

Employment Observatory

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Developments at a Glance

- Belgium:** Following the acceptance of two legislative proposals and a number of proposals for royal decrees to implement the Belgian Action Plan for Employment, numerous measures can now be initiated, amongst other things to prevent youth unemployment, incorporate those returning to the labour market in employment measures, further reduce the burden of social insurance contributions, and promote the use of career breaks.
- Germany:** Given the fact that an increasing number of the unemployed are simultaneously drawing benefits from the employment and the social security offices, the Federal Labour Office and the association representing local government bodies have jointly drawn up a set of guidelines to assist the staff of both offices in coordinating their approaches to placement in employment. – In the light of the success of a pilot project for young people suffering educational deficiencies that has been running in Hamburg since the spring of 1997, the federal government has presented a concept (entitled AQJ) offering work and training to school leavers not yet ready for standard training measures.
- Greece:** Two subsidy programmes are to create jobs for the unemployed, young self-employed and former participants in the Community “Employment” Initiative and to promote the recruitment and integration of the disabled.
- Spain:** With the aim of ensuring the success of the National Action Plan for Employment, a new administrative model is being introduced to coordinate the activities of all those involved and to improve transparency regarding resource deployment; in addition, 2.8 million in-depth interviews are to be conducted throughout the country to collate detailed information on the characteristics of the unemployed. – Following the development phase and the evaluation of the results generated so far, the “Impulse Plan for 100 Municipalities”, a pilot programme developed within the framework of the National Action Plan for Employment, is to be extended to cover the whole country, with the aims of job creation and increasing the dynamism of the production network.
- France:** On the basis of a law passed in June 1998 and the accompanying implementation decrees, statutory working hours are to be set at 35 hours per week as of the year 2000 (2002 for small enterprises), with the aims of expanding employment and maintaining competitiveness. – The government’s efforts to integrate 350,000 young people into regular employment on the local labour market within five years are bearing fruit. By mid-June 1998, the programme, initiated in 1997, had enabled 65,000 young people to find work. – In July 1998, Parliament passed a law – which forms part of the Action Programme (1998–2000) to counter vocational exclusion that was presented in March 1998 – whose provisions will offer support to unskilled youngsters and adult jobseekers facing social and vocational difficulties. – The extension to the range of services offered by the public employment service means that jobseekers threatened with vocational and social exclusion can now receive individual guidance and other services within the framework of the vocational integration programme, provided they commit themselves to active job search or to a project to define career goals.
- Italy:** In up to 20 employment office districts, a pilot initiative to revise the unemployment lists of young people is to be started, permitting a profound analysis of the qualitative and quantitative characteristics of youth unemployment; on the basis of the data gained, it will be possible to tailor measures more precisely. – At the end of May 1998, a first national collective agreement was reached between the association representing approved temporary employment agencies (Assointerim) and the leading trade unions (CGIL, CISL and UIL). The agreement recognises basic trade union rights, contains provisions on an availability settlement and sickness and accident insurance, and is expected to lead to employment growth in this sector.
- Netherlands:** Under a new law passed by the first chamber of Parliament in June 1998, employees taking leave in order to provide care or participate in a training measure will be entitled to financial support provided they are replaced by a person eligible for benefit. – As of 1 July 1998, employers are entitled to a recruitment budget or a tailor-made assistance package if they (re)integrate an occupationally disabled person into working life. – On the basis of a memorandum presented by the Minister of Social Affairs and Employment, in May the first chamber of Parliament approved two new laws strengthening employee rights, with the aim of establishing a balance between employer needs for greater flexibility and employee needs for security. – According to the Yearbook “Emancipatie ’98”, the substantial increase over the past ten years in the proportion of employment relations occupied by women is due primarily to increasing participation rates among women with small children; the upward trend is expected to continue.
- Austria:** Subject to certain conditions, since April 1998 all residents in Austria have been able to draw emergency assistance irrespective of their nationality. In addition, as of October 1998, new regulations will come into force on extensions to the entitlement period to unemployment insurance. – Given that in 1998 and 1999 many young people will be unable to find an apprenticeship on the free training market, the National Action Plan has defined a package of measures to promote the creation of training opportunities in so-called apprenticeship foundations and in publicly funded one-year training courses. – Following the introduction of new guidelines governing integration assistance and special integration assistance, employers will in future be entitled to claim financial support if they recruit long-term unemployed jobseekers or people threatened with long-term unemployment.
- Portugal:** Within the framework of a regional employment plan for the Alentejo Region initiated by the government, immediate-action measures have been deployed to counter youth unemployment, prevent long-term unemployment and promote local employment creation by developing local infrastructure. – A decree issued in June 1998 has established the criteria for the recognition of integration enterprises and the provision of support for the social and vocational reintegration in these enterprises of the long-term unemployed and jobseekers facing disadvantages on the labour market.
- Finland:** Preliminary evaluations of the National Programme for the Development of Working Life initiated in 1996 have shown that positive results can be achieved by improving the status of elderly workers, improving mental well-being at the workplace, and intensifying development activities and raising labour productivity. – A particular aim of the amendments to the law on family leave introduced in May 1998, alongside a general simplification and clarification of the rules governing family leave, is to encourage fathers to take leave to care for their children. – Under a legislative proposal presented to Parliament in May 1998 on a more effective integration of immigrants and asylum seekers, social and vocational integration is in future to be both a right and a duty of immigrants. – On the basis of a government proposal to amend the law on the protection of young workers, new provisions are to apply to the duration of the employment of schoolchildren during the school holidays and to the number of daily working and teaching hours for trainees and their entitlements to breaks and accident services.
- Sweden:** Given the likelihood of labour shortages in areas such as education, the health service, industry, natural sciences and information technology, the employment service will focus on adjusting the capacity of universities and colleges to future labour demand in these areas. – New data banks are to be set up and already existing placement and career information services in the Internet are to be expanded in order to enable employment office staff to spend more time providing individual advice and guidance and rendering services to jobseekers and employers.
- United Kingdom:** Recent data (June 1998) reveal that 15,000 employers are now participating in the “New Deal” Programme for young people and that more than half of the youngsters who have passed through the “New Deal Gateway” have taken up employment. – In accordance with the efforts being made by the British government to reconcile work and family life, to raise incomes and to promote justice at work, the White Paper “Fairness at Work”, published in May 1998, seeks to underpin the competitive success of modern companies by introducing additional employee rights.

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“Policies” and the Four Pillars of the Luxembourg Guidelines for 1998

The four “pillars” of the “guidelines” for 1998

1. Improving employability
2. Developing entrepreneurship
3. Encouraging adaptability in businesses and their employees
4. Strengthening the policies for equal opportunities

The Presidency Conclusions of the Extraordinary European Council Meeting on Employment held in Luxembourg on 20 and 21 November 1997 contain the employment policy “guidelines” for 1998. They encompass 19 separate policy areas and are grouped in four main lines of action (“pillars”).

As in the two previous issues, by way of introduction, the reported measures from the various Member States will be briefly set in relation to these four pillars.

A number of the reports provide information on general developments or present background material, with only an indirect link to the four pillars. For instance, there are reports from both Italy and the Netherlands on collective agreements relating to temporary agency work. Two legal changes in Austrian social benefit and unemployment insurance regulations are presented. From Finland, there is a report on preliminary evaluations of the National Programme for the Development of Working Life, started in 1996. A Swedish contribution presents the results of a study of labour market prospects to the year 2010, with particular emphasis on the training requirements and the necessary adjustments within the education system (Pillar I). A report from the United Kingdom describes the objectives of the White Paper “Fairness at Work”, published in May 1998.

Other contributions present measures that are not explicitly considered in the Guidelines for 1998; examples include the attempts to coordinate the work of employment and social secu-

urity offices (Germany) and the extension of Internet services provided by the employment service (Sweden).

Once again, a number of the measures presented have been explicitly conceived as components of “National Action Plans for Employment”. All of the measures reported from Belgium, for instance, refer to the Belgian Action Plan. Most of the measures come under the first pillar (countering youth and long-term unemployment), but they also reveal links to the second (reducing indirect labour costs) and the fourth pillar (facilitating the return to work).

The Spanish correspondent also reports on new initiatives’ links to the National Action Plan. Italy’s plan to conduct interviews with unemployed youth also fits into the framework of the Luxembourg process: The aim is to integrate young people into working life and responds to the guidelines contained in the first pillar. In Austria, a package of measures to create training opportunities in apprenticeship foundations and vocational training opportunities (Pillar I) is also situated within the framework of the National Action Plan.

It is not only the measures conducted explicitly within the context of national action plans, but rather many of the measures reported on in this issue, that focus attention on *Pillar I*, in particular, the fight against youth unemployment. These include: a new German concept of work and training for young people not yet ready for standard vocational training courses; part of a Greek programme of subsidies; the report from France on the first successes achieved by an employment promotion programme for young people started in 1997; the report from the United Kingdom on preliminary results of the New Deal Programme to prevent youth unemployment; the Austrian programme of wage subsidies for the long-term unemployed and those threatened with long-term unemployment; and the employment plan for the Portuguese region of Alentejo. The last-mentioned pro-

gramme, which forms part of the National Employment Plan, aims to quickly reduce youth unemployment and to promote local job creation. In addition, integration enterprises, for which new rules have been introduced, are to support the aims of active labour market policy.

Measures that come under the *second pillar* have already been mentioned in the context of the national action plans.

Of the measures relating to the *third pillar*, the most prominent is the French law under which statutory working hours are to be reduced to 35 hours per week from the year 2000 for enterprises with a more than 20 employees and from 2002 for all firms. The implementation of this working-time reduction is to be the subject of collective bargaining at enterprise, industry or regional level, whereby the government has set out the conditions for providing financial support. By 7 July 1998, 62 agreements had already been reached under the auspices of the new law; firms are clearly already beginning to adjust to the legal changes, all the more so because the level of financial support is higher the sooner agreement is reached on working-time reductions. The financial incentives are also more attractive the greater the extent of the reduction in working hours. One of the financial incentives consists of a reduction in employer social insurance contributions; to this extent, this measure also touches on the second pillar of the Guidelines (reducing indirect labour costs).

In the Netherlands, the financial support available to those taking a career break seeks to promote more flexible forms of employment contract and can therefore be classified under the third pillar; at the same time, it also helps to reconcile working and family life (Pillar IV). Two legal changes to Dutch legislation have served to improve the legal position of employees in flexible forms of employment and thus promote the use of more flexible employment contracts (Pillar III).

To a large extent, a new law passed by the French parliament on 9 July 1998 with the aim of countering exclusion from the labour market can be classified under the *fourth pillar* of the Guidelines for 1998. Forming part of a three-year action programme, it provides for measures to integrate young people lacking vocational skills and other disadvantaged groups. To this

extent, some of the measures relate to the guidelines brought together in the first pillar. In addition, the French public employment service (ANPE) has extended its range of services, enabling it to offer additional measures to facilitate the vocational integration of unemployed jobseekers threatened with exclusion. The new Dutch law on the (re)integration of the occupation-

ally disabled also comes under the fourth pillar. The new Greek programmes offering subsidies for labour market problem groups also have as one of their aims the goal of promoting the integration of the disabled. Finland's new law (May 1998) on family leave aims to help reconcile family and working life.

Overall Developments

Belgium

Implementation of the Belgian Action Plan for Employment

On the basis of a proposal by the Minister of Employment and Labour, on 3 July 1998 the Council of Ministers approved two bills and a number of proposals for royal decrees, with a view to implementing the Belgian Action Plan for Employment.

The legislative proposals are as follows:

- the law relating to the Belgian Action Programme for Employment 1998, containing a number of provisions;
- the law on ALE employment contracts (*ALE – Agences locales pour l'emploi* = local employment agencies; cf. BIR B-iii.12);
- and nine royal decrees.

A new legislative proposal is to be presented on the following points in the autumn of 1998 after consultations with the social partners:

- setting the increase in the wage norm for the years 1999 and 2000 (cf. BIR B-i.1);
- employment promotion agreements that are to be concluded at branch and supra-branch level in return for a reduction in social security contributions;
- provision of half of the exemption from social security contributions;
- regularly recurring points relating to the supra-branch bipartite social dialogue that takes place every two years.

The most important measures contained in these legislative proposals are described below.

Preventive action against youth unemployment

An ambitious youth guidance plan has been drawn up in cooperation with the Regions and the Linguistic Communities. All jobseekers aged less than 25, starting with the least well-qualified, are to receive guidance after six months of unemployment. During this guidance, unskilled youngsters will be offered intensive training leading to employment, while low-skilled young people will receive support in looking

for work in an active way. In order to improve the financial position of young people, it is also intended that unskilled young people taking intensive training will receive a monthly allowance of BEF 4,000 from the national employment service, ONEM, unless they are in receipt of the waiting allowance (cf. BIR B-iii.5).

The system of work experience (stages) for young people (cf. BIR B-vi.1) is still considered to be an excellent system for the integration of young people into the labour market. It has been decided to simplify and strengthen this employment promotion programme in order to enable a greater number of jobseekers to gain access to the labour market by means of practical work experience. In future, the same rules on work experience are to apply in the private and public sectors. In addition, it is planned to make it easier to impose sanctions against firms failing to meet their obligations to provide work experience, and steps are to be taken to ensure more effective administrative implementation of the legislation governing work experience.

In future, low-skilled jobseekers aged less than 25 will be able to be

Overall Developments

recruited under the Recruitment Plan (cf. BIR B-v.8) and the Vocational Transition programmes (cf. BIR B-vi.9) after just nine months of unemployment, rather than 12 months, as is currently the case.

Granting access to employment promotion measures to people returning to the labour market and unemployed persons whose entitlement to unemployment benefits has been suspended

The Recruitment Plan, which grants employers recruiting the long-term unemployed a substantial reduction in social security contributions, has been extended to the end of the year 2000.

In light of the popularity of the Plan with employers, it has been opened up to other categories of jobseekers, so that in future jobseekers returning to the labour market after an interruption to their career lasting at least two years can also be considered for recruitment under the Plan. Unemployed persons whose entitlement to unemployment benefits has been suspended due to long-term unemployment (cf. BIR B-iii.1) can also be recruited under the Plan after two years of unemployment.

Incentives for resuming studies and for business start-ups by the unemployed

A royal decree is to permit unemployed persons who have terminated their education at least two years prior to return to education immediately after registering unemployed while retaining their benefit entitlement, provided these studies prepare them for a profession for which a lack of labour has been identified.

Unemployed persons preparing themselves for self-employment will be entitled to continue drawing unemployment benefits for six months (currently three months). In addition, unemployed persons drawing full benefit will be entitled to a conditional loan (BIR B-v.16) if they wish to set themselves up in self-employment. They will no longer have to have been unemployed on full benefit for at least three months during the six months prior to making the application.

Improving the status of ALE workers

Within local employment agencies (ALE; cf. BIR B-iii.12), the long-term unemployed may perform activities not covered by the regular labour market. While the basic principles of the ALE system are to remain unchanged, the status of ALE workers is to be improved. Each ALE worker is to receive a *sui generis* employment contract, concluded in writing between the worker and the ALE for an indefinite period. In addition, the ALE worker will no longer be considered as an unemployed person in receipt of a supplementary allowance alongside his/her unemployment benefit entitlement, but rather as a part-time worker receiving a wage (BEF 250 per hour plus an activation supplement on top of the unemployment benefit).

Complementary reduction in social security contributions

In continuation of the policy of reducing the costs of labour, a substantial reduction in social security contributions is being introduced, the aim of which is to reduce employer contributions to the social insurance system to the average level prevailing in Belgium's neighbouring countries within six years. This implies a reduction in wage costs of 3.4% or BEF 108 billion. In 1999 and 2000, the annual reduction in social insurance contributions will amount to BEF 18 billion, of which BEF 15.8 billion will be realised in the private sector.

Half of this figure will result from changes to the MARIBEL measure (cf. BIR B-i.2), whereby the extent of the reduction is to be increased and the measure extended to cover all workers; the aim is to achieve a flat-rate cut in the burden of social security contributions of BEF 45,000 per worker by 2004. At the same time, the measure under which social security contributions for low-paid workers are reduced (BIR B-ii.3) is to be refined by introducing several levels, so as to reduce the highest contributions for a greater number of workers. As of 2004, the MARIBEL measure and the measure for low-paid workers are to be combined.

Career breaks

The career break remains the most important measure for promoting the reconciliation of working and family life while at the same time enabling work to be redistributed. The number of workers taking a career break has been rising rapidly.

In response to workers' desires for career breaks, the number of workers entitled to take leave in private sector firms is to be increased from 1% to 3% as of 1 January 1999.

Within the leave system there are three specific situations in which an employee is entitled to a career break. These are parental leave for the father and mother on the birth or adoption of a child (six months part time or three months full time), health-related leave (two periods of one month) and leave to care for a sick member of the family (two years part time or one year full time). In these three special cases, the allowance paid to workers on leave will be increased to BEF 20,000 per month as of 1 January 1999.

At the same time, additional categories of jobseekers will come into consideration as replacements for workers on leave. The new categories are those who have terminated their studies prematurely, agency workers, unemployed persons whose benefit entitlement has been suspended due to long-term unemployment, and those re-entering the labour market. In addition, a series of exemptions is to be introduced regarding replacement workers and career breaks in favour of small and medium-sized enterprises.

Working-time reduction and the four-day week

In order to enable work organisation to be adapted to meet the needs of the enterprise and its workforce, and at the same time with the aim of creating additional jobs, a reduction in employer contributions to the social insurance funds is to be made available in three cases. The reduction will be conditional on the conclusion of an enterprise-level agreement.

Four-day week

A new measure is to be introduced to enable the four-day week to be established in the enterprise for reasons

relating to work organisation and the recruitment of additional workers on the basis of an extension in overall production hours. The employer is to receive a reduction in social security contributions for the additional workers recruited for a period of seven years. During the first two years, the reduction amounts to 100%, subsequently declining by 15 percentage points each year. The volume of working hours must be increased by at least 10%.

Collective working-time reduction

At the end of 1997, a pilot scheme was introduced under which participating firms are granted a flat-rate reduction in employer social insurance contributions if the workforce collectively reduces working hours and if this is associated with the recruitment of additional workers (cf. inforMISEP "Policies" No. 60, p. 27). This pilot scheme is to be extended to 30 June 1999, and the current system expanded: the period that the employer is entitled to the reduction in contributions is to be extended to seven years, with the same staged decline in the extent of the reduction as with the four-day week.

Collective working-time reduction in firms facing economic difficulties

Firms facing economic difficulties or undergoing restructuring are, subject to certain conditions, entitled to reductions in employer social insurance contributions if they implement collective working-time reduction measures while maintaining the size of the workforce at the maximum possible level (cf. inforMISEP "Policies" No. 58, p. 5). The attractiveness of this measure is also being improved in that the period for which the reduction is granted is also to be extended to seven years, with the same staged decline in the extent of the reduction as with the other schemes.

Support for the "social economy"

In order to ensure clarity regarding the social economy, a legal definition of the "social integration economy" (*économie sociale d'insertion*) has been given. It covers initiatives aimed at the social and vocational integra-

tion of particularly hard-to-place job-seekers by way of goods-producing or service-provision activities.

Access by the social integration sector to public contracts is to be facilitated for contracts of up to BEF 5.5 million. In addition, a tax incentive is to be provided in order to motivate savers to invest their money in firms from the social sector that are active in sectors offering favourable employment prospects.

Employee stock options

As regards the participation of workers in company profits, a legislative proposal envisages that no social insurance contributions will be due on shares for employees offered below market prices, provided the deduction does not exceed 20% and the shares cannot be sold for at least five years.

A legal basis has also been created regarding stock options. Shares offered to employees will be considered as remuneration amounting to 7.5%.

Social insurance contributions will not be imposed, and the tax dues will be transferred to the social insurance system.

Service cheques

The system of service cheques is to be extended to cover painting work performed by approved firms. A royal decree will specify a number of points, in particular the maximum level of support, the maximum number of service cheques and the conditions that must be met in order to benefit from support.

para el Empleo – PNAE) were already being implemented prior to the PNAE coming into force; in recent months, they have been reoriented or intensified to a greater or lesser extent in order to bring them into line with the goals of the PNAE. At the same time, new measures, soon to be introduced, are currently still under development. Also under consideration within the context of the PNAE are a number of activities necessary for the Plan to meet its objectives. It is with three of these initiatives that this report deals:

- introduction of a new administrative model to coordinate the efforts of all those involved and to ensure transparency regarding the distribution of resources; this has already been translated into an "administrative agreement" (*Acuerdo de Gestión*);
- a plan to conduct in-depth interviews with the unemployed;
- the social dialogue between the social partners.

The new administrative model

In order to explain the new administrative model that is to underpin Spain's employment policy, it is first necessary to describe the current situation. In Spain, a number of different levels of the public administration are involved in active employment policy. Although the greater part of the overall budget is provided by the central state administration, the Autonomous Regions (regional government) and a number of municipalities also finance employment promotion activities.

Yet Spain is currently undergoing a process of decentralisation, such that measures financed by central government are often implemented by the Autonomous Regions. This means that an unemployed person may receive support from his/her city administration, the Autonomous Region concerned, or from the central government administration, whereby the conditions of entitlement may vary. Until now, the various levels of the administration have not exchanged information on the measures they conduct with the unemployed persons for which they are responsible.

Spain

Three Measures Implementing the National Action Plan for Employment

A number of activities and measures of the National Action Plan for Employment (*Plan Nacional de Acción*

Overall Developments

The new administrative model was set up on the basis of an agreement reached between the central actors in the employment field at central, state and regional government levels, with the aim of coordinating the efforts of all involved and facilitating the most appropriate distribution of resources. The following guidelines have been set:

- the groups set in the PNAE are to receive priority in benefiting from all employment promotion measures;
- uniform criteria are to be applied in selecting, administering and following up the measures implemented for recipients;
- a joint register of jobseekers is to be used containing information on the jobseekers in receipt of measures and the activities undertaken in each case, permitting a personalised follow-up for each jobseeker. All of the institutions involved will be given access to this information, which will be collated in a new IT application (one of the activities that it was necessary to implement in order to enable the PNAE to be realised). In an initial step, an interview is to be conducted with each jobseeker, in order to obtain more information on each individual; this step is described in more detail below.

Plan to conduct in-depth interviews with the unemployed

In order to honour the agreements reached at the Employment Summit in Luxembourg, which have taken concrete form in the PNAE, the Spanish public employment service, INEM, and the public employment services of the Autonomous Regions have decided to conduct in-depth career-related interviews with all unemployed persons throughout the country. This means that approximately 2,800,000 interviews will have to be conducted, if possible by the end of the year.

The aims of the interviews are to enable the employment office staff member responsible to collate the information necessary in order to develop a detailed picture of the occupational skills of the unemployed person (training, level of education, work experience), the factors missing that

may be preventing or delaying integration into the labour market, and the personal conditions that permit an evaluation of his/her current situation (family responsibilities, benefits or pension entitlements, etc.). In other words, the interviews are an evaluatory instrument to be initiated prior to implementing other measures, an instrument which will both assist the unemployed with their job-search activities and which will enable employers to be offered the most suitable candidates from among the unemployed, selected by the placement services on the basis of their skills and availability.

In order to conduct the interviews in the most appropriate way, it was necessary to divide the task up into a number of successive phases:

1. Firstly, it was necessary to determine the unemployed persons to be interviewed, classified according to the various territorial areas. Of the 2.8 million in-depth interviews, 500,000 must be conducted in Catalonia and Galicia, with the remaining 2,310,190 to be conducted in the other areas of the country in which the regional authorities have not been charged with responsibility for active labour market policy.
2. The public employment services began with the in-depth interviews on 1 January 1998. Given that it was impossible for the public services to conduct all 2.8 million interviews under its own resources, however, the Ministry of Labour and Social Affairs developed a special intensive procedure, which is to permit all of the interviews to be conducted on time. The procedure incorporated various public bodies - in particular city administrations and autonomous regions and, in some cases, universities - which have more detailed knowledge of local labour market conditions by virtue of their position in the locality and their "proximity" to the citizenry, without at the same time reducing the effectiveness of the services rendered. This collaboration implies a co-responsibility within the employment service to the benefit of all parties.

3. In May 1998, an invitation to tender was made among the public bodies in order to recruit staff for the public bodies that will collaborate with the INEM in conducting the in-depth interviews. Galicia and Catalonia are to conduct their interviews in accordance with their respective administrative procedures.
4. So far, 600,174 in-depth interviews have been conducted. This figure will increase exponentially in the coming months, for in many provinces the institutions involved have only just begun with the interviews. 54% of the interviews were conducted with women and 46% with men, in line with their respective relative shares of total unemployment. 65% of those interviewed were older than 25 and 35% younger than 25. It is also interesting to see which measures were considered necessary by the unemployed persons questioned, although it is not yet possible to draw final conclusions, given the limited number of interviews conducted to date. 30% considered suitable vocational training to be necessary for labour market integration, 59% required some form of vocational orientation, 7% lacked practical work experience, while the remaining 7% required various measures. On the basis of the interviews conducted so far, it is clear that personal contact between the unemployed and the public employment services has provided invaluable information on the vocational needs of the jobless, facilitating a systematic planning of the measures required, and thus helping to improve the provision of public services. In the first quarter of 1999, a study is to be conducted on the basis of the interviews in order to determine the professional profiles of jobseekers.

The social dialogue

The PNAE points to three new areas for the social dialogue for the development of fundamental aspects of the Plan. These areas concern incentives to create jobs, all aspects of part-time

work and the relationship between active and passive labour market policy.

Recently three bargaining rounds were initiated on the above-mentioned areas – job-creation incentives, part-time work and active/passive labour market policy – with the aim of getting the social dialogue under way. The point of departure consists of a number of basic principles that open up a broad spectrum of possibilities and extend the strict initial premises for reaching new agreements. The substantive breadth of the negotiations means that, as foreseen in the PNAE, they will be able to generate a large number of innovative measures and elaborate the various aspects involved with part-time work and its growing importance for the Spanish labour market, providing greater impulses for active labour market policy, which is increasingly to take the place of passive measures within the general framework of employment promotion, as well as the restructuring of the incentive systems for the creation of new jobs.

The bargaining rounds were held bilaterally and took place in parallel. In a good negotiating atmosphere, government representatives met separately with trade union and employers' organisations.

As far as the subject of part-time work is concerned, support for part-time work being one of the main aspects of the PNAE, it should be mentioned that a debate is under way in Spain on both the application of legal norms and on underlying principles, such as agreement on defining criteria for part-time work, its voluntary nature, equal treatment, the principle of proportionality and social security. Discussions have also been held on various forms of part-time work and on a support system to increase its diffusion. An agreement on these matters is expected to be reached by September 1998.

Italy

Agency Work: First National Collective Agreement

At the end of May 1998, the first national collective agreement was signed between Assointerim (the organisation representing the companies licensed to hire agency workers) and the trade union organisations CGIL, CISL and UIL. The most important provisions of the agreement are as follows:

- an availability supplement, to be paid to workers hired by the employment agencies under permanent contracts during periods of non-employment;
- a maximum of four extensions of an employment relationship within a single enterprise for a maximum total duration of 24 months;
- equal or at least not inferior treatment of the agency worker with respect to the work force of the employing company;
- recognition of basic trade union rights (trade union activity, right of assembly, etc.);
- probation periods;
- insurance against sickness and accidents;
- a limited period of work familiarisation;
- bilateral training providers.

Experts expect employment growth in this sector as a result of the introduction of this agreement.

Netherlands

Growing Number of Women with Young Children in Paid Employment

The increase of the number of women with young children working more than 12 hours a week goes a long way towards explaining the strong growth in the number of women in paid employment in the last ten years. Mothers with young children are now almost as often working, and especially work part time. In the 1988–1997 period, the participation in paid employment of lone mothers with dependent children increased from 26% to 45%, nearly the same percentages as for women with a partner and dependent children.

This information is derived from the yearbook "Emancipatie '98", which was recently presented to Parliament by the Minister of Social Affairs and Employment. According to the yearbook, the share of women working 12 hours and more per week has increased from 36% in 1988 to 47% in 1997. This is mainly caused by the strong growth in labour force participation by women with dependent children, although on average the duration of their working weeks is much shorter than that for childless women. The male participation rate increased from 70% to 74% in the last ten years.

Despite improvements, women are still underrepresented on the labour market: Of any ten persons in employment, only four are female. Due to the disproportionate share of women in part-time employment, their share in the total volume of employment is even smaller: Of any ten labour years, only three are performed by women. Yet the share of women in employment now unmistakably shows an upward trend.

Placement and Vocational Guidance

France

The Notion of “Guidance” in the Context of the Extended Range of ANPE Services

Faced with the increasing threat of exclusion and the policy measures implemented to solve the problem of exclusion or prevent its occurrence, the notion of “guidance” (*accompagnement*) has gradually established itself in French policy-making discourse. Yet its meaning varies depending on the usage made of it by the public bodies dealing directly with the public in the fields of employment, vocational training or social policy. In general terms, it refers to professional practices targeted at individuals facing difficulties, the solution of which requires more than one-off support.

In contrast to one-off support, guidance requires profound and lasting intervention, in particular in order to enable the client to diagnose his/her own strengths and weaknesses and to provide advice and support. This requires time and a permanent adviser for each client within the public service in question. The diversity of the problems encountered, which often occur together (loss of employment and housing, lack of qualifications and resources, health problems, relationship or social difficulties), and the need to combine benefits and measures, for which various public bodies often are responsible, all make it necessary to create partnerships organised at a level that is “close” to the individual in need of support.

Given that the most effective responses are those that the client identifies and implements him/herself, it is important that the guidance is based on a certain dynamism and commitment on the part of the client.

In other words, guidance is generally characterised by its extended duration, the presence of a single, readily

available adviser, reciprocal efforts on the part of the service and the individual, and the organisation of a partnership at a level close to the individual client.

The characteristics of the guidance offered by the ANPE

Within the new range of services offered by the ANPE, guidance represents a service level that is clearly conceived as “guidance towards employment”. Once it emerges that problems are not directly linked to employment and the labour market, the client is transferred to other authorities.

- For instance, people facing serious social difficulties can turn to the departmental Social Individual Guidance (*Accompagnement social individuel* – ASI), benefit from services provided within the framework of the local occupational integration programmes (*Programmes locaux d’insertion professionnelle* – PLI), or may be transferred to the Access to Employment Pathways (*Trajets d’access à l’emploi* – TRACE), judicial youth protection services or another public authority providing support with social integration.
- If in the course of counselling a clearly defined vocational training programme is identified, the client is put in touch with the Association for Adult Vocational Training (*Association pour la Formation Professionnelle des Adultes* – AFPA), which then assumes responsibility for providing guidance.

Those persons whose capabilities are sufficient to gain access to employment on their own initiative or with the help of one-off support do not come under the “guidance” level, but rather are offered various services or one-off support out of the new range of ANPE services.

The ANPE offers guidance within the framework of the “New Start” defined by the European Commission, in application of the decisions taken at the Luxembourg Summit, for the following target groups:

- young people aged under 26 and entering their sixth month of unemployment;
- adults entering their twelfth month of unemployment;
- jobseekers registered for more than 24 months and unemployed young people and recipients of minimum social benefit (*Revenu Minimum d’Insertion* – RMI) registered unemployed for more than 12 months.

The ANPE enters into the following commitments:

- guidance will last three months (where appropriate, extended by up to a further three months),
- jobseekers will be assigned a single adviser offering guidance throughout the guidance period,
- jobseekers will benefit from three advisory interviews and individual or collective services in agreements with the adviser.

At the end of the guidance period, a report is drawn up jointly by the client and the adviser.

The client enters into the following commitments:

- to actively look for work and defined projects,
- to perform the activities agreed upon with the adviser,
- to attend the recruitment interviews and the various meetings agreed upon.

Guidance for jobseekers can be performed by three different institutions:

- the local employment office,
- a partner of the local employment office to which the ANPE has delegated guidance responsibilities,
- a service organisation working at the behest of the employment office.

Two forms of guidance

The ANPE offers two forms of guidance, “direct access to employment” and the “employment project”, the aims of which are, respectively, successful job search and defining an employment access project.

Direct access to employment

This form of guidance is offered particularly to those lacking an appropriate job-search methodology, perseverance, or the ability to show their skills in the right light, as well as to those who are penalised by the selectivity of the labour market (people staged over 50, youngsters lacking recognised qualifications, etc.) or those lacking the contacts necessary for successful job search.

The institution offering guidance is committed to:

- help the clients to define actions to be taken;
- organise the process of learning job-search methods;
- organise, where appropriate, activities to define career targets;
- propose job offers, work experience and contacts with employers;
- perform follow-up observation of contacts between employers and participants and intervene in favour of clients with employers recruiting labour.

The results will be measured against the following criteria:

- the proportion of participants that have found at least one job and their statistical distribution in terms of the duration of employment (whether they are recruited under a permanent contract or a fixed-term contract of six months or longer, and at working hours above or below 78 hours per month);
- the proportion of participants who have had at least one job interview, even if they have not gained access to employment;
- the drop-out rate in the course of the process;
- the situation of those jobseekers not placed by the end of the guidance period three months after the end of the measure.

In those cases where the aim is to define an individual employment project, “the elaboration of a career project” will be proposed to persons wishing or obliged to change profession and to those (particularly young people) lacking a professional orientation, who consequently cannot (or can no longer) decide the forms of employment towards which they should orient their search activities.

The following are considered as evidence of a successful project:

- a job interview for work corresponding to the project,
- participation in a training measure,
- participation in a measure to assist business start-ups.

The institution offering guidance enters into the following commitments:

- to assist the participant in defining the various stages of his/her project;
- to offer the participant evaluation and validation activities appropriate to his/her needs, to help overcome the difficulties arising in implementing the various phases of the project and to analyse the project together with the participant with a view to the labour market situation.

Three different forms of guidance in employment are proposed:

1. *Individual follow-up*

A commitment to accompany the client following recruitment, either inside or outside the enterprise, can be entered into from the start of the guidance process; whether or not this is done depends on the conditions agreed upon with the employing enterprise. The adviser enters into such a commitment in the name of the organisation responsible for providing guidance.

The adviser holds at least one interview per month with the client and contacts him or her, usually by telephone, at least every two weeks. The conclusions drawn from each interview must be indicated along with the actions to be taken by the next meeting.

The adviser also conducts a concluding interview.

The results will be assessed in terms of the project definition on completing the first phase or on termination.

- #### 2. *Participation in a job-search circle*
- chaired by the adviser. The adviser conducts three individual interviews with the jobseeker and is responsible for the collective functioning of the circle, at the first meeting of which the commitments mentioned above are formally entered into.

3. *Participation in a mutual-aid club with the support of an adviser*

The adviser holds at least three interviews. Alongside the clubs for young graduates that are already in existence, additional jobseeker clubs are to be set up (in accordance with the action plan agreed at the Luxembourg Summit) for those participating in New Start. These clubs can be open to all jobseekers or can be restricted to young people or to managers.

At the end of the guidance period, an interview is held in which, irrespective of the outcome, a record is made of the progress achieved by the client.

The measure can be terminated at any time once the goal – placement, placement with follow-up guidance at the workplace, or conclusion of the first phase of a precisely defined employment project – has been achieved.

If the client fails to honour the commitments entered into, the guidance will be terminated prior to the normal termination date, after a warning of the imminent termination has been issued to the client.

In the course of the guidance process, the two parties (three if an external service provider was involved) may agree to end the measure, even if the goal has not been attained, in cases where the client has achieved an adequate degree of independence.

Sweden

Internet to Relieve Workload of the AMS

The National Labour Market Board (AMS) has requested the Swedish government to permit deployment of SEK 90 million for further development of its Internet services during the three year period 1998–2000. AMS has proposed that the programme be financed within the budget allowance for active labour market programmes.

Placement and Vocational Guidance

The objective is that most placement services and information on occupations be provided on the Internet, enabling self-service access. In doing so, placement officers' working time can be geared more towards individual support and direct services to jobseekers and employers.

The job bank list of vacancies is already one of Sweden's most used Internet services, with 40,000 visitors a day. The jobseeker bank, where employers can screen jobseekers who have registered themselves,

lists 45,000 jobseekers and 3,500 employers. There is also a temporary worker bank for some branches, with stand-by, self-registered jobseekers, and an image and artist bank, listing 1,000 artists with more than 10,000 images.

The potential for employment services provision via the Internet is, however, much greater than what is available and used today. The existing systems could be developed and new banks organised. New Internet services, such as vocational guidance and

information systems on occupations, are also planned.

AMS's target is to increase the use of the vacancy bank from 40,000 visitors each day to 80,000 in the year 2000. Another target is to convince more employers to use the jobseekers' bank, from 3,500 employers registered today to 50,000 by the end of year 2000. The number of self-registered jobseekers has been targeted to grow from 45,000 today up to 200,000 by the end of 1999.

Job Creation

Spain

“Impulse Plan” for the 100 Municipalities Most Affected by Unemployment

As part of the National Action Plan for Employment (*Plan Nacional de Acción para el Empleo – PNAE*), the “Impulse Plan for 100 Municipalities” (*Plan de Choque para 100 Municipios*) constitutes a pilot programme that – following a developmental phase and evaluation of the results – may be extended to cover the whole country. Implementation of the plan can be divided into the following stages:

- (a) Determining 100 municipalities with a high unemployment rate and specific economic conditions that serve as a barrier to economic development and thus to job creation.

In order to determine the 100 municipalities, a study was conducted which took account of various economic indicators. These included tax revenues, registered unemployment, the unemployment rate derived from the labour force survey, labour recruitment trends by activity and sector, and vacancies and information on the possible reasons why these job offers remained vacant. The unemployment data were disaggregated by group, gender, age and field of activity. The central aim of the unemployment evaluation is to obtain information on the incidence of long-term unemployment, unemployment among women and young people, and that of other groups facing particular difficulties in entering the labour market, such as the disabled. After completion of this evaluation conducted in cooperation with the Spanish Federation of Municipalities and Provinces, which utilises the experience and knowledge of this Federation

at the local level, 100 municipalities will be selected in which the Plan is to be implemented.

- (b) In-depth interviews with the unemployed in the municipalities.

During the course of the study, and within the framework of the in-depth interviews conducted with the unemployed throughout the country, an intensive analysis of the characteristics of these jobseekers is to be carried out in order to obtain well-founded information on the occupational barriers (training, need for retraining, job-search techniques, etc.) preventing labour market integration. The aim is to derive precise data on labour demand and supply in order to bring these two variables into line.

- (c) Implementation of measures.

The study will reveal a number of measures that will need to be implemented in order to help dynamise the production network in the municipalities. In order to implement such measures, close cooper-

ation between the local authorities and the Autonomous Regions is vital. Local authorities may receive public funding, paid for out of the budget of the public employment service, in order to identify at local level new employment areas and possibilities to create jobs (complementing the above-mentioned study). For their part, the Autonomous Regions may supplement the support and assistance to help create productive activities. By this means, the implementation of the measures is to be coordinated between the various administrative levels and the public investment effort maximised.

Of particular importance in this context is the introduction of "employment workshops" (*talleres de empleo*) for activities and professions that, on the basis of the results of the study, can be expected to offer employment opportunities in the municipality in question. The employment workshops constitute an employment and training programme involving three actors: the recruited worker, who receives payment for the work performed; the local authority, which pays the wage and commits itself to providing training; and the public employment service, which provides subsidies for wage costs and social insurance contributions.

(d) Implementation of the Plan in cooperation with the Autonomous Regions in which the selected local authorities are situated, particularly in those cases in which the Autonomous Regions bear responsibility for active labour market policy.

(e) Evaluation of the effectiveness of the Plan.

This will be conducted in the introductory year and will focus on analysis of the following points:

- extent of the training and practical experience received by participants;
- integration in the local labour market, whereby analysis is to concentrate on the appropriateness of training in the activities and professions in which training has occurred and subsequent

employment in other areas of employment;

- dynamising the production network;
- local or regional mobility of participants;
- the value of the programme as an instrument to even out the level of tax receipts in different regions.

France

Employing Young People "on the Ground"

The employment promotion programme for young people, introduced by virtue of the Law of 16 October 1997¹, is based on the idea that in France essential needs currently remain unmet in housing, education, health and security, alongside new needs resulting from recent social developments: personal services, environmental protection, cultural heritage and quality of life. These needs must be met if collective living standards are to be raised, services developed for a better life together and permanent jobs created.

The government's aim is to bring 350,000 young people into the local labour market over a period of five years, of which 150,000 are to be placed by the end of 1998.

Interim report as of mid-June 1998

By mid-June 1998, 65,000 young people aged between 18 and 26 (in some cases, up to age 30) had found genuine employment; together with the 25,000 projects that have already been registered, this represents 105,000 jobs for which funding can be provided. At 1,500 jobs per week, the rate of job creation is high.

Which youngsters are being recruited?

- 25% are unskilled or have no more than a certificate of professional aptitude (CAP), 50% have com-

pleted upper secondary education (*baccalauréat*);

- 70% had been registered unemployed;
- the average age was 23 years.

By which organisations are the young people recruited?

The new jobs have been created by associations and local and regional governments for activities that lie outside their traditional tasks and had not previously been performed². At the same time, this mobilisation of young people has also occurred at national level: 33,000 young people have been recruited by the state education system, while 5,000 are working as "security assistants" alongside the police.

What sort of activities are being performed?

No list of activities or professions was determined in advance, merely the following criteria:

- responding to emerging or inadequately met needs;
- not constituting competition with services already provided by the commercial or non-commercial sector; and
- being useful to society.

Some examples of work performed by young people

- In Brest, an association called "Vivre la Ville", founded jointly by the local public transport companies and the national energy supply companies (EDF and GDF), has employed six young people, whose tasks involved informing and providing security to passengers, advising inhabitants of sensitive districts on the scope for saving energy, explaining electricity or gas bills, offering advice on the safe use of electricity and gas, etc.

1 For detailed information on this programme see inforMISEP "Policies" No. 61 or consult the website, www.travail.gouv.fr or www.adminfrance.gouv.fr.

2 This employment promotion programme, involving government financial support, is not open to private sector employers. Once the programme has run for five years, it is hoped that these jobs will have become "solvent" and will then be performed via the private sector labour market.

Job Creation

- In Mont-De-Marsan (Landes), an association has recruited one youngster to establish, in cooperation with local schools, a long-distance communication network for sick pupils unable to attend school and for the disabled.
- In Montpellier (Hérault), eleven young people have been charged with looking after elderly people who, while still living at home, are partially incapacitated in an appropriately designed centre.
- In the Département of Vaucluse, an association has recruited young people to accompany the victims of crime in their dealings with the police and the courts.
- A local authority in Alsace has employed 21 youngsters to look after the cultural and ecological heritage of the region.

Incorporating local dynamics

The success of the programme rests on the incorporation of various local actors. Thus, the employment service has moved from a “desk logic”, in which the young person must attend an office in order to gain access to job offers, to a “project logic”, according to which young people can define and develop their own projects, with the help of local actors entrusted by the government with the task of discovering and initiating new activities. At the level of individual regional or local labour markets, mayors and local authorities have a central role to play. It is the Prefect of the relevant département that decides, on the basis of certain fixed criteria, on the applications to be approved and on the provision of government funding³.

The central challenge: ensuring permanence

After a period of five years, a number of the jobs supported will have become “solvent”; responsibility for them will be assumed by the market and those benefiting from the service. Some employers, on the other hand, will not be in a position to finance continued employment of the young

people they have under contract out of their own resources. They must therefore seek financial partners that are able to take the place of government.

Yet the permanence of these employment opportunities will be determined at a higher level: It is the reality of the needs served, the appropriateness of the profiles of the young people employed, the quality of their activity and their professionalisation that will determine whether the new activities can be maintained.

The efforts being made to ensure that the jobs created by the programme prove to be permanent is readily evident: More than half of the associations have employed the youngsters under permanent contracts. This is a clear sign that they expect the employment relationship to be long term in nature.

Austria

National Action Plan – Focus on Youth Employment

Catch-all net for young people

Despite the efforts made in 1997 by central and state government and particularly by the Labour Market Service (AMS) to counter unemployment among young people, the market for training opportunities and apprenticeships will remain in disequilibrium in 1998 and 1999.

Seen realistically, around 4,000 young people will fail to obtain an apprenticeship or training opportunity on the free market in each of the two years. It is for these youngsters that a “catch-all net for young people” (*Auffangnetz für Jugendliche*) is to ensure access to the world of work. Part of this activity has already found its way into the National Action Plan for Employment (NAP, see below), within the framework of which it entails both medium and longer-term components.

For both 1998 and 1999, 4,000 training opportunities are to be created for young people in apprenticeship foundations (*Lehrlingsstiftungen*) and in vocational training courses. In each case, training will start in mid-November at the latest. Steps are to be taken to ensure that girls represent a more than proportional share of participants in non-traditional occupational fields.

It is the task of the state-level project group to select the contents, locations and providers for the courses, while the AMS is responsible for choosing and accompanying the participants.

Two allocations of ATS 500 million are to be made available to the apprenticeship foundations, distributed depressively to the year 2000; the allocations can be used to form financial reserves. The legal aspects of this matter are to be set out in the law guaranteeing youth training (*Jugendausbildungssicherungsgesetz*); it is assumed as a broad guideline that 1,500 training opportunities will be made available in each case. At the end of each training year, around one third of participants are to leave the scheme to enter regular apprenticeship in the private sector. Participants receive a maintenance allowance from the AMS of ATS 2,985.

ATS 400 million have been earmarked for the vocational training courses for the training years 1998/99 and 1999/2000, financed out of the central government budget. The target volume will be around 2,500 participants. These one-year training courses are to be organised by provider organisations, whereby school infrastructure – belonging to both central and federal state government – will be used free of charge.

In terms of social security legislation, participants in the courses have equal status to apprentices and receive a special grant of ATS 2,000 paid out by the provider organisations.

In addition, the education department plans to improve the opportunities to retake the compulsory school-leaving certificate; ATS 50 million have been earmarked annually for 1998 and 1999, financed out of the central government budget; a pro-

³ The employer receives a flat-rate grant of FRF 92,000 per year and job created, for a maximum of five years.

gramme volume of around 1,000 participants is envisaged.

As part of this medium-term package of measures, additional incentives are to be provided for employers, limited to the training years 1998/99 and 1999/2000: Since July 1998, firms training apprentices have been entitled to a tax-free allowance of ATS 20,000, and firms have been temporarily exempted from the obligation to pay accident insurance contributions for new apprentices.

The basis for this package, set out in the NAP, is an interdepartmental agreement between the federal ministries of labour, health and social affairs, education and cultural affairs, and economic affairs. The legal basis for the measures has been established through the above-mentioned law guaranteeing youth training opportunities.

Additional measures contained in the National Action Plan

Support for supra-plant (object-related) and inter-plant (subject-related) apprenticeship training received special emphasis as a specific item in Guideline 1 of the NAP. Responsibility for implementation lies with the AMS.

Under the section entitled "Adaptability of young people", Guideline 7 emphasises the following elements:

- establishing training modules to prepare female training-seekers;
- additional new training occupations (especially in the service sector) are to be admitted to the dual training system, and the admission procedures for such new occupations are to be improved and streamlined. In future, the Federal Advisory Council on Vocational Training (*Bundesberufsausbildungsbeirat*) will have to draw up a report within six months, on the basis of which the Department of the Economy will admit the training occupation in question;
- preliminary training for young people suffering from various deficiencies; part of the time spent on this can be deducted from the subsequent apprenticeship period;
- setting up an advisory and arbitration office for vocational training in

order to support employers offering apprenticeship opportunities parallel to the existing structures established by the law on vocational training (§3a procedures).

The vocational training act (BAG) has been amended to include provisions on the advisory and arbitration office and preliminary training.

The AMS's labour market policy for young people

Alongside these new measures, the AMS will continue to implement – and where appropriate, develop – its already successful range of labour market policy instruments for young people; these include careers advice centres, the policy of opening up new occupational fields and forms of training, not least for girls and young women.

Support by the AMS for apprentices is oriented towards the following labour market policy goals:

- the integration of labour market problem groups into the labour market;
- countering the disadvantages faced by women on the labour market;
- qualitative improvements in apprenticeships (interplant supplementary training);
- closing the gap in training opportunities by creating additional training places.

This support is targeted towards those facing disadvantages on the labour market. The "additionality" of an apprenticeship is no longer considered as grounds for granting support, for given the difficulties in evaluating this criterion and the deadweight effects this implies, sobering experiences were made with the criterion in the past.

One of the underlying goals behind the AMS's targets is to prevent long-term unemployment among young people. Long-term unemployment is defined as a period of registered unemployment exceeding six months. Consequently, the long-term unemployed also constitute a focus of AMS activities.

In regions facing youth unemployment above the Austrian average, additional employment projects and in-

tegration schemes are to be implemented in cooperation with local and regional partners. Claims for funding from the European Social Fund are to be made, an exchange of experiences with other EU countries maintained, and measures deployed within the framework of Community initiatives.

Austria

Wage Subsidies for the Long-Term Unemployed and Persons Threatened with Long-Term Unemployment

Recently, new guidelines came into force concerning the provision of wage subsidies to employers recruiting the long-term unemployed or those under threat of long-term unemployment. The new regulations on the integration subsidy and special integration subsidy (*Eingliederungsbeihilfe* and *Besondere Eingliederungsbeihilfe*) replace and unify three existing forms of wage-cost subsidy: the community-benefit integration subsidy (formerly called the Action 8000) for non-profit organisations, the enterprise integration subsidy for enterprises, and the special integration subsidy for both non-profit organisations and enterprises recruiting recipients of emergency support. The only difference between the integration subsidy and the special integration subsidy is that for the special integration subsidy, the resources of passive labour market policy are used and beneficiaries are restricted to those drawing benefits.

All types of employers are entitled to claim the subsidies, with the exception of the Labour Market Service (AMS) itself, political parties, radical associations and the central government.

The subsidy is available for job-seekers registered with the employment office for at least six months (for those under 25 and over 45 years of

age) and twelve months (for those between 25 and 45 years of age). Under certain conditions, the subsidy can also be provided for those under acute threat of long-term unemployment (for example, due to care responsibilities or other disadvantages).

Provision of the subsidy is subject to the following conditions:

- conclusion of an advisory and guidance agreement between the employer, the beneficiary and the AMS;
- substitution effects must be precluded;
- the employment relation must last at least one month;
- the employment relation must represent at least 50% of the statutory standard working hours;
- the employment relation must meet collective and statutory requirements in terms of pay and working conditions.

Level and duration of the subsidy

The subsidy may reach a level equal to up to 66.7% of the calculation base (which is equal to gross monthly pay plus a flat-rate payment of 50% to cover indirect labour costs); it is paid by the AMS. In the case of the special integration subsidy, the employer receives support limited to a ceiling equal to the level of unemployment benefit or emergency aid, paid out of the unemployment insurance fund resources earmarked for this purpose (including family supplements where appropriate and sickness and pension insurance contributions); here, too, the subsidy may not exceed 66.7% of the calculation base.

The integration subsidy can be provided for up to two years; the special integration subsidy for up to one year.

Portugal

Regional Employment Plan for the Alentejo Region

By virtue of ministerial decree no. 67/98 of 8 June 1998, the Portuguese government has initiated the drawing up of a regional employment plan for the Alentejo Region within 120 days. The plan, which is to implement the strategy pursued in the National Employment Plan (*Plano Nacional de Emprego* - PNE) in this region, is to remain in force until the year 2003.

Notwithstanding the four-month implementation period, a number of immediate measures are being taken to counter youth unemployment, prevent long-term unemployment and promote employment at local level. At the same time, infrastructural elements are to be put in place or developed with the aim of promoting job creation, developing vocational training measures, and evaluating the results of employment and training measures in the region.

As of 1 October 1998, all young people registered with the public employment service will be offered an employment opportunity before they have been unemployed for six months, with the dual aims of reducing youth unemployment and averting long-term unemployment. This offer will take the form of training or re-training, work experience, a job, or another measure promoting integration into the labour market. Also starting on 1 October 1998, all adult unemployed persons will also be offered an employment opportunity in one of the above-mentioned forms or in the form of individual career orientation guidance, before they have been registered unemployed for 12 months.

This employment promotion initiative at local level will be conducted as a pilot project and is based on the conclusion of three-year contracts between the public employment service (IEFP) and non-profit organisations in the public and private sectors, which will put forward local projects in re-

gions particularly affected by output migration and unemployment. These projects must contain measures with the following objectives:

- provide a stimulus to develop initiatives that create new employment opportunities at local level;
- organise measures to upgrade the skills of the unemployed;
- support occupational mobility;
- promote the social integration of those threatened with exclusion;
- promote placement in employment;
- develop local initiatives to re-animate traditional activities.

The programme will be financed by the IEFP, with a total of PTE 3 million earmarked for the period 1998 to 2001.

The following infrastructural terms are to be created or developed in order to promote job creation and the implementation of vocational training measures:

- setting up three new "nests of firms" ("*ninhos de empresas*" - premises offering facilities, office machinery, etc. to firms during their start-up phase) at the Centre for the Promotion of New Businesses (*Centro de Apoio à Criacao de Empresas* - CACE) in Portalegre;
- setting up a Centre for the Promotion of New Businesses (CACE) in Beja, which is to focus on initiating and consolidating small enterprises;
- providing the Centre for Artisan Training in Reguen agos de Mosaraz with a laboratory to promote pottery crafts in the region.

In order to evaluate the results of the various employment and training programmes, particularly the fixed-term employment programmes (*Programas de Actividades Ocupacionais* - POC) on the regional labour market in Alentejo, the IEFP will conduct a systematic impact assessment survey in conjunction with its partner organisations.

Portugal

Criteria for the Promotion of "Integration Enterprises"

Decree no. 348-A/98 of 18 June 1998 has set out the criteria according to which, within the framework of the so-called "social labour market", integration enterprises are approved and given technical and financial support by the public employment service (IEFP) as an element in its active labour market policy.

According to the criteria, integration enterprises must primarily pursue the following goals:

- countering poverty and social exclusion by means of vocational reintegration measures;
- promoting the acquisition and development of the social and vocational skills necessary to perform a paid occupational activity;
- creating jobs to meet needs that are not satisfied on the regular labour market and that contribute to social development at the local level.

Integration enterprises are non-profit organisations that seek to promote the social and vocational reintegration of the long-term unemployed and other disadvantaged labour market groups. They include associations, cooperatives, foundations and private welfare institutions.

For each person recruited, an individual file is created containing all the information relevant to his/her social and vocational integration, including the details of the benefits being drawn; in this way, the necessary contacts to the local employment service offices are developed.

In addition, the file also contains an individual integration plan which, depending on the personal profile and interests of the employee and the training requirements for successful adjustments to the activity performed, may encompass the following:

- a vocational training phase lasting up to six months, the aim of which is to develop personal, social and vocational skills;

- a professionalisation phase to further develop and strengthen the skills acquired, by means of an activity in an integration enterprise.

Other active labour market policy measures can also be deployed to promote the social and vocational integration of the target groups into the labour market, alongside social integration measures conducted in close cooperation with the support institutions responsible and the integration enterprises.

The provision of financial support is conditional on IEFP approval for the application and recognition of the organisation as an integration enterprise by the committee responsible for the "social labour market". The employment offices are responsible for accompanying the labour market integration process and offering appropriate guidance. Financial support from the IEFP may supplement that from other sources; the level of support provided is fixed annually in the IEFP budget.

In order to consolidate the projects and render them in the longer term, specialist groups are to be set up to provide systematic guidance to the integration enterprises. At regular intervals they will also compile reports on business activities and the social and vocational integration of the individuals recruited; the reports will be presented to the committee responsible for the social labour market and to the employment office responsible for the integration enterprise in question.

The committee will present an annual report to the Ministry of Labour and Solidarity.

United Kingdom

Recent Developments in the "New Deal"

The national roll-out of the New Deal for Long-Term Unemployed People took place on 29 June 1998. This is

designed to help people aged 25 and older who have been unemployed for two years or more. It will offer:

- a job with an employer for six months with an employer subsidy of GBP 75 per week;
- the opportunity for up to 10,000 people lacking basic skills to study full time for up to a year while remaining on benefit.

In the March 1998 budget, the U.K. government announced funding for the introduction from November 1998 of new pilots to provide 70,000 opportunities for long-term unemployed adults who have been unemployed for 18 months. The pilots will:

- offer a Gateway of help, similar to that offered in the New Deal for Young People;
- provide an intensive programme of training and work experience lasting three months for those who do not find work through the Gateway;
- provide a six-month subsidy of GBP 60 a week to employers of those finding work;
- include specific measures tailored to the needs of long-term unemployed people aged over 50.

Although the main focus will be on those unemployed for over 18 months, the pilots will also look at helping adults who have been unemployed for between 12 and 18 months.

The U.K. government is also providing funding to help the partners of unemployed people, who are themselves out of work, to get jobs. Childless partners under 25 will be included in the New Deal for Young People. Partners over 25 will be offered the advice and help they need to get back to work. This initiative is still in the developmental stage.

Some (very early) results from the New Deal

The latest figures (published on 25 June 1998) reveal that more than half (51%) of the people leaving the Gateway of the New Deal for Young People (18-24) are going into employment. Since the New Deal started, 5,500 young people have been successful in finding work. One in four young people who have entered the New Deal have volunteered to join early. Most

Job Creation

entrants to the New Deal are still on the Gateway, but of those leaving the Gateway, 35% have gone into unsubsidised jobs, 16% into subsidised jobs and 12% onto one of the other three options – 607 in full-time education and training, 173 in a job in the voluntary sector and 118 on the Environment Taskforce. 15,000 employers have now signed up to the New Deal – 50% up on the previous month.

Interim findings for the New Deal for Lone Parents were published in May 1998; they showed that the New

Deal had a real and measurable effect on the rate at which lone parents moved on income support in the eight pilot areas:

- a reduction of 2 percentage points in the number of lone parents on income support whose youngest child is of school age;
- the number of lone parents making new or repeat income support claims increased by 7% less in the pilot areas than in similar control areas where the service was not available.

This initiative has been available nation-wide since April 1998 to lone parents who make a new claim for income support. An additional GBP 10 million announced in the March budget will be used to evaluate the effectiveness of an in-work training grant for lone parents and to draw in innovative schemes from the private and voluntary sectors for training and other support to lone parents. From October 1998, the service will be extended to all claimants already on income support.

Training

Germany

QUAS – A Pilot Project Offering “Training and Work for School-Leavers”

On 1 March 1997, a pilot project entitled QUAS (*Qualifizierung und Arbeit für Schulabgänger* – Training and work for school-leavers) was initiated in Hamburg as a new form of vocational preparation for 250 school-leavers considered not yet ready for an apprenticeship or normal vocational training. Unlike the standard full-time training schemes offered by the careers advice service, the QUAS programme is divided rigorously into a training and an employment section. Participants can remain in the scheme for up to three years.

QUAS participants are employed for at least half regular working hours in an enterprise alongside a part-time training scheme provided by the careers advice service. The division into

two loci of learning allows for the fact that the weaker school-leavers, in particular, are very often “fed up” with school. Young people are able to swiftly gain a sense of achievement through working under their own initiative in the enterprise, a sense of achievement most failed to experience at school. In the course of participation, they have an opportunity to show “their” employer that they are indeed highly motivated and willing to work hard, and thus to recommend themselves for training in the enterprise or for employment.

The Hamburg employment office feels that the QUAS programme has become necessary because the declining number of training opportunities, together with the ever-higher demands made of in-plant training, have meant that school-leavers with below-average marks have found it increasingly difficult to find an employer willing to train them. They are then in danger of losing touch with workplace reality and the accompanying socialisation that is so important. At the same time, the preparatory one-year measures offered by the careers advice service are often insufficient to

integrate young people into the in-plant training and employment systems.

Participants in the QUAS programme receive from their enterprise a monthly net remuneration (on which the employer must pay social insurance contributions) of DM 500. This is financed and reimbursed by the Federal Ministry of Labour and Social Affairs and the City of Hamburg. The rights and duties of the trainee and the employer (duration, probation periods, dismissal and notice periods, requirements in case of sickness, holiday entitlement, pay) are set out in a contract between the trainee and the enterprise; it requires the employer to pass on basic knowledge in an agreed profession. It did not prove difficult to acquire the necessary training places in Hamburg.

Evaluation of the QUAS programme after one year reveals some initial successes for the model. It is expected that more than half of the current participants will commence in-plant vocational training in the summer of 1998. It should be mentioned that many participants have received a substantial boost to their motivation

and willingness to work from the fact of belonging to an enterprise. It is evident that they are taken more seriously by their peers and their parents as "holders" of a job than is the case with apprentices or those taking school vocational training. Great value is to be placed on the effect of paid work on the self-esteem of these youngsters, with a view not only to their future career, but to their life in general.

On the basis of the experiences gained so far with the QUAS programme, the Hamburg employment office plans to substantially expand the project, providing its own financial resources under §10 of the Third Social Legal Code. The full-time training schemes, which up to now have been retained, are to be converted into QUAS measures. This means that, as of the summer of 1998, the careers advice service of the Hamburg employment office is only offering careers-preparation measures in conjunction with paid part-time work. This decision was based on the following main considerations:

- Observation has shown that direct contact between the young person and the enterprise has been more conducive to the integration of young people, particularly those with poor school achievements, in training or employment than the traditional courses offered by the careers advice service.
- Local business takes a positive view of the project because it is seen as being close to enterprise reality and has provided a sufficient number of work experience places to support the aim of workplace socialisation and a subsequent outflow into training or employment.
- All participants in measures provided by the careers advice service are, wherever possible, to be induced to be more committed and active in promoting their own occupational

integration via the experience of training and work offered by QUAS and the associated remuneration and payment of social insurance contributions.

- Under the new Third Social Legal Code, the scope for supporting vocational further training for young adults lacking qualifications has been tightly circumscribed, so that QUAS is also seen as an alternative to further training and retraining for this target group.
- From the summer of 1998, more than 800 QUAS places are to be made available for Hamburg school-leavers considered not yet ready for training.

Taking account of the lessons learnt so far, from the summer of 1998 the training facilities of the careers advice service involved in QUAS will offer a preliminary and preparatory phase for those young people lacking the occupational and social skills for practical work experience in the workplace who must be given special support. The aim of this preparatory phase is to ensure that fewer participants encounter excessive difficulties in the transition from school to work, thus reducing the number of participants dropping out during the first few months of the measure.

Both the concept underlying the Hamburg model and the initial results achieved have induced the federal government to take QUAS as a model for the nation-wide introduction of a new model, entitled AQJ (*Arbeit und Qualifizierung für Jugendliche* – Work and training for young people).

The core element of the AQJ programme is to link up a practical work experience relationship between the youngster and a firm, one which pays a wage and social insurance contributions, and a careers-preparation measure. As in the Hamburg pilot project, the young person receives a net trainee allowance of DM 500 per month,

for which the employer is reimbursed (including the attendant social insurance contributions). In return, the employer must provide the young person with basic knowledge and skills, with a view to subsequent vocational training. During the other half of the time, the youngster participates in a careers-preparation measure organised by an approved organisation or in a modified careers-preparation year organised by state government.

On 21 April 1998, the federal government provided DM 40 million for the current year from the budget for "Support for measures to try out new ways in labour market policy" and commissioned the federal employment service (BA) with the task of implementing the AQJ programme. Financing for 1999 has already been earmarked up to a level of DM 90 million.

There has been a very positive response to the AQJ programme in practice. As early as the start of June 1998, the employment offices had received more applications than could be funded with the DM 40 million available. For 1998, around 4,000 entrants into the measure can be fully financed (remuneration for the trainee and costs of the measure, including social-pedagogical guidance). Almost all of the measures have since got under way. The projects are being conducted in all of Germany's federal states and in both urban and rural areas. The institutions providing preparatory guidance include those run by business, the trade unions and others providing support for the disadvantaged. The number of projects may be increased further if additional finance is provided by state or local governments.

Evidence on the success of the measures (outflows into training or employment) will be available at the earliest after the measures have run for six months (i.e. at the start of 1999).

Social Protection, Unemployment Benefits

Austria

Two Legal Changes

Granting of emergency assistance (*Notstandshilfe*)

Since 1 April 1998, emergency assistance has been granted irrespective of nationality. The conditions of entitlement for emergency assistance are that the unemployed person:

- during the ten years prior to claiming unemployment benefit or parental allowance paid unemployment insurance contributions for a total of at least 416 weeks; or
- when claiming unemployment benefit or parental allowance or before his/her 25th birthday, he/she had completed compulsory schooling, at least half of which must have been performed in Austria; or
- have been born in Austria; or
- prior to claiming unemployment benefit or parental allowance have been legally resident in Austria, in accordance with the prevailing regulations, for at least half of his/her life.

Extension of the framework period in the unemployment insurance system

As of 1 October 1998, the following regulations apply to the extension of the framework period in the unemployment insurance system:

- The extension of the framework period to a maximum of three years in the case of employment not subject to unemployment insurance contributions leads, in those cases in which this activity must be abandoned after more than three years, to an ending of entitlement to unemployment benefit or the continued payment of unemployment benefit and emergency assistance. Under the new regulation, the framework and continued entitlement periods can be extended beyond three years on payment of a voluntary social security contribution, and the entitlement periods in

the unemployment insurance scheme for the self-employed, "free employees" and those employed outside the European Economic Area can be maintained.

- Those who, following a longer period of dependent employment subject to unemployment insurance contributions, take up self-employment or dependent employment not subject to contributions are to be granted the possibility of continuing to belong to the community of the insured by paying a social security contribution, thus enabling them to claim benefits provided by the unemployment insurance scheme should they become unemployed.
- By paying a security contribution, the extension of the framework period for fulfilling the contribution requirements and for applying for continued payment of unemployment benefit or emergency assistance will be effected, enabling such persons to draw benefits from the unemployment insurance scheme in the same way as employees covered by the unemployment insurance scheme, albeit subject to a ceiling equal to the "guideline rate for compensatory bonuses" (*Ausgleichszulagenrichtsatzes*) for single persons (currently ATS 7,992 per month). Uniformity of entitlement not only simplifies administration, it also makes it easier for those gainfully employed persons not subject to compulsory contributions to determine whether it is worth paying the contribution in order to maintain the social security entitlements provided by the unemployment insurance system.
- In order to maintain a balanced relationship between contributions and benefits and to prevent fraudulent claims, an employment relationship exceeding the minimum level for health insurance purposes, a qualified contribution period and a decision on participation in this social insurance system must be made no later than one year after the end of compulsory insurance or the most

recent benefit payment. The fact that until now a decision could be postponed until the end of the three-year framework extension or continued entitlement period was an incentive to pass on risks to the unemployment insurance while avoiding paying benefits.

- The voluntary payment of a security contribution is open to all those who, during the last five years prior to the end of their last period of compulsory insurance under the unemployment insurance scheme, were in contribution-paying employment for at least 156 weeks (around three years). If parental allowance was drawn during these five years, the evaluation period is extended by the length of the parental leave. The payment of the security contribution must be made regularly starting from the end of the contribution-free period. If the obligation to pay the security contribution is not met for a period of four months, a renewed extension of the framework period by virtue of renewed payment of the security contribution is not possible until a further period of contribution-paying employment.

The level of the security contribution will be periodically adjusted starting in 2001.

Finland

Amendments to the Young Workers' Protection Act

A proposal for the amendment of the Young Workers' Protection Act (998/1993) has been made to permit persons of school age to work for up to half of their school holidays. The proposal also prescribes that the daily working hours and the daily hours of theoretical training for apprentices

may not exceed eight hours, and the weekly hours may not exceed 40 hours. Also, the provision on the daily rest period and emergency work is proposed to be amended. The government proposal was presented to Parliament on 18 June 1998.

Under present legislation, a person reaching the age of 14 years may be admitted to employment if the employment in question consists of light work for not more than two thirds of the school holidays. According to the government proposal, pupils at comprehensive school, who have reached the age of 14 years or will reach that age in the course of the calendar year, shall be permitted to work for at the most half of the school holidays. The proposal is in compliance with the Council of Europe's Social Charter.

The present legislation does not include any provision on adding up the working hours and the hours of training performed by apprentices: They will be limited to a total of 8 hours per day and 40 hours per week.

The provision on the daily rest period of a young worker is to be amended to apply to all persons under 18 years of age. According to the law in force, the provision is only applied to persons under 15 years of age.

Furthermore, the provision on young workers doing emergency work is to be amended. It is proposed that young workers may not be made to do emergency work except when there are no adults present in the working place who could be made to do the emergency work or when the number of such adults is not sufficient.

After the amendments, the Young Workers' Protection Act will meet the demands of the EU Directive on the Protection of Young People at Work and the Council of Europe's Social Charter.

The amendments are to come into force at the earliest possible date after the proposal has been passed.

United Kingdom

Recent Developments Concerning Rights for Workers, Minimum Wage and Childcare

The *Fairness at Work* White Paper, published in May 1998, contains proposals to establish a statutory framework in tune with the practices of the most modern, competitive companies. These proposals back the government's commitment to support a family-friendly culture at work and represent a landmark in the government's drive to create a more prosperous and fairer Britain. The White Paper proposes a range of legal changes, including: rights for workers to vote for union recognition and to be accompanied by a friend or union representative in resolving individual problems with the employer; new protections against discrimination for involvement in union and related activities; and various improvements in individual rights, including rights for parents.

The White Paper sees a fair framework of employee rights to be an essential condition for success in the global competitive market by modern companies with flexible and innovative employees. Also, it puts the proposals in the context of laws coming from Europe and explains how the government will implement the latter in ways suited to the U.K. labour market and other arrangements. This is a consultation document: Comments have been invited by 31 July 1998.

The National Minimum Wage Bill sets out the legislative framework for establishing a minimum wage. The National Minimum Wage will be introduced in April 1999 at a rate of GBP 3.60 per hour. The Low Pay Commission recommended that 16–17 year-olds and those on formal apprenticeships should be exempt from the National Minimum Wage and that there should be a development rate of GBP 3.20 per hour for 18–20 year-olds and for workers starting a new job with a new employer and receiving accredited training for a

period of 6 months. In accepting the commission's recommendations, the government decided to proceed with caution and introduce the development rate for young people at GBP 3.00 for 18–21 year-olds, rising to GBP 3.20 for 18–20 year-olds in June 2000. The commission has been asked to look again at the position of 21 year-olds in 1999 to see whether it reconfirms its advice that they be covered by the adult rate.

The Green Paper *Meeting the Childcare Challenge* covers specific proposals for England, although many of the issues are relevant across the UK. Wales and Scotland have issued separate consultation papers on the development of childcare in their countries, while Northern Ireland also plans to consult on the issue shortly.

The Green Paper sets out how the government envisages the childcare strategy to be taken forward at local level. The new childcare partnerships will be responsible for drawing up a plan for meeting childcare needs at local level, and this plan will be based on audit of local provision and assessment of need. These partnerships will involve local authorities, TECs, voluntary organisations, community groups and a wide range of other interested parties. We will issue guidance in the autumn to the partnerships after we have considered responses to the consultation. This may cover composition of partnerships and also set out in more detail the tasks which they will take forward.

In June 1998, the U.K. government launched a radical GBP 75 million programme to drive up educational standards. 25 Education Action Zones are being created, uniting business, schools, local education authorities and employers in order to modernise education in areas of social deprivation. Businesses – including Shell, Cadbury Schweppes, Nissan, Rolls Royce, American Express, Kellogg's and British Aerospace – will contribute GBP 19 million over three years. Each zone will have targets to raise achievements.

Special Categories of Workers

Greece

Programmes Offering Subsidies for the Recruitment of Jobseekers from Problem Groups

Following a decision by the minister of labour and social insurance, a programme has been set up offering grants to firms recruiting jobseekers from labour market problem groups. A total of 1,180 jobs are to be created for unemployed and young, self-employed persons and for people aged between 16 and 64 benefiting from further training between 1997 and 1999 within the framework of the Community "Employment" Initiative. The programme is divided into four parts:

- NOW (for women);
- HORIZON (for the disabled);
- YOUTHSTART (for young people aged between 16 and 24 lacking basic vocational qualifications);
- INTEGRA (for returning emigrants, refugees, migrants, former convicts, young offenders, former addicts following therapy, persons from remote island or mountain regions, single parents, the long-term unemployed, and elderly jobseekers aged 55-64).

An additional programme of grants for employers recruiting disabled people aged between 16 and 54 aims to support and integrate this group by offering special employment measures to provide access to the labour market and enable disabled people to remain in employment.

France

The Struggle Against Exclusion: Employment Promotion Measures

One of the central aims of the third major section of the social policy introduced by the Jospin government one year ago is to "guarantee access to existing rights for all citizens, particularly in the fields of employment, health, housing and culture".

Following the programme offering new employment opportunities to young people introduced in October 1997, and the working-time reduction to create jobs adopted this June, on 9 July 1998, the French parliament passed the "Law on the struggle against exclusion". It forms part of the three-year action programme to counter exclusion that the French government presented in March 1998, the costs of which are estimated to run to FRF 51.4 billion for the period 1998-2000. Taking account of the diverse difficulties facing persons experiencing serious disadvantage, the new law contains a wide range of provisions, of which only the most important measures with a direct bearing on employment are described in detail here.

The first of these measures is the "access path to employment" (*Trajet d'accès à l'emploi* - TRACE) for young people experiencing particular difficulties. Under the TRACE programme, individual and intensive guidance measures (such as countering illiteracy, accelerated acquisition of vocational experience, orientation and training) can be implemented for young people aged less than 25 who experience particular difficulties and face a risk of exclusion from the labour market (in particular, young people lacking skills and qualifications). The "pathway", which lasts up to 18 months, will be organised on the basis of an appropriate link-up of measures already in existence and measures

performed on the ground by the employment service (ANPE) and the local offices of the PAIO (guidance, information and orientation centres for young people). Young people facing material difficulties, especially regarding housing, will be able to benefit from departmental or local support for young people (FAJ).

As an incentive to re-enter the labour market, recipients of minimum social benefits¹ will also, subject to certain conditions, be permitted to earn income from dependent employment or self-employment while retaining benefit entitlement; a corresponding decree is to be issued.

The "qualification contract" (*contrat de qualification*²), which until now has only been available to young people, is, by way of an experiment (to the end of 2000), to be opened up to adult jobseekers aged over 26 who are encountering social and occupational difficulties.

In future, the "Community Work Contract" (*Contrat Emploi Solidarité* - CES³) will once more focus on those people facing the greatest difficulties. An extension to a CES for the same position will be linked to a requirement to provide training that will facilitate labour market integration once the contract expires. Holders of a CES will be able to perform a complementary professional activity for a period

1 These include the guaranteed minimum income, the solidarity support, integration assistance, single-parent allowance and the widow's allowance.

2 Under this contract, a young person is recruited by an employer for between 6 and 24 months, whereby at least 25% of the contractual period is to be dedicated to training measures. The employer is exempted from the obligation to pay contributions to the social insurance funds.

3 The CES, in existence since 1992, is a contract on the basis of which public authorities, public bodies, non-profit associations, etc. can recruit certain groups of persons facing particular difficulties in a part-time position on the basis of the minimum wage. The employer is exempted from social insurance contributions and receives from central government a monthly allowance representing a considerable proportion of the wage costs.

of up to one year after a waiting period of three months.

As an additional measure, the Consolidated Employment Contract (*Contrat Emploi Consolidé* – CEC⁴) is to be made available directly – i.e. without a requirement to have previously concluded a CES – and is also to be focused on those experiencing the greatest difficulties. The CEC agreement is to include both vocational orientation measures, the recognition of acquired skills and the drawing up of a list of occupational skills. Working hours may not be less than 30 hours per week, and the state will assume part of the wage costs, the level of which varies according to the difficulties faced by the participant in taking up employment.

In future, the “Collective Integration and Employment-oriented Training Courses” (*Stages Collectifs d’Insertion et de Formation à l’Emploi* – SUFE) will also be available to single parents and to (former) prisoners.

In addition, the “New Business Start-up Assistance” (*Aide à la Création d’Entreprise* – ACCRE), which can be claimed by young people and unemployed persons seeking to set up their own business, is to be extended to make it available to other groups of persons facing particular difficulties.

⁴ Until now, a CEC could be reached only as an extension to a CES. It is also a contractual form entitling the employer to state support under certain conditions; the contract is either permanent or for a maximum fixed term of five years. Working hours are between 16 and the full-time hours (39 hours per week).

ment trends and to realise measures that promote employment and provide incentives for the jobless to look for work and training opportunities.

Within this framework, Italy has prepared a pilot initiative to revise the unemployment lists of young people aged between 18 and 25 in the following employment office districts: Padua (northern Italy); Arezzo and Piacenza (central Italy); Lecce, Potenza, Salerno and Reggio Calabria (southern Italy). It is planned to extend the experiment to cover a maximum of 20 employment office districts and a duration of six months from the start of the activities (20.4.1998). The aim of the initiative is to derive better analytical data on the quantitative and qualitative characteristics of youth unemployment in order to be in a position to develop more highly targeted measures. To this end, the young people are invited to attend an interview and fill out a form, the data from which will then be processed electronically (Net Labour System). The first important classification on the basis of which the data are collated is between three groups: The first consists of those unemployed persons who have been registered for more than six months and have had no contact with the placement office for more than one year; the second group consists of those unemployed persons who have been unemployed for more than six months and will soon reach the age of 25; the third group consists of unemployed persons aged around 18 who have not been registered for an extended period.

The interview also contains what might be called a “constructive phase”, which means that by the end of the interview an individual programme for jobsearch and skill acquisition will have been drawn up, one which takes account of all of the local and national employment and training opportunities that could be taken advantage of. These questionnaire interviews are also conducted with young people registering in the placement lists for the first time.

It is planned to incorporate 100,000 young people in northern and central Italy and 200,000 in southern Italy into the measure. The

number of interviews will vary from district to district: in Campania, for example, 50,000 interviews are expected to be held; in Sicily, 45,000; in Apulia, 30,000; in Calabria, 25,000; in Latia, 22,000; and in Lomardy and Piedmont, 15,000.

A report on the progress achieved with the survey is to be presented to the Directorate-General for Employment by 10 November 1998.

The interview plan will draw attention to the problem of further training of the staff at the employment offices, who will need to become familiar with the techniques of interviewing. For this reason, the staff members selected for the task should, where possible, have an appropriate background (sociologists, psychologists, social workers, etc.).

Netherlands

Act on (Re)Integration in Employment of the Occupationally Disabled

In April 1998, the First Chamber of Parliament passed the Bill on the (re)integration in employment of the occupationally disabled. The new Act came into force on 1 July 1998 and offers more and better possibilities for supporting the occupationally disabled in finding employment. Employers will be entitled to a (re)placement budget or a “tailor-made” package of facilities in order to (re)integrate the occupationally disabled. Also, the application of the so-called reintegration benefit will be extended. The already existing instruments will be simplified in order to make it easier for employers and employees to use them. The responsibility for support in case of (re)placement will come to rest as much as possible with the agency or person who supplies a particular occupationally disabled person with a wage or benefit.

The Cabinet expects that, due to the proposed measures, on a yearly

Italy

Interview Plan for Unemployed Youth

At the Luxembourg Employment Summit meeting of the EU heads of state on 21 November 1997, each Member State committed itself to taking initiatives to influence employ-

Special Categories of Workers

basis approximately 6,500 additional persons with an occupational disability will find a job. It intends to spend NLG 146 million per year on the new law. The aim behind the proposal is to stimulate employers to implement preventive policies and retain or hire the occupationally disabled. The new Act fits in with the introduction of other financial incentives to employers regarding sickness of employees, that is, the "Act on the extension of the obligation to pay wages in case of sickness (Wulbz)" and the "Act on differentiation of contributions and introduction of market incentives at disability (Pemba)" (see also inforMISEP "Policies" No. 60, pp. 26–27).

Finland

Integration of Immigrants and Asylum Seekers

The government proposal on a new Act on the integration of immigrants and the reception of asylum seekers, presented to Parliament on 8 May 1998, aims at more effective integration of immigrants into Finnish society. Rapid and flexible integration was set as a basic goal of Finnish immigration policy in the Government Programme on Immigration and Refugee Policy, introduced in October 1997.

The government proposal stresses, in accordance with the programme, the immigrant's own, active responsibility for his or her new situation in life. The immigrant shall record the measures promoting his/her integration in the form of a personal integration plan, which he/she binds him/herself to implement in exchange for financial integration support. The municipalities shall also look into immigration issues in a more purposeful way, creating, among other things, preconditions for a tolerant residential environment. The goals and measures taken shall be recorded in the form of a municipal integration programme.

Along with the ratification of the Act, responsibility for the general development, guidance and coordination of the integration policy is to be transferred to the Ministry of Labour. The Act is to come into force at the beginning of 1999.

Immigrant's cooperation obligation

According to the proposed Act, integration shall be both a right and an obligation of the immigrant. For each immigrant who is registered as an unemployed jobseeker or who is receiving income support, a personal integration plan shall be made within five months of entry into the country. The plan shall serve as an agreement on the measures supporting the immigrant and his or her family in acquiring the information and skills necessary in society and working life, and is made jointly by the immigrant, the municipality and an employment office. The right to the plan is proposed to last for three years.

The purpose of the plan is to ensure that an unemployed immigrant purposefully and as soon as possible after entering the country acquires a sufficient command of the language, complements skills and acquires a readiness to settle in Finnish society. The measures may vary depending on the individual and the municipality. Some of the measures, such as labour market training and other schemes arranged by the employment authorities, are already in use, but studying and training on one's own initiative as well as organisational and other kinds of voluntary activities may also be considered as measures promoting integration.

The law requires the immigrant's cooperation in carrying out the integration plan. An employment office may decide to consider measures taken by the municipality and the efforts made by the immigrant to be equivalent to labour market measures.

Integration support secures livelihood

During the carrying out of the plan, the immigrant's livelihood is proposed to be secured by immigration support, which would not be a new type of support, but consists of labour market

support for an immigrant who is registered as an unemployed jobseeker, and possibly income support. The amount of the support shall not exceed the amount of equivalent support for a Finnish person, but requires the immigrant's activity in the integration. The preconditions for immigrants under 25 years of age to receive integration support shall be the same as for immigrants aged 25–64 years.

During the first three years in the country, the immigrant shall have no right to labour market support, except as a form of integration support referred to in the law. This kind of support is only paid to an immigrant who is in need of it and who follows the immigration plan drawn up for him/her. The basic amount of income support can be reduced by up to 20%, if the immigrant refuses to make a plan or to take part in the measures agreed upon without a good reason. Repeated refusal or negligence can lead to a 40% reduction.

It is intended that the preconditions for receiving labour market support and income support shall not restrict participation in the appropriate measures promoting integration. Rather, participation shall be encouraged and indeed required.

Integration support would not involve additional public spending. In practice, the livelihood of the immigrants receiving integration support is currently already being secured by labour market support and income support. The new Act would merely mean that the provision of support would be more tightly bound to the obligation to acquire the information and skills necessary in Finnish society and working life.

Municipal goals as an integration programme

The Act would require each municipality to draw up an integration programme, in which the goals of the municipality on issues concerning immigration and refugees shall appear. The programme shall be made in collaboration with other local authorities and concerned parties. It shall be concrete and, in addition to the goals, define the measures, the resources and the issues of cooperation. Further-

more, the responsible organiser, financier and any other source of resources for each measure shall be clearly set out. The goal of the programme should be to promote a culturally pluralistic, ethnically equal, interactive and tolerant atmosphere in society. In the future, the expenses caused by receiving refugees shall

only be recompensed to those municipalities that have such an integration programme.

Furthermore, the Act contains provisions on the representation of children arriving in the country without a provider, on the personal data files of the reception of refugees and persons seeking asylum, on the right to receive

information and on secrecy obligation. The Act also prescribes that provisions included in the government decision on the reception of refugees and persons seeking asylum shall be elevated to the level of a law. The new Act would supersede the Act relating to reception facilities and centres for persons seeking asylum.

Working Time

France

Statutory Working Week of 35 Hours as of 2000/2002

Despite the improvement in economic growth, the unemployment rate in France has remained very high (although it has declined steadily, to 11.9% in May 1998). With the aim of intensifying employment growth, the French government has initiated a process of working-time reduction. This process is to enable employment development and to reconcile the competitiveness of French enterprises. The Law of 13 June 1998¹ and the corresponding implementation decrees simultaneously set a ceiling (35 hours), establish a method (collective bargaining) and introduce accompanying measures.

Bargained working-time reduction

The statutory working week is fixed at 35 hours as of 1 January 2000 for enterprises with more than 20 workers and as of 1 January 2002 for all enterprises in France. It is important to note that the figure of 35 hours represents the statutory, not the obligatory

working time: Thus, firms will still be able to have recourse to overtime, which must be paid at a higher rate.

Having established this goal, the law requires enterprises to bargain with their respective social partners over the conditions under which the reduction is to take place. In the majority of cases, bargaining will take place at enterprise level, but negotiations may be held for an entire branch or region. This will enable solutions to be defined that, in terms of the organisation of production and working hours, are best suited to the needs of the firm and the wishes of the workforce, and that are also most favourable in employment terms. The aim must be to seek a fair balance between the wage level and job creation, whereby the negotiations on working time may be coupled with pay bargaining.

For a company to receive government support, the cut in working hours must amount to at least 10%, and collective working hours may not exceed 35 hours.

Government support for firms' efforts

Following collective bargaining and the signing of an agreement, the enterprise draws up an agreement with the state, which will provide support in various forms. Firstly, there is financial

support in the form of a flat-rate reduction² in the employer's indirect labour costs, the level of which declines depending on the time at which the agreement takes effect³: The earlier firms reach agreement, the higher is the level of government support. The level of support also varies depending on whether jobs are created or redundancies are avoided, and it takes account of the size of the reduction in working time⁴.

1 Law no. 98-461 of 13 June 1998 was published in the *Journal Officiel de la République française* on 14 June 1998 (pp. 9029-9033). Further details of the new law and its implementation decrees can be found on the Internet under www.35h.travail.gouv.fr.

2 The flat-rate reduction is intended to increase the effectiveness of the measure for low-paid workers.

3 The value of the reduction is greatest if the agreement is reached in 1998 or the first quarter of 1999.

4 The reduction in contributions is granted for five years for agreements aimed at creating jobs; it is granted for three years, with the possibility of a two-year extension, for agreements whose aim is to safeguard existing jobs. In addition, a structural, i.e. permanent, reduction will also be granted. The number of recruitments or new jobs must represent at least 6% of the number of employees affected by the working-time reduction. The extent of the reduction is greater for firms reducing working hours by 15% (e.g. from 39 to 32 hours per week) and where new recruitments amount to 9% of the workforce affected by the working-time reduction.

Working Time

In addition, the state will also provide support in the form of financial support for advisory services that ensure that the working-time reduction is best adapted to the profile of the enterprise⁵ (preliminary diagnosis, setting the reduction, choice of options, etc.).

Plans for new legislation in 1999

On the basis of the results of the bargaining processes and in the light of economic trends, between now and the end of 1999 the government, in consultation with the social partners, will present a legal proposal which will set the precise conditions of implementation and accompanying measures for the working-time reduction (conditions for recourse to overtime⁶, overtime pay supplements, rules governing remuneration, and particularly, the minimum wage), the part-time working regime selected, the rules governing the flexibilisation of working time and, if appropriate, specific provisions for executive staff.

More than 60 agreements already signed

A preliminary survey, as of 7 July 1998, revealed 62 agreements signed under the provisions of the new law. It is still too early to draw conclusions, but this outcome does show that a large number of enterprises have quickly entered into negotiations with their social partners and that the underlying goal of the law – to be volun-

taristic, but not interventionist – is being realised.

Two examples of working-time reduction agreements

A construction/public works company with almost 1,000 employees has reached an agreement that came into force on 1 July 1998: The working time of all the employees has been reduced by 10%, whereby working hours will be spread over the year in accordance with demand, avoiding recourse to temporary unemployment in periods of bad weather. Wages have remained unchanged, but it has been agreed that future increases will be moderate. All of the unions represented in the enterprise have signed the agreement. The firm has committed itself to creating 68 jobs (equal to a recruitment of 6% of the workforce affected by the working-time reduction) within the statutory period of up to one year. This is a remarkable agreement in light of the particular difficulties facing the construction industry.

A pharmaceutical laboratory with 1,800 employees has agreed on a reduction in the working week from 39 to 35 hours for all staff; for executive staff, the reduction will take the form of a right to take 47 half-days off each year. Time accounts can be set up, enabling executive staff to accumulate 12 half-days and other employees 52 hours per annum.

Wages were frozen in 1998, while for both 1998 and 1999, the threshold for participation in the company's profits was raised from 2% to 5%, for the three successive years to 3%. The firm has committed itself to recruit 100 additional staff under permanent employment contracts.

Netherlands

Act on Financial Support for Career Breaks

In June 1998, the First Chamber of Parliament passed an Act on finan-

cial support for career breaks. Henceforth, employees taking leave for reasons of care (for instance, parental or adoption leave) or study may receive financial support of at most NLG 960 per month for a period between 2 and 18 months. The financial support is linked to the condition that the person who is taking a career break will be replaced by a benefit recipient, a "person re-entering the labour market" (mainly women) or by an occupationally disabled person. This way, the replacing person will be able to gain work experience. The Act stimulates employees to take leave and others to gain work experience (see also inforMISEP "Policies" No. 59, p. 20). The Act will come into force on 1 October 1998.

Employers and employees will have to reach agreements on career break leave themselves. The government facilitates these agreements by promising the employee some financial backing. An employee may apply for financial support for career break leaves lasting at least two and at most six months. This is on condition that the employee has worked at least one year with the employer and that he/she has worked at least one year between two stretches of leave. However, employers and employees may agree that three periods of leave can be taken up uninterruptedly, thus extending the period of leave to a maximum of 18 months.

One leave-taker can be replaced by one or more persons and one replacer can take the place of one or more person(s) on leave. The volume and duration of the total replacement should at least equal the volume and duration of the leave. The replacer does not necessarily have to fill the function that has been left by the career-breaker. The employment contract of the replacing person should be for at least 18 hours per week, even if the career-breaker takes up leave for less than 18 hours. The employment contract of the leave-taker will remain as it is during his/her leave. The financial support for the career break applies both to full-timers and part-timers and is conditional on taking leave for at least 50% of the normal working week.

5 A preliminary diagnosis, free of charge, conducted by consultants or the National Agency of Working Conditions (*Agence Nationale des Conditions de Travail* – ANACT) will enable the parameters and conditions of the reduction to be established. This diagnosis is primarily targeted at small and medium-sized enterprises with less than 500 employees. Following this, an analysis may be conducted within the enterprise to enable choices to be made on the forms to be taken by the reduction and by working-time organisation; For small and medium-sized firms with less than 500 workers, the costs of the first week are assumed in full by the state, and a grant is available to cover part of the costs for a second week.

6 For overtime taking total weekly hours to between 35 and 39 hours, no additional pay supplement will be required before the end of 2000/2002. The legal maximum number of hours of overtime work, beyond 39 hours per week, remains fixed at 35 hours per employee per year.

Because there has been a simultaneous change in a number of social security regulations, taking up full-time unpaid leave no longer has a negative impact on social security entitlements. Although the employee does not accumulate new rights while on leave, he/she will not be confronted with a negative effect regarding the application of the social security regulations after the leave period has ended.

The use of the leave for reasons of care or training is considered the responsibility of the employer and employee. They will have to judge whether the leave fits in with the aims of the regulation and whether financial support is appropriate. Training is not necessarily restricted to the specific function of the leave-taker; it can also be an aspect of maintaining or strengthening a person's employability. A career-break leave in order to take a long holiday will definitely not fall within the terms of the financial support measure.

The financial support and the administrative costs of the new Act will be financed from the General Unemployment Fund ("Awf"). This is possible because recruitment of replacement workers means that the fund will be confronted with less unemployment benefit outlays; it will also receive specific grants from the government.

Netherlands

Two New Acts Improve the Legal Position of Workers in Flexible Employment

In May 1998, the First Chamber of Parliament passed the Act on flexibility and security and the Act on the allocation of employees by intermediary organisations ("Waadi"). These two new Acts will improve the legal position of workers in flexible em-

ployment. Flexible workers (so-called "*oproepkrachten*") will be entitled to a wage of at least three hours per call (irrespective of the actual hours worked). Also, the possibilities for entering into a temporary employment contract will increase. Henceforth, an employee will be entitled to an employment contract for an indefinite period after having fulfilled three consecutive temporary contracts with one and the same employer. The legal position of temporary workers will be regulated by law and the statutory maximum duration of six months for a period of temporary employment will be abolished. Temporary work agencies will no longer need a license for hiring out temporary workers. The employment protection legislation will be simplified, but the preventive test on dismissal by the public employment service will be maintained.

These are some of the elements in the new Act on flexibility and security and the new Act on the allocation of employees by intermediary organisations. "Flexibility and Security" will enter into force on 1 January 1999. "Waadi" has been in force since 1 July 1998. These Acts intend to establish an equilibrium between the needs for flexibility of labour deployment and of security for employees. Both Acts are nearly fully based on a unanimous recommendation by the Dutch Foundation of Labour in response to the earlier Memorandum "Flexibility and Security" of the Minister of Social Affairs and Employment.

The new Acts create more clarity with respect to the question of whether flexible employment relations are governed by an employment contract. In case a person has worked regularly (i.e. on a weekly basis or 20 hours per month) for three months with an employer, it is supposed that he/she has an employment contract. The number of working hours under this employment contract is determined by the actually worked hours per month in the last three months. The employer must bear the burden of proof for position if he is unwilling to accept the outcome.

Finland

More Flexibility and Clarity in Family Leaves

On 29 May 1998, the President ratified the Act relating to workers' family leaves. By means of the new Act, the use of family leaves has been made easier and has been clarified. At the same time, the fathers' possibilities to take family leave have been increased. Under the new Act, a worker is also entitled to temporary leave because of a serious illness in the family, an accident or some other compelling reason.

Under present legislation, the childcare leave may be divided into periods, so that each parent is at the most entitled to two periods of childcare leave, the minimum length of each period being two months. According to the new Act, the length of the period may be just one month. The aim of the amendment of the legislation is to encourage fathers to take childcare leave more often than they do at present. To increase the flexibility of the system of leaves, it is prescribed that the employer and the worker may agree on the worker taking more than two periods of leave and on a childcare leave period lasting for even a shorter time than one month.

To facilitate the childcare arrangements of families with more than one child, it is prescribed that a parent may also take childcare leave simultaneously with the other parent's maternity and parental leave. This has not been possible to date.

A person in a temporary employment relationship is entitled to partial childcare leave, i.e. to a shortening of the hours of work in order to care for a child, where the worker has been employed by the same employer for a total of 12 months during the last 24 months. The previous law required a contract of employment lasting for at least one year without interruption. The employer may refuse to agree on partial childcare leave only if the arrangement would cause serious inconvenience to the employer's activity.

In the event of a sudden illness of a worker's child aged under ten years,

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the worker is now entitled to temporary childcare leave of four working days at a time in order to care for the child. In addition, the new Act prescribes the worker's right to temporary leave due to an unforeseeable and compelling reason caused by illness or an accident in the family. The Contracts of Employment Act currently in force (320/1970) includes no provision on leave due to a compelling family reason.

To facilitate the application of the provisions, the periods of notice and calculation periods relating to family leaves are being unified. The employer shall be notified about the use of each type of leave at least two months before the beginning of the leave. However, the worker shall have the right to change the term of notified

leave for good cause by observing a notification period of one month. Leave for caring for an adopted child has to be notified, if possible, two months before the beginning of the leave. A parent of an adopted child may for a good reason change the term of leave before the beginning of the leave by notifying the employer at the earliest possible date.

A worker returning from family leave has the right to return to her/his former duties. Where this is not possible, the worker has to be offered equivalent work or, if this is not possible either, other work in accordance with his/her contract of employment. Under the new Act, the employer is not liable to pay remuneration to the worker for the period of family leave.

The new Act also brings the provisions in the Contracts of Employment Act on maternity, special maternity, paternity, parental and childcare leave into accordance with the EU Directive on parental leave implementing the agreement reached by the European social partners.

The provisions on the worker's right to temporary leave due to compelling family reasons and on the worker's right of returning to work from family leave came into force on 1 June 1998, coinciding with the EU Directive's date of entry into force in the Member States. The provisions on notifying family leaves also came into force on 1 June 1998. The other provisions will enter into force on 1 October 1998.

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Germany

Close Cooperation between the Employment and Social Security Offices

In future, the employment and the social security offices are to work together closely in promoting the vocational integration of the unemployed. To this end, the Federal Labour Office and the national organisation representing local government offices (*Bundesvereinigung der Kommunalen Spitzenverbände*) have together drawn up a set of guidelines that was presented to the public in June 1998 in Bonn. The guidelines provide an

orientation regarding joint goals and joint action and offer practical support to employment and social security office staff in linking the measures provided for in labour market and social security legislation (the Third Social Legal Code and the Federal law on minimum social security, respectively).

An increasing number of people in Germany are dependent for their subsistence on non-insured welfare benefits such as unemployment assistance and minimum social benefit. Currently around 1.3 million people are in receipt of unemployment assistance. Around 700,000 people capable of and willing to work are currently drawing social security benefit because of their inability to find paid employment. The number of persons in receipt of benefits from both the employment and the social security

offices has increased to around 170,000.

When unemployed persons are dependent on assistance from both the employment and the social security offices at the same time, it makes sense to jointly seek ways of placing them in employment, deploy employment promotion measures, maintain contacts with employers and gain support, particularly from the social partners, in the region in question.

While the social security offices do not want to become "a second employment office", the legislation governing their activities does give them considerable scope to support the employment offices with regard to individual integration measures and concepts. Although the employment offices are not the "right-hand" of the social security offices, they are able to deploy active employment promotion

measures with much greater precision and more efficiently in cooperation with the local social security offices, and thus help to place more unemployed people in employment.

What is important is that employment and social security offices are pulling in the same direction. This can be achieved by consultations at local level. The aim must be to draw up joint measures, develop individual integration plans, and organise the interaction between local and regional bodies in a flexible and efficient way. Alongside common aims, this requires well-founded know-how "on the ground", particularly regarding the specific abilities and strengths of the "other" partner in each case and the best way to combine the resources offered by the two main bodies of legislation. In response to this need, the guidelines offer those in the field a detailed overview of the possibilities of all those involved.

The best and most direct form of support is placement in employment, whereby placement in regular work is the prime task of the employment offices. The social security offices, for their part, use the scope offered by publicly subsidised employment to end unemployment spells and build bridges to the regular labour market. Employment and social security offices can also call on third parties to support them in these tasks. Both partners should coordinate their activities in this field and utilise their contacts to enterprises, the social partners and the public in order to gain access to employment opportunities. A coordinated approach helps to reduce administrative costs and processing times, and means less bureaucracy for those involved.

The guidelines point out the considerable scope that exists to bundle financial and personnel resources. They should be seen as a milestone on the path towards optimising and deepening the numerous positive examples of cooperation already in existence at local level.

Finland

National Programme for Developing Working Life

The aim of the National Programme for Developing Working Life (1996–1999) is to increase productivity and improve the quality of working life in Finnish workplaces. The programme forms part of the government's programme and Finland's employment programme. It is carried out by the Ministry of Labour together with labour market organisations and employers' associations.

The programme supports development projects carried out by companies and public institutions, so as to realise the aims of the programme at workplace level. A maximum of FIM 400,000 per project is granted. The programme includes more than 200 projects and approximately 350 workplaces. Most of the projects are in the fields of industry and construction (42% of the expert support granted). Local authorities also have participated actively in the programme (34%).

The projects are concentrated in specific areas. One of these areas is improving the status of elderly and young workers and promoting interaction between workers of different ages. Of the projects already launched, 25% define promoting the working capacity of the personnel or coping with the job as the goal or starting point. Of these projects, 15% concentrate especially on improving the status of elderly workers. The projects in the public sector invest more often in coping with the job and improving the status of older workers than the projects in the private sector.

The effects of the programme on Finnish working life are being studied by means of self-assessment. When the development projects end, an evaluation is requested of each project from three different parties: a representative of the management, a representative of the workforce and an expert involved in the project.

By the end of March 1998, the programme had received self-assessments

from 36 projects. Management, workforce and scientists all found the effects of the projects on workplaces to be positive. Those who answered felt that the projects promoted team-work (ca. 85%), stimulated development activity in the workplace (ca. 90%) and enabled employees to improve their professional skills (ca. 80%). 15% of those who answered said that due to the developing project there was an improvement of the status of older workers, and 50% felt that mental well-being in the workplaces had improved. Three out of four were of the opinion that the projects had positive effects on the productivity of work, as well as on the quality and fluency of the activities. One quarter of those who answered believed that the project will lead in the long term to an increase in the number of personnel in the workplace, and 50% thought it will secure the present level of employment.

The number of applications received by the programme reveals a substantial degree of public interest. The representatives of the workplaces participating in the programme and the experts involved in the projects have also actively taken part in joint networking seminars for the projects. In future, the programme will concentrate on gathering and distributing information on the experiences gained by the projects. It is planned to set up a databank containing actual case descriptions, in which brief descriptions of the models, methods and media of the development activities will be gathered.

Sweden

Labour Market 2010

The labour market prospects to the year 2010 have been explored by the Swedish National Labour Market Board (AMS). The findings have policy implications with regard to cooperation and coordination between government agencies and local authori-

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ties, educational design and planning, labour force mobility, and the question of life-long learning.

The proportion of the labour force retiring on a pension will continuously increase after the turn of the century. Within some occupational fields, half of the gainfully employed will retire between 2000 and 2010. In addition, employers assess that the number employed in these occupations will increase. Labour shortages will thus emerge in some sectors.

With high retirement rates for teachers in compulsory education and upper secondary education – in combination with low graduation rates – pronounced shortages will occur. The same trend is anticipated for the health and medical care sector, specifically for nurses. Also in the construction sector and parts of industry, it is envisaged that the outflow from the educational system will not match retirements. In the natural sciences and engineering, graduation rates are below the present demand, and the

shortages have been predicted to grow in the coming years. Even in sectors where retirement rates will be low in the future, e.g. the information technology sector, Sweden already faces labour shortages, and graduation rates from universities will have to be doubled to meet the expected demand. In other areas, however, higher education capacity must be reduced, e.g. the social science sector and arts subjects.

The policy to tackle these imbalances is fourfold. The AMS focuses first on the necessity to adapt the capacity of higher education to future demands for labour.

Secondly, it is stressed that improvement of the coordination between various actors is of vital importance. Regional and local educational agencies must strengthen contacts and cooperation and must involve the educational system, the business sector, the employment service and the municipalities.

The third conclusion is that increased shortages of labour will boost

the importance of high occupational and geographical mobility on the labour market. It is important that the labour force in declining occupations can be quickly channelled into other occupations with higher demand in order to avoid structural unemployment resulting in long registration periods at the Employment Service. Two strong factors are likely to obstruct high mobility. One is the age composition of the labour force, i.e. a predominance of older age groups with low mobility. The other one is ever-increasing skill requirements, which make it more difficult to obtain high occupational mobility.

Fourthly, the importance of life-long learning is stressed: Continuous skill upgrading is necessary both at workplaces and for persons out of work. The employers' responsibility for further training of their staff is noted. Finally, the report pinpoints the need to reform economic conditions for studies at universities and other higher education institutions.

Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (3 September 1998):

Belgium	BEF	40.63
Denmark	DKK	7.50
Germany	DM	1.97
Greece	GRD	336.38
Spain	ESP	167.29
France	FRF	6.61
Ireland	IEP	0.78
Italy	ITL	1,946.19
Luxembourg	LFR	40.63
Netherlands	NLG	2.22
Austria	ATS	13.86
Portugal	PTE	201.70
Finland	FIM	5.99
Sweden	SEK	8.91
United Kingdom	GBP	0.67

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Unemployment and Households: Causes and Consequences of Employment Polarisation Among European Countries

*Paul Gregg & Jonathan Wadsworth**

Two important developments have characterised most western European labour markets over the past thirty years. First, more women have moved from economic inactivity into work. So the female employment rate has risen without affecting the unemployment count much. Second, more working-age men have dropped out of the labour force than in earlier decades, raising the economic inactivity rate. The male unemployment rate may no longer now be a true reflection of the amount of male joblessness.

These developments are not new and have been well documented (OECD 1992, 1994, 1995). There is, however, a new issue which arises directly from these observations. It seems natural to ask whether these trends have occurred within the same households. Conventional analysis would examine only the behaviour of individuals, and then aggregate these observations to the level of the region, industry or whole economy. Yet because members of the same household typically share, at least part of, their incomes, differential trends in male and female labour force participation and joblessness have direct consequences for household incomes, and ultimately the issues of poverty, social exclu-

sion and income inequality at national level. Also, since many government welfare payments are means tested on household, rather than individual, incomes, the distribution of work affects both the level of public spending and the incentives to move off benefit into work.

Consider two different hypotheses, both consistent with rising female activity and falling male activity rates. First, if women have gone out to work from households where men have lost work, then there may have been a reversal of gender roles, but little effect on household income and welfare. If, however, women have only gone out to work from households where men are already in employment, but not from households where men have lost work, then the distribution of work will polarise into households where everyone works and households where no one works. Thus, even with stable national employment rates, there could still be growth in what are hereafter described as "workless households", if new jobs are filled by individuals from households where other occupants are already in work. This, in turn, will have bearing on important issues such as the rising income inequality and rising rates of benefit dependency observed in some OECD countries over the past decade. A higher share of workless households for a given employment rate will mean that state spending on means-tested welfare payments will also be higher than other things equal.

Of course, even the discovery of rising numbers of workless households does not necessarily indicate that there is a new labour market problem. A move towards house-

holds made up of fewer adults than in the past reduces the chances that anyone made unemployed now will be supported by someone else in work within the same household. The number of workless households will rise without there being any deterioration in labour market performance. The breakdown of traditional family structures and not joblessness is consistent with a high level of workless households. In what follows, we first document the evidence on household employment patterns across Europe and then try to assess whether there is any additional cause for concern given.

Workless households in Europe

It seems important, therefore, to try and assess which of these two alternative hypotheses underlies the behaviour of European labour markets over time. A series of articles (cf.

Gregg & Wadsworth 1996a, 1996b; OECD 1998) have tried to do just that. Table 1 documents the evidence on the changing distribution of work across households between 1983 and 1994 for ten EU member countries. We therefore only cover a period of persistently high unemployment rates in most of the countries studied; there are no observations for low unemployment years¹. The results are therefore coloured by this restriction. The data are taken from each country's Labour Force Survey and provided through Eurostat. The data refer to prime-age (20–59) households. This reduces problems from cross-country differences in tertiary

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1 The average employment rate is higher in 1994 than in 1983.

education rates and early retirement. Any household with the household head aged over 59 is also excluded from the analysis. The data measure the proportions of all households in which (a) there is no adult in work (workless), (b) every adult is in work (all work) and (c) some, but not all adults in the household are in work (mixed).

Table 1 shows that households with a mixture of working and non-working adults are in decline in all of the countries analysed. Any fall in the proportion of mixed work households must be accounted for by an increase in the proportion of households in which every adult is in work and/or a rise in the proportion of households where no adult is in work. Here the experiences are not uniform across countries. Eight states experienced rising proportions of workless households,² while nine had rising proportions of households with all adults in work (France is the exception). By 1994, the lowest proportion of workless, working-age households was found in Portugal at 11.0%, followed by (west) Germany at 15.5%. Ireland had the highest proportion at 22.3%, followed by Spain (20.1%) and Belgium at 19.6%.³ Employment polarisation,

i.e. the simultaneous increase over time in both workless households and fully employed households is found in seven countries. For example, the 7-percentage-point fall in the proportion of mixed-work German households is accounted for by a 6.5-point rise in the proportion of all-work households and a 0.5-point rise in workless households. In Ireland, a 10-point fall in mixed work households is accounted for by a 4-point rise in workless and a 6-point rise in the proportion of all-work households.

Concerns over social exclusion are often addressed in measures of the number of children growing up in poverty. The workless household rate amongst all households containing children is given in the third panel. The problem is particularly acute, and growing, in Britain and Ireland. 20% of households with children in these countries had no adult in paid work in 1994. Greece, whilst having a high workless household rate, has a relatively low incidence of worklessness amongst households with children.

The distribution of employment across households can worsen even given an unchanged aggregate employment performance. This is

brought out in the bottom panel of Table 1, which gives individual employment rates over the same time period⁴. In Ireland, the aggregate non-employment population ratio grew by only one percentage point between 1983 and 1994, yet the household non-employment rate grew by over five points. In Belgium, the aggregate non-employment rate was one point lower in 1994 than in 1983, yet the household non-employment rate was over three points higher. Hence the aggregate employment figure need not reveal the extent of workless households and the implicit widening of incomes.

A real cause for concern?

It may be argued that these trends do not necessarily indicate that there is a real jobless problem. A move to-

2 In two countries, Spain and Germany, this growth was less than one percentage point.
 3 The early Dutch data is somewhat less reliable, as those working less than 12 hours were counted as workless. This is not true for other countries or for the Dutch data from 1987 onwards.
 4 The individual employment rate is based on the entire working-age population (15-64), so discrepancies caused by the differences in the behaviour of those under 20 and over 59 may affect the outcome somewhat.

	D	F	I	NL	B	UK	IRL	GR	E	P
	<i>Workless</i>									
1983	15.0 ¹	12.5	13.2	20.6 ²	16.4	16.0	17.2	16.0	19.4 ³	12.7 ³
1994	15.5	16.5	17.2	17.2	19.6	18.9	22.3	17.6	20.1	11.0
	<i>Mixed</i>									
1983	32.5	30.6	47.4	39.1	41.8	30.1	47.3	46.3	54.5	38.3
1994	25.6	27.9	42.8	27.0	28.8	18.6	36.9	38.9	48.1	32.6
	<i>All work</i>									
1983	52.5	56.9	39.4	40.3	41.8	53.9	35.5	37.7	26.2	49.0
1994	58.9	55.7	40.0	55.7	51.6	62.1	40.9	43.5	31.8	56.4
	<i>% of households with children workless</i>									
1984	7.4	6.0	4.3	11.4	7.8	15.6	16.6	7.3	12.4	6.7
1994	8.9	8.8	7.7	10.7	10.7	20.6	19.8	5.6	12.8	4.9
	<i>Employment rate</i>									
1983	61.9	59.6	53.9	51.8	54.1	65.3	52.3	54.9	45.3	64.4
1994	65.5	59.0	51.2	63.7	55.9	66.5	52.6	53.9	45.0	66.5

Source: Eurostat. - 1 = data for 1984; 2 = data for 1985; 3 = data for 1986.

ward households made up of fewer adults than in the past reduces the chances that anyone made unemployed now will be supported by someone else in work within the same household. So it may be this and not any link with worsening labour market performance that generates the rise in workless households. The breakdown of traditional family structures and not joblessness is consistent with a high level of workless households.

Suppose instead that the number of workless households is directly linked to the performance of the economy, so that in bad times the number of workless households goes up and in good times the number goes down. The larger the change in workless households explained by this, the more concerned policy-makers need be that the workless household is a new labour market problem over and above existing measures of social exclusion.

So which is the most valid explanation? Table 2 outlines the share of several household types in the population together with their workless household rate. Britain has the highest incidence of single-parent households and, with the Netherlands, the lowest share of households with three or more adults. Countries like Spain, Italy and Portugal have the lowest incidence of single-adult households and the highest share of households with three households or more. Moreover, workless household rates are highest (lowest) for these household types. So it is possible that any move toward households with fewer adults can raise the workless household rate.

Consider now the alternative hypothesis. Figure 1 plots the change in the employment rate between 1984 and 1994 together with the change in their workless household rate. Can there really be no link between the two? Italy has the worst change in

the workless household rate and the worst job creation record over the period, whilst the Netherlands has the best job creation record and the largest fall in workless households. Britain and Belgium stand out as having more workless households than they should given their employment performance.

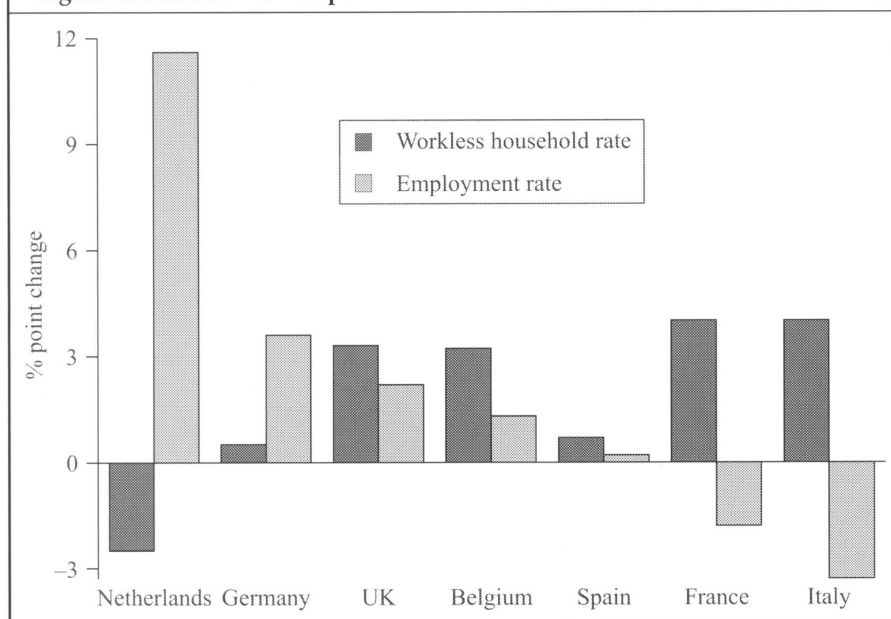
Our work also shows that since 1975, only one quarter of the rise in workless households in Britain can be explained by changes in the composition of households (the between-group variation). The rest is explained by rising concentrations of joblessness within each household type (within-group variation). The proportion of workless two-adult households grew from 3% to 11% between 1975 and 1994, for example. The workless household population has risen not just because there are more smaller households around, but also because it is directly associated with economic performance. It

Table 2: Share of each household type in total population, 1994 (in %)

	D	F	I	NL	B	UK	IRL	GR	E	P
	<i>1 adult, no children</i>									
Share Workless rate	.33	.28	.23	.31 ¹	.27	.26	.21	.24	.18 ²	.17 ²
	.30	.35	.41	.36	.41	.32	.40	.45	.46	.36
	<i>1 adult with children</i>									
Share Workless rate	.04	.05	.02	.03	.04	.08	.05	.02	.02	.04
	.38	.34	.34	.58	.48	.60	.73	.38	.46	.25
	<i>2 adults, no children</i>									
Share Workless rate	.27	.29	.22	.30	.24	.27	.18	.24	.19	.22
	.09	.11	.16	.09	.17	.08	.15	.15	.21	.09
	<i>2 adults with children</i>									
Share Workless rate	.26	.32	.31	.27 ¹	.31	.29	.39	.33	.35 ²	.34 ²
	.03	.05	.06	.06	.06	.11	.15	.04	.12	.03
	<i>3 adults, no children</i>									
Share Workless rate	.08	.08	.19	.08	.12	.07	.11	.14	.18	.16
	.04	.06	.09	.03	.06	.06	.10	.08	.11	.03
	<i>3 adults with children</i>									
Share Workless rate	.02	.02	.03	.01	.02	.02	.07	.03	.07	.06
	0.4	.09	.07	.09	.10	.09	.10	.04	.09	.02

Source: Eurostat. – 1 = data only available for 1985; 2 = data only available for 1986.

Figure 1: Labour market performance and workless households



is true that if the same analysis were undertaken from the mid-eighties, then more weight is given to the growth in smaller households (between-group variation). Yet Table 3 shows that for half of the ten countries during this time, the within-group component explains most of the change in the number of workless households⁵.

So it is true that countries like Spain and Italy do have a lower share of single-adult households than Britain and that this may explain some of the cross-country differences in the level of workless households. It is wrong, however, to infer that this explains everything and that the workless household is unrelated to economic performance. A simple regression of the change in the workless household rate, dw , over time on the change in the employment rate, dE , gives estimated coefficients of

$$dw = 1.44 - .43 * dE \quad (1)$$

The first term tells us that, across the countries studied,⁶ the average rise in the workless household rate between 1984 and 1994 was 1.44 percentage points. The second term suggests that, over this period, a 3.5-percentage-point increase in the employment rate was needed to hold the workless household rate constant

($3.5 * -0.43 = -1.5$). Countries doing better than this reduced their workless household rate. Similar regressions replacing the change in the employment rate with (a) the change in the within-group share and (b) the change in the between-group share give coefficients of

$$.28 - .43 * dE \quad (2)$$

and

$$1.30 - .02 * dE \quad (3)$$

respectively.

Equation (2) confirms that only the within-group changes in the workless household rate are related to the economic cycle, but (3) confirms that there was a trend rise in the between-group share of workless households of 1.3 percentage points that was unrelated to economic performance. Together this indicates that countries unable to raise employment quickly enough to arrest the rise in workless households driven by shifts toward the smaller household types (e.g. single-adult and single-parent) would experience a rise in the workless household rate.

Conclusion

Between 1983 and 1994, the average employment population ratio across the 13 countries in this study grew by

just over one percentage point. At the same time, the average proportion of workless households also grew by one point. One in seven households now do not contain any working adult. Hence, in many countries, rising employment has not been distributed equally across households. Jobs have been disproportionately taken by households where a working adult was already present.

The experience of countries is not uniform. In some countries, rising worklessness over this time period is caused by a growth in the proportion of high-risk groups in the population of households (e.g. single adults without children). In other countries, workless households have grown within all household types. Those countries with the best economic performance have achieved falls in joblessness across all household types through employment expansion sufficient to offset the household composition effect. However, the experience of countries like the United Kingdom shows that even with a constant employment performance over the cycle, employment polarisation can result, so that it is wrong to conclude that these problems will disappear with a general economic expansion.

Economies now typically have to run fast in terms of employment growth to stand still in terms of

5 The total workless household rate, N_t , is a weighted average of the workless household rate of each household type j .

$$N_t = \sum_j s_{jt} * n_{jt}$$

so

$$\Delta N = \sum_j (\Delta s_j) n_{j10} + \sum_j (\Delta n_j) s_{j10} - \sum_j \Delta s_j n_{ij}$$

where n_{j10} and s_{j10} are the base-year non-employment rates and shares in the total population respectively for each household type j . The first term represents the between-group variation, the change in non-employment attributable to changes in the proportion of the various household size groups in the population, whilst the second term captures the within-group variation, changes in non-employment occurring within each sub-group. The third term is an interaction of these two effects.

6 The study also includes Luxembourg, the United States and Canada.

Table 3: Within- and between-group decomposition of change in workless households, 1984–1994 (in %)

	D	F	I	NL	B	UK	IRL	GR	E	P
Between-group	0.53	0.88	1.34	1.30	4.38	2.82	1.05	1.92	1.02*	0.83*
Within-group	0.01	2.09	2.25	-4.39	-0.48	0.12	2.42	-0.85	-0.25	-2.53
Interaction	-0.02	0.05	-0.16	-0.27	-0.81	-0.04	0.22	0.14	-0.07	-0.05
Total change (% points)	0.51	3.02	3.43	-3.36	3.09	2.90	3.69	1.21	0.70	-1.75
* Data for 1986.										
Source: Eurostat.										

workless households. On average, over the period studied, a 3.5-percentage-point increase in the employment to population rate would be required to have avoided a rise in the workless household rate. The results, if left unchecked, will be widening income inequality and growing benefit dependency. The nature of job creation and the skills mix across

households allied with economic performance and family composition may underlie these effects. More disaggregated cross-country data on the characteristics of households, the characteristics of jobs and especially labour market dynamics will undoubtedly help understanding of this important labour market development.

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

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

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

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

inforMISEP Policies

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

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Tableau de bord

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

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