

# EMPLOYMENT OBSERVATORY

## Policies

# 56

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

## Winter 1996



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

*Social  
Europe*  
DG V

MISEP

# Developments at a Glance

- Belgium:** Early retirement is now only possible, with very few exceptions, from the age of 58. The Belgian government plans to reduce unemployment by increasing the employment-intensity of growth and slowing the trend towards a replacement of labour by capital, without endangering competitiveness. The interdepartmental budget fund in the Walloon Region is providing grants in support of job creation in the non-market sector.
- France:** A new individual "history file" data bank has been set up by the labour market authority, permitting longitudinal analyses of occupational biographies. A new law on the flexibilisation and reduction of working time provides for support for working-time reductions that create employment or avoid redundancies in the form of a reduction in employer social insurance contributions.
- Greece:** Under a new law the organisation of OAED employment and vocational training policies is being restructured and a Fund for Employment and Further Training set up. The law also introduces an "employee card" and regulates the establishment of employment observatories.
- Italy:** A wide-ranging programme of special employment-promotion measures has been introduced, the aim of which is to raise the employment rate, particularly in the Mezzogiorno.
- Netherlands:** Discrimination on the basis of age in selecting and recruiting personnel has been banned by law. Research results show that following the imposition of sanctions more unemployed people enter employment. There has been an increase in the extent to which workers of ethnic minorities have been registered, as is required by a law on equal opportunities for workers of ethnic minorities. A law on the reorganisation of the labour market authority has been amended by the second chamber of the Dutch parliament. Representatives of the social partners are, after all, to remain on the administrative council and the authority may continue to place both target groups and the easier-to-place unemployed.
- Portugal:** The Council of Ministers has adopted a framework of action to promote a so-called "social labour market", the task of which is to ensure the social and occupational reintegration of the unemployed. The law also provides for a guaranteed minimum income, incorporating, in addition to financial support, reintegration programmes.
- Spain:** A preliminary evaluation of the national agreement on vocational training shows that a sharply rising proportion of the labour force is participating in vocational training.
- Sweden:** An evaluation of a start-up grant has revealed the structure of the firms set up and of their founders and the chances of survival of the firms in receipt of support. In addition to support for the construction of student housing, new employment measures adopted in Sweden include temporary jobs in the public sector for the long-term unemployed aged over 55 and general education measures for specific labour market target groups.
- United Kingdom:** The so-called "Job Seeker's Allowance" has been introduced in place of the previous forms of support for the unemployed. The change in title underlines the "activation" of the entitlement to passive benefits desired by the government. Disadvantaged young people are to receive help from a new scheme to help them start their own businesses. The creation of a quality inspectorate for training provisions aims to improve the quality of British vocational training measures.

# EMPLOYMENT OBSERVATORY Policies



No. 56, Winter 1996

The "Policies" bulletin is compiled on the basis of information provided by national correspondents. It is published in English, French and German. The "Focus" part is conceived and edited by the MISEP secretariat. The opinions and analyses contained in this section do not necessarily reflect the opinions or views of the European Commission or the correspondents. Signed articles are the sole responsibility of the author(s).

#### CORRESPONDENTS

**Belgium:** Joseph Remy (Ministère de l'Emploi et du Travail)

**Denmark:** Karen Thrysoe (Arbejdsministeriet)

**Germany:** Jochen Jahn (Bundesministerium für Arbeit und Sozialordnung), Detlef Hein (Bundesanstalt für Arbeit)

**Greece:** Ekaterini Kritikou (Ministry of Labour)

**Spain:** Delmira Paz Seara Soto (Ministerio de Trabajo y Seguridad Social)

**Finland:** Sari Petajaniemi (Ministry of Labour)

**France:** Henri Roux (Ministère du Travail et des Affaires Sociales), Claudine Elhaik (Agence Nationale pour l'Emploi)

**Ireland:** Frank Doheny (Department of Enterprise and Employment)

**Italy:** Mariarosaria Damiani (Ministero del Lavoro e della Previdenza Sociale)

**Luxembourg:** Jean Hoffmann (Administration de l'Emploi)

**Netherlands:** Ronald van Bekkum (Arbeidsvoorzieningsorganisatie)

**Austria:** Johannes Schweighofer (Bundesministerium für Arbeit und Soziales), Marius Wilk (Arbeitsmarktservice)

**Portugal:** Victor Viegas (Ministério para a Qualificação e o Emprego)

**Sweden:** Mats Wadman (Arbetsmarknadsdepartementet), Palle Landin (Arbetsmarknadsstyrelsen)

**United Kingdom:** Graham Archer (Department of Employment), Peter Sydserff (Employment Service)

#### EUROPEAN COMMISSION

Sergio Piccolo (DG V/A/2)

#### MISEP-Secretariat:

I. A. S. Institute for Applied Socio-Economics  
Novalisstrasse 10, D-10115 Berlin

Tel. +49-30-2 82 10 47, Fax +49-30-2 82 63 78

Angelika Zierer-Kuhnle; translation: Max Guggenheim (French), Andrew Watt (English)

Scientific director: Peter Auer

Wissenschaftszentrum Berlin für Sozialforschung (WZB), Research Unit Labour Market Policy and Employment (responsible for evaluation): Günther Schmid, Peter Auer, Klaus Schomann; Karin Reinsch

Layout: pinkuin satz, Berlin

Printing: Druckerei Conrad, Berlin

# MISEP

---

<b>"Policies" and the Five Action Areas of Essen .....</b>	<b>4</b>
--	----------

---

## Overall Developments

### Belgium

The Employment Policy of the Belgian Federal Government for 1997 .....	5
--	---

### Greece

Package of Measures to Promote Employment and Vocational Training .....	6
---	---

### Italy

New Employment-Promotion Measures .....	8
---	---

### Sweden

Miscellaneous Employment-Promotion Programmes .....	10
---	----

---

## Placement and Vocational Guidance

### France

The History File of Jobseekers Registered with the ANPE .....	11
---	----

### Netherlands

Reorganisation of the Employment Service .....	14
--	----

---

## Job Creation

### Belgium

Interdepartmental Budgetary Funds in the Walloon Region .....	15
---	----

### Sweden

The Start-Up Grant: 1995 Follow-up Study .....	16
--	----

### Portugal

Developing a Social Labour Market .....	18
---	----

### United Kingdom

Prince's Youth Business Trust "Partnership Scheme" .....	18
--	----

---

## Training

### Spain

Preliminary Evaluation of the Agreements on Vocational Further Training (1993-1996) .....	19
---	----

---

## Social Protection, Unemployment Benefits

### Netherlands

Sanctions are Effective .....	20
-------------------------------	----

### Portugal

Guaranteed Minimum Income .....	21
---------------------------------	----

### United Kingdom

Job Seeker's Allowance .....	21
------------------------------	----

---

## Special Categories of Workers

### Netherlands

Labour Market and Anti-discrimination Laws .....	22
--	----

### Netherlands

Ethnic Minorities Increasingly Registered .....	22
---	----

---

## Working Time

### France

New Law on Working-time Reorganisation and Reduction .....	23
--	----

### Belgium

Collectively Agreed Early Retirement in 1997 .....	24
--	----

---

## FOCUS

Participation and Employment Rates in Europe:

Convergence or Divergence? .....	25
----------------------------------	----

---

# "Policies" and the Five Action Areas of Essen

*The five areas of action adopted at Essen*

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

With regard to the first area, the Italian government has presented a far-reaching catalogue of targets. Compulsory schooling is to be extended from eight to ten years and curricula modernised. There is to be a guaranteed right to vocational training for all up to the age of 18, an aim to be supported by a special fund. The right to training leave is also to be realised in practice, work experience schemes extended and further training grants introduced. In addition, apprenticeships are to be adapted to meet the requirements of modern production. In Spain the national agreement on further training, which transferred considerable rights to the social partners, has been evaluated. It is revealed that there has been a substantial rise in the number of participants in further training measures, particularly in large industrial firms. Sweden has opened up the possibility for foreign long-term unemployed individuals from the non-Nordic countries to enter regular school education, for which they are entitled to a training grant from the labour market authority. Greece has introduced a new fund for "Employment and Vocational Training", which, among other things, is to support further training in firms. At the same time the supply of further training opportunities on offer is to

be extended and improved through cooperation between the labour market authority, training institutions and firms, and by introducing work experience opportunities. The United Kingdom, for its part, has introduced a quality control procedure for the standards for vocational training established by the TECs.

In the second area, the French government has introduced measures to promote the restructuring and reduction of working time with the aim of job creation and job maintenance. Portugal is seeking to extend the "social labour market" (e.g. sheltered workshops, local employment initiatives or non-profit training centres) by offering greater support. Belgium has made BFR 3.3 billion available for 1997 for job creation in the non-market sector (e.g. for care services, job placement services for target groups, service cheques, etc.). Italy, too, plans to expand those economic areas in which employment intensity is high.

Italy is also seeking to reduce indirect labour costs: while full-time and part-time work are in principle equal in terms of pro rata social insurance contributions, the new employment measures provide for a number of reductions in order to promote target groups. An important element in the employment-promotion policies of the Belgian government are reductions in employer social insurance contributions: within the framework of the "contracts for more employment" the social partners are to be provided with BFR 6.3 billion in 1997. The new French job-creation initiative by means of working-time reorganisation and reduction involves an easing of the burden of employer contributions. The British government offers a temporary reduction in contributions for firms recruiting the long-term unemployed. A fixed-term, flat-rate reduction in indirect labour costs for firms recruiting young people is also planned in Greece.

Attempts have been made in most European countries to render labour

market policy more effective and passive transfer benefits more "active". Examples in this issue include the Netherlands, whose recent reform of the labour market authority aims to render services to the unemployed more effective. The United Kingdom, by replacing the previous forms of financial support for the unemployed with the Job Seeker's Allowance, is also seeking to "activate" the unemployed: given the fact that the non-means-tested benefit is available for a shorter period – means-tested benefits may still be drawn for a longer period – the unemployed are expected to intensify their job-search activities. In Greece, so-called "further training and employment units" are planned, which are to be registered on an "employee card" and be equated with converted (activated) unemployment benefit units. Although the guaranteed minimum income introduced in Portugal is a "passive" benefit, it has an active component – comparable to the French minimum income RMI – in the form of reintegration measures.

More traditional measures of active labour market policy reported on in this issue include temporary job-creation measures for the long-term unemployed in the Swedish public sector, support for those setting up their own business in the United Kingdom and an evaluation of such measures in Sweden. The individual "history file" for jobseekers introduced by the French labour market authority ANPE can, under certain conditions, also contribute to rendering services to the unemployed more effective, as it can be used, among other things, to provide information on the most effective reintegration measures.

As far as support for labour market target groups is concerned, the Swedish job-creation programme in the public sector, just mentioned, which is targeted at the long-term unemployed aged over 55, should be noted, as should the steps taken by Portugal towards establishing a "social labour market", which will not least benefit



labour market target groups. Its guaranteed minimum income and the associated reintegration measures are also primarily targeted towards such target groups. The wide-ranging employment programmes implemented in Greece, Italy and Belgium described in this edition of “Policies” all contain target-group-specific meas-

ures (for young people and the long-term unemployed) as an important element. A study conducted in the Netherlands has shown that the registration of foreign workers by firms, introduced as a means of promoting equality at work, has raised consciousness of the problems faced by this target group, and in some cases

has actually led to a positive change in personnel policies with regard to this group. The law recently passed in the Netherlands banning discrimination on the basis of age constitutes a preventive strategy to mitigate the labour market problems of a group – elderly workers – often under substantial labour market pressure.

## Overall Developments

---

### Belgium

---

#### The Employment Policy of the Belgian Federal Government for 1997

Within the framework of the debate on the 1997 budget, on 2 October 1996 the Belgian federal government informed parliament of the main axes of its labour market policy.

Employment promotion remains one of the central pillars of government policy and will be pursued in 1997. This labour market policy rests on a double foundation. Firstly it is based on the will to achieve tripartite “concertation”, and thus to incorporate the social partners; secondly it is integrated within the European frame of reference set out in the European White Paper on Growth, Competitiveness and Employment and in the decisions taken by the European Council in its meeting held in Essen in December 1994.

In extending the medium-term employment plan (cf. iMi 52), the main axes of a policy which aims to promote the maintenance, creation and redistribution of work in order to significantly reduce unemployment by the end of the century have been set out in a so-called “contract of the future for employment” (cf. iMi 55). This aim can be achieved provided:

- measures are taken to strengthen the economic base;
- the employment intensity of economic growth is increased; and
- national and sectoral collective agreements on the application and the content of a new wage norm are reached so as to ensure the competitiveness of Belgian firms.

An initial important step towards the realisation of the priorities of the “contract of the future for employment” was taken when parliament passed the law of 26 July 1996 on employment promotion and the preventive safeguarding of competitiveness (cf. iMi 55). This law is based on a “parallelism” regarding the evaluation of employment and wage growth. The aim of this is to ensure that the competitiveness of the Belgian economy is no longer, as was frequently the case in the past, achieved solely by a forced increase in productivity to the detriment of employment. To put it another way, the law aims to slow down the extent to which labour is replaced by other factors of production, in order to offer a greater proportion of the working population a chance on the labour market.

The law provides for concertation procedures aimed at concluding agreements on employment measures and for the determination of the maximum margin for wage growth. The National Council of Labour (*Con-*

*seil national du Travail*) and the Central Council of the Economy (*Conseil central de l’Economie*) have now compiled reports on wage and cost trends in Belgium and Belgium’s three leading trading partners (France, Germany and the Netherlands). The Central Economic Council has already drawn up the technical report on employment and wage trends in the three partner countries envisaged by the law. This technical report will form the point of departure for the next round of negotiations on a national collective agreement and sectoral collective agreements for the period 1997–1998.

The Central Economic Council must also publish a report on the proposal for the introduction of an additional employment subsidy, and a second proposal aimed at promoting the maintenance of jobs in firms experiencing difficulties or undergoing restructuring by granting such firms a reduction on employer social insurance contributions provided they implement working-time reduction.

Apart from utilising the available wage margin, which guarantees pay indexation and the granting of collectively agreed supplements on top of pay, collective agreements under the law of 26 July 1996 must also include employment promotion measures; these must be based, among other things, on work redistribution, working-time reduction and labour market flexibilisation.

## Overall Developments

For 1997 the Belgian federal government is placing a total of FB 6.3 billion in reductions in employer contributions to the social insurance system at the disposal of the social partners, funds which can be used within the framework of an employment-promotion agreement in order to promote the creation of additional employment. In addition, a total of FB 3.3 billion has been earmarked for the creation of additional employment in the non-market private and public sector. These initiatives, which will be reinforced by the activities of regional and local government, are to generate a new dynamic of investment in employment.

Apart from the role to be played by the social partners under the above-mentioned law of 26 July 1996 regarding the determination of the wage margin and the implementation of employment-promotion measures, the Belgian federal government itself intends to take a number of additional initiatives to promote employment. Based on the continuity of its policy approach and as part of the implementation of the contract of the future for employment, it intends to develop the following measures:

- The creation of 4,500 additional jobs in the non-market care sector, support for families and old people and hospitals by making available a grant totalling FB 3.3 billion that is to be "converted" into additional employment in concertation with the regional and local governments and the social partners concerned.
- The development of a system of local employment agencies (ALE; cf. BIR B-iii.13) and, by creating so-called transition programmes, the drawing up of a comprehensive statute for persons employed within the framework of an ALE. These transition programmes will lead on to more regular fixed-term employment in the public sector (essentially local government) in non-profit organisations (especially in the non-commercial socio-cultural and sports sector).
- Development of the service-cheque experiment in certain specific sectors in which regular employment is marginal.

- Harmonisation of the legal stipulations governing the young people's training contracts (BIR B-iv.2) and initial work experience (PEP; cf. iMi no. 52); it is proposed that in future PEP contracts should be renewable once for a period of six months.
- Support for the system of career interruption (cf. BIR B-vii.2) and parental leave. In this context the government invites the social partners to consider extending entitlement to a career break; moreover, a number of improvements are to be implemented with the aim of harmonising the various career-break regimes currently available.
- Support for part-time work for the vast majority of the unemployed by raising the level of the guaranteed income allowance (cf. BIR B-iii.3) granted to unemployed persons accepting part-time work.

employed (EKLA). Firms and collective organisations organising their own vocational training programmes that meet OAED guidelines or are provided by OAED-recognised training institutions are entitled to financial recompense up to the limit of the annual contribution of 0.45%.

The remaining resources of the Fund from the contribution of 0.45% can be used for employment or training programmes for the unemployed or for the further training of employees in firms.

The resources generated by the contribution of 0.36% are to be used to finance employment measures for the unemployed, especially the long-term unemployed and young people and unemployed persons threatened with social exclusion.

The LAEK is to be steered by a tripartite administrative committee consisting of representatives of the trade unions, employers and the government. The Director of the OAED will chair the committee.

The LAEK will also provide a grant – totalling 6% of its revenue – to the Institute for Health and Safety at Work, the National Centre for the Monitoring of the Structures of Continuous Vocational Further Training and certain training centres.

### The employee card

In future the OAED is to issue so-called employee cards. These cards can be issued to all private-sector employees and all unemployed persons looking for work in the private sector. It must be issued to all unemployed persons undergoing reintegration in the continuous further training programmes financed by the OAED, the EU or both. The information recorded on the card includes the duration, the level and the date of first payment of unemployment benefit.

The labour and social affairs minister will determine by decree what other data (personal data of the cardholder, vocational qualifications, etc.) are to be recorded on the card.

The purpose of the card is to facilitate the determination of the employee's entitlements – and the monitoring of the same. They are also to be

---

## Greece

---

### Package of Measures to Promote Employment and Vocational Training

Having passed parliament, law no. 2434 was signed by the Greek president in August 1996. The law encompasses a series of measures and institutional changes in the fields of employment promotion, vocational training measures and support for the unemployed. The most important changes are summarised below.

#### Fund for Employment and Vocational Training

The labour market authority (OAED) is to set up a "Fund for Employment and Vocational Training" (LAEK) which will be financed by an employer contribution of 0.45% of the wage bill for the Special Fund for Vocational Training Programmes (ELPEKE) and a contribution of 0.36% paid by employees and employers into the joint Special Fund for the Unem-

used by firms in the framework of the so-called "employment and further training units". These represent an "activation" of unemployment benefit entitlements by converting passive benefits into support during participation in employment and further training programmes. The time spent in programmes within the framework of the monthly employment and further training units will be deducted from the duration of entitlement to unemployment benefit.

### The organisation of further training programmes

The administrative council of the OAED is empowered to commit the organisation to cooperate with central and local government, public-sector firms in the widest sense of the term and with tertiary-sector training institutions in order to implement the theoretical or practical part of vocational further training programmes for the unemployed and the employed; it may commission these organisations to perform them on its behalf.

Private firms employing more than 30 workers may also conduct vocational training programmes for the unemployed in collaboration with the OAED. This is also true of smaller firms (less than 30 employees) if they cooperate with other firms in order to implement a joint vocational training programme for the unemployed. Within three months of the end of the further training, the firms must take on at least one-third of the unemployed persons so trained. New businesses may even implement vocational training programmes during the two months prior to commencing operations, provided they take on at least half the persons trained within three months of commencing operations.

The theoretical part of the programmes – to be conducted in OAED schools and other centres – may not constitute less than one-third of the overall training period.

In the case of large-scale technical projects, specific provider companies may be set up in collaboration with the OAED, the task of which is to train the personnel required for the project. Such companies will be dissolved at

the latest twelve months after the project has been completed.

Under paragraph 26 of the new law, the training institutions run by the OAED – e.g. the apprenticeship schools (SM), the institutes for vocational further training (IEK), the centres for vocational further training (KEK) and others – together with training centres set up specifically by the new law, are to be brought together under the single title of Centres for Vocational-Technical Further Training (KETEK).

### Organisation of employment programmes

Firms (and employers in general) are also entitled to OAED grants on the basis of programmes for the salaried employment or self-employment of the unemployed. These programmes may also encompass a phase of further training, work familiarisation and adjustment to operating conditions in the firm.

The above-mentioned programmes are financed out of national resources, EU funds or a combination of both. The extent and duration of the support, the period of obligatory continued employment, the ban on dismissals (so as to avoid substitution effects) and the definition of the firms entitled to the support will all be set by ministerial decree.

### Work experience

Those holding certificates from further training courses (including college students, and those who have attended Institutes for Vocational Further Training, technical grammar schools or technical secondary schools) may gain work experience lasting between three and six months under a scheme supported by the OAED. For students the maximum age limit for such work experience is 30, for the remainder 25 years of age.

### Reduction

Private firms may, until 31.12.1997, participate in a special programme for the reduction of indirect labour costs. Such firms may not shed labour during the six months prior to and the twelve months following participation. In order to benefit from the re-

duction of DRA 30,000 in the first four months and of DRA 35,000 in the last four months of the twelve-month contract, they must recruit young people aged between 20 and 29 for at least twelve months.

### Support for mobility

Support for mobility is available to registered unemployed and long-term unemployed aged over 45 in regions whose unemployment rate is above the national average, private firms located in certain regions employing the above categories of worker, and employees of firms undergoing liquidation proceedings and employing more than 150 persons. This support may encompass:

- theoretical further training in the place of residence;
- work experience lasting up to one month at the location of the new job;
- financial support for employment in the firm lasting up to twelve months;
- grants to cover the cost of moving.

The law also opens up the possibility of paying out one half of the benefits to which the unemployed person is entitled (and, if the OAED so decides, benefits on top of this) to an unemployed person taking a job located more than 100 km from his/her place of residence. In addition a twelve-month rent grant or support for the acquisition of owner-occupied housing is possible.

### Regional employment observatories

The law also makes provision for the founding of regional employment observatories (PEPA) that are independent in administrative and financial terms but subject to OAED supervision. They are run by tripartite administrative committees. The aims of the PEPAs are as follows:

- to research and develop integrated information systems in support of the quantitative and qualitative analysis and monitoring of the labour market;
- planning, implementing and administering joint programmes, initiatives, pilot projects and innova-

## Overall Developments

tive activities co-financed by the EU.

The Attikas employment observatory will take on the role of a national observatory responsible for coordinating the relationships with the EU and the activities of the PEPAs.

The aims of the PEPAs are identical to those of the Experimental Institutes of Vocational Training and Employment (PIEKA; cf. iMi 55), which had already been set up when the law came into force. Those PEIKAs already founded will remain in operation, but their statutory basis will be adapted to the new law; this is to occur within the space of six months.

### Information bureaux for firms and the unemployed

Local government, chambers of trade and industry and the collective organisations representing employers and workers may reach agreements with the OAED on the setting up of information bureaux in order to support the unemployed in their search for work. The same actors (except for local government) may also set up bureaux providing information on further training and employment programmes run by the OAED or other organisations. The minister of labour and social affairs will determine the level of subsidy to be provided by the OAED (e.g. to cover operating costs) and other regulatory matters.

### Further regulations

In addition to the points described above, law no. 2434 has introduced regulations pertaining to a number of other areas of social and labour law, such as the preconditions for legal residence and employment of non-EU foreign nationals in Greece, provisions governing the repayment of debts to the social insurance institutions and covering supplementary insurance for pensioners. Questions relating to the internal organisation of the OAED and the seats on the administrative committee of the organisation are regulated by the new law.

---

## Italy

---

### New Employment-Promotion Measures

On 12 July 1996 the CIPE (*Comitato Interministeriale per la programmazione economica* – Interministerial committee for economic planning) adopted a decision to earmark LIT 9,000 billion for an investment programme and LIT 1,000 billion for labour market policy measures, the effects of which will be felt in 1997.

The new employment-promotion measures, together with the measures envisaged in the labour agreement reached on 24 September 1996, will be financed partly out of taxation (by intensifying the struggle against tax evasion) and partly by privatising government assets.

The training and employment contracts – the duration of which will probably be extended by one year in the regions of the Mezzogiorno – are to be subject to more precise legal regulation.

In addition, the Italian government has committed itself to assuming the EU working-time directives (93/104), whereby the social partners are at liberty to define this aspect, although subject to a ceiling on weekly working time of 40 hours.

### The labour-promotion agreement

This agreement was reached between the representatives of the government (the prime minister, the minister of labour, etc.) and representatives of collective employee and employer organisations. It deals with a number of important points, including training, apprenticeship, practical traineeships, agency work, part-time work, socially useful work (work in the public interest), cuts in contributions and taxes and new services to promote employment. The agreement constitutes a special employment-promotion programme, the aim of which is to raise the employment rate, particularly in the regions of the Mezzogiorno. This programme is oriented towards the concertation between the

social partners formally instituted by the agreement of July 1993.

With respect to general education it is planned to extend compulsory schooling, to improve the quality of schooling and to guarantee life-long access to further training. The government has committed itself to raising the duration of compulsory schooling from the current eight to ten years and to modernise curricula. It also intends to guarantee the right to vocational training up to the age of 18.

The education system is also to be structured more flexibly by offering individual schoolchildren specific support measures. In addition the following measures have been agreed:

1. the autonomy of schools is to be guaranteed by providing adequate financial resources in line with diverse socio-economic conditions and by charging school fees. Also planned is the introduction of a national evaluation system;
2. support is to be offered for the conversion of vocational training centres into training agencies (*agenzie formative*);
3. law no. 845/1978 on vocational training is to be changed;
4. the use of work experience (stages) is to be increased by offering firms suitable incentives.

It is also planned that curricula are to be more personalised, certificates are to be introduced and loans for training measures granted.

In order to guarantee the right to education, the agreement provides for the creation of a "national fund for the right to education" to provide economic support for gifted students. Money from this fund can also be used to support schoolchildren in the last year of secondary school.

The employment-promotion measures relate to the following aspects: support for new businesses, reductions in indirect labour costs, changes in labour market regulations with the aim of improving transparency, reorganisation and collectively agreed reduction in working time, reorganisation of employment services.

The policy measures in support of new businesses are to focus on sectors



with a high employment intensity: personal services, environmental protection, urban renewal, separate collection of solid waste, etc. In this context so-called "honorary loans", i.e. non-repayable loans, are to be granted subject to the condition that training measures are implemented and that the entrepreneurial idea has been verified as feasible.

The agreement also introduces significant innovations with regard to apprenticeships that apply to all economic sectors, including agriculture. Under the new model apprentices initially complete a period of training of varying duration in a training institution, followed by a period of work in the enterprise interspersed with training.

Co-financing by the EU is to equal the commitment to training made by firms.

An additional important characteristic of the apprenticeship contracts is the inclusion of all three parties involved – the young person, the firm and the training institution. The agreement enables the craft sector to modify the above-mentioned innovations in accordance with the specific requirements of this sector.

The adoption of this model implies, among other things:

- a new plan for the measures co-financed by the EU, and the drawing up of a new working programme to provide a framework for the projects;
- regional planning of apprenticeship places;
- improved control over the system by the social partners.

### *Work experience (stages)*

This instrument is seen as a useful instrument for establishing initial contact between trainees and firms, in some cases leading on to an employment relation at a later date. The agreement stipulates in this context that a system of appropriate guarantees is to be set up.

Regarding further training (*formazione continua*), the agreement precludes the possibility of working with "closed" models, as a wide variety of different cases may arise. In particu-

lar, collective organisations, institutions in which the social partners are represented, consortia and corporate groups, should all be in a position to put forward further training projects. The measures are steered by means of agreements between regions and firms on the basis of agreements between employer and employee organisations. Further training projects may be financed by contributions from the social partners. They are oriented especially towards employees who would otherwise have no chance of vocational further training and on those registered with the wage compensation fund.

Access to further training measures, on the other hand, is to be regulated by legislation and collective agreements. An entitlement to training leave is to be established. An employee intending to participate in a further training measure is entitled to apply for a further training grant. The grant is to be paid out of national/regional funds.

Moreover, an additional "honorary loan" may be granted in cases where the employee intends to found a business. An employee participating in a further training measure may be entitled to convert his/her full-time job into a part-time job; in this case the further training grant partially offsets the loss of earned income. The agreement also provides for the possibility of setting off expenditure on further training, provided evidence can be provided of this, against tax.

### *Agency work*

Agency work represents a new institution for Italian legislation, and the government plans first to analyse the experiences gained during the past two years. The agreement stipulates a number of cases in which agency work is not permitted, for example, in the case of dangerous work processes (as defined by the corresponding labour ministry decree) or in enterprises currently shedding labour where the workers affected hold the same qualifications as those to be recruited as agency workers.

In addition, the labour ministry has yet to develop a complete sys-

tem of guarantees for this area. In this context it is planned that the labour ministry is to grant licences for the right to mediate agency workers and that it will monitor and control this activity. To this end further training measures for agency workers are to be financed, with regional governments assuming part of the costs. The organisations mediating agency work are to be responsible for organising this training.

Incentives to reduce and reorganise working time: The government plans to provide incentives for reduced working hours and to discourage systematic recourse to overtime. The agreement stipulates that social insurance contributions are to remain invariable with respect to full-time employment.

Part-time work is to be placed on an equal footing with full-time work with respect to social insurance contributions, and promoted in the form of additional reductions for the following groups:

1. young people entering the labour market for the first time in Target 1 regions;
2. women returning to these labour markets after a long absence;
3. older workers withdrawing from the labour market (provided they are replaced by younger workers).

In addition, part-time work, which is to be regulated by collective agreement, is to be extended to the agricultural sector. In the first year the subsidies available in connection with this measure are to amount to LIT 400 billion. After two years the government, in agreement with the social partners, is to examine the impact of these measures on the labour market.

In the areas of socially useful work (work in the public interest), the government has committed itself to prepare framework legislation with the aim of promoting the role of local initiative.

Under decree-law no. 404/96 it is already stipulated that:

1. 15% of the funds allocated to the CRI (*Commissioni regionali per l'impiego* – regional commissions for employment) are earmarked for

## Overall Developments

projects in which long-term unemployed persons are employed;

2. public/private firms conduct projects for socially useful work with the aim of developing new forms of work.

The areas for socially useful work envisaged under the agreement include cleaning up former industrial sites, water protection, environmental work, nature protection areas and/or parks, and cultural heritage.

### New employment services

The government is planning the following measures: (1) institutional decentralisation; (2) regulated liberalisation (opening up markets for private companies, active role for organisations run by the social partners); (3) a strong role for the state with regard to regulation, target-setting and planning. The supervisory function of the labour inspectorates is to be strengthened.

#### *Incentives for new productive activity*

The government intends to adopt measures to support new production initiatives. To this end the transitional norms in decree-law no. 357 (10 June 1994), converted into law no. 489 (8 September 1994), are to assume definitive form. In particular, a reduction in the tax burden is to be granted to: (1) young people aged less than 32 taking up entrepreneurial activity for the first time; (2) employees registered with the wage compensation fund or on the mobility lists; (3) the disabled; (4) those involved in environmental protection.

This agreement was evaluated differently by the various participants. The trade unions, for instance, have taken a positive view of the agreement and have lent it their support. Organisations outside the government have taken a more critical view, arguing that the measures are too hesitant and cautious for a labour market reform.

It should be noted in this context that the agreement contains basic norms of a general character, with frequent references to bargaining between the social partners, so that in its practical realisation the agreement

will take account of local socio-economic differences and the different balance of power between the social partners. Discussions are currently (8 October 1996) under way in Italy on the possibility of integrating the text of the agreement into the budget law that is shortly to be presented to parliament, in order to promote the implementation of the agreement.

---

## Sweden

---

### Miscellaneous Employment-Promotion Programmes

#### **Proposal to increase employment within the construction sector**

In order to increase employment within the construction sector, the Government proposes a temporary investment subsidy for the construction of student housing. It is important that access to student housing increase, especially in view of the large investments made in expanding higher education. The subsidy is to be offered from 1 October 1996 to 1999 for up to 15,000 student housing units.

#### **Public temporary employment – OTA**

Parliament resolved in July of this year, as reported in iMi 55, to introduce several new programmes, commencing in 1997, which are specifically focused on the long-term unemployed. These include OTA for older persons, an extended start-up grant for women and, from 1 July 1997, a separate education subsidy for adults between the ages of 25 and 55, which will have special significance for long-term unemployed.

OTA in central, regional and local government is aimed at persons over 55 years of age who have been registered with the Employment Service for more than two years. The compensation corresponds to unemployment benefits for the unemployed. The du-

ties performed must increase the quality of the operations and are not to displace ordinary operations. They are intended to lead to a net increase in the number of persons employed. The programmes should start in January 1997 and will be available during the years 1997 and 1998.

In order to stimulate participation in the programmes as opposed to merely drawing benefit, the compensation will be increased by an incentive subsidy amounting to SEK 45 per day. At the same time the programme will be rescheduled to begin earlier, or on 1 November 1996.

#### **Regular education within the framework of employment training for certain groups**

Employment training must, as a general rule, have a clear occupational focus which is intended to lead to employment. Basic education at the compulsory school and upper secondary school level should take place outside of employment training.

For certain groups, such as immigrants and the occupationally disabled, the financing of studies is of decisive importance in order for these groups to be able to enter into a basic education programme.

Consequently, non-Nordic citizens who have been unemployed and registered with an employment office for at least two years, as well as unemployed occupationally disabled persons who lack basic education may, in certain circumstances, be granted education within the regular education system at compulsory school and upper secondary school levels within the framework of employment training, i.e. with a training allowance.

# Placement and Vocational Guidance

## France

### The History File of Jobseekers Registered with the ANPE

#### The AEDE tool

The "history file" (*FH - fichier historique*) is a component of a statistical tool entitled AEDE (*Amélioration des Études des Demandeurs d'Emploi - improvement in jobseeker studies*).

#### Definition

AEDE is a new tool to constitute and process statistics referring to jobseekers registered with the ANPE. One of its most important new features is the choice of the jobseeker as the basic statistical unit, whereas previously this was the job request. Now the different paths taken by a jobseeker can be followed, as their files are retained for 37 months following the annulment of their job request.

#### Utilisation

AEDE is used to generate certain statistics for the labour ministry (STMT) to provide data for the support and services files that are used to measure the activities of the Agency on a monthly basis and to constitute the history file.

#### The period covered by the history file

The history file begins throughout France in July 1993.

From this date on it covers in succession each event affecting the jobseeker from initial registration with the ANPE: the jobseeker's characteristics (personal details, marital status, qualifications), the job request (or previous requests), data on part-time working, on the services and benefits provided by the ANPE and on the corresponding training plans and periods.

The history file is thus an exhaustive databank encompassing all the

data relating to ANPE activities and to the labour market.

The files are stored for at least three years; if a jobseeker's request for employment has been annulled, his/her file is stored in the history file for 37 months and then annulled and archived. Provided at least one event is recorded during this three-year period, the file is retained indefinitely.

The national history file is currently in the developmental and experimentation stage. At present it covers the period from July 1993 to July 1995.

#### Size: a considerable quantity of data

The studies conducted at the start of the experimentation phase forecast a substantial data volume. In fact, after a 23-month operation period the history file now contains around 80 million sets of data with a volume of around 7.4 gigabyte; this is roughly in line with the forecasts.

The prognoses for the full, 37-month file are for around 120 million data sets with a volume of around 11 gigabyte.

#### Content: a hierarchical data bank with differentiated modes of processing variables

*A hierarchical databank*

The history file, whose geographical basic unit is the employment office district, covers 26 regions (whereby

each overseas department is counted as a region).

The history file is drawn up on the basis of the jobseekers' files, each of which contains seven sections.

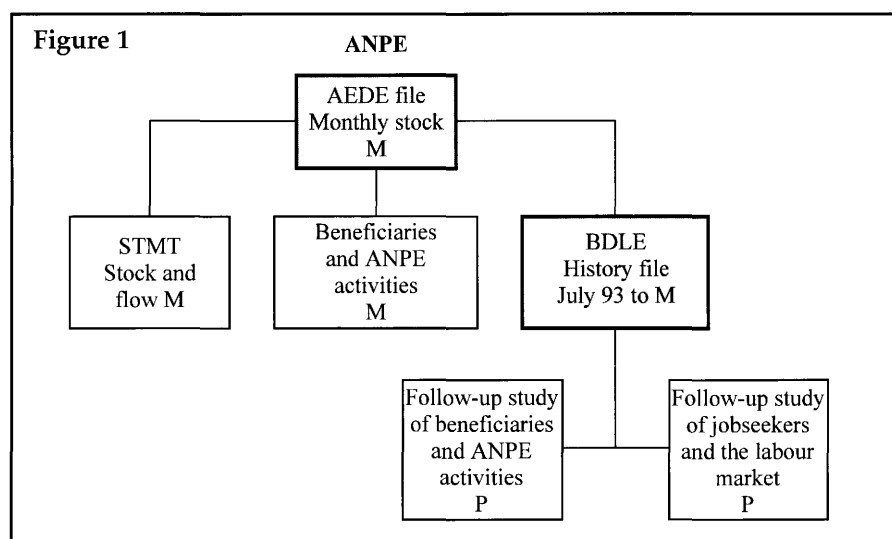
#### The available variables and their processing modes

Each jobseeker file currently encompasses around 129 variables distributed across seven sections; 21 of these are statistical, 88 operational variables.

In the course of monthly updating of the history file - which occurs on the basis of the monthly stock file - the variables are processed according to three different modes, of which two are normal processing steps (historicalise and annul and replace) and one is conceived as an exceptional form (consolidate). All these changes are administered with the help of a dynamic table. This is because it sometimes, in exceptional cases, occurs that the processing mode of a variable changes from month to month.

An "historicalised" variable is one whose successive monthly values are stored, so that any changes that occur can be traced.

For variables of the "annul and replace" type, it is only the value for month M, i.e. the most recent month, that is stored. The previous value is erased, and there remains no trace of the change.



## Placement and Vocational Guidance

A variable is said to be consolidated when it is maintained at its previous value (value at month M-1) and in exceptional cases of a major incident. The aim here is to avoid the presence of large numbers of inaccurate data and an artificial inflation of the volume of data. In other words, this form of processing is provisional in nature and is only used in exceptional cases.

### Form in which the history file is presented: differentiated configuration

Depending on the type of user, the history file is made available in different ways. In effect, the history file consists of a global architecture with three information levels of different content. These are made available to two major categories of user: on the one hand, experts at the departmental ANPE directorates (i.e. developers/programmers) and regional users who are provided with a simple, interactive user software with a large number of menus.

#### Architecture with three levels

1. At the lowest level a comprehensive longitudinal data bank (*BDLE - Banque de Données Longitudinales Exhaustives*), that commences in July 1993 and contains all the detailed files, i.e. all jobseeker data sets.

Adjoined to this data bank is, where appropriate, a representative regional sample, updated on a monthly basis. The representativity scale and variables are yet to be determined. The advantage of analysing samples is the time saving possible in answering urgent requests; at the very least this is true at national level given the vast volume of data.

In addition, this data bank enables specific questions, for which no response can be obtained at other levels, to be answered.

A bank for specific requests which will be steadily expanded will also be made available to users.

2. The second level is a results base generated by evaluation of the comprehensive data bank. It thus consists of numerators constituting the systematic product of the histo-

ry tool thanks to the development of appropriate programmes. These are presented in the form of searches based on a single characteristic or on several characteristics.

These products, which are still undergoing the definitional phase, must accord with the needs of the various regional levels (constitution of a working party consisting of four pilot regions). They are systematic in nature and are common to all regions. These are the basic products necessary for gaining knowledge of jobseekers, the evaluation of the measures implemented and the steering of ANPE activities.

3. The third and final level, derived from the second, is specifically conceived as a steering tool. In the form of a synthetic table it depicts a series of indicators that serve as an "alarm bell" and are common to all regions.

It should be emphasised once more that the final products may evolve in the light of users' needs, more detailed knowledge of user profiles, the

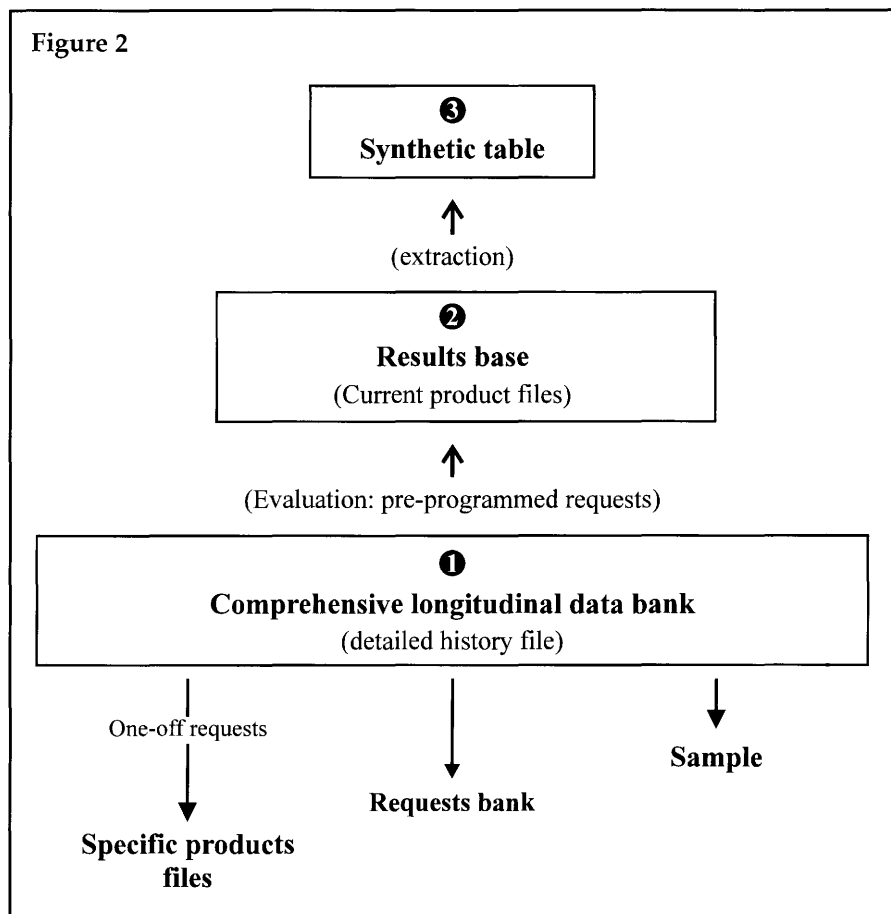
impact of the services provided, and changes on the labour market and in employment policy.

### The multiple potential uses of the history file

The history file is a tool that responds in various ways to the Agency's needs (for example, regarding its network or the requirements of the Future Contract) and those of its partners (in particular, the public authorities). It can thus be used to help design and implement employment policy measures. It is an analytical, evaluation and simulation tool, one that will support the intensification of ANPE partnerships with other organisations.

#### An analytical tool

By means of longitudinal analyses, the history file enables the ANPE to gain greater knowledge of its clientele - i.e. of current and former jobseekers, and of the labour market in general. A more detailed and profound knowledge of jobseekers enables the operational capacity of the partnership net-





work to be increased, for instance by improving the quality of the services rendered to firms – and thus to job-seekers as well – by means of a better selection of candidates.

These analyses can be conducted at various geographical levels for any type of jobseeker registered with the ANPE, enabling the Agency better to structure its activities at the various territorial levels. At least to some extent this tool will replace certain periodic surveys conducted by the ANPE (for instance, of the fate of jobseekers who failed to accept an invitation or whose registration was annulled or that of participants in employment support or training measures, etc.).

Examples of such questions include: What types of jobseeker are there? How many jobseekers correspond to the job requests posted in the course of a year? Which jobseekers are recurrently unemployed? What effect, if any, does working-time reduction have on re-entry into employment or the reoccurrence of unemployment? Who are the long-term unemployed, and how many of them are there likely to be in future?

*An evaluation tool*

The history file enables the Agency to refine its evaluation of the impact of the employment measures administered by it and of benefits provided to participants and benefit recipients, respectively, and thus to orient the content of the services (financial support, practical training, vocational training) to the characteristics of job-seekers and to measure changes in the services provided by the Agency. Some examples: What results are achieved by a measure in terms of the labour market reintegration of the participants? What has become of a long-term unemployed person offered various services three or six months later? Are certain measures more effective than others in terms of regaining employment? Which measures should be extended and in favour of which types of client? On what basis should jobseekers be requested to attend the employment office (frequency, type of user, type of benefit, etc.)? How many jobseekers are able to benefit from an initial em-

ployment contract or from any other measure?

*A simulation and steering tool*

The history file enables the impact of various action scenarios on vocational training or employment to be anticipated by developing simulation models. This enables priority groups or regions to be better targeted, and measures to be defined and distributed more favourably. Operational concepts can be defined more precisely with the help of the history file. To what extent, for example, would the proportion of the unemployed considered as long-term unemployed increase if a broader definition of unemployment were introduced? What would be the consequences of a change in the definitional thresholds on the number and profile of persons on reduced working hours below or above the current threshold of 78 hours? More generally, the effects of

such thresholds could be appreciated more accurately with regard to possible changes in regulations regarding the conditions of entitlement to measures of all types (age and qualification criteria, etc.).

*A tool for the ANPE partnership*

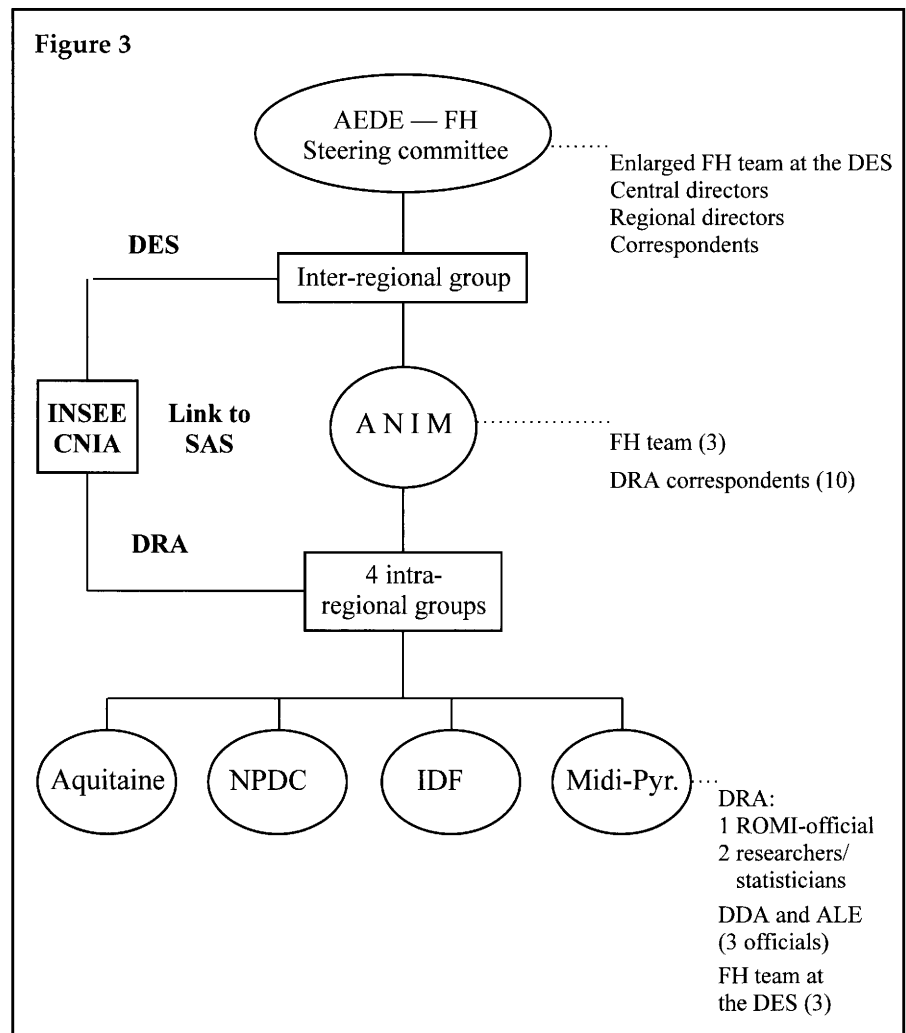
Above and beyond the technical aspects, the history file constitutes an important tool for the maintenance and intensification of ANPE partnerships in an environment in which the need for partnership is very strong at both regional and national level (e.g. in evaluating the five-year law).

**Trials with the historical file**

*Aims of the trials*

The aims are of two types. The first, purely technical aim relates at the upper level to feasibility in data-technical terms, the reliability and the quality of the file. The second aim, at the

Figure 3



## Placement and Vocational Guidance

lower level, is to define the content of the statistical data needed by the ANPE network and the form in which it is to be made available. What is required is to conceive and together produce – with the network and for the network – the products, concepts, indicators and synoptic tables derived from the history file.

In order to achieve these aims the ANPE has set up a group of regional users whose task is to develop a mode of utilising the history file appropriate to the needs of the network and its external partners. It is not only to define the statistical products, but also to arrange for their production on the system at the computer centre of the National Statistical Office (*Centre National Informatique de l'INSEE – CNIA*) in Aix-en-Provence, and to test their validity at local level.

Consequently, this group is involved in all the trials operations, whereby the aim is to render the regions autonomous with respect to the CNIA as soon as possible, as the NOS-TRA Project (*Nouvelle Organisation de la Statistique Marché de Travail – reorganisation of labour market statistics*) envisages in the longer term that all the ANPE regional directorates will be linked up to this computer centre.

### *Organisational structure*

To this end an organisational structure consisting of three levels has been established (cf. Figure 3). The FH-team at the Research and Statistics department (*Département des Études et Statistiques – DES*) is responsible for the experimental phase. It has brought together four voluntary regions in an inter-regional experimentation group entitled ANIM (an acronym for Aquitaine, Nord Pas-de-Calais, Ile-de-France and Midi-Pyrénées). This group consists of two or three representatives (information technologists and researchers) from each pilot regional directorate. Other researchers are invited to attend as required by virtue of their particular skills (detailed knowledge of the labour market, of procedures for studying ANPE activities or of operational practices, etc.).

The regional correspondents themselves form an intra-regional group of

potential users affiliated to the local employment agencies (*ALE – Agences Locales pour l'Emploi*) or to the ANPE departmental delegations (DDA). The task of the intra-regional working groups is to help define products, test their suitability and to illuminate in qualitative terms the statistical results.

---

## Netherlands

---

### Reorganisation of the Employment Service

The second chamber of the Dutch parliament has recently passed a new law on the Employment Service (ES). The chamber has amended the draft legislation proposed by the social affairs minister in a number of points; the amendments essentially mean that employee and employer representatives remain within the central Employment Service. The law still has to pass the first chamber of the Dutch parliament, however.

An important amendment introduced by the second chamber relates to the objectives of the Employment Service. The employment offices can continue to supply the overwhelming majority of their services free of charge to both jobseekers and employers. Accordingly, the placement of unemployed persons at a disadvantage on the labour market remains one of the central tasks for the ES. In addition, the employment offices can actively seek to acquire vacancies in order successfully to place not only the difficult to place, but also other unemployed. In this way the ES can maintain a good relationship with employers; this is necessary if it is to be able to find work for the difficult to place (slipstream method; cf. iMi 53).

Yet there are other differences between the draft legislation and the law in its final form. The most important relate to the following two points:

- Ministerial approval for charges on paid-for services is no longer required. The Central Employment Service (CBA) will set these charges and the minister will merely monitor them *ex post*. Cooperation agreements, on the other hand, remain subject to ministerial approval.
- There will be no obligation to publish vacancies. Instead a semi-open system will be introduced. After two months vacancies will be published if the employer in question does not object and application procedures under way would not be hindered. In addition, the employment offices are obliged to pass on the data of jobseekers to other placement bureaux, if this will enable him/her to be placed.

### Administrative structure of the Employment Service

The administrative structure of the ES will be changed under the new labour promotion law. The CBA will only be responsible for setting broad policy guidelines; in future, decisions here are to be made by simple majority. The central directorate of the ES is responsible for day-to-day activities. There will also be a change in the composition of the CBA. The representatives of the government will be replaced by three independent "representatives of the crown" (cf. iMi 53). The labour and social affairs minister will not intervene in decision-making, but will retain the right to exert a decisive influence on the policies of the ES and to exert a stringent controlling function. He also sets the annual budget, which covers both the statutory tasks (the services that are free of charge) and the so-called "success bonus". The success bonus is linked to the services provided, e.g. the number of successful placements of difficult-to-place unemployed.

The employment offices must keep accounts separately for the services they provide free of charge and those for which they charge a fee. In an amendment note the labour and social affairs minister has permitted the ES to draw up a medium-term plan. This refers to the four years of the

annual national budgetary plan and the annual national framework planning. The medium-term plan must be agreed with the minister, although formal ministerial approval is not envisaged.

Little will change in the Regional Employment Services (RBAs). The composition of the administrative council, too, remains virtually unchanged. Only one representative can be nominated per group. The prov-

inces will in future no longer be represented in the RBAs. The RBAs can themselves determine whether to choose an independent chairperson or to choose a representative from among their members.

## Job Creation

---

### Belgium

---

#### Interdepartmental Budgetary Funds in the Walloon Region

The aim of the interdepartmental budgetary funds is to promote employment creation in the non-market sector by granting financial support (cf. BIR B-v.3). In essence, this fund is a budgetary lump sum that the regional ministry of employment places at the disposal of other ministries, of the linguistic communities or the regions in order to enable them to finance more employment creation than would have been possible with their current resources. It is therefore not a matter of creating a right to subsidisation, but rather to expand budgetary capacities within the framework of an already existent subsidisation right.

In the Walloon Region an interdepartmental budgetary fund was set up on 1 July 1990. Since then it has been extended several times, the most recent extension having prolonged its operation to 30 June 1996. Since 1 July 1996 the fund has had a definitive legal framework in the Walloon Region on the basis of a decree by the Walloon Regional Council of 11 July 1996 relating to the interdepartmental budgetary fund for employment promotion in the non-market sector (Moniteur belge, 26.7.1996).

#### Task of the interdepartmental budgetary fund

The task of the fund remains unchanged: to promote job creation in the non-market sector by providing supporting for their financing. This sector is defined as that of establishments whose activities are simultaneously:

- of public or social benefit or cultural interest;
- non-profit; and
- which satisfy needs that would not otherwise be met.

#### Beneficiaries of support

Support from the fund can be requested by members of the Walloon government and the French and German-speaking linguistic communities, unless the jobs being created are located in the education sector or that of recognised or subsidised non-profit organisations (the latter sector may claim support from the interdepartmental fund instituted with the Federal Ministry of Employment and Labour).

#### Jobs for which support is available

Support from the fund is only available for jobs that:

- are entitled to receive subsidies on the basis of legislation, decrees or ordinances;
- do not lead to a loss of other jobs created by the same employer or subsidised by the same public authority;

- and are filled by:

- unemployed persons entitled to full benefit who have experienced at least 12 months of unemployment during the 48 months prior to their recruitment;
- employees employed within the framework of the "third work circuit - TCT" (BIR B-vi.9) or the PRIME scheme (BIR B-vi.10);
- unemployed persons entitled to full benefit who are aged at least 40, are single or living together with persons without income, or whose sole income is derived from the social insurance institutions or minimum social benefit, the annual value of which does not exceed the maximum annual receipts from unemployment benefit;
- persons who during the 48 months prior to recruitment have drawn minimum subsistence income for at least 12 months;
- unemployed recipients of minimum subsistence income who are aged at least 40, are single or living together with persons without income, or whose sole income is derived from the social insurance institutions or minimum social benefit, the annual value of which does not exceed the annual receipts from unemployment benefit;
- unemployed persons whose entitlement to benefits from the unemployment insurance fund has expired due to long-term unemployment (cf. iMi 53);

## Job Creation

- unemployed persons employed in sheltered workshops;
- unemployed persons who, due to their age or because they find themselves in a difficult social or family-related situation, are exempted from the obligation to fulfil certain conditions of entitlement;
- part-time workers with continued entitlement (cf. BIR B-iii.3), irrespective of whether or not they are drawing the income guarantee allowance;
- employees working in the public sector under subsidised employment contracts (cf. BIR B-v. 1 and 2).

### Support conditions

Support is only available from the fund when the following conditions are met:

- The jobs must be of such a nature as to improve the services for which the applicants are qualified, either in the French or German-speaking communities or in the Walloon Region.
- The employer must offer his staff the opportunities granted in the legislation on career breaks (cf. BIR B-vii.2).
- The unemployed persons for whom support is applied for must:
  - hold the certificates and qualifications necessary to perform the job in question;
  - be employed under a full-time or part-time contract and be removed from the list of jobseekers;
  - be paid by the employer at a wage rate normal for the function in question and receive the same collectively agreed bonuses offered in the organisation for a corresponding or similar function.

### Level of support

The support provided by the fund is calculated on the basis of a full-time employment contract lasting one year. This may be split up into part-time jobs.

If the job is not full time or is not filled for the duration of one year, the

support is provided on a pro rata basis.

The annual support volume may neither exceed the annual value of the subsidies provided for the job nor the annual costs of full unemployment benefit for one year (assumed to be FB 750,000).

### Procedure

Applications for support from the fund are to be made to the Ministry of the Walloon Region, whereby the following information must be provided:

- name and address of the applicant;
- list of the types of jobs to be created;
- indication of the legal provision under which these jobs are entitled to be subsidised;
- sum of the effectively paid subsidies for jobs of the same type and skill requirements as those for which the support is applied for.

The Walloon employment minister then informs the applicant of any observations he/she may wish to make and offers a draft agreement, the duration of which must be between one and three years. This agreement specifies, in particular, the list of job types to be created, the number of jobs and the maximum level of support envisaged.

Following agreement, the Walloon minister for employment and the applicant sign the contract. In accordance with the terms of this agreement, the applicant is obliged to submit a report twice a year on the manner in which the support received from the fund has been used. In particular, this report must contain the following elements:

- information on the location(s) at which the activities are being performed;
- a list of jobs per employer;
- proof that these jobs are being performed by appropriate persons and that the employer has fulfilled all the relevant obligations.

The support provided by the fund is paid out twice a year, although the applicant may be offered an advance once a quarter.

---

## Sweden

---

### The Start-Up Grant: 1995 Follow-up Study

Start-up is a labour market policy programme that can be offered to the unemployed individual in order to give him or her a chance of starting up in business, by means of a maintenance grant during the initial period.

Start-up grants (SEBs) were awarded to over 20,000 people during the 1994/95 fiscal year, at an average cost of SEK 10,300 per person monthly. Grants are usually awarded for six months.

A survey has been conducted among the 1,896 recipients whose grants ended in October 1994. The survey began just over a year after grants expired, in November 1995.

The purpose of the survey is to determine the persons and, accordingly, the enterprises qualifying for the grant and to illustrate the development of their activities from their inception. Aspects concerning the management of this scheme by the Employment Service are also included.

### Who did the grants go to?

Three out of every four grants went to men. At the time of start-up the recipient is usually between 30 and 39 years old. 14% of the grants went to persons born outside Sweden. Persons born in Finland and Iran together made up 30% of this group. More than one person in five had received no post-compulsory education, and the same proportion had received higher education. The majority, 57%, had attended upper secondary school (high school). Just under three-quarters feel that their education influenced the nature of the enterprise founded.

Two out of every five persons had been enrolled with the Employment Service for at least a year before starting up the business, and 67% of all recipients had been unemployed before the start-up period. A further 10% prepared for the start-up by taking the opportunity afforded in this



respect by the Working Life Development scheme.

The majority had had previous experience of entrepreneurial activity, nearly two-thirds for at least two years. One-third of all recipients had run their own businesses before.

### Nature of the enterprise

Three branches account for nearly half of the new businesses, namely construction, retail trade and consulting services. Start-ups by women, however, present a rather different picture. The three lines of business most frequently chosen by women are personal/social services, retail trade and consulting services, totalling 50% between them. Persons born in Sweden are underrepresented in the restaurant/hotel sector and in retail trade.

More than half the businesses were started as unregistered firms, and another third as limited companies. Two-thirds of the businesses were started by one person. At least half the engineering and restaurant/hotel businesses, however, were started by two persons or more.

Only 9% of the businesses had employees right from the start.

### Start-up training and consulting support

One out of every four persons state that they had taken part in some form of start-up training organised by the Employment Service. The participation rate was higher among persons starting up on their own and also among those who had not run their own businesses before. More than half the participants stated that the training had been of great or very great use to them. About half the training programmes lasted for more than a week.

Rather less than half the recipients were in touch with a business consultant or adviser before starting up. The commonest single reason for this type of contact was to test the business idea or to obtain a liability assessment.

### The situation one year after the grant

Just under three-quarters of the persons whose grants expired in October

1994 were still running the business a year later. Firms started by women have a somewhat lower survival rate than those started by men, and firms started by persons born outside Europe have fared less well than others. Those enrolled with the Employment Service for a long time have done less well than persons with a short enrolment time. Persons stating that education has made a difference to their line of business have done better, as have those with previous experience of the line of business concerned.

Firms started in the engineering industry, construction and communications/transport have a high survival rate – more than 80% of them were still in business a year later. Firms started in retail and wholesale trade and in the restaurant/hotel sector, on the other hand, have done less well, with a survival rate of about two-thirds.

Comparing counties, Kristianstad has the highest survival rate, with 87% still in business. The counties of Stockholm, Kalmar, Kopparberg, Gävleborg and Västerbotten have the lowest scores, with less than 65% still in business.

### The situation of persons still active in the enterprise

The majority of those who are still active work full time in the business. Part-time work is a good deal more common among women than among men. The proportion working part time rises with the level of education. The majority working part time devote, at most, the equivalent of a half-time job to the business. In half of the cases the rest of working time is spent in the service of another employer.

Half the firms have an annual turnover of at least SEK 700,000. Half the firms started by one person and operating full time have annual turnovers of between SEK 300,000 and 1,500,000.

Three out of four persons report that they are able to live on their business activity at present, and for persons working full time in the business the figure is 82%.

Three out of four expect that, in three to five years' time, their businesses will have expanded, while

only 2% believe that their businesses will no longer exist.

### Situation of persons no longer active in the enterprise

Only in half of the cases where the business has ceased to exist has this been due to poor profitability. Getting another job is given as the reason by nearly one person in five. Only 5% of the firms go bankrupt.

At the time of follow-up, over 40% had other jobs. The same percentage were unemployed, and 6% were studying.

### Employment effects

Just over one firm in four had employees one year after start-up, as compared with 9% at the time of start-up. 70% of firms with employees had full-time and 50% part-time personnel. Most of the part-time employees were women.

Although a quarter of the firms had been wound up one year after the grant expired, on average, every SEB awarded generates one additional full-time job, the reason being that many of the firms have one or more employees.

### Recipients' viewpoints concerning the SEB and the Employment Service

For 20% of the recipients the grant made all the difference between starting up and not doing so. 40% would have started up in any case, however.

One person in four reported that the Employment Service followed the progress of the business. This follow-up was effected by telephone in one-third of cases and by personal visits in 30%.

In just over half of all cases the Employment Service receives good marks for its handling of the matter. Expressively negative opinions are expressed in not quite 20% of all cases.

### In the longer term

48% of last year's survey population, i.e. persons whose grants expired in October 1993, have re-enrolled with the Employment Service, but 85% of these have left the register again, usually because they have obtained a job for indefinite periods.

## Portugal

### Developing a Social Labour Market

Under a resolution by the Council of Ministers taken on 9 July 1996 (resolution no. 104/96) a framework of action has been established in order to create incentives for the development of a social labour market.

The term "social labour market" is used to cover various solutions to the problems of the social and occupational integration (or reintegration) of the unemployed. These solutions form part of employment policy and seek not only to integrate the unemployed, but also to satisfy social needs not met through the normal functioning of the labour market.

The measures to be developed in this area must take account of the various target groups and should, wherever possible, also include a training component in order to raise the chances of job placement for the benefit recipient and thus promote an ongoing process towards social self-sufficiency.

Measures conducted by the following organisations can be conceived of as measures for the social labour market:

- sheltered employment centres or workshops;

- employment programmes implemented within the framework of employment and vocational training policy;
- private welfare institutions;
- local employment initiatives (ILE) with a social orientation;
- cooperatives in the industrial and service sectors;
- vocational training measures aimed at mediating social and occupational skills and which promote the integration of persons who are particularly difficult to place and socially excluded;
- vocational training workshops.

Activities in the area of neighbourhood services can also be ascribed to the social labour market, particularly those that can be performed using service cheques, and measures developed within the framework of insertion enterprises.

In creating and developing initiatives for the social labour market, priority is to be given to measures that promote local socio-economic forces, incorporate the local population and are based on financial participation by and a cooperative partnership between several institutions.

A committee has been set up to implement the measures and activities of the social labour market. It is composed of representatives of various ministries and other public bodies and of collective organisations.

## United Kingdom

### Prince's Youth Business Trust "Partnership Scheme"

This new UK initiative was launched on 18 July. It is intended as a means to help disadvantaged young people start their own businesses. Over the next five years some 5,000 individuals will be able to apply for loans totalling £6 million. For each business started the UK Government will pay £1,200.

In addition to the "Partnership Scheme", the Department for Education and Employment already funds two other schemes for The Prince's Youth Business Trust (PYBT):

- the original scheme in which the UK Government matches funds pound for pound (up to £40 million over ten years) raised by PYBT from the private sector;
- a scheme for long-term unemployed young people launched by the Prime Minister in March 1993, which provides approximately £10 million over three years on an output-related basis.

### Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (15 November 1996):

Belgium	BFR	39.55
Denmark	DKR	7.37
Germany	DM	1.91
Greece	DRA	303.23
Spain	PTA	161.53
Finland	FIM	5.78
France	FF	6.49
Ireland	IRL	0.7
Italy	LIT	1,923.25
Luxembourg	LFR	39.55
Netherlands	HFL	2.15
Austria	ATS	13.51
Portugal	ESC	144.06
Sweden	SEK	8.42
United Kingdom	UKL	0.76

### The I.A.S. Goes Internet

A version of the Basis Information Reports (BIR) and inforMISEP Policies are now available on the Internet.

Internet address:  
<http://www.ias-berlin.de>

# Centrefold

## Index of articles published in nos. 41–54

The following index relates to the contents of the articles published in inforMISEP "Policies" nos. 41–54. The references are grouped under country abbreviations. In each case the abbreviation is followed by two numbers: the first indicates the number of the volume, the second the page on which the contribution in question begins. Where it seemed appropriate, several key words were assigned to a single article.

The country abbreviations are as follows:

A	Austria	F	France	L	Luxembourg
B	Belgium	FIN	Finland	NL	Netherlands
D	Germany	GR	Greece	P	Portugal
DK	Denmark	I	Italy	S	Sweden
E	Spain	IRL	Ireland	UK	United Kingdom
EU	European Union				

In many cases the key words can be assigned to the five action areas of employment policy agreed at the meeting of the European Council held in Essen in December 1994:

1. More investment in vocational education and training:  
*see under:* → Vocational further and continuing training, retraining; → Occupational, work experience; → Vocational training; → training leave; → Basic training, general education
2. Increasing the employment-intensity of economic growth by reorganising working time, moderate wage growth and opening up of new areas of employment:  
*see under:* → Working time – full-time work; part-time work; working time reduction; overtime; → Employment promotion through leave schemes; → Wage cost reduction; → Wages policy
3. Reducing indirect labour costs:  
*see under:* → Wage cost reduction; → Wages policy; → Reduction in social insurance contributions
4. Increasing the effectiveness of labour market policy (activation):  
*see under:* → Job take-up; → Job maintenance; → Job creation; → Job placement; → Vocational counselling; → Self-employed; → New business start-up; → Grants, subsidies, loans

### 5. Intensifying target-group specific measures

*see under:* → Women; → Youth; → Long-term unemployed; *see also:* → Older workers; → Disabled workers; → Equality of opportunity/Anti-discrimination policies; → Ethnic minorities, foreign workers

At the end of this index you will find a list of the "Focus" articles published in "Policies" nos. 41–54.

### Bad-weather allowance, short-time working allowance

**B:** 41-5, 46-5, 49-4; **D:** 44-18, 45-6, 45-8, 48-19, 53-5, 53-6; **E:** 47-12; **F:** 42-13; **IRL:** 47-17; **L:** 47-9; **A:** 49-5

### Basic training/General education

**B:** 47-20; **D:** 41-6; **E:** 54-12; **I:** 42-9; **IRL:** 45-14; **NL:** 44-15, 44-16, 45-17; **A:** 50-23; **P:** 42-7, 48-23; **UK:** 45-15, 47-10

### Development of new technologies and techniques

**B:** 44-10, 46-4, 47-18; **D:** 42-8, 44-7, 47-4, 48-4, 53-8; **E:** 41-12, 46-6, 47-6, 50-19; **F:** 42-8, 43-10, 48-14, 48-16; **I:** 50-15; **P:** 41-14, 44-6, 54-15; **S:** 50-25; **UK:** 43-12, 45-18, 53-16

### Disabled workers

**B:** 44-10, 47-18, 51-15, 54-5; **D:** 41-6, 44-13, 44-14, 47-4, 48-4; **E:** 43-7, 45-8, 46-6, 48-7, 52-6; **F:** 45-10; **I:** 47-14, 53-15; **IRL:** 41-11; **A:** 50-6, 51-10, 52-8; **UK:** 41-11, 41-20, 43-12, 53-20

### Dismissal, employment protection, (mass) redundancies

**B:** 43-14, 45-4, 46-4, 47-15, 52-4; **D:** 41-6, 44-18, 46-14, 47-4, 48-19, 53-5; **E:** 44-4, 46-6, 48-7, 50-19; **F:** 42-13, 42-19, 45-10, 46-8, 47-21, 48-14, 48-16, 50-7; **FIN:** 53-22; **I:** 41-9, 42-9, 47-24, 51-24; **IRL:** 41-11, 44-15, 47-17, 51-22; **L:** 47-9; **NL:** 43-11, 43-15, 44-20, 47-24, 53-18, 53-22; **A:** 53-18; **UK:** 41-11, 44-20

### Early retirement

**B:** 41-5, 43-4, 44-12, 45-4, 46-5, 49-4, 51-4, 52-4; **D:** 41-6, 45-8, 48-4, 51-20; **DK:** 49-14; **E:** 44-4; **F:** 42-19, 50-7; **GR:** 53-6; **I:** 42-4, 48-10; **L:** 47-9; **NL:** 48-24, 53-11; **A:** 53-18

### Employment contract

– *fixed-term*

**B:** 46-4, 47-20, 48-21, 53-14; **D:** 45-6, 46-14, 47-4; **E:** 42-4, 44-4, 45-8, 45-19, 46-6, 47-12, 49-16, 50-19, 51-6, 53-20; **F:** 41-17, 44-8, 45-10, 47-21, 50-7, 50-9, 51-7, 54-9; **I:** 41-9, 42-5, 42-9, 43-5, 48-10, 50-15; **IRL:** 47-22; **NL:** 42-10, 53-22; **P:** 42-7, 51-17

## Index

– *permanent*

**B:** 44-10, 45-4, 46-4, 47-20, 49-13, 53-14; **D:** 42-13, 44-14, 46-14; **E:** 42-4, 44-4, 45-19, 47-12, 49-16, 50-19, 53-20; **F:** 42-13, 44-8, 47-21, 50-7, 50-9, 51-7, 54-9; **FIN:** 53-22; **I:** 41-9, 42-9, 43-5, 48-10, 50-16; **NL:** 41-17, 53-22; **P:** 44-16, 51-17; **S:** 50-17

### Employment promotion through leave schemes

**B:** 41-5, 43-4, 44-17, 45-4, 46-11, 49-4, 50-13, 52-4; 53-16; **D:** 41-6, 51-20; **DK:** 43-4, 45-18, 49-14, 49-15; **E:** 45-8; **F:** 42-19, 44-5, 45-10; **GR:** 47-27; **I:** 48-10; **L:** 47-9; **NL:** 53-22; **P:** 45-15, 54-11

### Equality of opportunity/Anti-discrimination policies

**B:** 44-17, 51-4, 52-4; **D:** 48-4; **E:** 48-7, 50-19; **F:** 42-13; **FIN:** 54-18; **I:** 48-10; **IRL:** 41-11; **NL:** 42-20, 47-25, 47-26, 53-22; **A:** 52-8; **P:** 47-26; **UK:** 46-13, 51-25, 53-12, 53-20; **EU:** 43-16

### Ethnic minorities, foreign workers, immigrants, refugees, ethnic immigrants, asylum-seekers

**D:** 41-6, 42-17, 44-18, 45-6, 46-14, 47-4, 48-4, 51-20; **E:** 43-7, 52-6; **FIN:** 54-18; **I:** 47-14; **NL:** 41-16, 42-10, 43-11, 44-9, 44-15, 44-16, 46-9, 47-22, 47-25, 47-26, 48-22, 54-7, 54-16; **A:** 49-5, 51-10; **P:** 43-7, 43-15

### Family (child care, maternity leave/parental leave, pregnancy)

**B:** 43-14, 46-4, 46-11, 48-11, 48-21, 49-4, 50-13; **D:** 43-6, 44-13; **DK:** 43-4, 45-18, 49-15; **E:** 53-21; **F:** 45-10, 48-23, 51-7; **GR:** 47-27; **IRL:** 51-22; **NL:** 52-15, 53-22; **A:** 49-5, 50-6, 51-10, 52-8; **UK:** 41-11, 41-21, 44-20

### Grants, subsidies, loans

**B:** 42-12, 43-8, 43-13, 44-10, 46-11, 47-18, 47-20, 48-21, 49-13, 50-13, 50-18, 51-4, 51-15, 51-21, 53-13, 54-5; **D:** 44-7, 44-13, 44-18, 47-4, 48-4, 48-14, 48-19, 53-5, 53-6; **E:** 42-4, 44-4, 52-6; **F:** 42-13, 42-19, 44-5, 54-8, 54-9; **FIN:** 49-12; **GR:** 42-13; **I:** 41-9, 42-9, 47-24, 51-16, 51-24, 54-6; **IRL:** 44-11, 44-14, 45-14, 47-22, 51-9; **NL:** 42-10, 44-15, 47-24, 48-11, 53-22, 54-7; **A:** 50-6, 50-23; **P:** 42-11, 43-7, 43-8, 43-15, 44-16, 45-15, 51-17, 54-11; **S:** 49-14, 50-17, 52-16; **UK:** 42-6, 46-13, 50-23, 52-15

### Job creation

**B:** 41-5, 42-12, 43-8, 44-10, 44-17, 45-4, 46-4, 46-11, 46-12, 47-18, 48-21, 49-4, 49-10, 50-13, 51-4, 51-15, 52-4, 53-13; **D:** 41-6, 45-8, 47-4, 51-20; **E:** 42-4, 44-4, 45-8, 45-19, 47-12, 49-16, 52-6, 53-20; **F:** 42-13, 42-19, 44-5, 45-10, 47-21, 48-14, 50-9, 51-7, 54-8, 54-9; **FIN:** 49-12, 52-11; **I:** 42-5, 43-5, 50-15, 50-16, 51-16, 54-6; **IRL:** 44-11, 45-17, 47-9, 47-17, 48-20, 51-9; **NL:** 41-20, 48-24, 52-15; **A:** 50-23; **P:** 43-8, 43-15, 44-16, 50-17, 50-28, 51-17, 52-18, 53-7, 54-11, 50-17; **UK:** 41-21, 42-6, 44-20, 45-18; **EU:** 43-16

### Job maintenance

**B:** 41-5, 42-16, 43-4, 44-10, 46-5, 47-15; **D:** 41-6, 44-18, 45-6, 45-8, 47-4, 48-19, 53-5, 53-6; **F:** 42-19, 45-10, 50-7; **I:** 41-9, 42-4, 43-5, 47-24; **IRL:** 47-9; **A:** 49-5, 52-8

### Job take-up (vocational integration, entry into working life, reintegration)

**B:** 44-10, 44-17, 45-4, 47-18, 47-20, 48-21, 50-13, 50-18; **D:** 43-6, 44-13, 45-6, 47-4, 51-20; **E:** 43-7, 44-4, 45-8, 48-7, 50-19, 51-18; **F:** 41-15, 41-17, 42-19, 43-10, 44-5, 44-8, 45-10, 46-8, 48-14, 48-16, 49-8, 49-9, 50-7; **I:** 42-5, 42-9, 48-10, 50-15, 50-16; **IRL:** 45-17; **NL:** 44-15, 45-16, 47-22, 48-11, 50-10, 50-27; **A:** 50-23, 52-8; **P:** 42-20, 44-6, 45-15, 47-26, 48-23, 51-17; **S:** 49-14; **UK:** 41-11, 43-12

### Labour relations (collective agreements, trade unions, trade union delegations, trade union federations, labour disputes)

**B:** 41-5, 43-4, 43-14, 44-12, 44-17, 45-4, 46-5, 47-18, 49-4, 50-13, 50-18, 52-4, 54-5; **D:** 42-17, 44-13, 44-18, 45-6, 48-19, 53-5, 53-6; **E:** 41-12, 44-4, 45-8, 46-6, 47-6, 47-12, 48-7, 54-12; **F:** 42-13, 45-10, 47-21, 48-16, 54-9; **FIN:** 53-14, 53-22, 54-17; **GR:** 41-21, 47-27; **I:** 42-4, 43-5, 47-24, 50-16, 53-15; **IRL:** 45-14, 47-9; **NL:** 42-10, 52-15, 53-22; **P:** 50-28, 53-7, 54-19; **S:** 49-14; **UK:** 41-21

### Long-term unemployed

**B:** 41-5, 42-17, 43-4, 44-10, 44-11, 46-4, 48-11, 48-21, 49-4, 49-10, 49-13, 51-4, 51-15, 51-21, 52-4, 53-13, 53-16, 53-18, 54-5; **D:** 42-13, 45-6, 47-4, 48-4, 48-14; **DK:** 43-4, 49-13; **E:** 43-7, 51-6, 51-18, 52-6, 54-14; **F:** 41-17, 42-8, 44-8, 45-10, 48-14, 48-16, 50-7, 51-7, 51-13, 52-12, 54-9; **FIN:** 49-12; **I:** 41-9, 50-16; **IRL:** 47-22, 48-20; **L:** 47-9; **NL:** 41-16, 42-10, 43-9, 43-11, 44-9, 44-15, 44-16, 46-9, 47-25, 48-11, 48-17, 48-24, 50-10, 50-27, 52-15, 53-11, 53-22, 54-7; **A:** 50-23, 51-10; **P:** 42-7, 42-11, 43-7, 45-15, 47-26, 51-17, 54-11, 54-19; **S:** 52-16; **UK:** 41-11, 42-6, 43-12, 45-18, 50-25, 53-12

### Mobility

– *vocational*

**DK:** 45-18, 49-13; **E:** 44-4, 46-6, 48-7; **F:** 41-15, 42-19, 43-10; **GR:** 53-6; **I:** 42-5, 42-9

– *geographical*

**DK:** 45-18; **E:** 44-4, 46-6, 48-7; **F:** 41-15, 41-17, 42-19, 46-8; **GR:** 53-6; **I:** 42-5, 42-9; **P:** 44-16

### Moonlighting

**B:** 41-5, 46-5, 47-15, 51-4, 52-4; **D:** 42-17, 47-4, 53-6; **F:** 44-5, 45-10, 47-11, 54-8; **NL:** 43-11; **P:** 50-28, 54-19

### New business start-up

**B:** 42-12, 44-10, 50-18, 53-16; **D:** 41-6, 47-4; **E:** 42-4, 44-4; **F:** 42-19, 44-5, 45-10; **IRL:** 44-11, 45-17, 49-17; **P:** 42-11, 43-8, 45-15; **UK:** 42-6

### Occupational experience, work experience

**B:** 43-4, 48-21, 52-4, 53-14, 54-5, 54-11; **D:** 51-20, 53-8; **E:** 44-4, 45-8, 50-19, 54-14; **F:** 41-17, 44-5, 44-8, 45-10, 47-21, 51-7; **I:** 41-9, 48-10, 50-16, 53-15; **IRL:** 45-14; **NL:** 42-10, 44-15, 48-24, 53-11, 53-22, 54-7; **P:** 42-7, 47-26, 50-22, 50-28, 54-11; **S:** 49-14, 52-16; **UK:** 45-18, 47-10, 50-25



**Older workers**

**B:** 41-5, 43-4, 44-12, 46-5, 47-18, 48-11, 49-4, 52-4, 53-16, 53-18; **D:** 41-6, 44-18, 45-8, 46-14, 47-4, 48-4, 51-20, 53-6; **DK:** 49-14; **E:** 41-12, 42-4, 45-8, 46-6, 50-19, 51-6, 52-6; **F:** 41-17, 45-10, 48-23, 50-7; **GR:** 53-6; **I:** 42-9, 48-10; **L:** 47-9; **NL:** 47-22, 48-24, 53-11, 53-18, 53-22; **A:** 49-5, 50-6, 51-10, 52-8, 53-18; **P:** 42-7, 45-15, 48-23

**Placement**

**B:** 46-4, 48-11, 48-21, 51-21, 53-13, 53-16, 53-18; **D:** 42-8, 42-13, 43-9, 44-7, 45-6, 47-4, 48-14, 51-20; **DK:** 49-13; **E:** 42-4, 44-4, 45-8, 47-12, 51-6, 52-6, 52-13, 54-12; **F:** 41-15, 41-17, 42-8, 42-19, 44-5, 44-8, 45-10, 45-13, 46-9, 47-11, 48-14, 48-16, 49-8, 49-9, 50-7, 50-9, 51-13, 52-12; **FIN:** 49-12; **I:** 41-9, 42-9, 47-14, 47-23, 48-17, 50-15, 50-16, 52-14; **IRL:** 44-15, 48-20; **NL:** 41-16, 41-17, 41-20, 42-10, 42-20, 43-11, 44-9, 44-16, 45-16, 46-9, 47-14, 47-22, 48-11, 48-17, 48-22, 48-24, 50-10, 50-27, 52-15, 53-11, 53-22, 54-7; **A:** 49-5, 51-10; **P:** 42-11, 44-6, 54-19; **S:** 52-16; **UK:** 41-11, 41-20, 43-12, 44-20, 50-25, 51-14, 51-25, 53-12

**Reduction of social security contributions**

**B:** 42-16, 43-4, 44-11, 45-4, 46-11, 47-18, 48-21, 49-4, 49-10, 50-13, 52-4, 53-18, 54-5; **E:** 54-12; **F:** 42-13, 45-10, 48-23, 51-7, 54-9; **I:** 41-9, 42-9, 47-24, 50-16; **IRL:** 48-20; **L:** 47-9; **NL:** 48-22, 52-15; **A:** 50-23; **P:** 51-17; **S:** 50-17

**Self-employed persons**

**B:** 42-12, 45-4, 49-10; **D:** 41-6, 42-17, 47-4; **DK:** 43-4, 49-14; **E:** 41-12, 47-6; **IRL:** 45-17; **P:** 42-11, 45-15; **UK:** 42-6; **EU:** 43-16

**Small and medium-sized enterprises**

**B:** 43-8, 47-18, 49-4, 50-18, 52-4, 53-14, 54-5; **D:** 41-6; **E:** 41-12, 42-4, 44-4, 45-8, 46-6, 48-7, 50-19; **F:** 41-15, 42-13, 42-19, 45-10, 50-7, 50-9; **I:** 41-9, 42-5, 43-5, 47-23, 48-10, 50-15, 54-6; **IRL:** 41-11, 48-20, 51-9; **NL:** 42-10, 43-11, 47-25; **P:** 41-14, 42-11, 54-11; **UK:** 45-15, 47-11, 50-23, 53-16; **EU:** 43-16

**Temporary work**

**B:** 49-10; **D:** 47-4, 48-14, 48-19; **E:** 44-4, 45-8, 47-6, 47-12, 48-7, 50-26, 51-6, 52-6, 52-13, 53-21; **F:** 45-10, 50-7, 51-13; **I:** 41-9, 42-5, 43-5; **NL:** 47-22, 47-28, 48-22, 48-24

**Training leave**

**B:** 41-5, 46-11, 49-4, 53-16; **DK:** 43-4, 45-18, 49-15; **F:** 44-5, 45-10; **GR:** 47-27

**Unemployment benefit**

**B:** 41-5, 42-12, 42-17, 43-13, 44-10, 44-11, 46-4, 46-5, 46-11, 46-12, 47-15, 47-20, 51-4, 51-15, 51-21, 52-4, 53-13, 53-16, 54-11; **D:** 41-6, 44-18, 45-6, 45-8, 47-4, 48-4, 51-20, 53-5, 53-6; **DK:** 43-4, 45-18, 49-13, 49-14; **E:** 43-7, 44-4, 45-8, 46-6, 50-19, 51-18, 52-6, 54-14; **F:** 45-10, 46-8, 47-21, 49-8, 50-7, 54-9; **FIN:** 54-17; **GR:** 47-27, 54-19; **I:** 42-4, 43-5; **IRL:** 48-20; **NL:** 43-9, 44-16, 45-16, 47-24, 48-24, 52-15, 53-18; **A:** 50-6; **P:** 45-15; **S:** 49-14; **UK:** 43-12, 45-18, 47-17, 51-25

**Vocational counselling**

**B:** 48-11, 48-16, 51-21; **D:** 44-7, 48-4, 53-8; **E:** 52-6; **F:** 41-15, 41-17, 44-5, 45-10, 48-14, 49-8, 49-9, 50-7, 50-9; **I:** 41-9; **NL:** 41-16, 52-15; **A:** 51-10; **P:** 42-11, 45-15, 47-26, 54-11; **S:** 52-16; **UK:** 41-11, 41-20, 43-12, 44-20, 47-10, 48-18, 50-25; **EU:** 43-16

**Vocational training**

**B:** 41-5, 44-10, 46-5, 46-11, 47-20, 49-13, 51-4, 51-15, 52-4, 54-5, 54-11; **D:** 41-6, 42-13, 43-6, 44-7, 44-14, 44-18, 47-4, 48-4, 53-6, 53-8; **DK:** 43-4; **E:** 41-12, 43-7, 44-4, 45-8, 50-19, 51-6, 51-18, 52-6, 54-12, 54-14; **F:** 41-15, 41-17, 42-19, 43-10, 44-5, 44-8, 45-10, 46-9, 47-21, 49-9, 50-7, 51-7; **FIN:** 53-14, 54-17; **GR:** 42-6, 51-25, 53-6; **I:** 41-9, 42-5, 43-5, 48-10, 50-15, 51-16, 53-15; **IRL:** 41-11, 45-14, 47-22, 51-9; **NL:** 41-16, 42-10, 45-17, 47-22, 47-25, 48-11, 52-15; **A:** 51-10, 52-8; **P:** 41-14, 42-7, 42-11, 42-20, 43-7, 43-15, 44-6, 44-16, 45-15, 47-26, 50-22, 51-17, 53-7; **S:** 49-14, 50-25, 52-16; **UK:** 41-11, 42-7, 45-15, 47-10, 52-15, 53-16; **EU:** 43-16

**Vocational further training and continuing training, retraining**

**B:** 44-10, 45-4, 47-18, 47-20, 49-4, 49-10, 50-13, 50-18, 51-4, 51-15, 51-21, 52-4, 53-14, 54-5, 54-11; **D:** 41-6, 43-6, 44-7, 44-13, 44-18, 45-6, 45-8, 47-4, 48-4, 53-6, 53-8; **DK:** 43-4; **E:** 41-12, 43-7, 44-4, 45-8, 47-12, 50-19, 50-26, 51-18, 52-6, 54-12, 54-14; **F:** 41-15, 41-17, 42-19, 43-10, 44-5, 44-8, 45-10, 46-9, 47-21, 49-9, 50-7, 51-7; **FIN:** 53-14, 54-17; **GR:** 47-27, 53-6; **I:** 41-9, 42-5, 42-9, 47-14, 50-15, 51-16, 53-15; **IRL:** 41-11, 44-15, 45-17, 47-22, 48-20, 51-9; **NL:** 41-16, 42-10, 44-15, 45-16, 46-9, 47-25, 47-28, 48-11, 48-22, 50-10, 50-27, 53-11, 54-7; **A:** 50-23, 51-10, 52-8, 53-18; **P:** 41-14, 42-7, 43-7, 43-15, 44-6, 45-15, 47-26, 50-22, 50-28, 51-17, 52-18, 53-7, 54-11, 54-15, 54-19; **S:** 52-16; **UK:** 41-11, 42-6, 42-7, 45-18, 47-10, 50-23, 51-25, 52-15, 53-16; **EU:** 43-16

**Wage cost reduction**

**B:** 41-5, 42-17, 43-4, 43-8, 44-12, 45-4, 46-11, 47-18, 48-11, 48-21, 49-4, 49-10, 50-13, 52-4, 53-14, 53-18, 54-5; **D:** 41-6; **E:** 42-4, 54-12; **F:** 42-13, 42-16, 44-5, 45-10, 51-7, 54-9; **I:** 41-9, 42-9, 47-24, 50-16; **IRL:** 45-17, 48-20; **L:** 47-9; **NL:** 48-22, 52-15; **A:** 50-23; **P:** 51-17; **S:** 50-17, 52-16; **UK:** 44-20

**Wages policy**

**B:** 52-4; **D:** 45-8, 53-6; **DK:** 43-4; **E:** 44-4, 52-7, 54-12; **F:** 44-5; **I:** 41-9, 43-5; **NL:** 48-24, 52-15; **A:** 49-5, 53-18; **P:** 42-20, 50-28, 54-19; **UK:** 51-25

**Women**

**B:** 41-5; **D:** 43-6, 44-7, 44-13, 46-14, 48-4; **DK:** 45-18; **E:** 42-4, 43-7, 50-19, 52-6, 53-21, 54-12; **GR:** 47-27; **I:** 42-5, 42-9, 47-14, 47-23, 48-10; **IRL:** 41-11, 45-14, 51-22, 51-23; **NL:** 41-16, 42-10, 43-11, 44-9, 46-9, 47-22, 53-22; **A:** 49-5, 50-6, 50-23, 51-10, 52-8, 53-18; **P:** 42-7, 47-26; **S:** 50-25; **UK:** 41-21, 42-7, 44-20, 45-15, 46-13; **EU:** 43-16

## Index

### Working time

#### – Full-time work

**B:** 41-5, 42-16, 43-13, 44-11, 45-4, 46-5, 46-11, 46-12, 47-18, 47-20, 49-13, 50-13, 50-18, 51-15, 52-4, 53-16, 54-5; **D:** 41-6, 46-14; **E:** 42-4, 45-8, 46-6; **F:** 42-13, 44-8, 45-10, 47-21, 54-9; **FIN:** 49-12, 54-17; **I:** 41-9, 42-5, 47-23; **L:** 47-9; **NL:** 47-24, 53-22; **P:** 45-15

#### – Part-time work

**B:** 41-5, 42-16, 43-4, 43-13, 44-11, 44-17, 45-4, 46-5, 46-11, 47-15, 47-18, 47-20, 50-13, 51-4, 51-15, 52-4, 53-14, 53-16, 54-5; **D:** 46-14, 47-4; **DK:** 49-14; **E:** 42-4, 44-4, 45-8, 51-6, 52-6; **F:** 42-13, 42-19, 44-8, 45-10, 46-8, 48-23, 50-7, 50-9, 51-7, 54-9; **FIN:** 49-12; **I:** 47-23, 48-10; **IRL:** 47-22, 48-20; **L:** 47-9; **NL:** 47-24, 48-24, 53-22; **A:** 49-5, 51-10; **P:** 45-15, 54-19; **UK:** 42-6, 45-18

#### – Short-time work

**B:** 41-5, 46-5, 47-15, 49-4; **D:** 41-6, 44-18, 45-6, 45-8, 47-4, 48-19, 53-5, 53-6; **E:** 47-12; **F:** 42-13, 45-10, 50-7; **I:** 41-9, 42-4; **IRL:** 47-17; **L:** 47-9; **A:** 49-5, 52-8

#### – Overtime work

**B:** 41-5, 43-13, 45-4; **D:** 47-4; **E:** 44-4, 46-6, 48-7, 51-6; **F:** 42-13, 45-10; **FIN:** 52-11, 54-17, 54-18; **L:** 47-9; **S:** 50-17

#### – Working time reduction

**B:** 45-4, 50-13, 51-4, 52-4, 54-5; **F:** 42-19, 45-10; **FIN:** 52-11, 54-17; **I:** 47-24; **NL:** 47-24, 53-22; **P:** 45-15, 54-19

### Youth

**B:** 43-4, 44-10, 44-11, 45-4, 46-4, 46-5, 46-11, 46-12, 47-18, 47-20, 48-11, 48-21, 49-4, 49-10, 49-13, 51-4, 51-15, 52-4, 53-14, 54-5, 54-11; **D:** 44-7, 44-14, 45-8, 46-14, 47-4, 48-4, 53-8; **E:** 42-4, 42-18, 43-7, 44-4, 45-8, 46-6, 48-7, 49-16, 50-19, 51-6, 51-18, 52-6, 53-20, 53-21, 54-12, 54-14; **F:** 41-17, 42-13, 44-5, 44-8, 45-10, 47-21, 48-14, 49-8, 50-7, 51-7, 51-13; **FIN:** 53-14; **GR:** 53-6; **I:** 41-9, 42-4, 42-5, 48-10, 50-15, 51-16, 53-15; **IRL:** 44-14, 45-14, 47-22; **NL:** 41-20, 42-10, 44-9, 45-17, 46-9, 47-22, 50-27, 52-15, 54-7; **A:** 50-23, 51-10, 52-8, 53-18; **P:** 42-7, 43-7, 43-8, 44-6, 50-22, 51-17, 54-11, 54-15, 54-19; **S:** 49-14, 50-25, 52-16; **UK:** 45-15, 47-10, 48-18, 50-25, 51-25; **EU:** 43-16

### List of the “Focus” articles published in “Policies” nos. 41–54

- No. 41, pp. 22-26: Self-Employment and Labour Market Policy in the European Community
- No. 42, pp. 21-26: Continuing Training for the Employed in Europe
- No. 43, pp. 19-27: National Unemployment-Support Schemes in the EC
- No. 44, pp. 21-26: Employment Protection in Europe
- No. 45, pp. 20-27: Japan at the Crossroads?
- No. 46, pp. 16-23: Sweden: The End of Full Employment
- No. 47, pp. 30-39: Fixed-Term Contracts in the European Union
- No. 48, pp. 26-35: The Organisation of Labour Market Policy Delivery in the European Union
- No. 49, pp. 18-27: The American Employment Miracle
- No. 50, pp. 30-43: Labour Market and Employment Policy in Austria, 1975–1995
- No. 51, pp. 26-39: Finland: From the Crisis of the Century to a Slow Recovery with Active Labour Market Policy
- No. 52, pp. 19-27: Short-time Work Schemes in France, Germany, Italy, and Spain: from Cyclical to Structural Intervention
- No. 53, pp. 24-31: Monitoring of Labour Market Policy in EU Member States
- No. 54, pp. 20-27: Labour Market Transitions and Part-time Work

# Training

## Spain

### Preliminary Evaluation of the Agreements on Vocational Further Training (1993–1996)

The "National Agreement on Vocational Further Training" (*Acuerdo Nacional de Formación Continua – ANFC*) and the "Tripartite Agreement on the Further Training of the Employed" (*Acuerdo Tripartito sobre la Formación Continua de los Trabajadores Ocupados*) were signed in December 1992 and were in force from 1993 to 1996 (cf. iMi 41). Under these agreements the most important trade union and employer organisations assumed greater responsibility for further training for the employed in that they were given direct control over the use of a proportion of the financial resources generated by the social insurance funds for vocational training from employer and employee contributions. To this end the signatory organisations founded the "Foundation for Vocational Further training (*FORCEM – Fundación para la Formación Continua*).

The following conclusions can be drawn from a preliminary evaluation and comparison of the results achieved in 1993, 1994 and 1995:

- The importance of the agreements for the labour market – in terms of the working population – has clearly risen. In 1993, 4.6% of private-sector employees received further training with financial support from the ANFC; in 1995 this figure is estimated to have risen to 14.7%.
- If the analysis turns to the sectoral level, and if the number of employees receiving further training is set in relation to sectoral employment, it is apparent that the national agreements were used most intensively by industry in all three years, followed by the service sector, construction and, in last place, agriculture. In the latter case seasonal em-

ployment fluctuations and the relatively high proportion of autonomous workers had a negative impact on the implementation of further training.

- The incorporation of small and medium-sized enterprises in the further training measures, an aim that was to be promoted by the agreements, has made progress. In 1994 61,669 enterprises participated in training programmes financed by the ANFC, of which 823 were programmes for single firms (*planes de empresa*) and the remainder joint programmes (*planes agrupados*) involving several firms (cf. Table 2). If the degree of coverage by the ANFC is analysed in relation to enterprise size, the trend clearly declines from 62% of firms with over 2,000 employees to just 9% of firms with less than 250 employees. In order to counter this trend, changes were made in 1995 to the applica-

tion system for the support, final data on the impact of which are not yet available. At the same time, the level of support in both 1993 and 1994 was higher in the joint programmes, oriented towards small and medium-sized firms (20-100 employees), than for programmes for individual firms (more than 200 employees).

- In 1993 the average duration of participation in a training measure financed by the ANFC was 63 hours per participant; in 1994 the figure was 52 hours, and a further decline to 45 hours is forecast for 1995. These figures are higher than those given in a survey by the Ministry of the Economy on the subject of collective bargaining, in which firms with more than 200 employees reported that the average duration of training per participant amounted to 36.3 hours in 1993 and 39.8 hours in 1994.

**Table 1: Results of the Agreements, 1993, 1994 and 1995**

Year	Working population <sup>1</sup>	Employees whose further training received support from FORCEM	Coverage in % of working population
1993	6,579,800	299,948	4.55
1994	6,650,600	807,273	12.32
1995	6,816,700	1,003,135 <sup>2</sup>	14.72

1 Data for the second quarter of 1993, 1994 and 1995 in the private sector (survey of the labour force).

2 Forecast data from the invitation for applications in 1995, as of 30 April.

**Table 2: Participation by Enterprise Size**

Enterprise size (no. of employees)	Number of firms by size category (1991) <sup>1</sup>	Number of firms supported under ANFC (1994)	Coverage in % of firms
1–250	682,950	58,883	9
251–500	2,196	566	26
501–2,000	1,258	603	48
Above 2,001	260	161	62
Other <sup>2</sup>	–	1,456	–
Total	686,404	61,669	9

1 Ministry of the Economy, 1991.

2 Refers to non-classified firms due to lack of data.

## Training

- Under the impact of the agreements the model of bipartite control of further training was consolidated within the system of labour relations. In 1993, 20 bipartite commissions participated actively in implementing further training measures. In 1994 the figure rose to 32 and in 1995 to 41 commissions.
- Due to the efforts made by FORCEM, the territorial coverage of the programmes has increased, consolidating its presence in all the autonomous areas. The proportion of the regional working population participating in further training in 1995 was particularly high in the following areas: Madrid, Aragon, the Basque country, la Rioja, Cantabria, Catalonia and Castilla-León.
- There has been substantial growth in approvals for the provision of funding for individual further training. In the first invitation for applications – which was experimental in character – 525 applications were made; by the end of the application period for the second round in 1995, 1,248 applications had been made.

# Social Protection, Unemployment Benefits

---

## Netherlands

---

### Sanctions are Effective

Unemployed persons whose unemployment support is cut after sanctions quickly find work. This is the result of a study by the Social Insurance Monitoring College (CTSV) in collaboration with the Tinbergen Institute in Amsterdam. The report, entitled "Werken sancties?" (Do sanctions work?), was commissioned by the social affairs ministry.

Unemployed persons in receipt of benefits under the unemployed persons law have a number of obligations, for example, to actively seek work. If this, or any other obligation, is not met, the level of benefit is reduced.

The study was based on an evaluation of the unemployment statistics of the CTSV for the years 1992 and 1993. Of the 285,000 unemployed examined, more than 46,000 (16%) had been subject to a sanction. In the case of 6,000 sanctions it was analysed whether this had exerted an influence on re-entry into employment. The aim of the sanctions is to increase the extent to which recipients of unemployment benefits are reintegrated

into the labour market. Until the recent study, however, it had not been examined whether this aim is actually being achieved.

The statistical evaluation has now provided some evidence on this question. 59% of unemployed people who had been unemployed for two months and were not sanctioned were in employment four months later, compared with the 68% of those who were sanctioned after two months that were in employment half a year after becoming unemployed. The researchers preclude the possibility that other factors have exerted an influence in this case. The researchers take the view that "a change in the labour market behaviour" of the unemployed occurred once their level of support had been cut, a change that can only be interpreted as a result of the sanctions imposed.

It remains unclear how a cut in the level of benefit can achieve this effect. It may be that an unemployed person then applies for jobs in a more targeted fashion; it may also be the case that an individual with a lower level of benefit makes less stringent demands on a new job in terms of the wage, distance to work, etc.

On 1 August 1993 the occupational disability law (WAO/AWW) was modified and the "Supplementary

law to reduce benefits within the framework of the occupational disability law" (TBA) came into force. The system of occupational disability pensions was also re-examined. In evaluating whether an individual is entitled to a pension, not only the capacity to work in the previous activity or a comparable activity was examined, but also his or her general capacity to work. All employees in receipt of an occupational disability pension since 1 August 1993 have been examined with regard to the new rules.

A number of reports already published, including those by the CTSV, the "Provisional Institute for the Co-ordination of the Social Insurance Institutions (TICA – the successor organisation to the CTSV) and the Verwey-Jonker research institute in Utrecht, have shown that more than half (55%) of the employees declared wholly or partially disabled in 1994 under the new law were employed once more half a year later. This is true both of new pension recipients and of the "old" recipients who had been re-examined.

The decline in the number of employees declared occupationally disabled (currently 742,000 benefit years) is due not only to the fact that fewer workers are being declared incapable of work, but also, and in particular

due to the re-examinations. It is expected, however, that this decline will attenuate, as increasingly it is older workers that are being re-examined.

Following the introduction of the new law the incidence of incapacity to work declined from 788,000 benefit years in 1994 to 752,000 in 1995, and to the current figure of 742,000 benefit years. According to CTSV data, the pensions of 52% of those re-examined in 1994 were either reduced or annulled. In 1995 the 35–40 year-old age group was re-examined; 35% of this age group faced a cut in pension level or complete revocation.

---

## Portugal

---

### Guaranteed Minimum Income

Law no. 19-A/96 (29 June 1996) has introduced a guaranteed minimum income for persons in need who are resident in Portugal and either over 18 years old or who have dependent children. The funds made available within this framework aim to satisfy the basic needs of those affected and to facilitate their social and occupational integration.

The guaranteed minimum income consists of two parts: in addition to financial support it also encompasses labour market insertion programmes to be defined on the basis of a social report.

Benefit recipients commit themselves to participate in an insertion programme, to the extent that their age and health permit them to do so.

The financial benefit is granted for one year and can be reapplied for. The benefit level is equal to the minimum pension for those who have paid no social insurance contributions.

The aim of the insertion programmes is to integrate family members in both social and labour market terms. They consist of a series of

measures in the fields of employment, vocational training, education, housing and other areas thought likely to lead to greater social self-sufficiency.

The implementation of the guaranteed minimum income will be evaluated by the National Committee for Minimum Social Benefit, which contains representatives of the ministries for qualification and employment, for solidarity and social security, for education, and for health, and representatives of local authorities, private charitable institutions, trade unions and employer federations.

The decision on whether to grant the benefit is taken by the applicant's regional social insurance office. Local observation committees in local authority areas are responsible for recognising insertion programmes and for their support and evaluation. The committees consist of representatives of regional institutions in the areas of social security, employment and vocational training and of education and health.

Between the date of publication of the law and 1 July 1997 social pilot projects are to be developed, subject to the conditions set out in decree no. 237-A/96 (1.7.1996). They are to establish the conditions necessary for the effective application of the guaranteed minimum income.

---

## United Kingdom

---

### Job Seeker's Allowance

The Job Seeker's Allowance (JSA) was introduced nationally on 7 October 1996. It has replaced both Unemployment Benefit and Income Support, the benefits previously paid to unemployed people within the UK.

Entitlement to JSA, whether based on National Insurance contributions or income, will be payable to jobseekers who:

- are available to take up work immediately (subject to some exceptions and permitted restrictions);

- are actively seeking employment;
- have signed a jobseeker's agreement.

The development of JSA was undertaken by an inter-Departmental team of 500 staff, responsible for the successful implementation of the new benefit. Their work included the development of two new computer systems and the re-development of two existing large mainframe computer systems. This is the largest information technology project undertaken by the public sector.

The delivery of JSA involves 75,000 staff from the Benefits Agency and Employment Service working together in 1,150 offices. They will have contact with 2 million customers, and take 76,000 new claims each week.

For the first time unemployed people within the UK now have a single point of contact (the Employment Service Job Centre) for advice on job opportunities, training and JSA payments. The new computer system adopted by the Employment Service has already provided jobseekers with better information about job opportunities and the other services available to the unemployed.

JSA forms an important element of the Government's labour market reforms, which have proved successful in helping unemployed people back into the UK labour market. Other measures include the "Back to Work Bonus" (a measure to help those working part-time hours while on benefit, providing a stepping stone to full-time work), extended payments for housing benefit for those returning to work, and the National Insurance holiday for employers taking on long-term unemployed.

These measures build on the success of such programmes as Job Finder's Grant, Family Credit, the Job Interview Guarantee Scheme and Work Trial.

# Special Categories of Workers

---

## Netherlands

---

### Labour Market and Anti-discrimination Laws

In future, the age of an applicant may not play a role in recruiting and selecting personnel. Discrimination on the basis of age from the announcement of a job offer to recruitment has been banned. This has been discussed in detail in a note by the Minister of Labour and Social Affairs concerning a statutory ban on unjustified age limits during the recruitment and selection of personnel.

Despite considerable efforts made by the social partners in recent years, age discrimination during recruitment and selection occurs very frequently. It cannot be precluded that this serves to narrow the chances of gaining employment for a substantial proportion of jobseekers for reasons which have nothing to do with their aptitude for work. The government, however, wishes to bring about equal participation in the labour process by elderly workers.

Discrimination by age in recruitment and selection also influences indirectly the chances of women workers on the labour market. Many women withdraw from the labour market, frequently to meet family-related responsibilities. When they wish to return to the labour market, their age can pose a problem.

The discrimination ban is based on the anti-discrimination legislation already in existence (the general law on equal treatment, the law on the equal treatment of men and women at work, and the law on the equal treatment of full-time and part-time employees). These laws ban discrimination according to age unless objective reasons make such discrimination necessary. One exception, for instance, is shipping on the Rhine, where, by virtue of international treat-

ties, certain age limits for pilots and sailors apply. Age may be important in certain functions, for example, for actors who are supposed to play the role of young people. If an age limit is indicated, it must be established, with reference to the functions of the occupation, whether or not this is justified. In addition, it is proposed that age limits may no longer be mentioned in job advertisements.

Another development in the anti-discrimination legislation relates to the equal treatment of part-time and full-time employees. A ban is to be included in the civil code and the civil service law that will prevent employers from discriminating between working times of different duration. This ban applies not only to employers, but also to collective organisations. The law came into force on 1 November 1996. Under the law all employees, irrespective of the length of their working time, are entitled to equal treatment on recruitment, the continuation or termination of work. Employees without a written employment contract or those employed as civil servants with an employment contract have recourse to this provision. As in the case of age discrimination, exceptions to the ban are only permitted where this appears justified in objective terms. Bonuses for working outside the collectively agreed working hours cannot apply to certain groups of employees, for instance. In such a case the employer must show that the working hours fall outside the collectively agreed working hours.

An equal opportunities commission has the task of monitoring the ban on discriminating on the basis of age and of working time and ensuring that they are adhered to. In both cases the commission is empowered to look into cases of unjustified discrimination and to impose sanctions.

---

## Netherlands

---

### Ethnic Minorities Increasingly Registered

An evaluation of the "Law to promote the equal labour market participation of ethnic minorities" (WBEAA) conducted by the Regioplan Bureau at the behest of the Minister of Labour and Social Affairs has shown that the law has had a greater impact than had been expected on the basis of the figures derived from the annual reports of the chambers of trade and industry. The statutory obligation to register employees of ethnic minorities was met by 57% of firms.

The results of the evaluation show that in 1995, 14% of firms met all the obligations set out in the law. Not only did they register workers of ethnic minorities, they also submitted an annual, public report to the chambers of trade and industry and produced an internal working plan.

The law ensures that employers have greater insight into the situation of workers of ethnic minorities (41%) and lead to greater discussions on their recruitment (25%). 11% of employers have introduced changes in their personnel policies.

Moreover, the results show that it is not the administrative tasks required of employers and the difficulties in registering workers of ethnic minorities that are the greatest barriers to the recruitment of foreign workers. The greatest problem is seen as the lack of clarity over the knock-on costs. These employers see the poor labour market position of workers of ethnic minorities primarily as a supply-side problem.

The labour and social affairs minister takes the view that both the results and the impact of the law can be significantly improved. Consequently, the government intends to discuss the effectiveness of the law and the amendments thought neces-



sary in the near future. The legal changes required are to be discussed with the social partners in the course

of this autumn's negotiations. Proposals by the Labour Foundation (*Stichting van der Arbeid*) to extend

the minorities agreement 1990-1996 will be followed as far as possible.

# Working Time

---

## France

---

### New Law on Working-time Reorganisation and Reduction

The themes of working-time reorganisation and reduction are among the central axes of French employment policy. Some time ago, article 39 of the five-year law of 20 December 1993 had already introduced, as an experimental measure, support for enterprises showing initiative in this area.

A new law, no. 96-502 of 11 June 1996, the aim of which is "to promote employment through the flexibilisation and collectively agreed reduction of working time", the so-called "Lex Robien", has now extended and prolonged this measure. Starting from the recognition that "the flexibilisation and reduction of working time can be an important means of promoting growth and employment by raising the dynamism and performance of the enterprise", the law provides for a reduction in social insurance contributions for firms making efforts to reorganise and significantly reduce working time in order to promote or preserve employment.

The most important provisions of this law are described below.

#### Working-time reduction as a means of promoting employment

Enterprises (or individual plants) may be granted a reduction in their social security contributions if they introduce a new collective working-

time regime - either by applying a branch-level collective agreement or by concluding an agreement at company or plant level - which has the effect of reducing working time from the outset by at least 10%, provided this is associated with recruitment corresponding to at least 10% of the annual average workforce level in the company (or plant) concerned.

These recruitments must occur within a period, of no more than one year, set out in an agreement drawn up by the *Fonds National de l'Emploi* (national employment fund) and signed between the employer and the state. It is stipulated that the company (or plant) workforce must at least remain at the level achieved at the end of the recruitment period for at least two years.

The extent of the reduction in contributions is higher in the case of a 15% reduction in working time and recruitment equivalent to at least 15% of the workforce.

The incentive for collective working-time reduction lies in the partial exemption from employer contributions to the social and accident at work insurance and the family allowance. The reduction amounts to:

- 40% of contributions in the first year and 30% in the subsequent six years, where the working-time reduction amounts to at least 10% and recruitment is equivalent to at least 10% of the workforce;
- 50% of contributions in the first year and 40% in the subsequent six years, where the working time reduction amounts to at least 15% and recruitment is equivalent to at least 15% of the workforce.

In practice, the employer deducts the reduction from his total dues to the organisation responsible for collecting social security contributions and the family allowance for the period in question. The reduction is limited to this sum: it cannot exceed the total sum paid by the employer.

This reduction cannot be combined with other partial or complete exemptions from employer contributions; the only exceptions to this are:

1. the exemption from the contributions to family allowance applying to low wages;
2. the reduction of 30% of employer contributions to the social insurance system on the pay of part-time employees;
3. the reduction of the contributions to the social insurance system applying to low wages.

#### Working-time reduction in order to avoid redundancies

A similar measure offering a reduction in social insurance contributions applies to firms reaching an agreement under which, by means of a collective working-time reduction of at least 10%, redundancies envisaged within the framework of mass redundancies for economic reasons are avoided. Enterprises are not obliged to recruit in this case; the *quid pro quo* consists in maintaining employment.

The company (or plant) agreement setting out the new collective working time reduction must determine, in particular: the number of redundancies avoided, the period for which the employer is committed to maintain the jobs of those workers covered by the agreement; the conditions under

## Working Time

which the income losses caused by the working-time reduction can be offset by a wage increase.

In applying this regulation, the labour minister must take account of the fact that no social plan may include publicly financed measures unless, prior to this, the scope for a flexibilisation and reduction of working time has been thoroughly examined.

This new legislation, offering a special incentive to create and maintain employment by reorganising working time, has already met with a positive response from the social partners and is likely to be applied on a broad basis.

---

## Belgium

---

### Collectively Agreed Early Retirement in 1997

The system of collectively agreed early retirement, which is based on a collective agreement concluded at the National Council of Labour, by a bipartite commission or a firm, enables certain categories of elderly worker, on being made redundant, to draw a supplementary allowance paid for by their last employer in addition to unemployment benefit (cf. BIR B-vi.14). This allowance is at least equal to half of the difference between the earned income forgone (subject to a ceiling) and the unemployment benefit.

The elderly worker entering early retirement and thus withdrawing from the labour market must be replaced in the firm by an unemployed person drawing full benefit (or a person of equivalent status) whose working regime – on average across a work cycle – is the same as that of the retired person. This obligation must be maintained by the replacement worker for 36 months following recruitment. An exception is that early retirees whose employment contract is terminated after their 60th birthday do not need to be replaced.

Firms in economic difficulty or undergoing restructuring can, under certain conditions, utilise an early retirement system that imposes no conditions in terms of age or replacement. The following report applies only to the general early retirement system, however, and focuses on the changes recently introduced.

#### Age condition

Since the start of the 1990s the authorities have been attempting gradually to raise the age of entry into early retirement by setting the standard early retirement age at 58 years, while allowing for certain exceptions for younger workers. The law of 3 April 1995 on employment-promotion measures permitted a general derogation from the prevailing rules for 1995 and 1996 by making it possible to reduce the early retirement age to 55 years by means of a collective labour agreement concluded by a bipartite commission.

The law of 26 July 1996 on employment promotion and the preventive safeguarding of competitiveness (Moniteur Belge, 1 August 1996) abolishes as of 1 January 1997 all the previous exceptions, allowing only extremely marginal exceptions in the formerly nationalised sectors (clothing, textiles, steel and the glass containers industry – in which the age is to be raised to 58 by the end of 1999) and in sectors and firms that have uninterruptedly maintained early retirement regulations that apply at the age of 55 or 56 since 1986.

#### Seniority condition

As far as the occupational biography is concerned, the elderly worker must show proof of 25 years in waged or salaried employment or an equivalent status. For workers<sup>1</sup> aged 60 years and over the seniority requirement is reduced to 10 years of paid employment in the sector during the last 15 years or to 20 years of paid employment.

For workers aged 55 or 56 years (see above) a minimum of 38 years in paid employment or in an equivalent status is required.

#### Temporary exception for night work and construction workers

The law of 26 July 1996 introduces a temporary exception from the general age condition for very precisely defined categories of workers. Certain workers made redundant and whose 55th birthday falls between 1 January 1997 and 31 December 1997 or whose 56th birthday falls between 1 January 1998 and 31 December 1998 can claim collectively agreed early retirement if, on completing their employment contract, they can provide evidence of at least 33 years in waged or salaried employment.

In addition such workers must, on completing their employment contract, provide evidence of the following:

- either that they have worked for at least 20 years in a working regime involving night work;
- or that they are employed by a firm affiliated to the bipartite commission of the construction industry and they have a certificate from an industrial doctor that they are unfit to continue their current employment.

The employer is obliged to make a special compensatory monthly contribution for each worker aged 55 or 56 retiring early on the basis of a working life of at least 33 years. This contribution is made available to the unemployment insurance fund. It is due until the month during which the person in collectively agreed early retirement reaches the age of 58. The level of this monthly compensatory contribution by the employer amounts to 50% of the additional allowance for each early retiree. This percentage is reduced to 33% if the early retiree is replaced by a person who had been unemployed on full benefit from more than one year.

---

<sup>1</sup> or employees with equivalent status.

The "Focus" part of inforMISEP "Policies" is conceived by the MISEP secretariat. The opinions and analyses contained in this section do not necessarily reflect the opinions or views of the European Commission or the correspondents. Signed articles are the sole responsibility of the author(s).

## Participation and Employment Rates in Europe: Convergence or Divergence?

Peter Auer\*

The following article deals with a topic that has come to prominence in the employment policy debate in Europe since the publication of the European Commission's White Paper on Growth, Competitiveness and Employment in 1993: the differences in participation and employment rates between the EU countries and the two other countries of the so-called "triad" – Japan and the USA (European Commission, 1993, 1996).

Because employment rates provide a more accurate picture of actual "participation" in the labour market than the more usually used participation rates – which also include the unemployed – (cf. Appelbaum/

Schettkat, 1994), it is employment rates on which the analysis focuses; see the box on page 27. It will commence with a discussion of the differences between the *levels* of participation and employment rates in the USA, Japan and Europe. In a second step this analysis of the differences is enriched by examining the *structure* of employment rates by age and gender. This static analysis is then complemented with an examination of the trends over time.

The subsequent sections deal with the differences between employment rates in Europe. The discussion focuses on the differences in the level and structure (age, gender, region) of the employment rates between individual Member States. Subsequently, the question will be addressed as to whether employment rates over time have converged, or whether that part of Europe that is "in work" has drifted apart between 1979 (where data are available: 1973) and 1995.

In conclusion these differences will, to some extent, be explained in terms of a number of institutional factors. This report is to be seen not as the destination, but rather as the point of departure for more detailed research into this topic, research which, within the framework of "targeted socio-economic research", should be maintained over an extended period.

### Participation rates and employment rates in the "triad"

Besides the differences in the level and duration of unemployment, recent analyses of the European labour market have drawn attention to a central characteristic differentiating Europe from the USA and Japan: the relatively low and generally declining participation rates in Europe (cf. also European Commission, 1996).

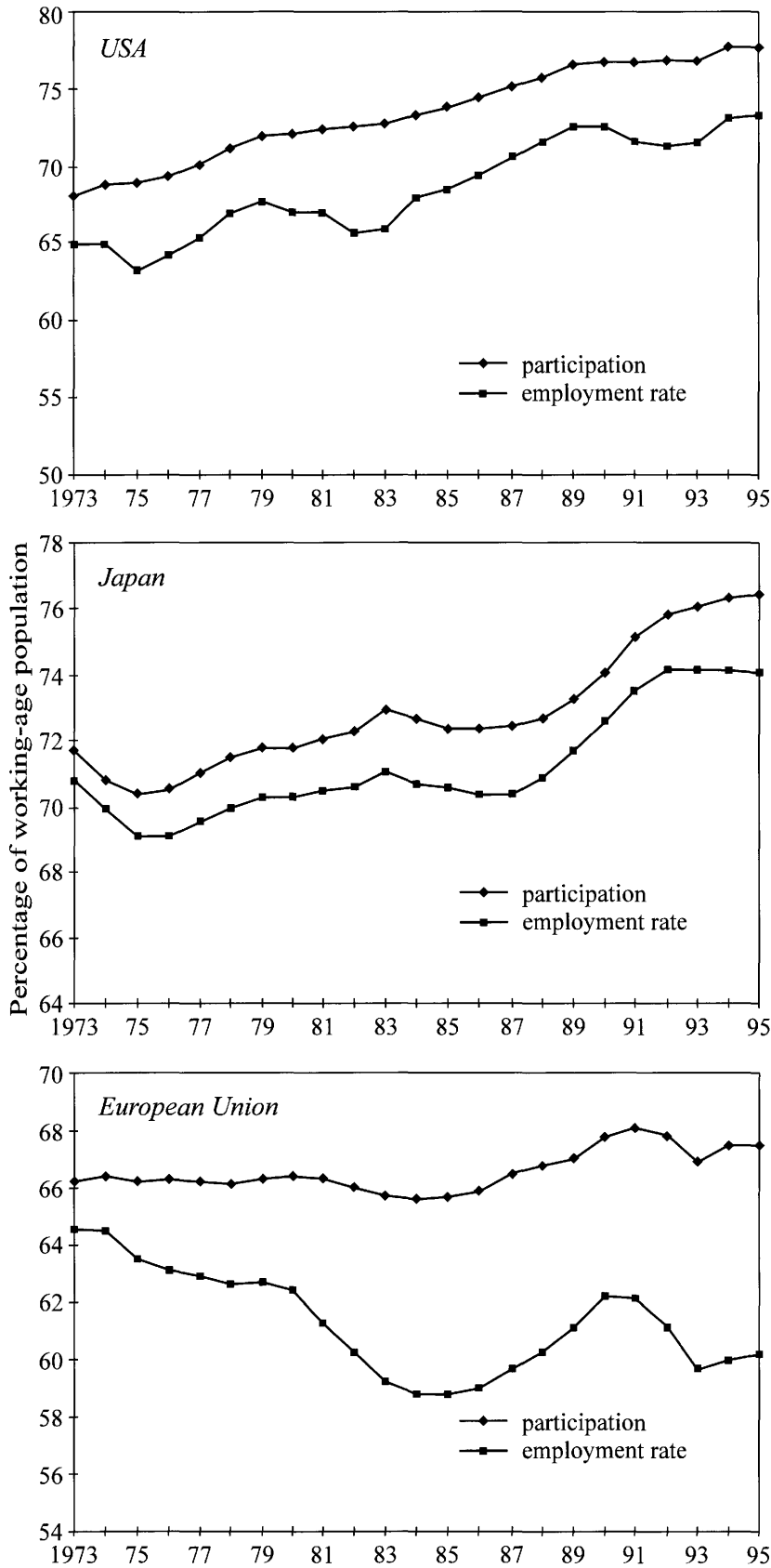
\* The author would like to thank Silke Güllker for compiling the statistics.

**Table 1: Employment Rates, 1979 and 1995**

	Men and Women				Total	Men			Total	Women				
	Total	Age groups				Total	Age groups			Total	Age groups			
		15–24	25–54	55–64			15–24	25–54			55–64	15–24	25–54	55–64
EU														
1979	62.7	51.0	70.2	45.3	80.7	56.5	91.3	64.9	45.0	45.3	49.5	28.1		
1995	61.3	39.9	74.5	55.1	70.0	43.0	86.0	47.5	51.5	36.7	63.0	38.7		
Japan														
1979	70.3	42.6	75.4	61.0	87.3	42.3	95.7	81.5	53.6	42.9	55.2	44.8		
1995	74.1	44.7	79.3	63.7	87.9	45.1	95.3	80.8	60.2	44.4	63.2	47.5		
USA														
1979	68.0	60.6	74.6	54.6	81.4	66.5	91.2	70.8	54.9	54.8	59.0	40.4		
1995	73.5	58.3	79.7	55.1	80.3	61.5	87.6	63.6	66.7	55.1	72.2	47.5		

Sources: OECD Historical Statistics 1960–1993; OECD Employment Outlook, July 1996; author's calculations.

**Figure 1: Participation and Employment Rates, USA, Japan, European Union, 1973-1995**



Sources: OECD Historical Statistics 1960-1993; OECD Outlook, July 1996.

This is evident merely from a simple comparison of participation rates (the employed and unemployed as a proportion of the population of working age; an explanation of the various rates is given in the box on page 27) between the EU and the two other countries. Europe's participation rate has risen only slightly since 1973, whereas there has been a substantial increase in the USA and Japan. The participation rate in the USA - which in 1973 was only slightly higher than that of the 15 subsequent members of the EU - increased by almost 10 percentage points by 1995; the Japanese rate - which back in 1973 was already 5 percentage points higher - increased by a further 5 percentage points (cf. Figure 1). The difference is all the more pronounced if it is employment rates that are considered, i.e. the number in employment as a share of the population aged between 15 and 64, i.e. allowing for the high level of unemployment, which makes Europe's participation rate appear more favourable - in employment policy terms - than it actually is. The employment rate, namely, declined by around 5 percentage points during the same period, so that the differences in 1995 amounted to around 13 percentage points compared with the USA and 14 points vis à vis Japan (cf. Figure 1 and Table 1).

**Substantial differences also between Japan and the USA**

While the differences between Japan and the USA, on the one hand, and Europe, on the other, are very great, there are also substantial differences - when the figures are disaggregated by age and gender - between Japan and the USA. If Europe and Japan are compared in this respect, it is apparent that the most prominent difference is between male employment rates, whereas the differences between female rates, while considerable, are significantly less pronounced. Differentiated by age category, the differences are most marked with respect to the elderly

## Level and Structure of Activity and Inactivity

The usual indicator for the extent of labour market participation is the "participation rate". The (standardised) participation rate measures the proportion of the population of working age – residents aged between 15 and 64 – in employment or registered unemployment. National calculations may differ from this, for example, where all those above the age of 65 are counted as of working age, which leads to a lower rate than the standardised participation rate. This is normal practice in Japan, for instance, where far more people remain in employment in old age. Under the standardised procedure the participation rate can be, conversely, very high when the denominator contains a substantial proportion of employed and unemployed persons over the age of 65 that have been "standardised out" of the numerator.

Whereas the participation rate includes the unemployed, i.e. the concept of "participation" takes the view that classification as unemployed is a signal for an immediate intention to take up employment, the "employment rate", i.e. the number in (salaried or self-employed) employment as a proportion of the population of working age tells us more about actual participation in the employment system.

As has often been pointed out, though, it is not only the level, but also the structure of such employment that is important. The extent of "atypical" and "typical" employment, e.g. the relative importance of full-time and part-time and fixed-term and permanent employment, the duration of working time, etc. and in general the quality of jobs, must also be taken into account. If the extent of exclusion from the labour market is to be

measured, not only the quantitative extent, but also the structure of the difference between the employment rate and the population of working age must be analysed. Part of this differential is constituted by the unemployed (whereby the extent of short-term and long-term unemployment should be allowed for), another by those in general education and vocational training and those in early retirement or who have reached standard retirement age. Institutional factors, such as the social security system (unemployment benefit system, pension and early retirement system), the education system (e.g. compulsory school, ages, apprenticeship training, higher education system), are of relevance here. In addition, there are also the "inactive" (see box on page 30), which consists of a variety of different groups of people: women and also men who voluntarily, or because they are prevented by other responsibilities, refrain from participating in the labour market, so-called "discouraged workers" no longer seeking work, etc.

The extent of the difference between the employed and the population of working age, as discussed in this report for example, gives a false picture, if considered in isolation, of the extent of exclusion, because it makes a great difference whether the employment rates of, for instance, young people, are low because most of them are still attending school or because many are unemployed or even inactive. Thus the employment rate is far from being the sole criterion, but must always be considered against the background of structural factors that indicate the extent of labour market exclusion (see also box on page 30).

(55 to 64 years) – Japan's rate here is 33 percentage points higher, a difference of around 70% – whereby here, too, it is men that are the decisive

factor. Rates are also higher than in Europe among the core age groups for men. Comparing Europe and Japan the most similar rates are to be

found among women in the core age groups and the youngest male age group (15 to 24). This implies that if Europe wished to raise its employment rate to the Japanese level, it is participation rates among older men and men in the core age groups that would have to be raised drastically. Employment rates among older and younger women would also have to be higher, although the gap here is less dramatic.

If Europe is compared with the USA, on the other hand, the most prominent characteristic is the high participation rate among American women, which is around 15 percentage points higher than in Europe (the difference for men is around 10 points). A substantially higher proportion of women are employed in every age category in the USA than in Europe (and also – with the exception of the elderly – than in Japan). Among men, it is in the younger age group that the difference is particularly pronounced – almost 19 percentage points (around 43%) higher than in Europe – and rates for older men are also much higher (16 percentage points or 33%). Thus, if Europe wished to achieve employment rates such as those prevailing in the USA, it is labour market participation by women of all age categories and by younger and older men that would have to be increased.

Examining employment trends since 1979, the general decline in employment rates in the EU countries – linked primarily to the sharp fall in employment rates among men – is the most prominent trend; Japan and the USA, by contrast, managed to raise their employment rates, due to the only slight decline in male rates in the USA – in Japan the rate even rose slightly – and a simultaneous rise in female rates.

In the EU it was employment rates among the young and the old that declined, whereas rates for the core age groups rose, as they did in the USA and Japan. As in the other two countries, this is due to the rising female employment rates in these

age categories. In the USA the employment rate for young people declined; in Japan it rose slightly. Particularly striking is the stability of male employment in Japan: here employment rates changed only marginally, whereas they declined sharply in Europe and less so in the USA.

Although the decline in employment rates among young people is due partly to increased numbers remaining in education (see box on page 30), this trend also gives cause for concern given the high rates of youth unemployment. The sharp fall in employment among older men is due largely to age-related measures (early retirement, occupational disability pensions, etc.), which serve both to ease pressure in the labour market and to increase that on public finances. Under the double pressure of tight budgets and demographic trends towards fewer youngsters and – as life expectancy rises – more

older people, this form of policy approach to ease labour market pressure has now been cut back (Auer/Speckesser, 1996), but this has so far had no effect on activity rates (European Commission, 1996).

In summary, the available data shed light on the contours of systemic differences in labour markets. Japan remains a traditionally strong “male-breadwinner system” (Rubery et al., 1995), under which male employment enjoys comprehensive social protection. The role of men as sole earner has already weakened markedly in the USA, with Europe occupying a middle position in this respect<sup>1</sup>, but clearly tending more towards the USA than towards Japan.

**Differences between the European countries**

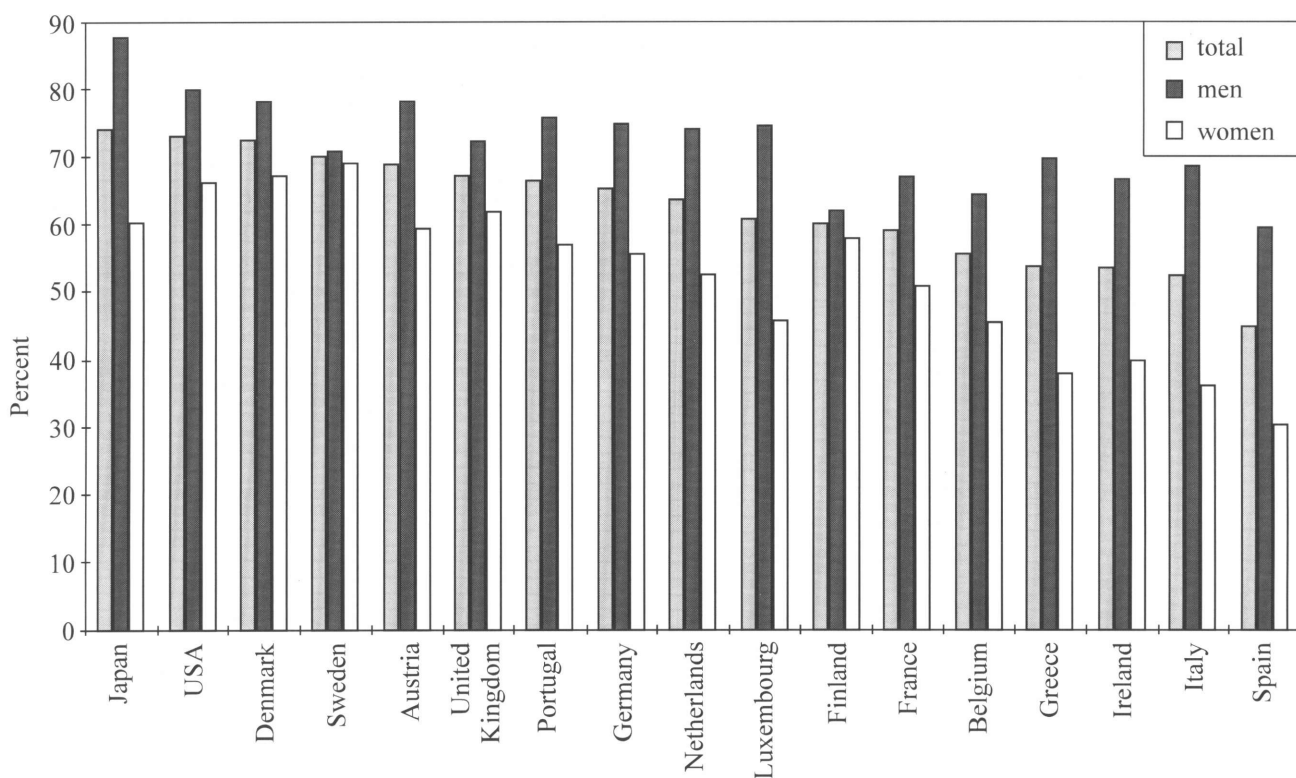
As we have seen, the EU Member States as a whole have substantially lower participation and employment rates than Japan and the USA.

Yet significant differences also exist between the various European countries. The following analysis focuses not so much on a comparison of employment rates between individual EU countries.<sup>2</sup> The central question here is rather how the differences between all EU countries, disaggregated by age and gender, have developed over time. In other words: in which age and gender categories are the differences between countries most and least pronounced and in which direction are employment rates in Europe moving: convergence or divergence? The following analysis is largely based on stand-

1 Although there are substantial differences here in Europe, especially between the Scandinavian countries (which are more similar to the USA) and the countries of southern Europe.

2 Such an analysis of the differences between individual EU countries is carried out in more detail in the 1996 issue of “Employment in Europe”.

**Figure 2: Employment Rates 1994**



Source: OECD Outlook, July 1996.



ardised OECD data, which are capable of international comparison. For the regional analysis data from the European Labour Force Survey were incorporated.

### Convergence or divergence?

A look at the changes in the difference between the employment rates of men and women in the EU – on the basis of unweighted average values – for example, reveals a clear trend towards convergence. In 1973 the average value for men was 86.4% and 42.9% for women; in 1995 the corresponding values were 70% and 51.5%. The differential thus declined from more than 40 to less than 20 percentage points.

However, these results tell us nothing about the distribution of employment rates across the EU countries, i.e. do not show to what extent the differences in employment rates according to various structural characteristics between the EU countries have widened or narrowed.

This is revealed by analysis of the coefficients of variation.<sup>3</sup> If these are examined over time, the trend is shown to be towards greater divergence until 1990, but towards greater convergence since 1990 (cf. Table 2).

These differences in the overall employment rates of the EU countries can be traced back to differing labour market participation structures by age and gender. Although male employment rates are higher than female rates in all the EU countries, despite the “catching-up process” – in Sweden the figures were

almost equal for a brief period during the early 1990s – it is the substantial variation in the female employment rates that explains a good deal of the overall differences in employment rates within Europe. This is evident from analysis of the coefficients of variation by age and gender. Whereas for men the deviations from the mean employment rate are between just 5% (1979) and 7% (1995), the variation in female rates amounts to up to 30% (1973/1979/1983). Equally, though, in contrast to the men, for whom variance has increased slightly, the deviation with regard to women – although at a much higher level – has declined in recent years; by 1995 the figure was 21% (cf. Table 2).

A further decisive aspect of the overall differentials in employment rates between the European countries are the differences in rates by age category, whereby the age groups and gender distributions overlap to some extent. The variance in employment rates between the EU countries is particularly large, for example, among 55–64 year-old women (deviations of more than 50%, compared with a figure of around 20% for men), whereas the employment rates of men in the core age groups vary very little within Europe (3 to 5%). The differences in employment rates between the EU countries are also substantial among women from the core age groups, on the other hand, although the differences are narrowing here over time (cf. Table 2).

These results can be summarised as follows: Although the employ-

ment rates of men do vary to some extent – with greater variance between the national rates of older and younger men, whereas labour participation in the core age groups is distributed more homogeneously across Europe – the differences between the overall employment rates in the EU countries are largely “explained” by the variation between female rates, which vary strongly in all age categories; the differences between men and women in this respect are least pronounced in the youngest age category.

The gender-specific differences between the various countries for the younger age groups are less significant – at around 6 percentage points difference between the mean values – than in the case of the core age groups (25–54 year-olds) at 23 percentage points and the 55–64 year-olds at around 9 percentage points (cf. Table 1). The smaller gap among young people may constitute additional evidence that the variance patterns of men and women and thus their employment rates in the various countries are converging over time. Comparison with 1979, however, shows that although the gap in this age group was then 11 percentage points, it was almost 42 percentage points for the 25–54 year-olds and around 37 percentage points for the elderly. Thus the de-

<sup>3</sup> The coefficient of variation is the standard deviation (average distance to the mean) divided by the mean. This indicator thus controls distortions resulting from the different scale levels and also enables the deviation to be expressed as a percentage.

**Table 2: Coefficients of Variation of Employment Rates in the EU**

	Total	Men	Women	15–24 years		25–54 years		55–64 years	
				Men	Women	Men	Women	Men	Women
1973	0.1	0.06	0.3						
1979	0.13	0.05	0.3	0.19	0.24	0.03	0.4	0.2	0.5
1983	0.14	0.07	0.3	0.18	0.29	0.04	0.37	0.21	0.54
1990	0.15	0.07	0.27	0.27	0.36	0.04	0.28	0.23	0.56
1995	0.12	0.07	0.21	0.32	0.4	0.05	0.2	0.23	0.49

Sources: OECD Historical Statistics 1960–1993; OECD Employment Outlook, July 1996; author's calculations.

## Employment Rates, Participation Rates, Inactivity Rates

Together, the employed, the unemployed and the “inactives” constitute the population of working age (15–64). The difference between the participation rate and the employment rate is unemployment. The unemployment rates so calculated are lower than the unemployment rates usually used, however, because the latter is expressed with respect to the working population (employed and unemployed), and not to the population of working age, which is clearly substantially larger. Thus they are to be seen merely as reference variables, but they do indicate differences in unemployment in cross-national comparison. The remainder consists of the inactive section of the population.

The inactivity rates are highest in Spain, Italy, Ireland and Greece; the three Scandinavian countries,

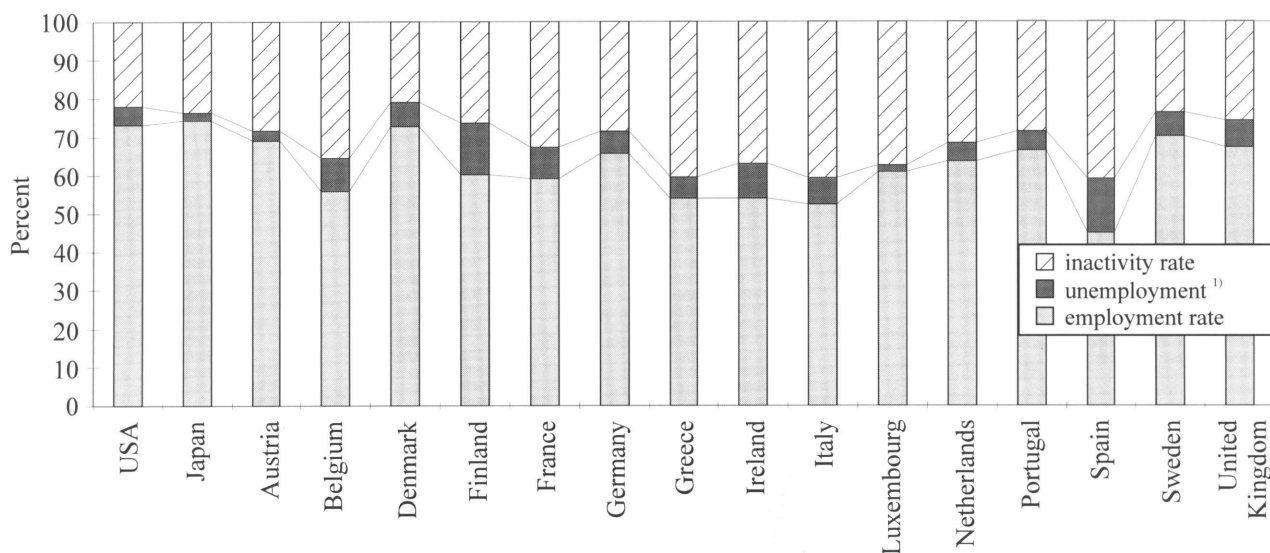
the United Kingdom and Germany have low inactivity rates. The high inactivity rates in the former groups of countries are due – mirroring the case of employment rates discussed in the text – to the high figures for women there, whereas the differences for men are substantially less pronounced (cf. Figures 3 to 5).

The inactive section of the population consists of various categories of the population aged between 15 and 64: those in education and training, in early retirement, and the voluntarily and involuntarily “inactive”. It is not possible to deal in depth with the composition of this variable within the bounds of this article, although this is clearly of central importance for the problem of labour market exclusion. A more detailed analysis would need, in particular, to consider the proportions of the male and female populations in education or training. In 1992, for exam-

ple, 22% of all Danish women and around 15% of all French, Spanish and Dutch women aged between 22 and 23 were in post-secondary education or training; the same is true of just 6% of British and 5% of Greek women of the same age category. In the case of the 18–22 year-old women the figures are: Belgium 35%, France 33%, Greece and Spain 26% and United Kingdom 17%; for Denmark just 10% (cf. OECD, 1995). Systematic examination of the incidence of early retirement and its functional equivalents (e.g. occupational disability), which account for a substantial proportion of inactive men in countries such as Austria, France, Belgium and the Netherlands, is also required in order to address questions relating to inactivity.

The “Employment in Europe” report of the European Commis-

**Figure 3: Employment, Unemployment and Inactivity 1994, Total**



1 Participation rate minus employment rate.

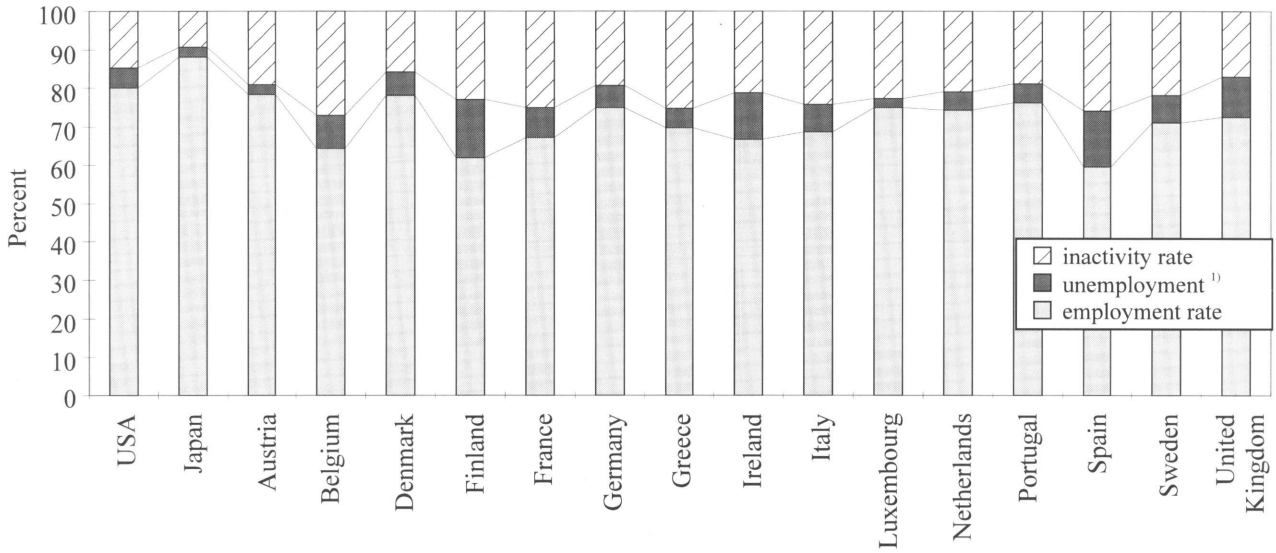
Source: OECD Outlook, July 1996.

sion shows that more than 25% of the inactive men between 25 and 49 years old in the EU are in education

and training, around 8% are retired and 20% permanently disabled, while more than 15% are employed

but not working (European Commission, 1996).

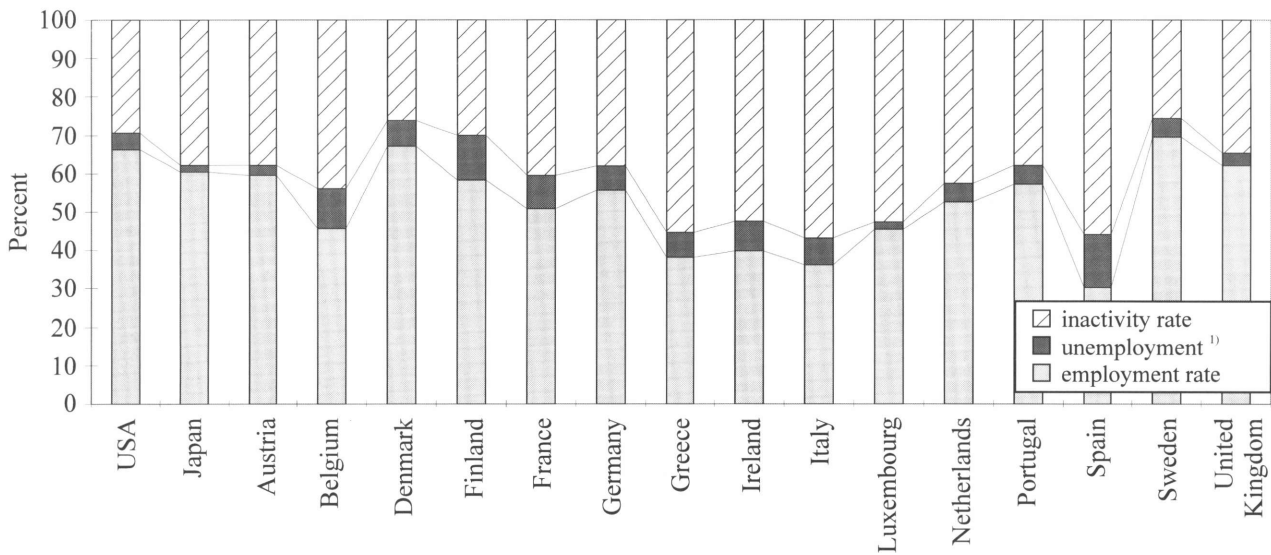
**Figure 4: Employment, Unemployment and Inactivity 1994, Men**



1 Participation rate minus employment rate.

Source: OECD Outlook, July 1996.

**Figure 5: Employment, Unemployment and Inactivity 1994, Women**



1 Participation rate minus employment rate.

Source: OECD Outlook, July 1996.

cline in variation over time has been sharpest among the elderly, largely due to the declining rates for older men.

A more fundamental question is whether the convergence between the countries since 1979 has been due to the decline in male rates or the rise in female rates. Disaggregated by age group, declining rates were recorded for both men and women among younger persons – due not only to longer education and training, but also unemployment and inactivity – among men in the core age groups and, particularly pronounced, among elderly men as a result of the trend towards earlier retirement. Overall the decline here amounts to around 10 percentage points. For women rising rates were registered in the core age groups of the 25 to 54 year-olds, which, together with the increases among elderly women, lead to a positive overall result of around 6.5 percentage points. During the period 1990 to 1995, however, a slight reverse was recorded for women due to the declining employment rates among younger women.

The convergence in gender-specific rates is thus due to a greater extent to the declining rates for men than to the rise in female employment rates (cf. Table 1 and Schmidt, 1993).

**Is the female employment rate the key to a high employment rate?**

The following Table 3 for the years 1979, 1990 and 1995 sets the overall employment rate in relation to the female employment rates. In 1979 Sweden was the only country in which both the overall and the female employment rate were high, closely followed by the two other Scandinavian countries and the United Kingdom. Japan's overall employment rate was high, while the female rate there was low, whereas in the USA and in 8 countries then or subsequently belonging to the EU the overall employment rate was medium, while the female employment rate was low. Three other countries (including the Neth-

erlands) had low rates of both overall and female employment. In 1990 all three Scandinavian EU Member States had high female and overall rates; Japan, the USA and Portugal have also “moved up”, due to a rise in female rates. In 1995, however, the Scandinavian countries slipped back due to the employment crisis. The impact was greatest in Finland, where the overall employment rate fell by 12 percentage points between 1990 and 1995, whereby men and women suffered almost equally severe employment losses. The decline

was of a similar order of magnitude in Sweden. There, though, the female rate, although falling markedly, remained high at almost 70%, whereas the Finnish rate declined to below 60%. The decline in rates was less severe in Denmark (3.8 percentage points) and also affected men and women more or less equally. Portugal, the United Kingdom and Luxembourg also fell back, although not sufficiently to change cell in terms of female rates (medium and low respectively). Austria and Germany improved their position on the

**Table 3: Employment Rates of Women, 1979, 1990 and 1995**

(a) 1979			
	Women high (70% +)	Women medium (55% – 69%)	Women low (< 55%)
Total high (70% +)	S	DK, FIN, UK	JAP
Total medium (55% – 69%)			USA, A, B, F, D, IRL, I, L, P
Total low (< 55%)			GR, NL, E
(b) 1990			
	Women high (70% +)	Women medium (55% – 69%)	Women low (< 55%)
Total high (70% +)	DK, FIN, S	USA, JAP, P, UK	L
Total medium (55% – 69%)			A, B, F, D, I, NL
Total low (< 55%)			GR, IRL, E
(c) 1995			
	Women high (70% +)	Women medium (55% – 69%)	Women low (< 55%)
Total high (70% +)		USA, JAP, S (DK) <sup>1</sup>	
Total medium (55% – 69%)		FIN, D, P, UK (A) <sup>1</sup>	B, F, L, NL
Total low (< 55%)			GR, E (IRL, I) <sup>1</sup>
1 1994.			
Sources: OECD Employment Outlook, July 1996; author's calculations.			

basis of rising female employment rates. The Netherlands has also improved its position since 1979, whereas the rates in Spain have remained very low against the background of a sharp fall in male rates and a slight rise in those for women. Greece, with virtually unchanged rates, remained, along with Italy, in the ninth cell of countries with the lowest overall and female employment rates in Europe.

Overall convergence seems to amount largely to an equalling out in the "mid-field". In 1979 eleven EU countries had low female employment rates, three had medium rates and one country a high rate. In 1995 no country had a high rate of female employment, seven had a medium rate and eight other a low rate. In 1990 three EU countries had recorded a high rate of female employment, only two registered a medium rate and ten a low one.

#### Regional differences

Drawing on data from the European Labour Force Survey, it is also possible to analyse regional differences in employment rates for twelve of the EU countries (data are not yet available for Austria, Finland and Sweden). Although the European La-

bour Force Survey substantially understates actual employment rates<sup>4</sup>, in the absence of more accurate data I have assumed that all the regional values have been systematically understated, so that it is nonetheless possible to make statements about the regional distribution of employment rates in Europe. The extent of the difference in the employment rates across all 165 regions of the 12 EU countries amounts to almost 30 percentage points; the lowest figure, 30.4%, is recorded for Extremadura in Spain and the highest for Flevoland in the Netherlands (cf. Table 4).<sup>5</sup> Overall the variation around the mean amounts to around 14%; on these data employment is distributed most homogeneously around the mean across the respective national territory in Ireland, the United Kingdom, the Netherlands and Germany; the regional differences are more pronounced in the south European countries of Italy, Greece and Spain.

If the regional differences in employment rates are analysed by gender, the picture is similar to that at national level: the regional distribution of male rates is far less variable than for women. The distance between the highest (Denmark, which is considered to be one region here)

and the lowest value (Extremadura) for women amounts to 37 percentage points; the coefficient of variation is 25%. For men the gap between the highest (Swabia) and lowest value (Andalusia) is 26 percentage points, and the coefficient of variation is less than half that for women (10%).

Thus, once again it is the variation in employment participation by women that to a large extent explains regional employment differences in Europe.

#### Regional convergence or divergence?

It is also interesting to determine whether, in the case of regional employment differences, too, the gaps

4 This understatement is at least partly due to the fact that all those over 60 are included in both the numerator and the denominator. Given the large number of people aged over 60 in Europe, only a small proportion of which are employed or unemployed, the rates are lower than is the case with a standardisation in which the elderly are only counted up to the age of 65.

5 The actual values are probably of the order of 38 and 68% (under the "heroic" assumption that the degree to which employment rates in each region are understated is equal to the degree to which the respective national figure is understated, in this case by around 8 percentage points in Spain and 9 points in the Netherlands.)

**Table 4: Regional Employment Rates in the EU, 1994**

	Mean	Standard deviation	Coefficient of variation	Spread	Lowest value	Highest value	Number of regions
Belgium	45.90	3.38	0.07	11.20	39.82	51.02	12
Germany	53.08	3.43	0.08	13.79	45.57	59.36	40
Denmark	59.20			0	59.20	59.20	1
Spain	36.62	3.55	0.10	12.98	30.40	43.37	18
France	47.15	4.09	0.09	17.17	37.19	54.35	22
Greece	45.99	4.94	0.11	18.39	34.56	52.95	13
Italy	41.82	5.81	0.13	18.71	32.52	51.23	20
Ireland	45.13	2.02	0.04	6.17	42.21	48.38	8
Luxembourg	50.86			0	50.86	50.86	1
Netherlands	54.21	3.17	0.06	10.19	49.22	59.41	12
Portugal	52.85	4.44	0.08	12.34	44.68	57.03	7
United Kingdom	54.88	2.96	0.05	9.07	50.01	59.08	11
EU 12	47.88	6.98	0.15	29.02	30.40	59.41	165

Source: European Labour Force Survey, Special Evaluation 1996.



have widened or narrowed over time. The European Labour Force Survey does not enable this question to be answered authoritatively: an answer is not possible for Europe as a whole, and for individual countries only from 1991 to 1995. Between these two surveys, regional variance, according to ELFS figures, declined in France, Germany, Portugal, Ireland, Belgium and Spain, whereas it increased in the United Kingdom and the Netherlands slightly, and in Italy and Greece to a greater extent.<sup>6</sup>

Thus overall it seems probable that regional variation within Europe has declined slightly in recent years; however, three years is too short a period to yield stable trend indications.<sup>7</sup>

### Conclusions

Although the difference in employment participation between the USA and Japan, on the one hand, and the average figure for the EU countries, on the other, is very substantial, there are a number of European countries with similarly high employment rates. The composition of these high rates in a comparison between the countries of the "triad" differs from country to country, however. Male employment in Japan is not only high – the high participation rates of elderly men compared with Europe and, to a lesser extent, the USA are particularly striking – they are also stable over time. The USA, in turn, has managed to integrate more women of all age categories into the labour market than Europe, on average, has done.

These figures alone serve to shed light on systemic differences in employment systems. Traditional "the man as sole breadwinner" systems and "the women as earner of additional income and as equal or sole earner" systems prevail in Japan and the USA, respectively, alongside (European) systems located somewhere between these two extremes.

If anything the systems have drifted apart, rather than drawn together in recent years. This is particularly

true of male employment, which is declining sharply in Europe, particularly among the elderly, but also among young men. Among younger European women the trend is also downward.

It is evident that the – very different – employment rates between the various European countries have tended to converge, particularly during the last five years, and that this has been associated with a weak trend towards regional convergence. What is worrying is that this convergence has occurred against the background of declining, rather than rising employment rates: between 1990 and 1995 also female employment rates declined for the first time, particularly in the Scandinavian countries.

Although a number of central structural parameters have been discussed, this analysis of employment rates has remained largely at the quantitative level. No account has been taken of important qualitative questions regarding the composition of employment – full-time and part-time work, fixed-term and permanent contracts, changes in working time, sectoral developments, salaried employment and self-employment, and wage and income trends and their feedback effects on employment. Other explanatory variables, such as the taxation system<sup>8</sup>, the scope for reconciling career and family (e.g. child-care facilities) and changes in family structures (greater number of singles) have not been considered. The aggregated level of analysis has also meant that questions relating to labour market flexibility, i.e. changes in labour market status between employed, unemployed and inactive, could not be addressed. Such mobility parameters are important, however, if labour markets are to be examined from the perspective of transitions (cf. Schmid, 1993; Schömann/Kruppe, 1996; O'Reilly/Bothfeld, 1996). These questions are to be addressed in subsequent analyses of this topic.

Even so, it can be asked at this point whether it is possible to draw

policy-relevant conclusions to promote the increase in employment rates desired by the Commission and the Member States. For simplicity's sake only one will be mentioned: Europe must increase the extent to which the elderly participate in employment if it is to achieve higher overall employment rates. Steps have already been taken in this direction, as evidenced by the cutbacks in and abolition of many early retirement options and the introduction of part-time pensions.<sup>9</sup> Yet this has caused problems that have yet to be solved. How can conflict between the generations be avoided if, given stagnating or only slightly expanding overall employment, the longer duration of employment by the elderly prevents the recruitment of younger workers? What mechanisms will enable firms to employ elderly workers, whose health risks often increase and whose occupational and geographical mobility is likely to be restricted, for longer? Japan, too, which never engaged in large-scale retirement programmes like Europe did face problems in this area that have yet to be resolved. Yet the question of whether Europe can

6 In the case of France, Germany and Portugal both the variation coefficient and the standard deviation fell, while in Ireland, Belgium and Spain the variation coefficient remained constant although the standard deviation declined. Similarly, in the United Kingdom and the Netherlands the coefficient of variation remained constant, except here the standard deviation increased. In Italy and Greece both the standard deviation and the coefficient of variation rose.

7 An in-depth analysis of the regional differences over time can be compared with the findings of a recently published evaluation of the European Social Fund. This showed that while the GNP growth rates of the European countries have converged, the regional differences in the individual countries have increased.

8 For instance the effects of joint or split tax assessment for couples, the impact of which on female participation rates has been analysed by Schettkat (1989) and Gustafsson (1996).

9 Up to 1995 such cutbacks and policy changes have not impacted on the activity rates, and the trend towards early retirement and disability pensions continued unabated (cf. European Commission, 1996).



bring about a turnaround in the trend to declining employment rates at the turn of the millennium depends to a considerable degree on finding solutions to such problems.

### Selected literature

Appelbaum, E. & R. Schettkat (1994): *The Employment Problem in the Industrialized Countries*. Economic Policy Institute. Washington, D. C.

Auer, P. & S. Speckesser (1996): *Labour Markets and Organisational Change. Future Working Structures and Older Workers*. Discussion paper FS I 96-205, Wissenschaftszentrum Berlin für Sozialforschung, Berlin.

European Commission (1993): *Growth, Competitiveness and Employment*. White Paper. Brussels, Luxembourg.

European Commission (1996): *Employment in Europe*. Brussels, Luxembourg.

Gustafsson, S. (1996): "Tax Regimes and Labour Market Performance." In: G. Schmid et al. (eds.): *International Handbook of Labour Market Policy and Evaluation*. Cheltenham, pp. 811-837.

OECD (1995): *Education at a Glance: OECD Indicators*. Paris.

OECD (1996): *Employment Outlook*. Paris.

O'Reilly, J. & S. Bothfeld (1996): "Labour Market Transitions and Part-time Work." In: *inforMISEP*, No. 54, pp. 20-27.

Rubery, J., M. Smith, C. Fagan & D. Grimshaw (1995): *Women and the European Employment*

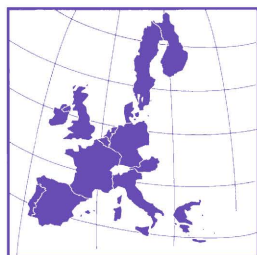
*Rate: The Causes and Consequences of Variations in Female Activity and Employment Patterns in the European Union*. European Commission's Network of Experts on the Situation of Women in the Labour Market. Brussels.

Schettkat, R. (1989): "The Impact of Taxes on Female Labour Supply." In: *International Review of Applied Economics*, 3, pp. 1-24.

Schmid, G. (1993): *Übergänge in die Vollbeschäftigung. Formen und Finanzierung einer zukunfts-gerechten Arbeitsmarktpolitik*. Discussion paper FS I 93-208. Wissenschaftszentrum Berlin für Sozialforschung, Berlin.

Schmidt, G. M. (1993): *Erwerbsbeteiligung von Frauen und Männern im Industrieländervergleich*. Opladen.

Schömann, K. & T. Kruppe (1996): "The Dynamic of Employment in the European Union." In: *inforMISEP*, No. 55, S. 33-43.



## Policies

### inforMISEP

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

#### **Policies**

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

#### **Trends**

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

#### **Tableau de Bord (Synoptic Table)**

The "Tableau de Bord" is produced by the Commission services in conjunction with the Member States and, in particular, the MISEP network. The aim of the "Tableau de Bord" is to present an overview and an easy comparison of the principal labour market measures and policies of each Member State in a number of areas. The synoptic structure of the "Tableau de Bord" reflects the policy priority areas and the follow-up processes which were agreed at the Essen Council in December 1994. Statistical tables and graphs for each chapter present more coherently some of the key changes which have taken place in the labour markets of the Member States in recent years. The "Tableau de Bord" is produced annually in English, French and German.