continent as (EU) Europe, but everywhere – not least linked to rising female participation rates – such forms of employment have expanded disproportionately, and in the 1990s can no longer be considered "atypical". Comparisons with respect to the "working poor" are rather more difficult, although the European Commission report "Employment in Europe" (European Commission 1994b) suggests that this is far from being

an exclusively American phenomenon. According to the Commission, in 1988 an average of 10% of all households had at least one member in employment and yet were still under the poverty line¹⁵ (i. e. their disposable income was less than 50% of the average disposable income of all households); this average conceals a wide variation between 19% and 16% in Portugal and Italy respectively, and 4% and 3% in the Netherlands and Denmark. Thus it appears that the southern European countries also have large numbers of "working poor". The contrast is more pronounced, however, between the highly developed European welfare states and the USA: the general incidence of poverty (proportion of the population whose income is less than 40% of median income), for example, was (1984) 2.8% in Germany, 4.8% in France, 5.2% in Great Britain, but 13.3% in the USA. According to the American Census, by 1993 the poverty rate had increased to as high as 15.1%, in spite of economic and employment growth.¹⁶

Americanisation of Europe or Europeanisation of America?

Despite the undeniably greater incidence of poverty inherent in the American system and the pronounced – and increasing

¹⁵ In view of the fact that poverty lines are defined differently in different sources, the definition used in each case will be indicated in the following discussion. Three different criteria are used: an income-based concept (less than 40% of median income, less than 50% of average income) and a spending-based concept (less than 50% of average household spending). The justifications offered for, and the advantages and disadvantages of the various concepts cannot be discussed further here.

¹⁶ This is closely linked to differences in the social security systems. If social benefits are excluded from the calculation, the proportion of all households that are under the poverty line (defined as less than 50% of average income) is around an average of 40% for the EU 9, whereas the figure for the USA is just 35%. Once transfer benefits are included, however, this average falls to around 12% in Europe, whereas in the USA it remains at the high level of 25% (European Commission 1993; 1994).

– inequality of income distribution (and its social knock-on effects, such as crime levels), the American employment miracle is certainly remarkable.¹⁷ Can Europe learn from this example? For this to be possible, one must first clearly establish the reasons behind the expansion of employment. Economists have generally put forward two reasons: the first is linked to the fall in real wages and the opportunities for low-wage jobs (e. g. Bishop 1987; Freeman 1992); the second to the pressure emanating from the supply side of the labour market, from the growth of the population of working age (again Bishop 1987; Schettkat 1994; Layard 1994; cf. also table 6). Other reasons have also been propounded: less labour market regulation (e. g. with respect to dismissal protection), shorter periods of entitlement to transfer benefits and generally lower benefit levels (the burden of social insurance contributions is also around 10 percentage points below that in Europe). It can scarcely be denied that the *combination* of strong demographic expansion (reinforced by an immigration policy)¹⁸, lower wages and the limited scope to draw transfer income as an alternative to earned income, the constellation characteristic of the USA, are from both the demand and supply side likely to lead to higher employment growth than relatively high wages (in the low-wage area), slow demographic growth (reinforced by a restrictive, or the lack of an immigration policy), tighter labour market regulation and the existence of alternatives in the form of transfer income typical of many countries in Europe. At the same time this also generates greater inequality and a higher incidence of poverty within society. It no longer seems possible to have the one (strong employment growth) without the other (growing inequality and poverty). Even so, Europe is attempting not to go right down the American path: low earned incomes are not themselves to be cut, but

17 This view is also expressed by Schettkat: "It is less the unemployment trend in the USA than the enormous growth of employment there that deserves the attention of economists" (Schettkat 1994, p. 363).

18 In Europe, where national population growth is low, a discussion about an active immigration policy with possible positive effects on the economy is pending. Bishop (1987, p. 24) contended that the solution for low European employment growth is certainly not the copying of the "US model of the 80s" but of the model of Europe in the 1950s and 1960s, not the least because of the influx of "guest workers".

The Most Important Active Labour Market Policy Measures in the USA

At 0.24%, the USA spends far less on active labour market policy as a percentage of GDP than the European average of approx. 1% (1993). The measures focus on vocational training, followed by youth programmes. According to OECD figures on the numbers entering such measures, however, it is apparent that the USA, in terms of the low level of spending, achieves a relatively high level of such entries (2.7% of the working population). This largely reflects the relatively short duration of many measures.

Department of Labour Programmes:

An investigation by the General Accounting Offices has recently claimed the existence of a total of 154 vocational training measures run by the Department of Labour alone, and has called for the measures to be thinned out. The Department, however, takes a different view of this programme diversity, considering that there are in fact far fewer programmes, as those mentioned by the GAO do not constitute independent programmes, but rather subdivisions of the more important ones (interview, August 1994).

The most important programmes are as follows:

1. The Job Training Partnership Act (JTPA) with
 - section II A – vocational training for disadvantaged adults (+22 years) in programme year (PJ) 1992: 1 million participants; US-\$ 1 billion planned for 1994
 - Section II B – summer programme for disadvantaged youth PJ 1993: 625,000 participants/US-\$ 900 million planned for 1994
 - Section III – Displaced workers PJ 1992: 311,876 participants/US-\$ 1,1 billion planned for 1994
 - Section IV – Jobs Corps (work and training for young people) PJ 1992: 100,000 participants/US-\$ 1 billion for 1994
 - Work and training programmes for other groups (Indians, veterans, the elderly, rural workers) PJ 1990: 177,500/US-\$ 491.3 million
2. Trade Adjustment Assistance (for workers displaced due to rise in imports)
 - Financial year 1989: 42,012 participants/US-\$ 188 million
3. Targeted Jobs Tax Credit (wage subsidy)
 - Approx. 445,100 potential participants 1990/(US-\$ 19.5 million (1991))

4. Apprenticeships
 - Financial year 1989: 365,000 participants/US-\$ 13.6 million.

The most important programme in both financial (around 80% of federal funds for employment and training) and participant terms, the JTPA, which in October 1983 – i. e. under President Reagan – succeeded the comprehensive training and job-creation programmes, CETA, that had run during the 1970s, differs in organisational terms from its predecessor. Decentralisation and close links to the local economy were – as in the organisational change in policy delivery in Great Britain – the central concepts underpinning the new approach. Responsibility for administering the programme lies with the state governors, implementation being organised in the currently approx. 635 Service Delivery Areas, which receive federal funds. So-called Private Industry Councils, composed of representatives of business, education, the trade unions and other organisations, are assigned to these SDAs as advisory organs. The programmes specifically tailored to the needs of special groups (job corps, native Americans and rural workers) are administered directly by the Department of Labour; implementation by non-profit organisations and private firms.

In addition to the programmes run by the Department of Labour, a number of other ministries – e. g. education, defence, and veterans – have, in some cases large-scale, labour market and vocational training programmes. In addition, the JOBS and WORK programmes for social security recipients mentioned above must be included here.

Public job placement, organised by individual states, but in receipt of federal funding, has been accorded greater importance in the recent reforms, particularly through the emphasis on "profiling", requiring a more intensive form of job placement and careers advice. Currently, a total of around 1,700 local employment offices are in operation in the various states. In 1991 around 20.4 million persons – ca. 16% of the working population – registered with the employment offices. Around 5.6 million job vacancies were recorded, 7.6 million people were sent to employers, 2.6 million were actually placed.

Plans for the future include the introduction of one-stop career centres, with the aim of drawing together the various services available. Yet this reform is contingent on the support of state governors, and has suffered a set back due to the rejection of the Reemployment Act; it is to be continued by administrative means, however.

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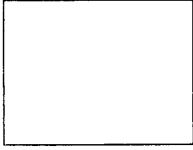
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rather the wage costs for employers taking on such (usually unskilled) employees, for instance by reducing employer contributions to the social insurance scheme; the possibility of simultaneously drawing transfer and earned income introduced by some European countries can also serve to raise income levels above the poverty line and at the same time reduce labour costs.

Thus, in the final analysis, the question as to the lessons to be drawn from the American employment miracle – which many have already “answered” in the sense of an “Americanisation” of Europe, the adoption of American employment recipes (such as deregulation) – amounts to the choice between two social systems. The decisive question is whether “any job”, even at very low wages and lacking virtually any social security protection, is better than none at all, or whether, given a lack of higher-quality employment opportunities, the payment of transfer benefits, even for long periods, is to be preferred.

It is generally accepted that the payment of purely passive benefits over long periods to unemployed persons capable of work is impolitic, due to its demotivating and discouraging effect on jobless recipients. In Europe, too, there is much talk of “activating” passive benefits¹⁹, and many countries have established an impressive range of instruments of active labour market policy to push ahead with such “activation”. An additional precondition for benefit provision is a highly productive economy; in this regard Europe has been ahead of the USA, over the longer term at least, producing more goods and services with less labour.²⁰ It is this sort of organised and “supported activation”, one that is not left entirely to market forces – and which formed the core of the Clinton administration’s reforms, drawing the criticism from conservatives that he was trying to “Europeanise” America – that is better suited to European welfare states. And European institutions are clearly at an advantage in terms of their capacity to organise such “transitional labour mar-

kets”²¹ effectively, through cooperation between central, regional and local government, “intermediary organisations”, and the private sector.

Even expanded transitional labour markets – a precondition of which is that a greater volume of work is shared, e. g. by means of leave schemes with an obligation to replace absent workers – will not generate a European employment miracle, however, although their job-creating potential is not insignificant. Thus the question remains as to how the European countries can experience employment-intensive growth without destroying the foundations of the welfare state. What is needed, not least in the light of the American employment miracle, is closer analysis of the impact on employment and welfare of equal (or less equal) wage distributions combined with restrictive (or less restrictive) immigration policies.

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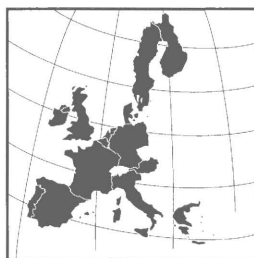
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19 Cf. The White Paper of the European Commission: *Economic Growth, Competition and Employment* (European Commission 1994c).

20 This is an advantage emphasised by R. Freeman: “Eurosclerosis? Why should the Europeans be complaining so much? They are benefitting from better economic conditions and enjoying longer vacations than the Americans”, and “the USA has clearly become a “two earner hard working and no vacation society in order to maintain its essential standard of living” (Freeman 1992, p. 27).

21 Transitional labour markets are “markets” which either promote the transition to the regular labour market (e. g. youth training programmes), the transition between paid employment and other activities (further training, sabbaticals) on internal labour markets, or the transition between the regular labour market and retirement (e. g. part-time retirement/employment schemes) (Schmid 1994). The important aspects here are those of organisation and transition: while this implies that individual participation is limited, the programmes, their sources of finance and their support institutions are ideally not limited in time.

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