

# EMPLOYMENT OBSERVATORY

## Trends

27

Changes in employment, analyses, evaluations  
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*Employment in*  
**EUROPE**



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR EMPLOYMENT  
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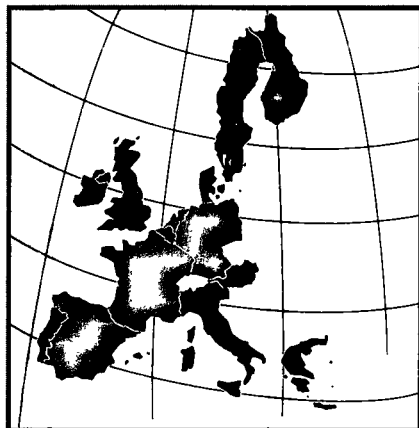
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# EMPLOYMENT OBSERVATORY Trends



The Bulletin of the European  
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on Employment (SYSDÉM)

Nº. 27, 1996

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# The Integration of Disadvantaged Groups into the Labour Market: European Union Trends

In 1995, employment in Europe was 148 million. This was 1.1 million more than in 1994, but 4 million less than four years ago. This is reflected in the fact that the employment rate was 60%, down from a high of 63% in 1991. Unemployment was 10.7%, on average, in mid-1996, compared with 11.3% in April 1994.

The marginalisation of disadvantaged groups is still common throughout Europe and is reflected in their unemployment rates. Youth unemployment remains high, at a rate of over 20% on average, more than twice that of adults. Long-term unemployment has increased in 1995 from 48% of the unemployed to over 50%. Female unemployment remains higher than that for men, at 12.5% in mid-1996. Unemployment rates among disabled and ethnic minority individuals are also disproportionately high.

At the same time, a change can also be observed in the nature of working, generally reflected in a change in working conditions and the stability of employment. The number of people working at night and at weekends has increased almost everywhere. Most new jobs created in the 1990s were part-time, and temporary working accounted for all of the increase in employment of men and just under half of the rise for women. This has increased labour market flexibility since such 'atypical' employees generally enjoy a lower level of employment protection, despite some recent legislation extending their rights in a number of Member States.

There appear to be few possible actions which Member States can take to tackle marginalisation, and unemployment in particular. Traditional measures aimed at managing demand appear to have failed, in recent years, to bring about sustainable growth. The alternative is for Member States to continue to follow macro-economic policies aimed at ensuring stability, coupled with growth in employment. Between 1994 and mid-1995, there was some encouraging evidence of economic recovery and increasing confidence in a number of Member States, which registered in a moderate growth in employment. Since then, however, there has been a marked slowdown in growth which has directly affected labour market developments. Nevertheless, the Spring forecast of Commission services predicted a resumption in growth during the second part of 1996, gaining speed in 1997 and 1998. The main concern has to be to turn such positive economic developments into employment creation.

As indicated by the multi-annual programmes prepared by Member States, an increase in the efficiency of labour market policy is a common aim throughout the European Union. All the programmes emphasise the need for a shift from passive to active labour market policy. Currently, the division of expenditure between active and passive measures varies considerably between the Member States. The share of active spending in the total ranged from 54% in Sweden to around 20% in Spain and Austria. However, contrary to the aims proclaimed in the multi-

annual programmes, in most countries the share of active labour market policy spending has actually been reduced since 1990 (with the exception of Denmark, Belgium and France), partly as a result of rising unemployment figures. In all Member States taken together, just over a third of labour market policy spending was used for active measures.

The method by which countries seek to achieve a shift from passive to active measures differs from country to country. Nevertheless, a number of general priority areas can be identified:

- lowering barriers between internal and external labour markets through more flexibility and the availability of options to move from temporary and part-time to full time employment
- the provision of greater incentives for reintegration into the labour market, achieved through better co-ordination of social, labour market and economic policies
- reduction in working time associated with an intelligent reorganisation of working time
- encouragement of training and lifelong learning (supported by initiatives surrounding the 1996 European Year of Lifelong Learning), particularly in new technologies, as existing ones are increasingly becoming obsolete, thus reinforcing the employability of the workforce
- greater flexibility based on an adequate level of social protection and the provision of skills which are required in the labour market
- early intervention to prevent long-term unemployment among young people and workers in industries faced by large scale restructuring, as evidence shows that those without training are four times more likely to be unemployed. Once they have entered the labour market, all employees, and young people in particular, should have access to an integrated package of advice and guidance to help them develop the required skills and experience
- provision of work experience and entry level jobs
- strengthening the role of the Public Employment Services

An economic strategy designed to foster growth and stability, and the labour market and social policy measures outlined above, are also at the heart of the European Commission's Employment Strategy, which strongly advocates an integrated approach. The *1996 Employment in Europe Report* argues that there is a need for a radical rethink of all relevant labour market systems, to help them adapt to the changing world of work, where the concept of security needs to be redefined to focus on employability, rather than the individual's work place.

At the same time, training for unemployed people should not be neglected, since a relatively high proportion of unemployed

people is unskilled or has outdated skills. For young people in particular there is a need for a balance between supply-side measures, aimed at preparing young people for work, and demand-side measures to improve the functioning of the labour market. Beneficial active measures are likely to focus on early provision of linked work experience and training. The position of women in the labour market has been showing some positive developments and these need to be maintained. These developments include an increase in women's share of the labour force and some progress in equality in the labour market for men and women. There continues to be a need, however, for the removal of barriers which prevent the position of women in the labour market from being further improved. In particular, the labour market should be able to take account of the specific needs of women in reconciling work and family responsibilities.

Given the prevalence of long-term unemployment as a serious problem, policies are needed to ensure that long-term unem-

ployed people are reintegrated into the labour market. In addition, however, it is important that there should be measures aimed at preventing long-term unemployment, by making available to unemployed people work experience or training, before they become long-term unemployed. The public employment services have an important role in this respect, providing monitoring of those most at risk of long-term unemployment, adequate counselling services and active measures.

The country abstracts in this Bulletin highlight the nature and problems of different disadvantaged groups in the Member States and measures to address their marginalisation.

Source: *Employment in Europe 1996* (Brussels, European Commission, DGV, 1996) Available from: Office for Official Publications of the European Communities, L-2985 Luxembourg. EN.

# The Impact of Economic Trends on the Labour Market: The Situation of Marginalised Groups and of those in Employment

*A selection of International Sources highlights trends in the numbers of individuals currently excluded from the labour market and the changing fortunes of those in work*

## **Labour Force Survey - Results 1995** EUROSTAT (1996)

This annual publication contains a wealth of data on trends in population and activity rates, employment, working time, unemployment and search for work and households. It provides highly pertinent background information on the social and employment situation of disadvantaged groups in the labour market. Data on unemployment by age groups reflect the high incidence of joblessness particularly among the younger, but also among the older segment of the labour market. Figures for the EU-15 show that the unemployment rate of 15-24 year olds ranges between 22.3% and 20.8%. The highest rates of youth unemployment can be found in Spain, Italy and Finland where it is over 30% among 20-24 year olds. Denmark, Spain, Italy, Portugal, Finland, Sweden and the UK show the highest incidence of unemployment among workers aged over 55. When looking at unemployment rates among older workers one also has to bear in mind that many discouraged older workers leave the unemployment register prematurely, or take early retirement, as a result of workforce restructuring or benefit from invalidity pensions and therefore do not appear in these statistics.

Figures on employment status by educational attainment are equally revealing. They clearly show the level of unemployment to be much higher among those with lower levels of educational attainment.

Data on the share of long-term unemployment among the unemployed show a steady increase in most Member States, particularly among unemployed males. Belgium, Ireland and Italy have by far the highest share of very long-term unemployed (over 24 months) with more than 40%, whereas Denmark, Austria, Luxembourg and Sweden have the highest share of individuals unemployed for less than 12 months (over 70%).

The most common method of job search in the EU remains contact with the public employment service (68.6%), followed by direct applications to employers (9.2%) and enquiries with friends and relatives (7.3%). The percentage of job seekers contacting private employment agencies remains very low at 1.4% in the European Union average.

Available from: EUROSTAT, L-2920 Luxembourg. EN, FR, DE.

## **Collective Bargaining in Western Europe 1995 -1996** ETUI (1996)

The uniting factor characterising most EU economies in 1995 was the need to comply with the economic and financial convergence criteria defined in the Maastricht Treaty. Member States generally gave priority to the reduction of public deficits in order to achieve the fiscal targets set out in the Treaty. This implied a squeeze on public spending, which in most cases translated into slower economic growth, higher social security contributions and increases in direct and indirect taxation. These measures overall had a negative impact on job creation.

Another policy priority was the reform of the welfare state and pension systems. These were aimed at reducing expenditure and providing incentives to return to, or remain in, employment.

In many Member States, these measures were strongly opposed by the trade unions, and general social, economic and political trends imposed tight limits on their bargaining strategies. During 1995, general wage moderation was the result of both the progress towards EMU and the attempts to establish trade-offs between wage moderation and job creation/protection policies. Pursuing wage moderation so that real wages would increase one percentage point less than productivity was one of the measures to increase the

employment intensiveness of growth which were identified by the conclusions of the Essen Council. The year also saw the re-emergence of the debate on, and practical implementation of, social pacts in the European Union (Jacques Santer's Confidence Pact) and in a number of Member States. European trade unions are clearly now expecting to see real improvements in labour markets as a result of exercising wage moderation and entering such pacts.

The trend towards the decentralisation of collective bargaining has continued apace and one of the priorities in plant or company level agreements has been the reorganisation of working time, again to encourage employment creation or job retention. The annualisation of working time and weekend working were some of the measures aimed at reducing working time while at the same time extending operating hours. In some cases increasing working time flexibility has led to the creation of additional part-time jobs or 'weekend contracts'. Despite the publicity and positive appraisal generally given to the 1994 Volkswagen agreement on the introduction of a 4-day working week, very few companies have followed this example.

Gender issues have also been dealt with in the 1995 bargaining round in various countries with reference in particular to low pay, equal pay and reconciliation of working and family life. Recent studies have shown that while the gap between male and female earnings is narrowing, it still remains important. To remedy such inequalities, a number of unions put forward supplementary pay claims for the female workforce, or alternatively have sought to use discrimination law to address gender issues.

Another aspect of collective bargaining is its increasing 'Europeanisation' and trade unions are increasingly acknowledging the need to improve their co-op-

eration and co-ordination on collective bargaining issues. As the deadline for the implementation of the European Works Councils Directive approached, the number of voluntary agreements creating European Works Councils rose to over 120. The strengthening of the European

sectoral social dialogue process also remains high on the agenda of the European Trade Union Confederation.

This volume also includes detailed contributions on developments in collective bargaining in Belgium, Finland, France, Germany, Greece, Ireland, Italy,

the Netherlands, Norway, Portugal, Spain, the UK and Sweden.

Available from: ETUI, Boulevard Emile Jacqmain, Brussels. EN. Summary forthcoming in DE, ES, EN, FR, IT.

**European Employment Observatory Conference on Reforms in  
Public and Private Employment Services  
Vienna 24-25 October 1996**

Proceedings of the Observatory's Annual Conference can be obtained from:

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# The Integration of Disadvantaged Groups into the Labour Market: Abstracts and Comments from the Member States

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## Belgium

### La politique fédérale de l'emploi (Federal Employment Policy)

THE BELGIUM MINISTRY OF EMPLOYMENT  
AND LABOUR (1995)

At the end of 1995, the Ministry of Employment and Labour published its first evaluation report on federal employment policy. This report is known as the 'Jadot Report', after Secretary General Jadot, and is in three parts.

The first part analyses labour market trends and employment policy. It points out that during the last twenty years there has been an increase in women's participation in the labour market and a drop in the activity level of men and women at both ends of the age spectrum. This drop could be explained by more young people staying on at school, and also by early retirement measures.

There has been an explosion in the number of unemployed people, from 162,000 in 1975, to almost 500,000 in 1995. During this period the structure of unemployment has changed, such that it is concentrated in the 25-50 age group, with a very high proportion of long-term unemployed people.

Faced with the increase in unemployment, a range of measures were introduced. Between 1975 and 1985, measures were launched to, on the one hand, stimulate demand for labour (youth training

schemes) and, on the other hand, reduce the supply of labour (early retirement). Job-creation measures were also established, one of which, is known as the 'third circuit' (*troisième circuit de travail*).

Despite an improvement in the situation by the second half of the 1980s, the authorities were forced to revise their policy because most of the 230,000 jobs which had been created had been filled by new entrants to the labour market, rather than by unemployed people. As a result, new measures were targeted at specific groups, e.g. young people looking for their first job and long-term unemployed people.

Between 1991 and 1995, other measures were introduced, such as: the 'Recruitment Plan for the Unemployed' (*Plan d'embauche des chômeurs*), which ensured that only those actively seeking employment could receive employment benefit; the 'Global Plan' (*Plan Global*), which combined promotion of employment with the aim of ensuring the sustainability of social security and re-establishing the competitiveness of companies; and the Medium-Term Employment Plan.

The second part of this report analyses the various measures introduced at the federal level. There were initially three

types of measures. The first consisted of activities focused on the quality of labour and included: measures aimed at getting young people into employment by providing them with their first work experience; the plan for backup services for unemployed people; initiatives for disadvantaged groups; and training initiatives. The second type of measure consisted of activities to reduce labour supply, e.g. measures to offer workers temporary career breaks or early retirement. The third type of measure includes those which increase the volume of labour demand without aiming specifically to do so, e.g., measures aimed at reducing labour costs and those aimed at promoting increased flexibility.

The third part of the report examines employment policy in terms of three major themes. The first theme is public expenditure and the costs of employment creation measures. There is a comparison of public expenditure on the labour market in Belgium and in three neighbouring countries (Germany, France and the Netherlands). This reveals that, although expenditure is highest in Belgium as a proportion of GNP, most of this is spent on unemployment benefit. The second theme looks at changes in the supply and demand of labour. Several labour market trends are identified: young people under



25 are poorly represented in employment and form a high proportion of those in temporary employment; women have maintained a higher level of participation in the labour market but are over represented in part-time work and have serious difficulties combining their family and professional lives; and many older workers are either unemployed or take early retirement from the workforce. The third theme concerns flexibility in the labour market, examined mainly in terms of temporary work contracts and atypical working hours.

This report also presents the Secretary General's views on the current debate on employment policy: household services, flexibility, reductions in social security contributions, sharing of working hours and labour market selectivity. The latter is illustrated by the fact that the unemployed population is made up mainly of workers whose profiles are furthest removed from the demands of employers, e.g. unskilled workers, women, young people, and older workers. A parallel phenomenon exists with regard to entry to the labour market. Although some workers attain skilled, full-time employment in prosperous sectors, many enter the labour market on a precarious basis (e.g. part-time or temporary work, unsociable working hours, poor working conditions). Employment policies have attempted to deal with these issues, particularly in respect of measures targeted at groups threatened with long-term unemployment.

Available from: Commissariat général à la promotion du travail du Ministère de l'Emploi et du Travail, Rue Belliard 51, B-1040 Brussels. FR, NL.

**Dix ans de prêts subordonnés aux chômeurs créateurs d'entreprise: efficacité sociale et économique**  
**(Ten Years of Conditional Loans for Unemployed People Wishing to set up Companies: Social and Economic Effectiveness)**

VAN BRUSSELEN B, NICAISE I (1995)

Since 1984, unemployed people have been able to obtain favourable loans to set up their own companies. This report examines the effectiveness of this scheme, based on a random sample of 1200 applicants, drawn from three periods - 1984 to 1985, 1988 to 1989 and 1991 to 1992.

Data show that the scheme has become more selective: the percentage of

**Comment**

*In Belgium, as in most countries in the EU, unemployment is a considerable and persistent problem. From 1975 to 1995, unemployment rose from 4.4% to 13.1%. The unemployed population has become younger, unemployment has been increasingly concentrated amongst 25-50 year olds; the duration of unemployment and the proportion of female unemployment has increased; and there has been a rise in the proportion of long-term unemployment. In addition, the educational level of unemployed people has significantly improved, underlining the fact that, although a better education may be an advantage when seeking employment, it is not a guarantee of employment. Another cause for concern is the fact that the proportion of unemployed people who have never worked is increasing substantially.*

*Confronted with long-term unemployment, and the difficulties many job seekers face in finding employment, the public authorities have not remained inactive. The recent Medium-term Employment Plan outlines programmes aimed at specific target groups. These include: an initial work experience contract, designed to prevent young unemployed people falling into long-term unemployment; continuation of a policy to prevent long-term unemployment; extension to the end of 1996 of a support plan for unemployed people; measures to re-distribute available work (lowering labour costs, company work redistribution plans, career breaks); and a policy of reintegration to provide unemployed people over the age of 50 with better opportunities for finding work. There will also be incentives for employers, through exemption from paying national insurance contributions, to employ people on income support.*

*The ESF has also intervened to prevent long-term unemployment and to integrate young people through co-funding of training initiatives and recruitment incentives. It has succeeded in promoting better co-ordination within initiatives aimed at eliminating labour market problems.*

*The social partners have also intervened in job creation and training and re-start initiatives for unemployed high risk groups. In the Interprofessional Agreement of 1995-1996, the social partners decided to maintain the financing of the support plan for the unemployed and to continue their efforts targeted at high risk groups.*

rejected applicants increased from 38% in 1985, to 60% in 1992; beneficiaries had become younger, were more educated and had shorter unemployment periods; fewer non-Belgians were granted access to the scheme. However, despite the tougher selection procedures, 30% of loans were granted to the long-term unemployed and 10% to unemployed people under 25. The authors question the fact that people who receive income support are excluded from the scheme, as well as unemployed people who do not receive any benefits. In their view, the social security status of applicants does not in itself indicate their chances of success.

The survival rate of the companies created increased from 81.2% after two years of operation for those companies created in 1984-5, to 85.5% for companies created in 1988-9. The report also indicates that post-school education or training significantly reduced the risk of company failure. However, in general, other factors such as duration of unemployment before starting the business, age, sex, training, and qualifications did not

significantly reduce or increase the company survival rate.

Available from: DULBEA CP 140, Avenue F D Roosevelt 50, B-1050 Brussels. FR.

**Groupes faibles face au marché de travail: Point de mire du Fonds Social Européen. Évaluation finale du Cadre communautaire d'appui belge 1990-92 relatif aux objectifs 3 et 4. (Disadvantaged Groups in the Labour Market: The Focal Point of ESF Activity. Final Evaluation of the Belgian Community Support Framework 1990-92 - Objectives 3 and 4)**

NICAISE I (1995)

This study was commissioned by the Ministry of Employment and Labour, the ESF and the National Monitoring Committee of the Community Support Framework (CSF). The study was co-financed by the ESF and presents a synthesis of evaluations, concerning activities supported by the Belgian CSF in 1990-92, which related to Objectives 3 and 4 (the integra-

tion of young people and long-term unemployed people into the labour market).

The synthesis comprises contributions from 4 research teams collaborating at various levels on the evaluation of the activities in question: L'HIVA (Hoger Instituut voor de Arbeid de Katholieke Universiteit Leuven, [*Higher Institute of Labour at the Catholic University of Leuven*]) which undertook evaluations for the Ministry, the Flemish and German-speaking communities as well as the co-ordination of a major evaluation of the Belgian CSF; L'IRES (Institut de Recherches Economiques et Sociales de l'Université Catholique de Louvain [*Institute of Economic and Social Research at the Catholic University of Leuven*]) which undertook evaluation of the indirect and macro-economic effects of reintegration; FTU (Fondation Travail-Universitaire [*University Work Foundation*]) and DULBEA (Département d'Economie Appliquée de l'Université Libre de Bruxelles [*Department of Applied Economics at the Free University of Brussels*]) which undertook evaluations on behalf of the French-speaking community, the Brussels-Capital region and Wallonia.

Eighty-five percent of the subsidised activities have been training projects, including part-time vocational training, basic skills courses and 'white-collar' training courses. Between 1990 and 1992, almost 190,000 young job-seekers and long-term unemployed people benefited from ESF aid amounting to 209 million ecu (Objectives 3 and 4).

The unemployment statistics indicate that the ESF target groups have been

relatively well protected from the growth of unemployment from 1989 to 1992. However, this is not proof that ESF interventions have kept unemployment down for these groups. A lower birth rate and stricter application of the regulations excluding people from unemployment benefits also helped to improve the situation.

It appears that there is 'creaming' in training, with the most disadvantaged groups being under-represented in training programmes and even in the ESF programmes targeting them. Moreover, within the target groups themselves, it is the 'best placed' (the short-term unemployed, men, skilled workers, native Belgians) who fare most favourably.

This study acknowledges that an individual's employment prospects are not determined solely by participation in labour market programmes. Personal characteristics and the nature of the local labour market are also deciding factors. Surveys carried out in the Flemish and German speaking communities reveal that unemployed people who have completed a training course have a 15-25% better chance of finding employment 6 months after the training, than individuals who have not received training. This suggests that training increases employment prospects, but does not guarantee employment. A survey of the French community reveals that some types of training, combined with the characteristics of the trainees, resulted in different kinds of integration - one led to stable employment and the other to precarious employment.

The authors also provide some recommendations for improving the effectiveness of the ESF in Belgium. With regard

to target groups, they believe that attention should be focused on the highest priority groups. Currently, the definition of target groups is such that an individual may be placed in several categories. Therefore, a move towards a simpler definition of groups is desirable. With regard to interventions, improving the prospects of disadvantaged groups must not only be seen in terms of training but also in terms of workshops on job seeking, selective recruitment subsidies, etc.

In conclusion, the authors point out that the ESF has finite resources and, whilst it may benefit targeted groups, it cannot impact on all aspects of labour market exclusion. The need for a more radical macro-economic policy to prevent unemployment is emerging. The authors propose strategies such as work sharing, control of wage costs, alternative ways of financing social security, new stimuli to growth, structural and industrial policies and so on.

Available from: Hoger Instituut voor de Arbeid (HIVA), Katholieke Universiteit Leuven, E Van Evenstraat 2e, B-3000 Leuven. FR, NL.

creased by about 2 percentage points (from 8.3 to 10.2%). Greater geographical variation is apparent: the incidence of poverty among families in Southern Italy increased by 4 percentage points, by 2 percentage points in Central Italy and remained stable in Northern Italy. The risk of poverty has increased for families whose head is under 65. The correlation between poverty and educational level increased and poverty increased among blue collar families (from 8.8 to 13%) and among large families.

The data have limitations, since the survey is based on average consumption data and not on income distribution. Also, it does not consider extreme poverty

groups, such as those without a stable location. However, this is the first Italian study to use time series data to examine poverty.

Available from: Dipartimento per gli Affari Sociali, Via Veneto, 56 - I00100 Roma. IT.

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# Sweden

## **Sverige, framtiden och mångfalden. Slutbetänkande från Invandarpolitiska kommittén (Sweden and the Future. Main Final Report from the Immigrant Policy Committee)**

VARIOUS AUTHORS (1996)

This report analyses the position of immigrants in Swedish society with a focus on the labour market and presents suggestions for improvements.

During the recession in the early 1990s, when unemployment increased dramatically, the number of arriving refugees was very high. New immigrants in particular, but also people who had immigrated to Sweden earlier when the demand for labour was high, faced severe problems in obtaining employment. The Committee draws the conclusion that immigrants have been marginalised from the Swedish labour market because of discrimination, as well as language skills deficiencies.

The report describes the present labour market situation for foreign born people as being very ominous. According to the Committee, it is evident that the present policy has failed at integrating immigrants into the Swedish labour market. The situation is described as inhuman, unjust and not economically sustainable.

The Committee emphasises that immigrant policy measures should be directed primarily towards recently arrived immigrants. During the first two years in Sweden, immigrants should be entitled to special treatment. After two to five years of living in Sweden, the special treatment should discontinue.

The Committee's major suggestion is that the state should finance a special taxable allowance during the first two years. In some cases, recently arrived immigrants who have, e.g. just a short education in their country of origin, may be offered an extended introduction programme up to five years.

In order to receive the allowance, a person must participate in an introductory programme which includes education in the Swedish language but also different types of work experience. The extent of the programmes should correspond to full-

## Comment

*At present, the most ominous labour market prospects are those faced by immigrants, especially people who arrived since the early 1990s. It is becoming increasingly difficult for immigrants, especially for people born in countries outside Europe, to enter the labour market in Sweden. Many of these people will probably continue to be marginalised from the labour market as the economy improves.*

*There is a fair degree of consensus on the position of immigrants reflected in the Main Final Report from the Immigrant Policy Committee. However, there is less agreement on measures necessary to overcome the problems e.g., the regulation concerning different types of job subsidies and who shall be entitled to social grants.*

*Another area of debate concerns the efficiency of active labour market policy measures in providing immigrants with a sustainable position in the labour market. This issue is also applicable to the general employment effects of labour market programmes. Apart from immigrants, young people, older workers and disabled people form preferential groups in Swedish active labour market policy. However, despite the extensive resources allocated to labour market programmes, only modest resources are provided for evaluation of the effects of these measures. Thus there are difficulties in determining which are the efficient measures. However, some results presented in Zetterberg (1996) suggest that the flexibility to target programmes to certain groups and to adjust the measures to the particular individual concerned are very important and that these features can be provided through intensified placement services.*

*Schröder (1995) analyses the labour market position of young people from the 1950s to the 1990s. This period was characterised by an increase in the general level of skills in the labour market but, since the 1970s, this upgrading does not seem to have applied to jobs for youths. This difference between youth and adult jobs has increased over time.*

*The particular problems facing young people with disabilities are discussed in the report by Wadensjö (1994). Labour market programmes for disabled people increased rapidly in Sweden during the 1970s and 1980s. The participants come from all groups, although young people and the middle-aged are over-represented. Previously, before 1991, disability pensions could be obtained by older workers solely due to labour market reasons. The report by Ståhlberg (1994) discusses this and other types of early retirement.*

*The report by Backenroth-Osako et al (1996) provides an overview of research and development projects concerning working life conditions for disabled people. Relative to other countries, Sweden allocates large resources for active measures targeted at disabled people, but little is used for evaluation of these measures. It is emphasised that there is a need for more research concerning the effects of labour market programmes targeted at disabled people and that this requires improved statistical resources in particular.*

time work/studies. The programmes will be arranged by many, but not all, of the local municipalities but financed by the state.

The Committee proposes that a person who is unwilling to participate in such a programme will not be entitled to the allowance. In addition, the Committee suggests that a person who, without "acceptable reasons" moves to a municipality where such programmes are not offered, will not only lose the particular taxable allowance but will also not be

entitled to a social grant in the new municipality. Several members of the Committee have objected to the latter suggestion since it implies a restriction of the immigrants' choice of home district.

The Committee proposes a review of the legislation against ethnic discrimination. It emphasises that discrimination is not a particular immigrant policy question but a general issue of law. It also suggests a temporary Action Programme for improving certain residential areas and for improving basic education for adult immigrants.

In addition, the Committee proposes (not unanimously) more general labour market measures that are also seen as means to improve the integration of immigrants, e.g. extending the maximum allowed length of temporary contracts and more extensive job subsidies (especially in the public care, environmental and private household sectors).

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

**Effekter av arbetsmarknadspolitik - en översikt av svensk empirisk forskning. (Effects of Labour Market Policy - an Overview of Swedish Empirical Research.**

ZETTERBERG J (1996)

This expert report is written as a part of the Labour Market Policy Committee's (*Arbetsmarknadspolitiska kommittén*) final report. The Committee was established by the Government in the autumn of 1993, with a broad mandate to study the role of labour market policy, its scope, focus and limitations. This particular report presents an overview of the past and current research on the effects of active labour market policy in Sweden.

Amongst the general observations is the point that, considering the extensive resources allocated to active labour market policy measures, the corresponding resources provided for evaluation of the effects of these measures are modest. Whilst there have been methodological developments allowing more reliable estimates of the effects of measures, the general conclusion from the research is the effect of measures is not clear-cut. This is partly due to the lack of representative and sufficiently large sets of data on individuals. The majority of empirical studies have studied the effects of active labour market policy measures during periods when unemployment has been low and, so far, there are only a few studies that have examined such effects when unemployment has been relatively high since the early 1990s.

Most of the micro-economic evaluation studies aim to evaluate the programme's impact on individual participants' future earnings and employment prospects. One intrinsic problem with such studies is that they do not incorporate the effects that active labour market policies may have on the behaviour of non-partici-

pants, e.g. if there are any crowding-out effects on regular employment from extensive labour market programmes. Such aspects can only be studied in a macroeconomic setting, where the relation between macroeconomic variables, such as unemployment and real wage levels and the extent of active labour market policies, are examined.

Conclusions concerning appropriate measures are dependent on the goals identified for labour market policy. The Committee's final report suggests several operational goals. These include keeping vacancy times short, through an efficient placement service and minimising long-term unemployment. Active labour market measures should be designed to encourage a more active, goal-oriented search for work.

A key element of this approach involves *individual action plans*, i.e. a combined education- and job-search strategy for unemployed people which is designed in consultation with the placement office.

Within the action plan framework, it is therefore important to identify what types of measure should be used. However, as stated earlier, the research does not clearly identify specific measures, although it can be concluded that intensive placement services shorten unemployment spells and do not tend to create lock-up effects.

Some results indicate that programmes with a wide scope are less effective than targeted and more narrowly defined programmes. This seems especially to be valid for employment training. These results suggest that there should be wide possibilities to differentiate measures between different groups of people and between individuals.

In *Aktiv arbetsmarknadspolitik. Expertbilaga (Active Labour Market Policy. Expert Report Annex)*. Available from: Fritzes, Kundtjänst, S-106 47, Stockholm. SV.

**From School to Work in the Nordic Countries**

WADENSJÖ E (ED.) (1996)

The Nordic Labour Markets in the 1990s (Part 1 and 2) is the result of a five year project which has involved thirty economists and two sociologists from the Nordic countries. The section titled From School to Work in the Nordic Countries (in Part 2) consists of eight different pa-

pers plus a summary, and highlights certain aspects of the Nordic youth labour market. The favourable youth labour market in Scandinavia rapidly disappeared when the general economic situation and the labour market itself deteriorated in the late 1980s and the early 1990s. In Sweden, whilst active labour market policy has for decades been an integral part of the Swedish economic policy model, in the 1960s only few young people were placed in programmes. In the 1970s and early 1980s, unemployed young people were placed in the same programmes as adult workers. However, in the 1980s and 1990s, special labour market programmes targeting young people were established. Also during the latter period, the age at which people ceased to be considered 'young', in the context of labour market programmes, was extended from 20 to 24 years.

Although the Nordic countries have no minimum wage legislation, they have strong trade unions which cover most of the labour market and which set minimum wages as a result of collective bargaining. This means that the wage level could be a factor behind youth unemployment. A study described in this book shows that in Finland, Norway and Sweden, but not in Denmark, the wage level for teenagers under the age of 18 is relatively high. The Danish exception can probably be explained largely by the low wages for apprentices.

One of the reasons for the success of the apprentice system may be that it is a way of legitimising the payment of low wages to young workers. A labour market programme introduced in Sweden during the recession in the early 1990s, *youth practice*, also gives lower remuneration than is paid to people in ordinary jobs.

Another factor that may explain high youth unemployment, and the differences between countries, is labour market regulation. Denmark, with the least regulated labour market, has the lowest relative youth unemployment, while Sweden, with the most regulated labour market, has the highest relative youth unemployment. However, the research evidence in this area is still too ambiguous to permit any firm conclusions.

Another of the studies presented in this book examines the employment effects of labour market programmes for young people (aged 20-24). The main

conclusion is that it is very important that placement in a programme is part of a carefully formulated plan for the young person concerned. A subsidised job in the public sector, which gives work practice in the area in which the young person wants to work, yields much better results than practice in an unrelated field. The proposal in the study, which has been adopted by the Swedish government, is that every such placement in a labour market programme should be accompanied by a plan for the young person's long-term establishment in the labour market.

In *The Nordic Labour Markets in the 1990s*. Available from: Elsevier Science B.V., Sara Burgerhartstraat 25, PO Box 211, 1000 AE Amsterdam. EN.

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# Austria

## Alter als Arbeitsmarktproblem (Age as a Labour Market Problem)

FINDER R, DIMITZ E, EICKHOFF V, EUBA M, GÄCHTER S, STANGL S (1995)

This study was commissioned by the Ministry of Labour and Social Affairs and the AMS (Arbeitsmarktservice [Labour Market Service]), and was designed to inform labour market policy for older workers (over 50). The data were obtained from postal surveys of 939 companies as well as 150 management representatives, 60 older workers, 6 Labour Market Service staff and 5 recruitment consultants.

Labour market participation rates of 50-60 year olds decreased from 58% in the 1960s to 42% in 1987. By 1993, demographic factors had led this figure to rise to 45%. The proportion of this age group working in dependent employment fell from 19% to 14% over the same period, resulting in Austria (alongside Italy) having the lowest labour market participation rate for older workers in the EU. This is particularly true for older men. Those remaining in employment are more likely to experience long spells of unemployment and unemployment rates among older workers are, on average, twice as high as those among the 30-50 age group.

The worsening labour market situation since the 1980s has led to an increase in the take-up of early retirement and invalidity pensions. In 1993, 49% of male, and 54% of female retirements relied on invalidity, occupational invalidity and early retirement pensions based on a reduced capacity to work; 2.3% were a result of early retirement due to unemployment (16.8% among women) and 35.4% of men and 24.6% of women were able to take early retirement on the basis of their contributions record. Just 13% of men, but 33% of women, were retired with regular retirement pensions. The latter constitutes a dramatic reduction since 1970. The use of early retirement as a measure to deal with unemployment among older workers has, to a certain extent been counterproductive, since it has reduced any reservations employers may have had about making older employees redundant and has provided them

## Comment

*A number of advice, guidance, training and employment creation measures have been developed since the mid-1980s to assist the re-entry of disadvantaged groups into the labour market. These measures were mainly implemented by charitable institutions, special initiatives and training providers on behalf of the Labour Market Service.*

*In the current labour market it is primarily women returners, older workers, long-term unemployed people and disabled people who are considered to be at risk. Within the framework of ESF-Objective 3 interventions, the vocational integration of young people is likely to become an additional priority. This is an area of intervention where previously there have been only isolated initiatives.*

*The late 1980s witnessed the formation of the first Employment Foundations in response to downsizing in a number of sectors. Iron and steel were the first industries to introduce measures for workers faced with redundancy, including career guidance, job search assistance, work experience, training measures and assistance with business start-ups. Following Austria's entry into the European Union, the Employment Foundation model was transferred to other sectors, including haulage, food and consumables. The Foundation operating in the latter sector is the largest, and provides retraining for 6000 workers over a period of 3 years. The Foundation in the haulage sector caters for 1000 beneficiaries and a similar measure in the iron and steel sector is currently preparing 400 workers for a new career. In 1996, there has been a significant increase in resources for such measures, both from the labour ministry, the European Social Fund, the Länder and the "Wirtschaftskammer" (Chamber of Commerce). Employment Foundations have proved an effective instrument in the prevention of long-term unemployment resulting from large-scale redundancies.*

*At the end of 1996, the LMS will institute a new programme targeting individuals who have been unemployed for more than three years. It is anticipated that this measure will place 7000 individuals in vocational training and employment creation measures over the next two years. It is to be funded through a reallocation of funds from passive (saving in the unemployment insurance system) to active labour market policy.*

*The ongoing adaptation of employees' qualifications to structural change is only slowly emerging as an element of preventive labour market policy. These initiatives are likely to gain increasing impetus from ESF-Objective 4 activities.*

*The evaluation of different active labour market policy measures showed that the labour market experiences of disadvantaged beneficiaries were much improved by training, not only with regard to the chances of their gaining employment, but also in relation to their personal development and psycho-social well-being. Re-integration into the labour market is facilitated by counteracting the loss of confidence and motivation associated with long-term unemployment. Very few of the most disadvantaged long-term unemployed individuals benefited from short-term measures such as job clubs, a finding which serves to highlight the importance of measures targeted specifically at individuals' needs.*

with an easy way of rejuvenating their workforce.

Older workers face disproportionate barriers in the labour market. Only 50% of employers questioned in the survey stated their willingness to consider applicants over 45 and only 20% of employers were prepared to invite applicants over 50 for interview. This was justified by saying that older workers were too expensive and inflexible, that they lacked adaptability and resilience, were often ill and un-

willing to learn new skills. There was a clear perception of a limited return on personnel investment and a feeling that older workers would not fit into the age structure of the company. Many of these arguments are based on conjecture, since the lack of physical strength is less important in today's working environment and many older workers are willing to accept a reduction in wages, compared to their previous employment. The low take-up of training can be attributed more to the

lack of incentives and availability, than to insufficient motivation among older workers.

A recent study by Heimgartner and Knauder (*Barrieren der Weiterbildung älterer Arbeitnehmerinnen, [Barriers to the Training of Older Workers], 1995*) shows that the lack of involvement in further vocational training measures is not a problem exclusive to workers over 50. The study found that there was very little difference between the training participation rates among all workers over 39 (59% of women and 29% of men had never participated in a training measure). It thus provides an alarming indication of a very early exclusion from the ability to update skills levels. The study also showed that training is currently available mainly in large companies and is most likely to be taken up if there is face-to-face consultation between employer and employee. However, very few companies had a strategic employee training policy.

The unjustified nature of the prejudice facing older workers is revealed when looking at companies that have recently hired an older employee. Their experiences are overwhelmingly positive. In view of the changing demographic situation, measures are needed to combat this discrimination in the labour market. It is argued that one such measure is to provide targeted life-long learning with adequate incentives. The authors call for greater flexibility in working time and pay (particularly where the seniority principle is concerned) and encourage discussion of the introduction of part-pensions. A publicity campaign is also required to combat popular misconceptions about older workers.

Available from: Wissenschaftsverlag Neustiftgasse 17, A-1070 Wien.DE

### **Reflexion - Analyse - Perspektive der Berufsorientierung für Jugendliche (Reflection - Analysis - Perspective of Vocational Orientation Courses for Young People)**

NATTERER A, SUITNER M,  
VOGEL-GOLLHOFER C (1995)

This study assesses the experiences of trainers and young participants in vocational training courses organised by the Labour Market Service in Tirol in 1992. The target groups of the courses were young disadvantaged people between the

ages of 15-18 seeking traineeships and employment. Their aims were to prepare career and training plans reflecting the individuals' aspirations. The courses included a number of items such as four weeks of practical work experience in the chosen career, and a personal development module aimed at raising self-awareness, self-esteem and motivation. Beneficiaries also acquired relevant job search skills and the programme was recently expanded to respond to a demand for after-care and intensive assistance in the job-search process.

This study evaluated these courses using the criterion of successful placement after completion. With 59% of beneficiaries entering employment, and a further 11% pursuing further education and training, the courses are considered to be a success. This is attributed to several factors: the emphasis placed on responding effectively to individual training and personal needs; the modular approach, which provided maximum flexibility; taking into account the individual's social and family environment; the close co-operation with local enterprises, the labour market service and other relevant institutions; and the intensive follow-up in the job-search period.

Available from: Arbeitsmarktservice Tirol, Schöpferstr.5, A-6010 Innsbruck. DE

### **Wiener Berufsbörse - Eine Einrichtung zur beruflichen Integration von (ehemaligen) Suchtkranken (Labour Exchange Vienna - A Project Aimed at the Integration of (Former) Addicts into the Labour Market)**

SPRINGER A, AWART S, DISTELBERGER N,  
UHL A, TUMA C (1995)

*Labour Exchange Vienna* is a project aimed at the vocational integration of former addicts. The advice, guidance and counselling service, which was first set up in 1995, sees itself as a link between medical rehabilitation facilities and the Labour Market Service. Its core task is to develop vocational and career objectives with each individual, according to individual needs and abilities. The service is primarily open to individuals who have completed, or are undergoing, treatment for their addiction and who are motivated and possess the mental stability and supportive social environment to achieve vocational reintegration.

The counselling service covers assistance with acute addiction problems, as well as guidance on the training options offered by the Labour Market Service. The *Labour Exchange* is instrumental in finding places on courses and prepares individuals for job search activities. Assistance is also available to beneficiaries during the settling-in phase of new employment.

The *Labour Exchange Vienna* has a very heterogeneous group of beneficiaries, including highly-educated people, as well as those with very little education or training. The nature of their addiction also varies widely. Most, however, suffer from multiple disadvantage in terms of their labour market situation due to, for example, non-completion of education or training, previous convictions, long-term unemployment, as well as homelessness and debt problems. The outcomes of the guidance and counselling services offered by the *Labour Exchange Vienna* are very encouraging, with 33% of beneficiaries obtaining employment in the first or second labour market, and 25% going on to further vocational training. Those beneficiaries receiving assistance for more than one month and those successfully dealing with their addiction are those who are most likely to enter the labour market. This study highlights the need for such targeted assistance if individuals with addiction problems are to be reintegrated into the labour market.

Available from: Arbeitsmarktservice Wien, Weihburggasse 30, A-1010 Wien. DE

### **Entwicklung der Langzeitarbeitslosigkeit in Österreich und Maßnahmen zu ihrer Bekämpfung (The Development of Long-term Unemployment in Austria and Measures to Combat It)**

BIFFL G (1996)

The proportion of long-term unemployed people has increased steadily in the 1980s, rising from 16% of the unemployed in 1980, to 31.8% in 1994. The majority (53%) of long-term unemployed people are concentrated in several occupational groups: secretarial and administrative; metal working and engineering; trade related employment; and unskilled employment. Long-term unemployment is particularly high in the traditional consumer goods sector (i.e. textiles, leather and cloth-



ing). Older workers are more likely to be affected by long-term unemployment than their younger counterparts.

Socio-economic employment projects (such as 'social companies', offering employment opportunities to disadvantaged groups) are successful at integrating disadvantaged groups into the labour market. Such 'social companies' operate in the same way as other companies, marketing their products and services in the open market. Amongst their beneficiaries, 64% had mental health related problems, and 24% were ex-offenders. Other common problems were related to debt (22%), alcohol and drug addiction (21% and 14%, respectively) and physical disabilities (12%). Female beneficiaries were more likely to suffer from mental health problems, while males were affected by a much broader spectrum of disadvantage.

Upon completion of their temporary employment with the 'social company', around half of the beneficiaries found employment elsewhere. Of these, approximately 33% obtained a full-time job, whilst others entered part-time or temporary employment.

Available from: *WIFO Monatshefte Heft 1/1996*, WIFO, Arsenal Objekt 20, 1030 Wien. DE.

**Wiedereinstieg von Frauen in das Berufsleben - und danach (*The Reintegration of Women into the Labour Market - and then?*)**

FACCINELLI A, ZENNEBE R (1996)

**Qualifizierung und Beschäftigung von Frauen. Das Modellprojekt ABZ Meidling (*Training and Employment of Women. The Model Project ABZ Meidling*)**

HAUSEGGER T, LECHNER F, REITER W, SCHREMS I (1995)

**Wiedereinstelgerinnen in Wien (*Women Returners in Vienna*)**

ARGE WIEDEREINSTIEG, INSTITUT FÜR DEMOGRAPHIE, INSTITUT FÜR KONFLIKTFORSCHUNG, L&R SOZIALFORSCHUNG (1996)

These three studies look at the position of women returners in the labour market and at projects involving training, guidance and counselling for women.

The studies show that women tend to return to traditionally female dominated jobs and that many of the projects are aiming to deliver skills associated with such jobs. For a high proportion of women, a return to work means accepting a lower wage than previously, and, if they have continuing caring responsibilities, it of-

ten means a return to work part-time. The lack of crèche and kindergarten facilities is one of the most important barriers to the reintegration of women into the labour market.

Available from: (1) Bundesministerium für Arbeit und Soziales, Abteilung für grundsätzliche Angelegenheiten der Frauen, Stubenring 1, A-1010 Wien. DE. (2 & 3) AMS Wien, Weihburggasse 30, A-1010 Wien. DE.



# Federal Republic of Germany

## **Verfestigte Arbeitslosigkeit in Westdeutschland (Long-term Unemployment in West Germany)**

BOGAI D (1995)

Against the background of persistently high levels of unemployment, this contribution questions the role of labour market policy in combating long-term unemployment. It argues that the main causes of long-term unemployment include: the devaluation of capital stocks as a result of wage and energy price shocks; a mismatch between the supply of, and demand for, labour; the devaluation of human capital in line with the duration of unemployment; the insider-power of those in employment and of short-term unemployed people; and a lack of employment opportunities for people with low levels of qualifications.

The author sees the causes of long-term unemployment mainly in the lack of employment opportunities, rather than structural causes or the lack of labour market flexibility. He therefore prefers active measures supporting disadvantaged groups to changes in wage structures and increasing flexibility in labour legislation.

*Wirtschaftsdienst, Heft III/1995, 131-139*  
Available from: HWWA - Institut für Wirtschaftsforschung, Hamburg, Nomos Verlagsgesellschaft mbH & Co. KG, Waldseestr.3-5, 76530 Baden-Baden. DE.

## **Schwerpunktheft Langzeitarbeitslosigkeit (Special Issue, Long-term Unemployment)**

WSI (1995)

This special issue of the journal *WSI Mitteilungen* contains seven contributions focusing on long-term unemployment and includes current data. In his contribution, Wagner argues that if one were to take into account those individuals participating in active labour market policy programmes and the number of discouraged workers in the unemployment statistics (including those in early retirement and those pensioned with disability pensions), figures for long-term unemployment would double.

## Comment

*The documents reviewed in this bulletin highlight the overarching policy concern with rising unemployment, and with long-term unemployment in particular. Long-term unemployed people are considered to be a particularly disadvantaged group in the labour market because of the effect of this form of joblessness on re-employment opportunities and the severe social and economic impact on people's lives.*

*Analysts and researchers of long-term unemployment are largely in agreement on its causative factors. They regard it as a direct result of the selection processes operating in the labour market which, in themselves, are enabled by high levels of underlying unemployment. Disabled workers, and those with few qualifications and low motivation - particularly if they are older, and, in east Germany, women - are least likely to be successful in the labour market. It is difficult to assess whether older workers or women are being systematically discriminated against.*

*When it comes to policy recommendations there is also wide reaching agreement. On the one hand long-term unemployment is the result of persistently high levels of unemployment and therefore has to be addressed at the macro-level. There is, however, strong disagreement over the question of whether supply or demand side measures are to be used. On the other hand, long-term unemployment is the result of systematic discrimination between those in employment and those unemployed. It is important to eliminate these forms of discrimination.*

*Experience thus far, as well as the findings of evaluations of labour market programmes aimed at the re-integration of long-term unemployed people, show the importance of taking into account each individual's personal, social and financial situation when designing measures. The co-ordination of such targeted labour market policy measures with other social and labour market policies is most likely to lead to success, as is close co-operation with companies and on-the-job training. Finally, it is crucial to take into account regional variations when designing measures to ensure they fit the profile of unemployment and employment opportunities in the area.*

The social and economic situation of long-term unemployed people is very diverse with some enjoying generous early retirement pensions and pay-offs, while others are forced to rely on relatives and state benefits.

Heise argues that long-term unemployment arises from a process of selection and discrimination which can only be overcome with the appropriate use of active labour market policy measures.

Another particular focus of this issue is the situation of older workers in the labour market and the evaluation of policy measures targeted at their re-integration.

*WSI Mitteilungen, Heft 12, 1995* Available from: Bund-Verlag, Postfach 900840, D-51118 Köln. DE.

## **Langzeitarbeitslosigkeit (Long-term Unemployment)**

DEUTSCHER BUNDESTAG (1995)

The information contained in this contribution was formulated by the German

government in response to questions focusing on the issues of long-term unemployment raised by the SPD opposition party in the German parliament. In this document, the government argues that the re-integration of long-term unemployed people requires targeted policy measures. Currently, these take the following three forms. Firstly, the continuation of the federal programme entitled *Aktion Beschäftigungshilfen für Langzeitarbeitslose* (Action Employment Support for Long-term Unemployed Individuals) to the tune of DM 3 billion until the year 1999. Secondly, support from the European Social Fund within the framework of the ESF-federal programme *AFG-Plus*, amounting to DM 3.5 billion until the year 1999. Thirdly, through a special programme to assist the re-integration of hard-to-place individuals through assistance granted to temporary work agencies (START-model).

The government also states that the problems of disadvantaged groups in the

labour market will be taken into account for the purposes of the revision of the AFG (*Arbeitsförderungsgesetz*, Law on Employment Promotion).

In addition, between 1989 and 1994, 139,000 long-term unemployed people have been assisted back into employment with wage subsidies, a measure which is considered, on the whole, to have been a success.

This document has a statistical annex containing a variety of pertinent data.

*Drucksache des Deutschen Bundestages 13/1143, 18.4.1995* Available from: Bundesanzeiger Verlagsgesellschaft mbH, Postfach 1320, D-53003 Bonn. DE.

### **Langzeitarbeitslosigkeit (Long-term Unemployment)**

WISSENSCHAFTLICHER BEIRAT BEIM  
BUNDESMINISTERIUM FÜR WIRTSCHAFT (1996)

This report by the scientific council of the Federal Ministry of Economics looks at the level, structure and causes of unemployment and discusses policy options and recommendations. It argues that employment can only be generated by supporting an increase in economic growth, by finding new solutions in collective bargaining, by reducing disincentive effects generated by the social security system and through support measures targeted at long-term unemployed people.

Long-term unemployment is seen to be caused by a lack of jobs, as well as a result of disadvantages facing certain

groups in the labour market. A policy aimed at supporting long-term unemployed individuals must seek to reduce these inequalities and prevent the creation of unequal opportunities. This is to be achieved through on-the-job training and qualification measures, as well as by reducing employers' hiring costs. The introduction of longer trial periods and changes in dismissal legislation covering previously long-term unemployed recruits are also recommended. The START-model, where state-owned companies shoulder some of the risks of employing disadvantaged groups, is also recommended. Further wage subsidies are not recommended.

Available from: Bundesministerium für  
Wirtschaft, Postfach, Bonn. DE.

### **Arbeitsmarktdynamik, Langzeitarbeitslosigkeit und der Beitrag der Arbeitsmarktpolitik (Labour Market Dynamics, Long-term Unemployment and the Role of Labour Market Policy)**

STEINER V, KALTENBORN B (1995)

Steiner and Kaltenborn analysed German unemployment figures distinguishing between the number of individuals affected by unemployment and the duration of unemployment. In doing so they provide a more differentiated picture of labour market trends and dynamics. The significant rise in German rates of unemploy-

ment since the recession of the early 1980s and its persistently high level can be attributed in particular to the increase in long-term unemployment, which was only reduced marginally during the economic upturn which followed the recession.

In addition, differences are becoming visible between certain groups in the labour market. Older workers and severely handicapped people are on the whole less likely to be affected by unemployment, but when unemployed, find it much harder to re-enter the labour market. On the other hand, people with low levels of education and training are more likely to find themselves among the ranks of the unemployed, but spend less time there. These differences have important implications for labour market policy. Further training, and retraining measures, as well as wage subsidies, are more efficiently targeted at those whose chances of gaining re-employment are low from the time they become unemployed, rather than at the long-term unemployed. The use of long-term unemployment as a qualifying criterion for access to support schemes is therefore regarded, by the authors, as being misguided.

*In: FRANZ W, STEINER V (eds): Der westdeutsche Arbeitsmarkt im strukturellen Anpassungsprozeß. ZEW-Wirtschaftsanalysen, Band 3. Europäische Hochschulschriften, Reihe V, 1995* Available from: Zentrum für europäische Wirtschaftsforschung (ZEW), Kaiserring 14-16, D-68161 Mannheim. DE.



## Finland

### **Psyykkisesti vajaakuntoiset työnhakijoina (Mentally Disabled Jobseekers)**

ERONEN M, RAVAJA N (1993)

This study examined changes in the labour market position of mentally disabled jobseekers, as well as services provided for them. The results are based on register data on all disabled jobseekers in 1987 to 1992, as well as interviews and survey data collected from three public employment offices.

Mentally disabled jobseekers were characterised by relatively young age, lack of vocational education and little work experience. Many of them had diverse medical problems in addition to severe mental health problems and about a quarter of them had been in a psychiatric hospital. A significant proportion (43%) of the people interviewed retired during the follow-up period. Only a few were able to consolidate their position in the labour market, while a large proportion encountered long-term marginalisation from work.

The researchers conclude that subsidised jobs are needed to maintain and enhance the functional capacity and employment of mentally disabled jobseekers. Economic support should be combined with psychological and social support. Further resources should also be directed to rehabilitation assessments, work trials, practical training and work adaptation services.

*Studies in Labour Policy 55.* Available from: Ministry of Labour, Publication Sales, Box 536, FIN-33101 Tampere, FI.

### **Varhaiseläkkeelle hakeutuminen ja sen vaihtoehdot (Early Retirement and its Alternatives)**

GOULD R, TAKALA M, LUNDQVIST B (1992)

This survey examines the opinions of older people, aged 51, 56 and 61, on various factors affecting the choice between work and retirement. It also considers respondents' attitudes to two of the Pension Committee's 1990 proposals: increasing the accrual rate of employment pension for those over 55; or providing a guaranteed level of employment pension

### Comment

*The labour market position of traditionally disadvantaged groups - in particular, low-skilled, older and disabled people - has deteriorated sharply in the context of mass unemployment and the requirement for high level qualifications. In the early 1990s, the amount of active labour market measures doubled, targeted mainly at young and long-term unemployed people. According to recent studies of long-term unemployment, the provision of temporary jobs helped to keep disadvantaged people in the labour market, although there were few sustainable outcomes in terms of gainful employment. There was some evidence of 'creaming' in the targeting, so that the least qualified, the oldest and the most disabled people tended to be neglected in the provision of training and subsidised jobs. People with mental health problems also experienced difficulties in the labour market. Studies of the performance of disabled jobseekers suggest that in order to enhance the functional ability and employment of people with mental health problems, psychological and social support should be combined with training, rehabilitation and employment measures. Recent initiatives in the Multi-Annual Employment Programme and in the Community Initiative EMPLOYMENT-HORIZON have helped to tackle the problems faced by disabled people.*

*It appears that working conditions are not suitably adapted to the needs of older people. Several studies by the Central Pension Security Institute have found a high incentive for early retirement, as a result of rigid working conditions, heavy workloads, risk of unemployment and impaired health. Improvements in these factors are seen as a means of postponing early retirement. The poor employment prospects for older people are probably also a result of demand side economic factors, such as the grading of payroll taxes by age, which discriminate against older people.*

*Young people adjusted to job losses in the early 1990s by remaining in education. This was reinforced by substantial increases in the number of starter places on courses. In the economic upturn, education appears to be having a greater impact on success in the labour market. For a small group of young people, who lack both training and work experience, the risk of permanent exclusion from the labour market is increasing. The aim of the recent tightening of the qualifying conditions for labour market support (a type of employment benefit) is to persuade those young people to accept practical or other training, offered to them by the labour authorities.*

for those who continue in employment, but in a lower paid job.

Some 60% of respondents felt that their capacity for work had deteriorated as they grew older. However, very few of them had adjusted by changing their job content, the job itself or their working hours. This may be taken as an indication of the prevailing rigidity of working life. For those who were willing to retire, the 'push' factors appeared to be much more important than the 'pull' factors. Unemployment, heavy work and impaired health tended to increase people's willingness to retire. Economic factors were not reported as important reasons for retirement, although they appeared to provide a significant incentive to continue working, particularly among people with good health. People who were willing to retire seemed to need substantial economic incentives to persuade them to stay in work.

The researchers conclude that the average age of retirement could be raised by improvements in working conditions and health, alleviating workloads and shorter working hours. There was little support for the option of taking another lower-paid job while retaining pension benefits based on previous employment.

Available from: The Central Pension Security Institute, FIN-00065 Eläketurvakeskus, FI.

### **Pitkäaikaistyöttömät ja lamasta selviytyminen (The Long-Term Unemployed and Recovery from the Recession)**

VÄHÄTALO K (1996)

This study examines the position of long-term unemployed people in the labour market and reviews social disadvantage during the Finnish recession in 1993-4. It

uses unemployment register data for 1,300 long-term unemployed people in six different localities, over a two-year period.

Three categories were used to classify people's position in the labour market. Those in the 'drop-in' category (19%) had either returned to normal work or moved permanently out of the labour market. The 'drifters' (56%) had unstable labour market experiences, while the 'jammed' (25%) remained in permanent unemployment.

Social disadvantages were also classified in three categories. Starting with the least disadvantaged group, they were termed: 'temporarily discarded' (16%), 'marginalised' (72%), and 'excluded' (12%).

People facing the greatest problems in returning to work were those aged over 40, with a basic education and living either in the sparsely populated areas or in metropolitan suburbs. There was also some evidence of 'creaming', in that active labour market measures were increasingly directed at the better qualified 'drifters'. The results also suggested that older people had been disregarded in the provision of public employment services. The link between factors related to labour market position and the problem of social disadvantage was not very clear for the most disadvantaged group - the 'excluded'. A substantial proportion of them had health problems and significant dependence on social assistance.

*Studies on Labour Policy 132.* Available from: Ministry of Labour, Publication Sales, Box 536, FIN-33101 Tampere. FI.

**Pitkäaikaistyöttömien työmarkkinakokemukset lamavuosina 1993-1994 (Labour Market Experiences of the Long-term Unemployed in Finland in 1993-1994)**

SANTAMÄKI-VUORI T (1996)

This study, financed by the Ministry of Labour, examines the labour market experiences of long-term unemployed people in Finland in 1993-4, when the average unemployment rate was 18%. The study focused on almost 85,000 people who, at the end of 1992, were either long-term unemployed or employed in temporary subsidised jobs, following long-term unemployment. The aim was to examine the impact on people's labour market ex-

periences of various characteristics of the people themselves, local labour market conditions and participation in labour market measures.

Over the two-year period, just 7% of the long-term unemployed participated in labour market training, whereas almost two-thirds had been placed in subsidised jobs, a quarter of which were in the private sector. Approximately 20% had succeeded, at least once, in getting a normal job. At the end of 1994, less than 10% succeeded in obtaining sustainable employment.

The analysis suggests that being younger and having a good education considerably reduces the risk of unemployment. People who had had subsidised jobs were more likely to get a normal job, than were people who had not. However, the employer sector of the subsidised job had a marked influence. People with subsidised jobs in private enterprises were in much more favourable positions.

*Studies on Labour Policy 131.* Available from: Ministry of Labour, Publication Sales, Box 536, FIN-33101 Tampere. FI.

**Varttuneet alakynnessä - Miten lievittää ikäyrjintää työmarkkinoilla? (Older People Beaten - How to Alleviate Age Discrimination in the Labour Market)**

SANTAMÄKI-VUORI T (1996)

This article considers two issues. Firstly, the labour market position of older people aged 55-64 is examined relative to people of prime working age (25 to 54). Secondly, economic factors which might contribute to the discrimination of older people in the Finnish labour market are considered.

In 1995 the unemployment rate among older people was one and a half times that for people of prime working age. The labour force participation rate for older people was half that of prime-aged adults. Decreases in the labour force participation rate of people aged 60 to 64 are related to changes in the take-up of unemployment pensions and 'early' disability pensions, i.e. disability pensions which have broad qualifying conditions.

Older people have a lower probability of getting a job and are likely to have longer spells of unemployment. This is a result of the conditions attached to unem-

ployment benefit schemes, as well as other economic incentives which discriminate against older people. For instance, in companies of more than 50 employees, payroll taxes for financing employers' contributions to pension funds are graded by age, with the scale varying smoothly from 14% for young people, to 30% for those over 53 years of age. Moreover, in large firms, an individual's most recent employer is responsible for financing his or her disability pension.

Available from: Labour Institute for Economic Research, Hämeentie 8A, FIN-00530 Helsinki. FI.

**Työkyvyttömyyseläkkeelle siirtymisen yhteiskunnalliset taustatekijät (Social and Societal Determinants of Disability Pension Incidence)**

HYTTI H (1993)

This study examines the incidence of disability pensions, between 1972 and 1985, among economically active people aged 40 to 59. The study looked at pension application and take-up rates in relation to changes in mortality, the employment situation, the replacement rate of social insurance benefits and administrative practices related to benefit award decisions.

Variations in the incidence of disability pensions could be partly attributed to an improvement in the population's health and partly to employment developments and social security trends. However, increases in the levels of pension and sickness benefits had a major impact on the incidence of disability pensions. The effects of the economic recession in the late 1970s were variable, depending upon the status of employees in the labour market. Thus, among people with long careers in stable employment in manufacturing, the recession increased their tendency to seek a disability pension and to withdraw entirely from the labour market. In more unstable sectors, especially those in the secondary labour market like forestry or house building, there was no such tendency. Instead, redundant workers in these sectors were more likely to become unemployed than to withdraw from the labour market completely, even if their health was impaired.

Available from: Social Insurance Institution, Research and Development Unit, Box 450, FIN-00101 Helsinki. FI.

**Terveydentila ja syrjäytyminen,  
Suomi 1986 (*Health and Deprivation,  
Finland 1986*)**

MANNILA S, PELTONIEMI J, RISSANEN H (1995)

This study focused on the relationship between ill-health and deprivation. The data were based on a 1986 sample of 10,265 people aged from 15 to 64. Deprivation was examined on several dimensions: education, housing, work, subsistence, family and social support, social participation, leisure and life control.

The results showed that the profile of deprivation among those with ill-health was similar to that found among those with good health. However, those with ill-

health were more often deprived on all dimensions. Moreover, those suffering from mental health problems or defects of vision tended to be more deprived than others. The relationship between ill-health and deprivation was mostly due to the influence of age, generation and socioeconomic status. Those with ill-health tended to be older people with low education attainments and were excluded from work either through unemployment or early retirement.

A more recent analysis will be published later in 1996. This uses similar data, but from 1994, and confirms most of the earlier findings. Moreover, after con-

trolling for other background factors, in 1994 the occurrence of psychiatric problems seemed to be related to two particular dimensions of deprivation - unemployment and financial difficulties. Finally, the study emphasises that deprivation should be seen as an outcome of various contextual social factors, rather than being related to individual characteristics.

*Research Reports 52.* Available from: Rehabilitation Foundation, Box 39, FIN-00411 Helsinki, FI.

why they are relatively more successful in Northern Italy.

The report makes several proposals, including a plea for adequate resources. It recommends that compulsory employment quotas for disadvantaged people should continue, but alongside incentives and support to help integrate people into the workplace. It is also proposed that competencies should be delegated to Regional authorities, together with a clearer definition of the roles of the various institutions. Finally, it is suggested that there should be greater recognition of the role of social co-operatives in providing work experience for disadvantaged people.

Available from: CGM, Consorzio Nazionale della Cooperazione di Solidarietà Sociale Gino Mattarella, viale Legioni Romane 39, 20147 Milano. IT.

**Impresa sociale - Comprendere le esigenze della solidarietà sociale e il ruolo della cooperazione sociale (Social Firm - Understanding the Needs of Social Solidarity and the Role of Social Co-operatives)**

MCKINSEY & COMPANY (1994)

This study was conducted in the second half of 1993 on behalf of CGM, one of Italy's consortium of social co-operatives. The aim was to examine the extent of social disadvantage and the role of social co-operatives.

The analysis shows that in Italy disabled people receive less assistance than other disadvantaged groups. There is little action to tackle mobility barriers. Support for re-entering the labour market comes mainly from the school system, from socio-educational centres managed by public or private institutions and through the compulsory employment quota. The quota, applying to firms with more than 35 employees, is high (at 15%) by European standards, although it is largely ignored.

Social co-operatives are regarded as an important means of integrating disadvantaged workers into the labour market. Co-operatives can use labour flexibly: they are permitted to make greater use of part-time and fixed term contracts than other private firms; their labour costs are lower (McKinsey estimates that disadvantaged groups cost about 37% less than normal workers in private firms); social security contributions are lower if at least

30% of employees are from disadvantaged groups; and fiscal incentives are also available to co-operatives. However only about 15% of the estimated 2,100 social co-operatives operating in Italy in 1992 are taking advantage of these options. In fact, 14% of the total turnover of co-operatives comes from donations and contributions.

The report states that, in 1993, co-operatives had an average of 30 employees. Sectors of activity were mainly agricultural and handicraft activities (24.4% and 14.4% respectively) and assembling (15.2%). It is argued that the main problem for social co-operatives is their lack of entrepreneurial skills and the absence of a 'social' culture in the business community. Consequently, co-operatives have difficulties in securing orders from the private sector and in managing their activities along 'business' lines.

Available from: CGM Consorzio Nazionale della Cooperazione di Solidarietà Sociale Gino Mattarella, viale Legioni Romane 39, 20147 Milano. IT.

**Le politiche contro la povertà in Italia (Policies against Poverty in Italy)**

NEGRI N, SARACENO C (1996)

This book on policies to combat social exclusion in Italy deals with several issues: income support, unemployment, poverty, housing, health, education and training and social integration.

Whilst there has been reform in the early 1990s, the Italian social protection system continues to be comprised of fragmented ad hoc legislation, often linked to financial measures to contain public deficit. The system is based on the guarantee of full time, stable jobs through employment protection measures, income support to unemployed workers and, since the early 1990s, active labour market measures. However, it appears that the majority of measures are passive. There is little active intervention to integrate disadvantaged people into the labour market by public employment services.

People outside the labour market are often excluded from benefits and, also, have difficulties in accessing the labour market due to the high protection guaranteed to the employed. Such segmentation of the labour market makes it more difficult for active labour policies to be effective.

Income support policy should not be so dependent on people's participation in the labour market. Active measures seem to work only during expansionary periods, not during recessions, when firms select the most qualified workers.

The book examines the link between poverty and unemployment. About half of families below the poverty line have no employed members - a situation which is worse for families in Southern Italy. In Northern Italy the poor are mainly older unemployed people and poverty is linked to factors other than the lack of employment. In the South, a large proportion of those in poverty are unemployed and under-employed. Furthermore, people who drop out of education have a high risk of poverty, producing a family cycle of poverty.

It is argued that active policies are particularly ineffective in Southern Italy, due to structural under-development in the area. This means that, especially in the South, active labour policies must shift from formal training measures (which up to now have mainly acted as income support for both participants and trainers), to employment services, counselling and assisted placement measures and to the reduction of drop-out rates in education.

As regards the vocational training system, it is concluded, on the basis of an evaluation of training co-financed by the ESF, that training is poorly implemented. Training is not responsive to local problems and is used as a measure to alleviate unemployment, especially for young people, rather than as an active measure to facilitate employment.

Available from: Società editrice Il Mulino, Strada Maggiore, 37, 40125 Bologna. IT.

**La povertà in Italia, 1980-1994 (Poverty in Italy, 1980-1994)**

COMMISSIONE DI INDAGINE SULLA POVERTÀ E L'EMARGINAZIONE (1995)

This report analyses the extent of poverty in Italy in 1994 and its evolution since 1980. The work is based on the ISTAT survey of families' consumption patterns. In 1994 about 6.5 million people were living below the poverty line, two thirds of them in Southern Italy where one family out of five is in poverty, compared to one in twenty in Northern Italy.

Since 1980, it appears that the incidence of poverty among families has in-



# Italy

## L'inserimento lavorativo delle persone svantaggiate: il ruolo della cooperazione (*Labour Integration of the Disadvantaged: The Role of the Co-operative Sector*)

ACLER MC, BORZAGA C, FAILONI G (1992)

This report considers the role of social co-operatives in integrating disadvantaged people into the labour market and examines the organisation of social co-operatives, based on a 1987 national survey and two 1991 regional surveys conducted in Lombardy and Veneto.

The report analyses measures used in the 1980s to integrate disadvantaged people into the labour market. These include: the creation of jobs in the public sector, (limited by the available resources); the use of incentives to stimulate labour demand in the private sector, (which may have high dead-weight effects, according to the authors); training, which however well managed, does not overcome the discriminatory attitudes of employers; and work experience in social co-operatives with support to find employment.

The latter measure appears to be the most successful. It allows for training which is responsive to individual needs, it gives an income and provides work experience, a factor which is important to firms when recruiting. The problem with this measure is that it may lead to marginalisation of the productive activity of the co-operatives involved.

The report argues that with widespread social disadvantage, public institutions appear to play a smaller role in the labour integration of disadvantaged people, whilst local institutions, although innovative, have insufficient resources and competencies. The main problem appears to be the fragmentation of the mechanisms for governing the labour market, with conflicting roles for regional and central authorities. The most interesting and innovative schemes in the last two decades are those, initiated by regional and local authorities, involving vocational training and counselling and placement services.

The surveys show that the strengths of social co-operatives include their ability to be responsive to individual needs, to be

flexible and to be able to mobilise a range of human resources. They are also efficient at integrating into the labour market disadvantaged people who have received training.

## Comment

*Italy's approach to social welfare is changing, moving from a minimum level of support available to all, to a selective model, with more targeting of support provided by public and private institutions (profit and not for profit).*

*Disadvantage is concentrated in the south, where one family in five is below the poverty line, compared to one in twenty in Northern Italy (Commissione di indagine sulla povertà, 1993). In Southern Italy poverty is highly correlated with unemployment and underemployment and is concentrated among young people with poor education and few skills (Negri and Saraceno, 1996; Commissione di indagine sulla povertà, 1993 and 1995).*

*There are few active policies aimed at integrating disadvantaged people into the labour market. The main national measures are compulsory employment quotas, work-training and apprenticeships for young people, and active measures for laid off workers and for the long-term unemployed in Southern Italy (Ministero del Lavoro, 1995).*

*The most innovative initiatives are at the regional and local levels, where there is integration of social and employment policies for the most disadvantaged and an increasing role for social co-operatives and other non-profit associations (Acler et al, 1992; Negri and Saraceno, 1996; Ranci, 1994).*

*Legislation gives disabled people a right to take vocational training, for which Regions provide funding to local and private institutions. However, most of the courses for disabled people can provide general assistance only, since the vocational training system is not usually directly linked with the labour market.*

*Of relevance to disadvantaged groups are incentives, for firms, to encourage the employment of long-term unemployed people. Other recent initiatives have included re-training courses, counselling, employment subsidies, temporary employment in socially useful works (*Lavori socialmente utili*), assistance in enterprise creation (Ministero del lavoro, 1995) and the possibility of part-time work for older workers.*

*In the last two years, legislation has encouraged training and counselling initiatives and work experience for young people leaving education. Active policies for long term unemployed people were also introduced, allowing regional employment agencies to experiment with re-training, vocational training, counselling and employment services. In 1995 there were also national programmes intended to integrate drug abusers into the labour market.*

*There is little monitoring and evaluation of public policies, making it difficult to assess the effectiveness of policies targeted at disadvantaged people. However, most analysis and reports identify common problems. One of these concerns the organisation of labour authorities. There are often several agencies with unclear and overlapping roles. For example, there were up to seven institutions involved in the management of HORIZON, with conflicting responsibilities and bureaucratic procedures resulting in long delays (IRS, 1994).*

*A further problem is the fragmented nature of much legislation, with little integration of legislation aimed at different groups. The overall approach of labour market policies, based mainly on passive measures, has also created difficulties, due mainly to a shortage of professional skills. The evaluation of the HORIZON programme (IRS, 1994) identified problems stemming from the lack of occupational therapists and of skills in promoting social integration.*

*On the other hand, especially at the local level and in respect of social co-operatives, there are many positive initiatives which could be better disseminated.*

However, social co-operatives are not without weaknesses. The report argues that their success depends upon their social and economic context, which explains



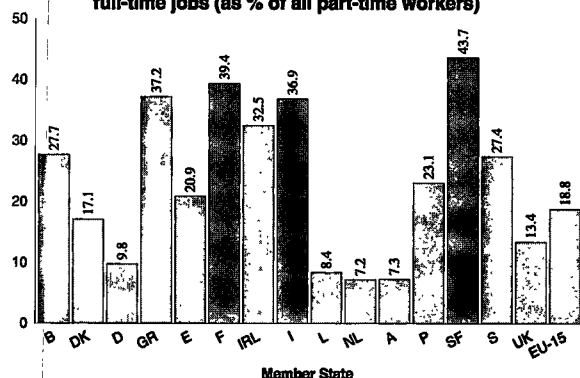
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## Labour Market Disadvantage

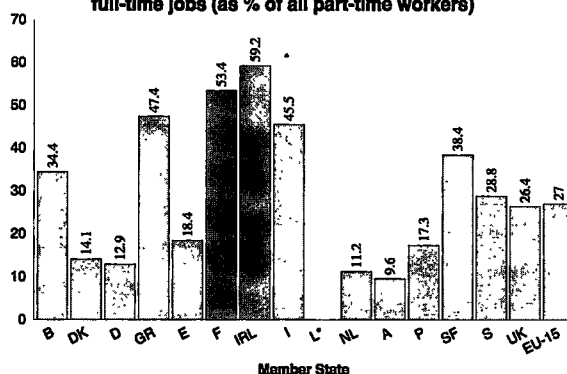
This statistical supplement examines some indicators of labour market disadvantage across the EU Member States using the latest information from the 1995 Labour Force Survey. Unemployment measures feature strongly but there is also consideration of the reasons for part-time working and of labour market returners.

\* No data available

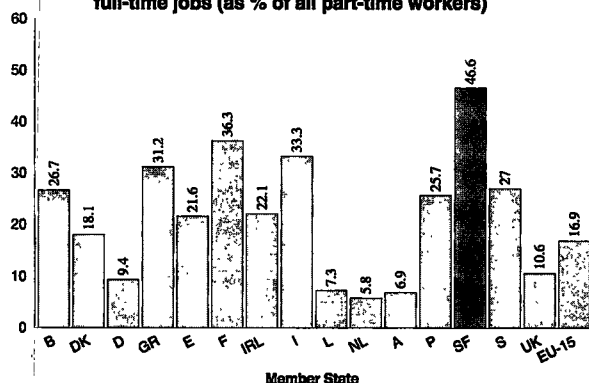
**Figure 1a**  
Persons working part-time due to lack of full-time jobs (as % of all part-time workers)



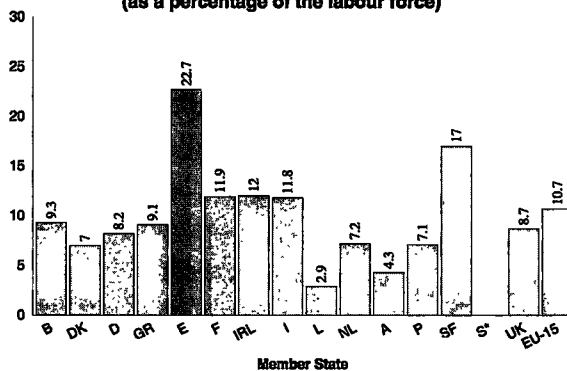
**Figure 1b**  
Males working part-time due to lack of full-time jobs (as % of all part-time workers)



**Figure 1c**  
Females working part-time due to lack of full-time jobs (as % of all part-time workers)

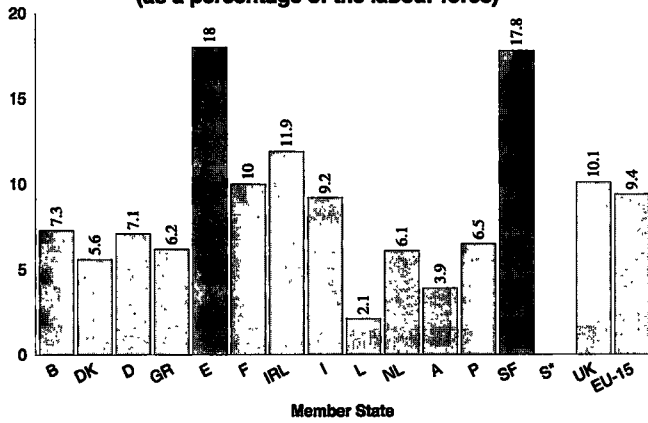


**Figure 2a**  
Total Unemployment Rate (as a percentage of the labour force)

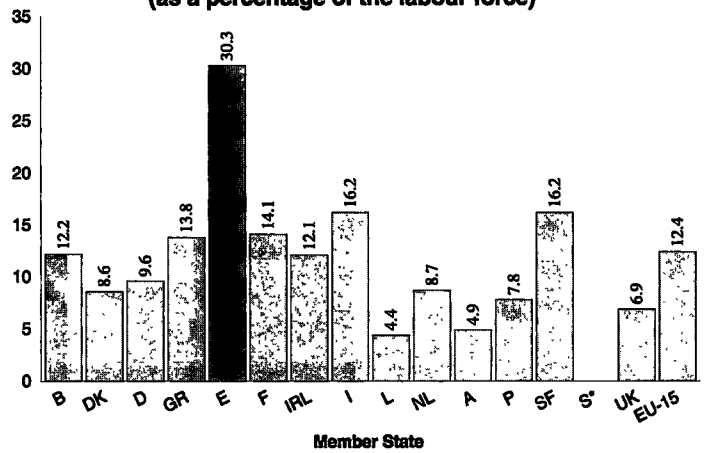


\* No data available

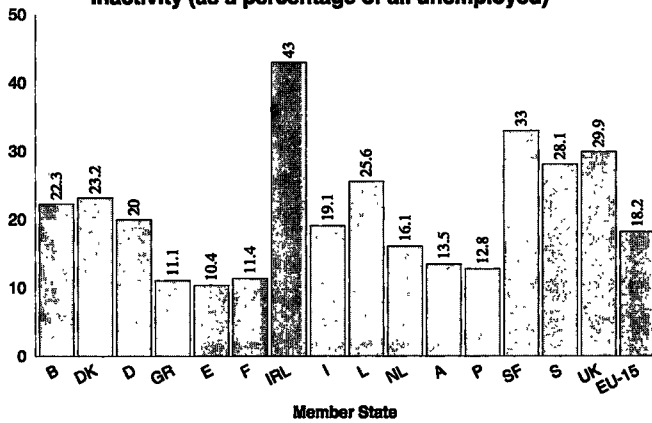
**Figure 2b**  
Total Unemployment Rate  
(as a percentage of the labour force)



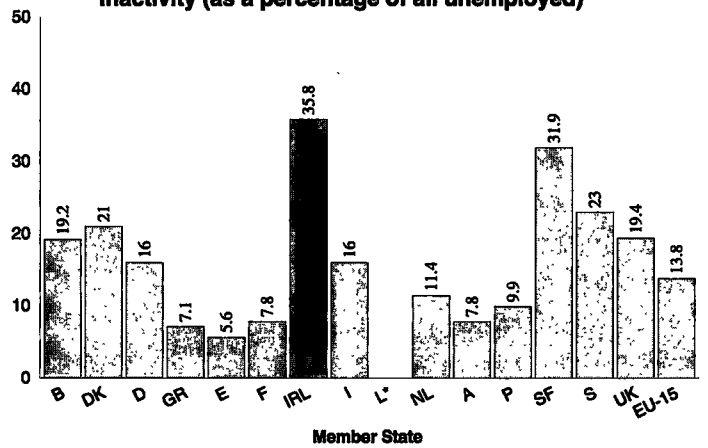
**Figure 2c**  
Female Unemployment Rate  
(as a percentage of the labour force)



**Figure 3a**  
Total No. of Unemployed Seeking Work After  
Inactivity (as a percentage of all unemployed)

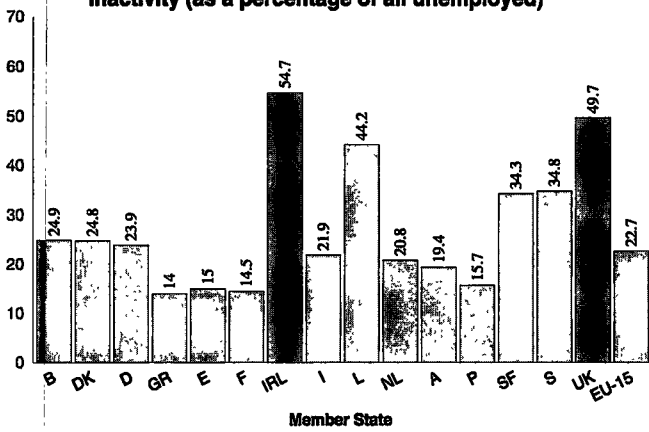


**Figure 3b**  
Unemployed Males Seeking Work After  
Inactivity (as a percentage of all unemployed)

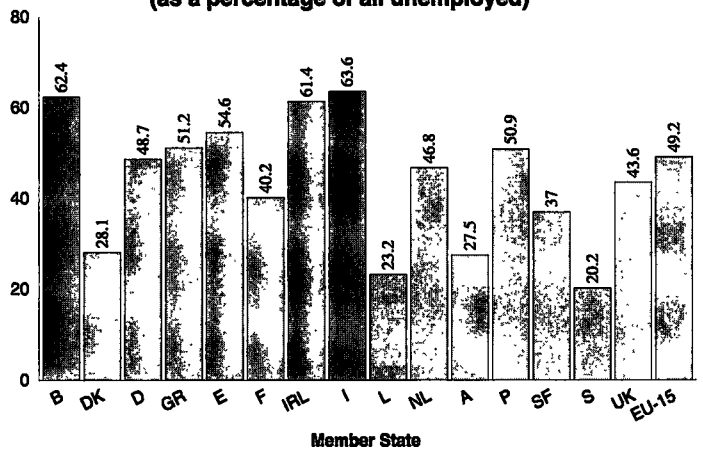


**Figure 3c**  
**Unemployed Females Seeking Work After Inactivity (as a Percentage of all unemployed)**

\* No data available



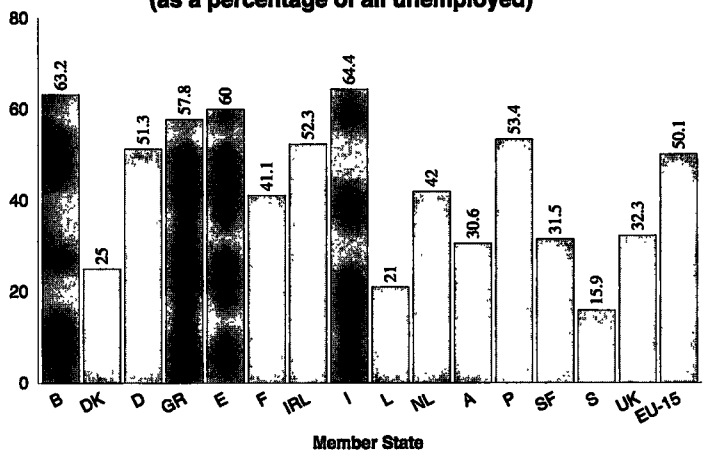
**Figure 4a**  
**Total No. of Long-term Unemployed (as a percentage of all unemployed)**



**Figure 4b**  
**Total No. of Long-term Unemployed Males (as a percentage of all unemployed)**



**Figure 4c**  
**Total No. of Long-term Unemployed Females (as a percentage of all unemployed)**



## Commentary

### Measures of Labour Market Disadvantage

This Statistical Supplement examines some indicators of labour market disadvantage for the 15 Member States of the EU for 1995, the latest year available from the Labour Force Survey (LFS). Labour market disadvantage is a complex subject, encompassing aspects such as unemployment and the reasons for it, under-employment and its incidence, as well as other less obvious forms such as inadequate skills and the mechanisms to improve them. Disadvantage can be found in the innate characteristics of the labour force and in the under-developed support structures in the labour market, such as those providing job search and training opportunities. In this supplement, only a small selection of such indicators have been used, all derived from the 1995 Labour Force Survey recently released by EUROSTAT<sup>1</sup>.

### Data Considerations

The LFS data are gathered in as comparable a way as possible, although national statistical agencies have ultimate responsibility for the conduct of their own surveys. Persons in employment include those who did any paid work during the reference week of the survey (or who had jobs but were temporarily absent at the time of the survey). Those working part-time are normally assessed on the basis of a spontaneous response to the question during the interview and subject to verification through checking with the same person's response on the hours normally worked. Those normally working below around 30 hours per week would be classified as part-time.

The definition of unemployment used is that based on respondents currently having no job, being available for work and having taken steps to look for work, irrespective of any claim to benefits. The unemployment rate is total unemployment under this definition as a percentage of the total labour force (ie, employees, self-employed and unemployed). The measure of long-term unemployment covers those with a duration of job search (or the period since the last job was held, if shorter) in excess of 12 months.

### The Statistics

Figure 1 shows the proportion of all part-time workers working part-time because they could not find full-time work. This measure of under-employment shows wide differences between Member States. For males and females together (Figure 1a) nine Member States have figures higher than the EU-15 average with Finland showing the highest figure of 43.7%. In most Member

States part-time employment is highest amongst women, and Figure 1c shows that aside from Finland where approaching one in two women would like full-time work, in three Member States, Greece, France and Italy, the figure is one in three. Generally, however, part-time working is the second best option for higher proportions of men than women.

Overall unemployment rates for 1995 are shown in Figure 2. For the total of males and females (Figure 2a) the range amongst Member States is 4.3% (Austria) to 22.7% (Spain) with nine below the EU average of 10.7%. The unemployment rate for women is consistently higher than that for men in all but two Member States (Finland and the United Kingdom) and the differences are quite marked in some instances. For example, in Belgium the male rate is 7.3% compared to 12.2% for females; in Greece the respective rates are 6.2% and 13.8%; and in Spain 18% and 30.3%.

Of those unemployed it is possible to identify the potentially vulnerable group of those seeking work after a period of inactivity (Figure 3). Women feature strongly in the returners to work category and this is reflected in the figures with overall 22.7% of all unemployed falling into this category compared to 13.8% of male unemployment. The figures are particularly high in Ireland, where more than half the women unemployed claim to be seeking a job after inactivity, and in the UK with almost half. The lowest figures for women are in Greece, Spain and Portugal; Member States with comparatively low female labour force activity rates.

Long-term unemployment across the Member States is shown in Figure 4. The EU average shows that around half of all unemployed people fell into this category in 1995, with reasonable consistency between the figures for men and women. However, within Member States more differences can be observed. For example, Sweden has a comparatively low overall proportion of long-term unemployed at 20.2%, especially compared to the highest figures to be found in Italy (63.6%), Belgium (62.4%), and Ireland (61.4%). For males (Figure 4b) seven Member States (ie Belgium, Spain, Ireland, Italy, Netherlands, Portugal and the United Kingdom) have figures above the EU average of 48.3%. For females (Figure 4c) the comparable figures also show that seven Member States have proportions above the EU average, although the seven (ie Belgium, Germany, Greece, Spain, Ireland, Italy and Portugal) overlaps the male figures by five Member States only. For females, long-term unemployment is particularly low in Sweden (15.9%) although Denmark and Luxembourg also have comparatively low rates at 25% and 21% respectively.

<sup>1</sup> *Labour Force Survey: Results 1995* (Luxembourg, EUROSTAT, 1996)



# Portugal

## Os Sem-abrigo na Cidade de Lisboa (The Homeless of the City of Lisbon)

PIMENTA M (1992)

This study profiles the characteristics of homeless people and identifies their labour market and socio-economic situation. It is based on a survey of users of services and facilities for homeless people.

The study found the homeless population to be fairly young (more than 50% of those interviewed were aged between 25 and 44), with a very low level of education (33% had no qualifications and 21% were illiterate). The majority of homeless people are unemployed, indeed 51% had been unemployed for more than a year and 19% even longer. People receiving invalidity or retirement pensions are also highly represented among this marginalised group.

Most of the homeless are male and, to a large extent, are internal migrants, with ethnic minorities represented to a limited degree. The author does, however, stress that this is an increasingly heterogeneous group, as a result of the cumulative and multi-dimensional causes which produce and reproduce this particular form of poverty. Most importantly, homelessness no longer exclusively affects those who are traditionally socially excluded. The author sees the creation of a whole new generation of marginalised individuals, resulting from the increasing precariousness of new employment relationships, the increase in the clandestine economy, the persistence of high rates of long-term unemployment (particularly among older and low-skilled workers), the increasing prevalence of low levels of income among wage earners and benefit and pension recipients, the difficulties facing young people seeking work, the modification of family structures and weakening family ties, the increasing occurrence of alcoholism and drug abuse and the inadequacy of social policy in the fields of health, education, housing and social security.

An appreciation of the social and economic causes of homelessness is, in the author's view, crucial to understand the emergence and reproduction of this phe-

## Comment

*Young people are among the social groups most at risk of unemployment in the Portuguese labour market. They have an average unemployment rate which is two and a half times higher than the national average. Disadvantage is even more marked among young female or disabled people. Despite the existence of a variety of policy measures targeted at disadvantaged groups, the number of individuals benefiting from them is quite limited.*

*Workers in traditional industries, who have few skills which can be transferred to the new growth sectors, constitute another disadvantaged group in the labour market. Sectors particularly affected by restructuring and large-scale redundancies include textiles, iron and steel, fine glassware production and shipbuilding. In response to these developments, the government has passed legislation with measures aimed at cushioning their harmful social effects. However, the effectiveness of this legislation is limited in respect of the re-deployment and social protection of redundant workers. Legislation gives insufficient attention to the role, at the regional level, of the social partners, who could assist in resolving the problems raised by restructuring. Doubts have also been raised about the efficiency of the methods of allocating funds. There are also problems associated with the importance accorded to technological innovation, to the detriment of more qualitative means of achieving competitiveness, such as the organisation of working practices and the development of human resources. Finally, the sectoral focus of strategies makes the development of a regional strategy more difficult.*

*As unemployment has continued to increase, in recent years in particular, the government has aimed to shift the balance of labour market policy in favour of active policies by establishing a large number of short and long term measures. The reform of public employment services is one such measure. This is regarded as an essential tool in the fight against unemployment and the improvement of the skills of workers at risk of redundancy. Here, a strategic role is accorded to the Employment Centres, the local agencies of the public employment service. These Centres will be relieved of the currently high administrative burden placed on them and will become centres for the development and implementation of active employment policies at the local level, with the aim of achieving a better match between supply of, and demand for, labour.*

phenomenon. Action in this area is required to forestall and combat the further increase in the number of homeless people.

Available from: Cáritas Portuguesa, Estrada do Forte da Ameixoeira 19, 1750 Lisbon. PT.

### **Precaridade e Vulnerabilidades Económicas; Nova Pobreza em Portugal - uma Aproximação Empírica (Economic Insecurity and Vulnerability: New Poverty in Portugal - An Empirical Approach)**

SILVA M, PIMENTA M, GOMES ME (1991)

This study set out to answer four basic questions: what is new about the phenomenon of poverty; what are the causes of new poverty and how is it reproduced; who are the new poor; and what strategies do these people employ to cushion the impact of poverty and to escape from it?

As is the case in several other countries, the poverty debate in Portugal has developed since the 1960s and 1970s and now distinguishes between quantitative and qualitative poverty. Traditionally poor segments of society have been joined by new social groups, such as middle-managers, skilled workers, and white collar workers, who were previously socially well integrated.

Due to the multi-dimensional nature of the phenomenon, the authors opted for a qualitative approach, drawing data from a number of life histories.

The study concludes that the phenomenon of new poverty is closely linked with a labour market situation characterised by high levels of unemployment and decreasing job security. The new poor are individuals who are faced with economic, financial and social deprivation for the

first time, as a result of exclusion from the labour market. However, the authors stress that it would be fallacious to regard unemployment and new poverty as being synonymous, since only a proportion of the unemployed will actually be poor.

The authors argue that it is important to take into account the individual dimension, which may contribute to avoidance of poverty. According to the study, the social groups most at risk are the unemployed, isolated individuals, single parent families, young people under 25, low-skilled women of all age groups, and workers over 45, particularly when they are low skilled and work in sectors affected by economic recession.

There is an increasing trend among the new and traditionally poor to resort to informal working. This brings a number of disadvantages such as the lack of coverage by social security contributions and benefits (including retirement pensions), which would improve their financial situation. Additionally, it is often not possible to access informal work because of the individual's social exclusion.

Available from: Centro de Reflexão Cristã, R Castilho, 61 - 2º D, 1250 Lisbon. PT.

### **Minorias Étnicas Pobres em Lisboa (Poor Ethnic Minorities in Lisbon)**

DA COSTA AB, PIMENTA M, CORDEIRO GI,  
CÔRTE-REAL I, FARINHA C, GOMES ME,  
MARANHÃO MJ (1989)

The main objective of this survey was to examine the socio-economic situation of poor ethnic minorities, living in the run-down areas of Lisbon. Research was conducted by questionnaire with 1061 fami-

lies, from Indian, Gypsy, Timor or PALOPs backgrounds.

The analysis of the living conditions of these populations focused on housing and employment, since these are aspects which shape family life and determine the process of social integration. As far as housing is concerned, the non-existence of infrastructures for receiving and integrating newcomers and the absence of an effective social housing policy have led to an expansion of the more run-down areas, particularly on the outskirts of Lisbon. In these areas housing conditions are very poor, further increasing the social isolation of the people of various ethnic minority backgrounds who live there.

In respect of employment, there is a tendency in Portugal, as in other countries, for immigrants to be disadvantaged in the labour market, suffering from poor conditions and very low levels of pay. The labour market position of immigrants is affected by many factors. Some are individual, such as low levels of educational achievement (42% of those surveyed had less than four years of schooling), low levels of training, language difficulties and, for some, being illegal immigrants. Other factors influencing their labour market position are social and are linked to the characteristics of the labour market, particularly decreasing job security and increasing contracting-out of work. The majority of poor people from ethnic minority communities are either unemployed or work in the underground economy.

The study demonstrates that several features distinguish the position of people from ethnic minority communities. These

include instability of employment, particularly in the form of illegal employment (50% of those surveyed had no contract with their employer), under-employment (33% worked fewer than 40 hours per week and 19% worked fewer than 30 hours) and declared unemployment (16% were registered unemployed).

Given the high concentration of ethnic minority workers in the construction and civil engineering industries, in personal and domestic services, and in door-to-door and street selling, one can appreciate, given the characteristics of these sectors, that they occupy an insecure and marginal position in the labour force. Their wages are typically very low and they are often excluded from other occupational benefits, such as the '13th month', or paid holidays.

Together with obstacles of a cultural nature, conditions of work and housing make it highly problematic to integrate people from these minorities into Portuguese society.

Available from: Centro de Reflexão Cristã, R Castilho, 61 - 2º D, 1250 Lisbon. PT.

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Da Costa AB, Silva M, Pereirinha J, Matos M (1985) **Pobreza em Portugal (Poverty in Portugal)** Cáritas Portuguesa, Lisbon. PT



# Denmark

## En ny aktiveringsdimension - nye aktiveringsformer i Norden (*A New Dimension of Activation; New Forms of Activation in the Nordic Countries*)

REIERSEN J (ED) (1996)

This book provides a range of information on active labour market policies in Denmark, as well as separate chapters for each of the Nordic countries. The chapter on Denmark provides an overview of active labour market measures, presents the findings of evaluations of such measures, highlights their strengths and weaknesses, and develops policy recommendations. There are several useful tables summarising labour market policies and highlighting changes which have been introduced since 1974, when unemployment started rising.

One of the major innovations in Danish labour market policy has been the introduction of leave schemes. A review of these schemes, particularly those which have been introduced since 1994, leads to the conclusion that they should now be seen as having a permanent place in Danish labour market policy. This raises the question of how leave schemes can assist employees to upgrade their qualifications, in view of employers' concerns about the availability of relevant courses. Leave schemes appear to be favoured by employees, as they offer a flexible means of reducing working hours. It has also been found that it is mainly women who take advantage of the schemes.

Available from: Dansk-norsk Bogimport, Esplanaden 8b, DK 1236, København K. ISBN 92 9120 804 3. DA, FIN, NO, SV.

## Marginalisering på arbejdsmarkedet (*Marginalisation in the Labour Market*)

SEKRETARIATET FOR KOMMISSIONEN OM FREMTIDENS BESKÆFTIGELSE OG ERHVERVSMULIGHEDER (COMMISSION ON FUTURE EMPLOYMENT AND INDUSTRIAL POSSIBILITIES) (1995)

The analysis upon which this report is based identifies five main groups within the labour market: core labour; people who are loosely connected with the la-

## Comment

*Levels of unemployment in Denmark are currently stable, and in the long term a fall is expected. It is evident that this trend has not been taken into account in some recent reports. For example, the Welfare Commission's report on labour market interventions targeting disadvantaged groups is based on data which precede current unemployment trends. It would appear, however, on the basis of evidence from the 1980s, that the improving employment situation is likely to reduce the problem of marginalisation to a greater extent than had previously been anticipated.*

*The improving employment situation has also raised concerns in Denmark over leave schemes. These schemes have already been the subject of considerable debate. For example, although leave schemes are popular amongst the employed and unemployed alike, it has been questioned whether they cause bottle-necks in the labour market. The fact that leave schemes are apparently biased in favour of women has also attracted criticism.*

*Another group which has been targeted by active labour market policies is young people. The Ministry of Education has expressed concern about the number of young people who do not participate in, or fail to complete, post-compulsory education or training, and who therefore lack vocational skills. Although the report summarised here raises some crucial questions about which young people are most at risk of falling outside the system, and who are therefore at a disadvantage in the labour market, there are insufficient data to answer these questions fully. Overall, however, a key factor which does emerge as affecting the labour market behaviour of young people is their social background.*

*Research shows that disadvantaged groups have not only been targeted by active labour market policies, but that they have also benefited from local government expenditure. The report by the National Association of Local Authorities shows that, over a three year period, expenditure on the most vulnerable groups has risen by 64%, with housing being a particular focus of expenditure. The implication of this is that the most disadvantaged groups have not really benefited from recent economic growth.*

bour market; marginalised people; people who are permanently on state benefits; and people who are supported in other ways (such as housewives and some students). During the 1980s, there was a disproportionate growth of marginalised groups. Although unemployment has now begun to fall, there is evidence that unemployment falls at a lower rate amongst marginalised groups. Consequently, there are now enormous pressures for labour market initiatives targeting marginalised groups.

Analysis of the characteristics of these groups indicates that the majority of individuals lack vocational qualifications (72% of the group in both 1982 and 1991), they are long-term unemployed - on average they have been unemployed for nearly four years - and they tend to be younger. Key concerns are that less than a third of marginalised individuals have a chance of becoming fully integrated into the labour

market, and that this situation is getting worse.

This report identifies various measures which might be introduced to reduce the size of the marginalised population and the number of people on state benefits. Although the report presents three different scenarios, one of which does indeed indicate a dramatic reduction in the number of marginalised people, the data upon which the calculations were based are historical and do not take account of recent employment growth. Had the scenarios been modified to take account of the changing labour market situation, the number of people from marginalised groups taking part in labour market initiatives might have been even higher.

Available from: Statens Information, Postboks 1103, 1009 København K. ISBN 87 601 4880 2. DA.

## **Kommunal budgetredegørelse 1996 (Local Government Budget Analysis, 1996)**

KOMMUNERES LANDSFORENING (NALA  
FINANCE SECRETARIAT) (1996)

This is a report on local government expenditure on key service areas by NALA (the National Association of Local Authorities). It shows that expenditure on the long-term unemployed and other vulnerable groups has increasingly become a local government responsibility. The analysis provides interesting insights into local government expenditure and intervention at a time when levels of employment are increasing.

The analysis reveals instances where local government expenditure has decreased, and attributes this to the improving labour market. This is certainly the case with expenditure on job training and 'pool jobs' (public service jobs reserved for long-term unemployed people). It also appears that regional job centres have not been able to fill all the job training places provided by local government, a further indication of employment growth. Overall, actual spending on job training measures was 30% below the budget figures for both 1994 and 1995. Another area where expenditure has fallen is in cash benefits and other local government schemes supporting people who become unemployed and who have no insurance.

There have been some increases in local government expenditure, however. Spending on early retirement schemes, for example, continues to rise. Local authorities are also spending more on measures designed to integrate vulnerable groups into the labour market. Support for refugees and, particularly refugees from Bosnia, is highlighted as a case in point.

Available from: Forlaget Kommuneinformation, Nyropsgade 37, 1602 København V. ISBN 87 7848 053 1. DA.

## **Uddannelse og Kvalitet (Education and Quality)**

MINISTRY OF EDUCATION (1995)

This report forms part of a larger Commission enquiry into welfare issues. It provides a comprehensive series of comparative analyses on educational standards and qualifications. The report recog-

nises that the issues need to be approached from different perspectives. It therefore includes the views of those in education, focusing particularly on whether they are satisfied with their education, the results they achieve and the opportunities which become open to them. The report also considers whether current qualifications are relevant and examines possibilities for further training to meet the needs of the labour market. Thirdly, it considers whether the education system develops the democratic and cultural values which strengthen personal development, and hence impact on society as a whole.

Although there has been a general increase in the level of qualifications in Denmark, with achievements being slightly above the OECD average, it falls behind Norway and Sweden. The data also reveal that the proportion of young people not participating in post-compulsory education is decreasing but, despite this trend, social polarisation has been growing since the 1980s.

The report considers how labour market interventions have been targeted. Active interventions appear to have helped keep youth unemployment relatively low. In particular, further education has attracted increasing proportions of young people: in 1994, some 43% of the youth cohort went into further education. Budgets for adult education also appear to be relatively high, particularly for activities providing broad-based adult education. Non-vocational education also attracts relatively high levels of expenditure.

The report concludes that, despite the high standards set for education and the high levels of expenditure, large numbers of individuals have poor literacy skills. As a result they are likely to be marginalised in the labour market.

Available from: Statens Information, Postboks 1103, 1009 København K. ISBN 87-601-4886-1. DA.

## **Aktivlinien: En ny tendens i socialpolitikken (The Active Line: A New Trend in Social Policies)**

ABRAHAMSON P (1995)

This critical analysis of current developments in social policy in OECD countries focuses on Denmark and France. Abrahamson asserts that, in many coun-

tries including Denmark, local government social policy is geared towards participation and control. He argues that, for several years, local labour market policies have been geared towards increasing levels of labour market participation. He also finds that the UN, OECD and EU, as well as national governments, have made similar recommendations about social policies. Abrahamson suggests, however, that the reorientation of interventions towards the individual and towards a flexible supply of labour market qualifications may be at odds with the principles behind Scandinavian welfare policies. He therefore anticipates the emergence of a Schumpeter 'workfare' state, with a high level of social control and obligations, rather than a universal welfare state based on social rights.

The discussion draws a comparison between this scenario and the French 'Revenu Minimum d'Insertation' - a social contract between a community and an individual, whereby there are various activities aimed at assisting people to integrate into mainstream society. Abrahamson recognises that many individuals have participated in such schemes, but argues that the benefits of such an approach appear to be minimal compared with the achievements of various measures introduced in Scandinavia. The author's conclusion is that active labour market policies are unlikely to impact upon social polarisation, particularly in France.

In Greve B (Ed) *Arbejdsmarkedet og Arbejdsmarkedspolitik (The Labour Market and Labour Market Policies)*. Available from: Samfundslitteratur, Rosenørns Allé 9-11, 1970 Frederiksberg. ISBN 87 7867 002 0. DA.





# Luxembourg

## Etre au chômage au Luxembourg (Being Unemployed in Luxembourg)

LEJEALLE B (1995)

This study was carried out in collaboration with STATEC and CEPS/INSTEAD and looked at the disadvantaged position of women in the labour market. The author argues that women are disadvantaged in a number of ways. Not only do they tend to have less favourable working conditions and face the additional burden of carrying most domestic responsibilities, but there is also evidence that they are more likely to be excluded entirely from the labour market. The study aimed to determine the factors which increase the likelihood of unemployment. Four central questions were examined:

- Which groups are most affected (in terms of age, qualifications and nationality)?
- Which domestic factors influence the search for work? (number of children, etc)?
- Which groups are most affected (in terms of status, occupation and sector of activity)?
- What kinds of approach exist to jobseeking?

The unemployment data reveal that the unemployment rate of women is almost twice that of men. Moreover, women represent 55% of the unemployed, although they make up only 37% of the working population. Young people are also hard hit by unemployment; seven out of ten jobless men are under 35, compared with six out of ten women. Before the age of 25 and after the age of 55, men are more likely to be unemployed than women. Women of foreign origin have higher labour market participation rates than those born in Luxembourg, but they also have a slightly higher unemployment rate. Unemployment also affects those with the highest qualifications. Despite the fact that the rate of labour market activity increases in proportion to the period spent in education or training, it is not always the case that the most qualified are least exposed to the risk of unemployment. Women with higher educational qualifi-

cations are more at risk than those who have only completed their secondary education. This can be explained by the fact that, when they do not find employment, women who have invested more in their training are not as willing to withdraw from the labour market as those with low qualifications. Another explanation can be related to age: most women with a higher educational qualification are relatively young and are often looking for a first job. As present, conditions are particularly difficult, they are consequently more likely to find themselves unemployed.

As well as these factors specific to the individual (sex, age, qualification and nationality), there are others which are responsible for variations in the rate of unemployment and rate of economic activity. Among these, domestic factors, including the presence of a partner or dependent children, are particularly important.

Having dependent children makes it more likely that the individual's demand for work is not met by the labour market and, consequently, this increases the risk of unemployment. Women who have left the labour market find returning to work more difficult because of the way their situation is perceived by potential employers, eg. they are considered to be less flexible, more likely to be absent from work and suffer from a loss of skills due to their career interruption. As far as marital status is concerned, divorced women and single mothers in particular are most affected, even though they are among the women who are most in need of employment in order to gain their own financial independence and independence for their children. Also, statistics show that those people whose partner is unemployed are twice as likely to be unemployed themselves.

The sectors most associated with unemployment are catering and manufacturing. These sectors contain the largest number of dissatisfied employees and the largest number of employees who leave their jobs either voluntarily or involuntarily. Concerning occupations, jobs which are dominated by women have the highest

female unemployment rate whereas jobs dominated by men have the highest rate of male unemployment.

With regard to the different types of approach which exist to jobseeking, virtually all men look for full-time work, whereas women are more flexible, with one-third of them prepared to take a part-time job. On average, women spend less time seeking work compared with men, often because women abandon their search and withdraw from the labour market.

Finally, the study shows that female unemployment seems to result from an inability to rejoin the labour market after a break in their careers, whereas male unemployment usually results from job loss.

Available from: Centre d'Etudes de Populations, de Pauvreté et de Politiques socio-économiques (CEPS/Instead), Walferdange. FR.

## Evaluation ex-post des actions de lutte contre le chômage de longue durée co-financées par le Fonds Social Européen. (Ex-post Evaluation of Measures to Combat Long-term Unemployment Co-funded by the ESF.)

CEPS/INSTEAD (1994)

This evaluation consisted mainly of an assessment of training provision for the unemployed in the Grand Duchy. It was based on a model of labour market integration which included career guidance, pre-training and training, aid for job placements and monitoring, taking into account schooling, family situation and disposable income, etc.

It was agreed with the authorities that the Luxembourg evaluation would focus on three Operational Programmes (OPs): the 'disabled' OP (Objectives 3 and 4); the 'new technologies' OP (Objectives 3 and 4); and the 'transnational actions' OP (Objectives 3 and 4). The 'direct aid to employment' OP was not evaluated.

The evaluation was carried out by CEPS/Instead (Centre for the Study of Populations, Poverty and Socio-Economic Policies) with the help of independent assessors, on the basis of data gathered from the monitoring files of the Ministry

of National Education and reports of the Monitoring Committee and the Ministry of Labour. An analysis of the direct effects of the various unemployment initiatives was also carried out, using firstly: a quantitative approach based on a standardised questionnaire and, secondly, a qualitative approach based on non-standardised interviews with groups of trainees, teachers and employers.

During the 1990-1992 period, the average success rate in placing trainees in jobs was 53.4% for the 3 OPs studied. The results of the various OPs differed enormously: in the disabled OP, 86.6% of trainees were re-categorised as having entered employment, compared with 56% of those in the new technologies OP and only 17.7% of those in the transnational measures OP. The reason for the poor result of the transnational measures OP could be partly due to the incompatibility of the target audience and the candidates actually recruited (the level of the candidates' qualifications was too low, they were not flexible enough and the number of places available in public or private institutions was insufficient).

The results of the surveys of trainees revealed that 56.4% of respondents found their situation had improved. Of these, 26.4% felt that their training had been a useful experience and 30% had found work or improved their occupational situation. The average age of trainees was 25, and the courses were predominantly filled by men, which is probably due to the fact that training was aimed at male-dominated occupations, which are generally not perceived to be attractive to women. Approximately 51% of trainees possessed no qualifications at all and 34% had only primary or minimum secondary school-leaving certificates.

According to the employers questioned, there was virtually no link between the training received and actually finding employment. In general, the motivation and perseverance of the candidate, in respect of attitude to work, were considered more important than technical skills.

With regard to the actual training, the clients found it too short and this view was also echoed by the trainers and employers who were interviewed. The fact that many trainees experienced multiple problems meant that they would benefit from longer reintegration courses. Work experience

## Comment

*The labour market in Luxembourg has developed in a paradoxical manner. On the one hand, there has been a continuous increase in employment for many years which has been met primarily by foreign, immigrant or cross-border workers. On the other hand, unemployment, though relatively low by comparison with other European countries, has risen during the same period.*

*Luxembourg's unemployment, like its employment, has a number of features which distinguish it from other European countries: it is low (2.8% in 1995); a large number of workers re-enter the labour market after a relatively short period of unemployment (in July 1995, 56% of unemployed people found jobs within six months of registering as unemployed); long-term unemployment is lower than in other European countries (14.8% of the total unemployed in 1995); youth unemployment is moderate; unemployment in the 45-60 age group is, in contrast, higher; and unemployment is higher among women than men.*

*Although this situation seems enviable in comparison with other European countries, the data provided by the ADEM (Employment Service) suggest that up to 70% of those seeking work may be regarded as 'difficult to place', because of their age, the length of time they have been unemployed, their lack of skills or because they suffer from a minor disability. In response to these dysfunctions within the labour market, successive governments have reacted, with the active participation of the social partners, by introducing a series of measures targeted at these disadvantaged groups. These aim to integrate job seekers into the labour market as much as possible and to prevent long-term unemployment.*

*A large number of measures are aimed at integrating young people into the labour market. These include, for example, initial work experience contracts, vocational training courses for young people, and local actions for young people (ALJ), etc. In addition, the 'guaranteed employment' scheme allows young job seekers who have just left school and have not found a job after three months of being available for work, to benefit by participating in various schemes (work experience placement, etc). These schemes have been particularly effective with some of them having an 80% success rate in finding employment for their trainees.*

*Other measures have also been taken to promote the recruitment of the older and long-term unemployed. These are mainly forms of assistance to people over 50 years of age who have been unemployed for at least one month, people over 30 who have been unemployed for at least one year in total and people over 40 who have currently been unemployed for more than a year. The assistance involved consists of a reimbursement of social security contributions for a period of between two and seven years, depending on the particular case.*

*Measures have also been taken to help women into work, particularly in the case of women wishing to re-enter the labour market after a long absence. These measures have had a particularly high success rate. However, CEPS does point out in its evaluation report that there is a lack of training targeted at women.*

*Measures always exist to help workers who are at risk of losing their jobs. For example, if workers who have been made redundant accept a lower paid job, they are awarded re-employment aid which means that their income can be topped up. Retraining courses for workers threatened with redundancy are also provided, particularly in the iron and steel sector. The protection of workers against large scale redundancies (the main source of unemployment in 1991 and 1992) has been strengthened by the obligation to establish a 'social plan' negotiated with the trade unions.*

*Furthermore, the tripartite agreement of May 1995 specifies that greater attention will be given to identifying people in difficulty, so that the ADEM can more quickly intervene to prevent unemployment and, particularly, long-term unemployment.*

was considered one of the most important parts of the training.

In conclusion, it should be emphasised that the 1990-1992 CSF was in operation at a time when attention was mainly focused on developing continuing training for those in employment. During the

period when the CSF was being devised, unemployment in Luxembourg was still residual and tended to affect people with multiple problems who were difficult to place in employment. The ESF intervention during the period 1990-1992 had little effect on this residual unemploy-

ment. The impact of the jointly funded actions should be much more apparent for the 1994-1999 CSF. From 1991 onwards, unemployment increased and the Centres for Continuing Vocational Training had to deal with a different type of unemployed person. Instead of being faced with unemployed people with multiple problems, the training centres are increasingly dealing with 'less problematic' young unemployed people who find themselves without work due to the current economic situation. Consequently, the actions jointly funded by the ESF should lead to higher success rates (ie. higher rates of long-term employment).

Available from: Centre d'Etudes de Populations, de Pauvreté et de Politiques socio-économiques (CEPS/Instead), BP 65, L-7201 Walferdange, FR.

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## United Kingdom

### Making Benefits Work: Employment Programmes and Job Creation Measures

FINN D (1996)

This report forms part of a wider research programme entitled *Regeneration Through Work*, funded by a consortium of local authorities and a large public sector trade union. It plots the development of active labour market measures in the UK since the mid 1970s, providing a good history of the types of approach. It also highlights the influence of different political situations on labour market measures, particularly before and after the 1979 elections which brought the Conservatives to government and signalled a fundamental change in approach.

One particularly critical comment is made about the lack of co-ordination between local and national labour market policies. Comparisons are made between the UK and selected EU countries, notably Germany, France and the Netherlands. To a large extent the variations can be attributed to the differences in approach found in the European social protection

'model' and the Anglo-Saxon variant found in countries such as New Zealand, the USA and the UK, where government has tried to withdraw from many aspects of social policy. In the latter countries, labour market deregulation is propounded and unemployment benefit is normally under stricter rules concerning, for example, the duration of payments.

The report acknowledges that in many countries where employment creation measures have been tried, there has been a high level of negative effects. However, it is argued that this is the price that has to be paid for reaching the disadvantaged groups who would otherwise have no way of obtaining assistance. Such programmes are seen as vital in the interests of social cohesion, so that long-term unemployed people in particular, can have opportunities in labour markets dominated by 'job changers'. It goes on to suggest that there is a need for an 'intermediate' labour market that falls between unemployment and regular paid work, which will be characterised by jobs created for social or non-market reasons. To illustrate the point, two experimental programmes in Scot-

land are examined. Both programmes rely mainly on redirecting benefit payments towards wage subsidy programmes and their success depends greatly on a high degree of co-operation between labour market and economic development agencies.

The report concludes that, since the 1980s, British labour market programmes have been designed with the principal aim of 'pricing' unemployed people back into work through the curtailment of benefits. However, in most economic situations those at a particular disadvantage in the labour market, such as the long-term unemployed, require this intermediate or transitory help rather than traditional schemes, designed to create work.

Available from: Centre for Local Economic Strategies (CLES), Barclay House, 35 Whitworth Street, Manchester M1 5NG. EN.

### Training and Jobs: What Works?

THE ECONOMIST (1996)

This concise article begins by outlining the almost universal view, held on both sides of the Atlantic, that training is a

panacea for unemployment. It goes on to suggest that this argument is logical, since a better skilled and qualified person stands a greater chance of succeeding in the labour market. The article also acknowledges that there is an undeniable productivity gain as a result of a more highly skilled workforce. In the longer-term, this leads to greater economic growth which, in turn, provides employment opportunities for disadvantaged groups. However, the article goes on to qualify this positive image of training by outlining the disadvantages.

Despite the overwhelming perception that more training is good, it is claimed that it is inefficient when viewed as special measures to assist the disadvantaged back into work. Beneficiaries of government sponsored training programmes, in a number of countries (e.g. USA, Australia, Sweden and the UK), show no real improvements, in either job prospects or earnings potential, over those with similar backgrounds who did not participate in such programmes. The UK Youth Training Programme for 16 and 17 year olds is quoted as an example. Here an evaluation for the Employment Department in 1994 found that almost half of those starting the programme had dropped out before completion. Furthermore, unemployment rates for those that did complete the programmes were somewhat higher than the age group average.

In respect of active measures, job search and job preparation training is considered much more effective than skills training. A system of training such as the German Dual System is also thought to be useful, partly because it involves both trainee and employer making substantial investment in the training. However, it is not thought to be a solution to unemployment and may even contribute to unemployment when adults become too expensive to employ, relative to the trainees. Nevertheless, training that is highly focused and linked to employers is more likely to have positive outcomes. The article concludes by suggesting that the level of training needed in the labour market will generally be established without intervention from the state.

*The Economist*, Vol 339, No 7960, 6th April 1996, pp21-23. Available from: The Economist Newspaper Ltd, 25 St James's Street, London SW1A 1HG. EN.

## Comment

*Most attention in the UK labour market has been directed at the general problem of long-term unemployment. It is possible, however, to identify particular sub-groups which are more adversely affected. These include young people, older workers, ethnic minorities, single parents, disabled people, and ex-offenders. The problems are compounded by a concentration of such groups in some local labour markets. For example, many inner city areas have concentrations of young unemployed people from the ethnic minority communities.*

*All the various sub-groups of the labour market have their support structures. Many of these work together in a local context, with, for example, co-operation between local authorities, community groups and labour market agencies. Despite this, the problems have largely endured, raising questions about the nature and efficacy of the initiatives directed at these groups.*

*There is a growing debate on the mix of policies that are required to address labour market disadvantage. The argument over the emphasis on active versus passive measures appears to have been superseded by discussion of the best way of structuring active measures, with training and employment creation measures emerging as the favoured options. Finn (1996), for example, favours demand-inducing programmes that create work in an 'intermediate' labour market for long-term unemployed people. He questions the traditional approach of retraining predominantly low skilled, long-term unemployed people in the skills that are in demand, on the basis that there are real limits to what can be done. Other views have also questioned the emphasis on skills training. In *The Economist* (1996), skills training is quite clearly cited as an expensive option that is best left to the market on the basis that employers will provide resources for what they need. It is suggested that it is better to divert resources to job search techniques, for example. Shackleton (1995) also takes up the theme that general skills are preferable to specific skills for disadvantaged groups, such as people from ethnic minority communities and women returners.*

*The view that general training is more cost effective for disadvantaged groups is perhaps not surprising, given the relatively high cost and long lead times involved in providing skills training. Nevertheless, Hersee (1995) reported positive outcomes for lone parents given short courses on return to work techniques. This was endorsed by a more wide-ranging survey of employers' experiences and attitudes towards those on programmes for long-term unemployed people (IRS, 1995). The survey found that pre-employment training could make a significant difference to an employer's decision to recruit a programme participant.*

### **The Skills Mirage: Is Training the Key to Lower Unemployment?**

SHACKLETON JR (1995)

This report examines the relationship between skills acquisition and unemployment, and develops the notion that people with low or no skills are more adversely affected by economic change than people with higher level skills. In times of recession, those at the lower end of the skills spectrum will tend to lose their jobs first, on the basis that employers who have invested in employee training will try to hold on to employees. Similarly, when the economy recovers, employers have a preference to recruit skilled people first, thus minimising opportunities for unskilled people. However, the incentives that persuade employers to invest in training are varied and complex, partly depending on the degree of optimism about the future

and on the existence of a strong institutional framework for training.

There is a brief examination of the sorts of skills that are likely to endure. Craft skills are dismissed as being far too rigid in times of constant change. There is greater value in attitudinal and behavioural skills, as seen in the training for many disadvantaged groups. The report also suggests that most labour markets can claim to have a high proportion of over-qualified workers (i.e., people doing jobs that are not commensurate with their level of skill/qualification). For example, in the UK this is thought to affect three out of every ten workers. Women returners and ethnic minorities are thought to be particularly affected by this, working below their educational attainment levels.

It is suggested that attempts should be made to improve the use of the existing skills in the workforce, particularly for

disadvantaged groups, and to give a greater emphasis to general skills. However, the view is that skill discrepancies have not been a major factor in creating mass unemployment and, therefore, training or re-training may not play as great a part in helping to reduce unemployment as is conventionally thought. The report argues for a more appropriate range of active measures, including reform of the tax and social security system and the creation of work opportunities in the public sector.

*Employment Policy Institute Economic Report*, Vol 9, No 9, 1995. Available from: Employment Policy Institute, Southbank House, Black Prince Road, London SE1 7SJ. EN.

### Helping Lone Parents Back into Work - Report on a NCOPF Programme

HERSEE M (1995)

Previous research has shown that lone parents (who are predominantly mothers) are more likely to be unemployed than those with partners. They represent a vulnerable group in the labour market, since they face many barriers to entry or re-entry to work. Such barriers include a lack of childcare and education and training opportunities, and an inappropriate balance between income and welfare benefits.

This article examines a pilot education and training initiative, which operated for almost two years between 1992-

94. The principal aim of the initiative was to assess the opportunities available in education and training and to examine how they could be made more accessible to lone parents. There were two basic strands to the project. The first involved a return to work course (lasting six days) which gave advice on motivation and job applications, etc. For the second strand, employers and labour market agencies, such as Training and Enterprise Councils (TECs), were involved in discussing ways to increase opportunities for lone parents.

The evaluation of the project revealed that lone parents who participated, compared with non-participants, were almost three times more likely to have a positive outcome (i.e. employment or education and training that improved their chances of getting a job). Even after adjusting for the different backgrounds of the two groups, participants were still around two and a half times more likely to achieve a positive outcome.

However, the evaluation also found that, even if lone parents became motivated and better equipped to re-enter the labour market, significant barriers still remained in the form of employer attitudes, lack of childcare facilities and inflexible education and training. A number of local labour market projects were set up to explore the possibilities for changing the situation.

*Employment Gazette* Vol 103, No 3, March 1995, pp109-113. Available from: Labour Market Trends, HMSO Publications Centre, PO Box 276, London SW8 5DT. EN.

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# The Netherlands

## Naar Volwaardige Werkgelegenheid (Towards Full Employment)

HUIJGEN F, GLEBBEEK A, HEUVEL N VAN DEN,  
KUNNEN R, SALVERDA W, SIEGERS J (1995)

In the Netherlands, as is the case elsewhere in Europe, labour market issues, and unemployment in particular, have been high on the political agenda. This book presents a broad range of contributions looking at how far the Netherlands has progressed towards achieving its aim of full employment. Two issues are of central concern. The first is that as unemployment rates have risen, the emphasis placed on achieving *full* employment has taken back seat. Full employment is defined here not only as low levels of unemployment, but also the provision of good quality jobs. Current policy, however, focuses on the promotion of employment growth, regardless of the quality of the jobs created.

The second key issue covered by contributors to this volume is the worsening position of low-skilled employees, a situation which has arisen out of a tightening labour market with falling levels of employment.

The contributions to this volume are organised into five sections, the first of which is concerned with the international dimension of full employment. The second section contains articles looking at the qualitative structure of employment, while the third provides discussions on a range of labour market and institutional factors which impact on the achievement of full employment. Several interesting articles focusing on policies targeting individuals with lower levels of skills are presented in the fourth section. These include the results of an evaluation of the Public Employment Service undertaken in 1995 (by Willem Derksen and Jaap de Koning). Another article presents the results of an evaluation of education and training projects supported by the Public Employment Service; the evaluation considered factors such as targeting, eligibility criteria, and outputs and achievements of these projects. Finally, a series of articles examining how new approaches to production and personnel management

## Comment

*In the past 20 years the focus of Dutch labour market policy has seen a number of changes; these are reviewed by De Beer in "Towards Full Employment". De Beer suggests that the government has not explicitly adopted either a free-market or a redistributive approach to employment policy. In the 1970s, for example, employment policies were demand-side oriented, with measures including special programmes to stimulate the construction industry and support for indigenous firms. This approach also included measures aimed at constraining labour supply by extending the duration of compulsory education, and, in the late 1970s, an extension of public sector employment. The 1980s witnessed a shift towards supply-side oriented employment policies, with a vast array of measures aimed at providing work experience and additional education and vocational training. In the 1990s, labour market policy was again re-focused to benefit particular target-groups, which were considered to face most disadvantage in accessing the labour market. At the same time there was also an increasing trend towards labour market flexibility and the reduction of non-wage labour costs. Additionally, there has been a shift in responsibility for employment issues away from the national government and towards the social partners (Huijgen et al, 1995).*

*Some of the policy issues regarding the integration of disadvantaged groups in the labour market are highlighted in a report by the Nederlands Economisch Instituut (NEI), which presents the findings of an evaluation of projects receiving ESF co-funding under Objectives 3 and 4. One of the conclusions drawn is that there may be a need to redefine the target groups. Projects targeting young people and women were generally found to provide low added value, indicating a need for a review of these target groups. Additional research into the impact and effectiveness of Dutch employment policies has shown that the most significant factors which influence an individual's ability to enter the labour market are: the duration of unemployment, age, level of education, ability, and ethnicity. It could thus be argued that target groups of disadvantaged job-seekers should be defined along the lines of these criteria.*

*The Public Employment Service plays an important role in helping job-seekers enter the labour market. The year 1996, however, was a period of transition for the PES, reflecting both the fact that one quarter of its budget was cut following the coalition agreement of 1994, and that the government announced its intentions to reform the PES. The most recent plans of the PES show that it hopes to help job-seekers by, for example, a national package of basic and supplementary services, cooperation with the sectors with respect to the influx and schooling of job-seekers and improvement of the regional infrastructure for schooling on-the-job.*

impact on the quality of the labour force are included.

Available from: SISWO/Instituut voor  
Maatschappijwetenschappen, Plantage  
Muidergracht 4, 1018 TV Amsterdam. 481pp. ISBN  
90 6706 138 7. NL.

## Evaluatie JeugdWerkGarantiewet (Evaluation of the Youth Work Guarantee Act)

OLIEMAN R, GRAVESTIJN-LIGTHELM J H,  
WEIJDE I VAN DER, VERKAIK A, NIJHUIS P F H  
(1996)

The eligibility criteria which apply to the Youth Work Guarantee Act (JWG) are age and employment status: registered school-leavers are eligible up to the age of

23, whilst young people who are registered unemployed are eligible up to the age of 21. The worsening labour market situation and changes to the target age groups has increased the size of the target group for policies designed to increase labour market participation by young people (Activerend Arbeidsmarktbeleid voor Jongeren: AAJ).

The evaluation of JWG shows that the proportion of young people taking up their guarantee is increasing: the proportion has increased from 54% in 1992-1994 to 68% in 1994-1995. At the same time however, not all beneficiaries were registered as unemployed and are therefore not included in the figures. Although

monitoring data shows that one quarter of beneficiaries got a regular job on completing their placement, the JWG placement did not always contribute to this outcome. Indeed, 58% of young people - but only 27% of employers - reported that the placement had not contributed to them securing employment. Monitoring data also show that the groups who benefit most from the placement (in that they find employment afterwards) were those with low levels of education and people from ethnic minority communities.

The report concludes with a series of recommendations concerning, for example, ways in which the effectiveness of the JWG might be enhanced. Suggestions include increasing involvement of the Public Employment Service, and opening up the programme to the private sector. The report suggests that it should be possible to extend the scheme into the private sector if there was a marketing drive aimed at informing potential employers about the possibilities of hiring young employees through the JWG.

Available from: VUGA Uitgeverij B.V., Postbus 16400, 2500 BK 's-Gravenhage. 153pp. ISBN 90 5250 990 5. NL.

### **Discrepancies between Demand and Supply and Adjustment Processes on the Labour Market**

WIELING M, BORGHANS L, (1995)

The authors of this report have used the results of two school leaver surveys to examine how mismatches between labour supply and demand impact upon patterns of labour market participation amongst school leavers. Both of the surveys are carried out annually, and identify the destinations of young people a year after they have left school. Seven variables characterising the labour market position of school leavers were identified. Particular emphasis was placed on the level of educational attainment of school leavers.

The analyses showed there was a direct link between surplus labour supply and unemployment, but only amongst school leavers with low levels of educational attainment. Overall, surplus of supply appeared to have led to pressures for school leavers to accept jobs at a level for which they were over-qualified; these jobs tended to have relatively low wages and/or were part-time. The authors suggest, therefore, that surplus of labour supply

tends indirectly to affect levels of unemployment as a result of downward displacement.

Available from: ROA, PO Box 616, 6200 MD Maastricht. 47pp. ROA-RM-1995/4E. EN.

### **Aan het werk met gedeeltelijk arbeidsgeschikten. Evaluatie Experimenten Arbeidsbemiddeling Gedeeltelijk Arbeidsgeschikten. (At Work with Partially Disabled Workers. Evaluation of the Experiments in Labour Mediation with Respect to Partially Disabled Workers)**

HULSHOF M E, MEVISSEN J W M, DIJK S, KILSDONK J D, HOUDIJK P A J, MINKS B (1995)

When there is a surplus of labour supply it is especially difficult to integrate people who are partially disabled into the labour market. In the Netherlands, the feasibility of transferring support services for partially disabled people to the Public Employment Service (PES) has been examined as a possible approach to promoting labour market integration. Two models for cooperation between the agencies involved were tested in four regions, although the approach differed slightly in each region. The 'transfer model' involved a wholesale transfer of caseloads from the GMD (Common Medical Service) to the RBA (Regional Bureau of the Public Employment Service), whereas with the 'dossier model' the transfer of support services was decided on an individual basis.

The evaluation of the pilots was concerned with five distinct aspects of the support services: access to support; assessment, advice and guidance; qualifications (training courses and work tasters); active support (referral to vacancies); and placement and follow-up. The variation between the pilot projects made it difficult to identify good practice, and the success and achievements of the various pilots depended considerably upon factors such as the organisation of the RBA within a region, the precise approach to support, the client caseload and the composition of the support team. Overall, however, advantages and disadvantages emerged with both models. Whilst the transfer model meant that there were autonomous and dedicated teams who gained valuable experience of the caseload, the teams were isolated from the rest of the PES which raised problems regarding lack of communication about potential em-

ployers, vacancies and so on. The use of dedicated teams was also more costly than integrated teams. Conversely, without dedicated teams, there is a risk that there will be less of a focus on partially disabled people.

Available from: Arbeidsvoorzieningsorganisatie, Landelijk Bureau, Sector Marketing Services, afd O & A, Postbus 415, 2280 Rijswijk. 147pp. O&A-rapport 95-05. NL.

### **Ex post evaluatie van de ESF hulpprogramma's voor doelstellingen 3 en 4 in Nederland (Ex post Evaluation of the ESF Aid Programmes for Objectives 3 and 4 in the Netherlands)**

GRAVESTEIJN-LIGTHELM JH, KONING J DE, OLIEMAN R, WEIJDE, I VAN DER (1995)

The evaluation of ESF Objectives 3 and 4 in the Netherlands was undertaken on behalf of the Monitoring Committee for the Single Programme Document by NEI. The research was commissioned in 1993 and focused on projects which received co-funding in 1992. The report contains a range of both quantitative and qualitative data on the characteristics of the projects which were co-financed by the ESF; it also contains details of the outputs and achievements of training and work-placement projects. The evaluation considered the process for implementing ESF in the Netherlands, and how this impacted on projects and their achievements. Additionally, the report contains an analysis of the labour market context, labour market policy and the ESF programme for Objectives 3 and 4. The report summary contains various policy recommendations and suggestions for future evaluation.

The results of the evaluation revealed some interesting features of Objective 3 and 4 projects. Women, the long-term unemployed and people with low to average levels of educational attainment were well represented on projects. Not surprisingly, older workers were well represented on work placement projects, but were poorly represented on training projects. However, unemployed people with low levels of educational attainment and ethnic minority groups were very poorly represented across all projects. Another key finding was that nearly 80% of work placement projects were within the public sector. Turning to the outputs of projects, on average it was found that work placement projects were more effective than

training projects; it was estimated that some 50% to 70% of the participants on work placement projects would have remained unemployed had they not had the placement. The success of placement projects was largely attributed to the fact that disadvantaged job-seekers tend to be concentrated on work placement as opposed to training projects.

The report concludes that the ESF aid programme has clearly added value to existing support for disadvantaged groups, particularly as budget cuts impact upon programmes of support. The report also draws attention to the fact that the number of beneficiaries on ESF supported projects is high (at 60,000) compared with the total number of job-seekers participating in the Public Employment Service, the JWG (*Jeugdwerkgarantiewet [Youth Work Guarantee Act]*) and Jobs Pool (*Banenpool*) programmes. The ESF co-funding partially compensates for budget cuts, enabling disadvantaged job-seekers to receive additional support and fostering improvements to existing programmes.

Available from: Nederlands Economisch Instituut, Postbus 4175, 3006 AD Rotterdam. 108p. NL.

#### **4e Interim-evaluatie van het Stichtingsakkoord "Méér werk voor minderheden" (Fourth Evaluation ad interim of the Foundation's Agreement "More work for minorities")**

STICHTING VAN DE ARBEID (LABOUR FOUNDATION) (1996)

The primary objective of the Labour Foundation's Agreement "More work for minorities" was to achieve a proportional representation of people from ethnic minority communities in the labour market. The evaluation of the achievements made under this agreement indicate that this goal will probably not be attained in the near future, and that this is partly a result of the relatively rapid increase in the supply of people from ethnic minority groups in the labour market. At the same time, however, it is noted that the number of cases dealt with by the Public Employment Service doubled between 1990 (11,600 cases) and 1995 (21,000 cases). Attempts to improve labour market opportunities for ethnic minority groups have resulted in collective agreements in a wide range of areas, including education, information and employment measures.

The evaluation shows that these collective agreements have met with varying rates of success. It was also found that Works Councils, which had been expected to play an important part, have not yet taken up the initiative as had been hoped. The Labour Foundation also concludes that discrimination by employers continues to be a key factor which commonly restricts labour market opportunities for ethnic minority groups and that, furthermore, as people from ethnic minority communities face a multitude of problems, an integrated approach to tackling issues relating to housing, education, culture and so on is necessary in order to encourage integration.

Available from: Stichting van de Arbeid, Bezuidenhoutseweg 60, 2594 AW Den Haag. 21pp. Publikatiennr. 1/96. NL.



## **Greece**

### **ΤΟ ΦΑΙΝΟΜΕΝΟ ΤΗΣ ΜΑΚΡΟΧΡΟΝΙΑΣ ΑΝΕΡΤΙΑΣ (The Phenomenon of Long-term Unemployment)**

SAKELLIS G, ET AL (1993)

Long-term unemployment is a serious problem in Greece - it accounts for around 50% of all unemployment. This document reports on the first systematic attempt to identify and analyse the key economic and demographic characteristics of long-term unemployment. Information is provided at a national and regional level.

The researchers undertook a range of analyses. One section of the report seeks

to identify the similarities and differences between the long term unemployed and those who find employment after less than a year. Another part of the report considers the characteristics of new employment opportunities, and compares these with the profile of the long-term unemployed population. The researchers also consider the international dimension to long-term unemployment and conclude that the phenomenon has become of greater concern in recent years.

Available from: the Organisation for the Employment of the Labour Force (O.A.E.D.), Pantonion University, Institute of Regional Development, 8 Thrakis Str, 173 42 Trachones, Athens. 274pp. GR.

### **ΠΡΩΤΩΘΗΣΗ ΤΗΣ ΑΠΑΣΧΟΛΗΣΗΣ ΚΑΙ ΕΠΑΓΓΕΛΜΑΤΙΚΗΣ ΚΑΤΑΡΤΙΣΗΣ ΤΩΝ ΑΝΕΡΤΩΝ ΤΥΝΑΙΚΩΝ (Promotion of the Employment and Vocational Training of Unemployed Women)**

THE ORGANISATION FOR THE EMPLOYMENT OF THE LABOUR FORCE (1993)

It is generally accepted that there is discrimination against women in Greece. Consequently, women have low levels of labour market participation and female unemployment is high. This report presents both qualitative and quantitative data on Greek labour market trends over the last ten years. The data were analysed with a view to identifying the characteris-



tics of female employment, from which proposals for specific employment policies aimed at encouraging the integration of women into the labour market could be developed.

The impetus for this work was twofold: there is an expectation that labour market participation by women will rise; furthermore, the Organisation for the Employment of the Labour Force (OAED) is keen to address the issue of rising female unemployment and to encourage job creation measures and training projects targeting women.

The report starts by considering theoretical explanations of gender discrimination; it also analyses the gendered structure of employment in modern societies. The second part of the report provides a representation of the female labour market, based on data derived from National Statistical Service (EYSE) statistics. The authors also draw on the learning from a number of projects implemented by the OAED in order to discuss issues relating to policies intended to promote the provision of vocational training for women. The final part of the report presents key points, the summary and conclusions.

Available from: the Organisation for the Employment of the Labour Force, Pantion University, Institute of Regional Development, 8 Thrakis Str, 173 42 Trachones, Athens. 260 pp. GR.

**ΑΛΛΟΔΑΠΟΙ ΕΡΓΑΖΟΜΕΝΟΙ ΚΑΙ ΑΓΟΡΑ ΕΡΓΑΣΙΑΣ ΣΤΗΝ ΕΛΛΑΔΑ  
(*Foreign Workers and the Greek Labour Market*)**

RYLMON P L (1993)

The mass influx of illegal immigrants poses serious problems for Greek society, and its labour market. Official sources estimate that some 10% of the economically active population (which equates to 20% of employees) are illegal immigrants. Rylmon argues that the availability of cheap labour has led to the growth of the underground economy. Furthermore, he maintains that loop-holes in existing employment legislation allow the development of new forms of insecure employment; in turn, this threatens the achievement of broader goals for economic and social development.

The document comprises four chapters. It begins by looking at immigration trends in Greece and Southern European. Legal issues concerning the settlement

## Comment

*Unemployment in Greece has now reached 10.1% (more than 425,000 individuals). Although the national unemployment rate is below the European average, there are some particularly acute problems: around one quarter of all unemployed are under the age of 25, women are also particularly affected by unemployment, and 78% of all unemployed people live in urban areas. Long-term unemployment, furthermore, accounts for 52% of all unemployment.*

*Over the last 15 years the national Government has adopted various measures designed to alleviate unemployment. These measures have been successful to some extent - some 190,000 new jobs were created between 1988 and 1996. However, the measures have not actually reduced unemployment as a result of a combination of economic and social factors. The key factor has been population growth: between 1988-1996 the indigenous population grew by some 500,000, while illegal immigration increased the population by a further 500,000. Another contributory factor has been the extensive loss of jobs in secondary industries, and it seems likely that unemployment will continue to rise. Technocrats and trade unionists anticipate that the convergence requirements set by the Maastricht Treaty will mean that unemployment will have reached 15% by the end of the decade.*

*The measures adopted by the government have also had negative economic effects, including an increased level of public debt and high levels of inflation. These effects, combined with the fact that the economy's annual growth rate has been under 3%, indicate there is a need for a range of economic development measures.*

*One means by which the rise in unemployment has been held in check has been through public sector growth. The number of civil servants (excluding those employed in public enterprises) has risen by 32%, from 234,500 in 1981 to 308,887 in 1995. However, as the rise in public sector employment was based on social criteria as opposed to real demand from within the sector, there have been negative impacts associated with this growth, including higher levels of public expenditure and increased public sector bureaucracy.*

*Most of the other measures introduced by government have focused on reducing the severity of the unemployment problem. One type of measure intended to encourage the employment of long-term unemployed people, either for seasonal work or on temporary contracts, in order to provide recent work experience and promote integration into the labour force. The employment and self-employment of other disadvantaged groups such as women and young people has been encouraged through, for example, a range of projects provided by OAED.*

*The Ministry of Labour has also intervened in addressing the issue of unemployment. Its Multi-Annual Employment Programme supports a range of measures designed to facilitate labour market integration. The programme gives priority to unemployed people under the age of 35 who live in areas of unemployment above the national average. It also provides a subsidy to private enterprises to support the recruitment of young unemployed people and other disadvantaged groups. One of the measures supported under the programme is an 'employment card' which provides holders with access to unemployment benefits and to a range of work experience and training projects. Other measures include the establishment of regional employment observatories and a package of incentives to encourage people to move to Eastern Macedonia and Thrace, where there are more employment opportunities.*

*At the same time as it is taking steps to reduce unemployment, the Greek government is also developing new legislation which will legalise, so long as certain conditions are met, the majority of illegal immigrants. The legalisation of immigrant labour will encourage their integration into the labour market, as well as providing them with the same rights as indigenous labour. Ultimately, such actions will support the insurance funds.*

*One of the peculiarities of the Greek Labour market which should not be overlooked when considering the development and implementation of measures designed to reduce unemployment, is that there is a mismatch in the supply of specialised labour. The unemployment rate amongst those who have completed secondary education courses is higher than the unemployment rate of those leaving school after the period of compulsory education (but the unemployment rate of those completing tertiary education is the same as those seeking work after completing compulsory education).*

and employment of immigrants in Greece are discussed in the second chapter, as are strategies which have been adopted in Italy and Spain. Rylmon then turns to look at a range of labour market issues: the supply and demand of cheap labour, a sectoral analysis of immigrant employment; and an analysis of immigrant employment. The final chapter considers the trades union perspective on the legalisation of immigrant workers.

Available from: The Institute of Labour - General Confederation of Greek Workers, 27 Pipinou Str, 112 51 Athens. 63pp. ISBN 960 7402 01 4. GR, summary EN.

### Η ΚΑΤΑΣΤΑΣΗ ΤΩΝ ΜΕΤΑΝΑΣΤΩΝ ΣΤΗΝ ΕΛΛΑΔΑ (*The Position of Immigrants in Greece*)

RYLMON P L (1994)

A report prepared for the International Labour Bureau by the General Confederation of Greek Workers is summarised in this article. The work represents a first step towards addressing the problem of immigrant labour in such a way as to make a positive contribution to economic growth. Although this summary loses much of the detail contained in the actual report, it does provide a clear representation of the views of not only the General Confederation of Greek Workers, but also of the Building Workers Union and other trades associations representing sectors where immigrant labour is concentrated. Rylmon also suggests how the State could regain control over immigration.

The article contains some interesting data. First, it draws attention to the fact that, over the last twenty years, Greece has experienced considerable shifts in patterns of emigration and immigration. Whereas Greece used to be a source of emigrants to Europe, North America and Australia, it is now a host country for immigrants - mostly from countries outside of the EU.

Rylmon also discusses a number of issues relating to immigration and the labour market. For example, he describes how current legislation allows for the legalisation of immigrant labour, and suggests how legalisation could be facilitated. Other issues - such as xenophobia - which arise from illegal immigration are also considered, as are various initiatives and actions implemented by the trades unions.

*Bulletin No. 44, pp3-10.* Available from: The Institute of Labour - General Confederation of Greek Workers, 27 Pipinou Str, 112 51 Athens. ISSN 1106/1820. GR.

### Η ΑΥΤΟΑΠΑΣΧΟΛΗΣΗ ΑΝΕΡΓΩΝ ΣΤΗΝ ΕΛΛΑΔΑ - ΑΞΙΟΛΟΓΗΣΗ ΤΟΥ ΠΡΟΓΡΑΜΜΑΤΟΣ ΝΕΩΝ ΕΛΕΥΘΕΡΩΝ ΕΠΑΓΓΕΛΜΑΤΙΩΝ ΤΟΥ Ο.Α.Ε.Δ (*Self-Employment of the Unemployed in Greece: Evaluation of the Project for the Newly Self-Employed*)

HARATSIS E, ET AL (1993)

Between 1986-1992, the Organisation for the Employment of the Labour Force

(OAED) managed an ESF funded project which aimed to help unemployed people establish small new businesses. Overall it is estimated that 30,000 people took part in the project.

When the project was evaluated, two key questions were asked: how effective has this form of intervention been in terms of addressing unemployment and creating new businesses; and did the outputs of the project justify the inputs of national and Community resources? The evaluators were particularly interested in identifying the factors which influenced the operation and outputs of the project. A range of qualitative and quantitative data were used, and both short term effects and long term impacts of the project were considered.

The report on findings is in two parts. It includes an evaluation of the characteristics of those beneficiaries who did progress into self-employment, together with an analysis of the factors that led them into self-employment. The report also discusses the negative and positive results of the project, offering conclusions and suggestions for future developments. The report also comments more widely on trends in employment, unemployment, self-employment, labour market policies and on projects which provide subsidies for new business start-ups.

Available from: The Organisation for the Employment of Labour Force, Economic University of Athens, 8 Thrakis Str, 173 42 Trachones, Athens. 424 pp. GR.



## Spain

### Formación, mercado de trabajo y empleo (*Training, the Labour Market and Employment*)

SAEZ F, TOLEDO M (1996)

This article presents the results of a survey of 10,000 unemployed people trained under the National Vocational Training Plan (known as 'Plan FIP'). The aim of the survey was to compare the success of trainees in obtaining employment, with

that of people who did not participate in training.

The findings show that trainees have a significantly higher probability of obtaining employment. However, the authors point out that participation in a training scheme may reflect a more positive attitude towards employment, thus leading to greater employability. Further analysis indicates that males, people with higher educational levels and short-term unem-

ployed people have a higher probability of obtaining work. Thus, it appears that training alone is not a sufficient factor to explain employment inflows.

The authors draw three conclusions. First, programmes ought to be well targeted, since training impacts on different groups in different ways. Secondly, training ought to be linked with other measures to facilitate employment. Finally, training within firms, still quite underde-

The youth (16-24) unemployment rate in Spain has traditionally been much higher than the adult unemployment rate. When overall unemployment was over 21% in 1985, the youth unemployment rate reached almost 50%. The present rates are 22% and 45%, respectively.

As Garrido points out, there have been three kinds of measures aimed at dealing with youth unemployment. First, the extension of the educational system. This may be seen as a result of either conscious policy, or as a defensive reaction to unemployment. Both factors were apparent in Spain in the early 1980s. However, extension of education continued into the late 1980s, by which time there were improvements in the general employment situation and in the position of young people in particular. Spanish society, and the Government, seem to have accepted the view that education ought to be extended, irrespective of the unemployment situation. The result is a continuing increase in the proportion of young people attending school, with a corresponding decrease in labour market participation rates.

Secondly, efforts have been made to target vocational training programmes for unemployed people under 25 and for early school leavers. The aim of such programmes (e.g. the 'School-workshop Programme') has been to improve skill levels and to assist beneficiaries to obtain work experience. There are not many studies evaluating these training policies. Sáez and Toledo (1996) provided one of the few evaluations of these training programmes, although it also examined other programmes.

The labour market reform of 1984 introduced training and practice contracts for young people. These, together with general fixed-term contracts, contributed to a decrease in the proportion of unemployed young people without previous job experience. The general impression has been that these contracts were often used to obtain cheap labour, without providing the required training (Segura et al, 1991). Hence, in 1993, the training contract was replaced by an apprenticeship contract, targeted more specifically at young, unqualified people. The impact of such contracts is unclear and no specific evaluation has yet been carried out.

The unemployment rate for women has consistently been double that for men. This is partly due to the rapid increase in

female labour market participation, which has prevented a substantial reduction in levels of female unemployment. There is a plan to promote equal opportunities for women, within which the most significant measure has been a subsidy for recruiting women to occupations in which they are under-represented. However, few women have been hired under this subsidy.

As regards long-term unemployment, there is evidence that trends have been similar to those for unemployment in general (Cebrián, et al. 1991). Although there has always been a concern about the disadvantaged position of long-term unemployed people, few measures targeting them have been adopted. This is partly because they are seen, as a group, to comprise mainly young people and women. The most significant measure was to target employment promotion (fixed-term) contracts on long-term unemployed people in 1994, when the use of such contracts was restricted as part of labour market reform. There are few studies of the probability of becoming long-term unemployed, although the available evidence does suggest that duration of unemployment is a significant contributory factor to its persistence (Toharia, 1996). Other recent studies also suggest that persistence (or hysteresis) has been a significant factor in the development of unemployment both in Spain as a whole, and also in some of the regions with a higher unemployment rate (Dolado and Gómez, 1996). The role of unemployment benefits in creating long-term unemployment is debated. Arellano et al (1995) suggest that unemployment benefit is a significant factor leading to long-term unemployment, although studies by Cebrián et al (1996) and Toharia (1996) do not support this link.

Disabled people are protected by the Spanish Constitution, with a special law protecting their employment conditions passed in 1982. It established fiscal incentives and subsidies for recruiting physically and mentally disabled people. Projects funded under the HORIZON Initiative have helped to foster greater awareness of the problems of this group. However, as pointed out in the report by the Economic and Social Council, knowledge of the problems faced by disabled people is far from accurate, and much remains to be done.

veloped in Spain, should be reinforced by providing further financing.

Available from: Colegio de Economistas de Madrid, c/ Flora 1, 28013 Madrid. ES.

### Políticas de empleo en Europa (Employment Policies in Europe)

SPECIAL ISSUE OF THE REVIEW  
ECONOMISTAS (1996)

This special issue of *Economistas* examines Spanish employment policies and compares them with those in the rest of Europe.

The paper by Sáez is a general survey of employment policy in Europe, based on the five Essen summit priorities. Alba examines youth unemployment and Alvarezmor focuses on the problems of

long-term unemployed people. Carrasco deals with part-time work, which has a much lower incidence in Spain than in other European countries. Fernández and Garcimartín present a mostly theoretical argument for work-sharing when there are demand restrictions. Durán and Jiménez deal with the possibility of reducing non-wage labour costs in Spain without reducing benefits, concluding that this would be difficult. Solé adopts a somewhat wider view, examining labour market regulations in view of the Maastricht requirements. His conclusion is that further reforms aimed at greater flexibility are needed in Spain, and in Europe generally. Blanco deals with unemployment benefits, proposing several reforms of the Spanish system which would separate its

insurance and assistance elements and increase its efficiency. Muñoz argues that vocational training is a basic policy for Europe, although there are problems related to the use of Structural Funds to that end. Finally, Lorences and Felgueroso analyse the impact of the recent reform of collective bargaining, based on a study of collective agreements. They reach a rather pessimistic conclusion: despite the significant legal changes, the Spanish collective bargaining system is still very inefficient because it establishes regional minimum wages and imposes restrictions on recruitment and termination of employment.

*Economistas*. Available from: Colegio de Economistas de Madrid, c/ Flora, 1, 28013 Madrid. ES.

## **Diagnóstico sobre el paro juvenil y políticas para facilitar la entrada al primer trabajo (*Diagnosis on Youth Unemployment and Policies to Facilitate Access to the First Job*)**

GARRIDO L (1995)

This report begins with an analysis of the evolution of the labour market in Spain since 1977, emphasising the age distribution of employment. Different policies have been pursued in order to promote youth employment. Fixed-term and training and practice contracts have made it easier to find a first job. Consequently, in the economic expansion from 1985 to 1990, youth unemployment decreased in absolute and relative terms. The severe crisis which followed (particularly in 1993) did not significantly affect youth employment, mainly because it was a structural crisis affecting well-established industrial sectors.

The report examines the composition of youth unemployment, and looks at the way in which unemployment differs from other life situations (in particular, education). It analyses vocational training, disputing the claim that Spain follows the 'Mediterranean pattern', in which there is no relationship between unemployment and education levels. Instead, it is argued that labour market integration issues are similar for people with different educational levels. However, for people (of all age groups) with previous employment experience, there is a clear negative relationship between educational level and unemployment.

The report also considers policies on employment contracts for young people. It concludes by proposing measures to reduce youth unemployment. These include the reduction of indirect costs for the less skilled, and subsidies for housing, public employment and work sharing.

*Training policy studies, no 16.* Available from: ILO, Geneva. ES.

## **Sobre la situación del empleo de las personas con discapacidad y propuestas para su reactivación (*The Labour Market Situation of Disabled People and Proposals for its Activation*)**

CONSEJO ECONÓMICO Y SOCIAL (1995)

The first part of this report examines the social and labour market position of disa-

bled people. The second part analyses the Spanish legal framework, comparing it with other European countries. The last part of the report provides recommendations on appropriate statistical material about education, training, employment and on the role of the social partners.

The statistical source used in the report is the Survey on Disabilities, Deficiencies and Handicaps (*Encuesta sobre Discapacidades, Deficiencias y Minusvalías*) carried out by the Spanish National Statistical Office in 1986. This is the main survey available for Spain, supplemented by additional 1989 information from INSERSO (*Instituto de Servicios Sociales* [National Social Services Institute], the government agency responsible for monitoring the position of disabled people).

From this information, it appears that disabled people have a relatively low rate of employment, especially older and female disabled people. The data also suggest that most disabled workers end up in low skilled and low pay jobs in the open market, due to the existence of a relationship between education/training and employment.

To address these issues, the report presents several recommendations. It argues for improvements in statistical information about disabled people. Secondly, the training process should be improved. Thirdly, some measures to promote normal employment, as well as sheltered employment, should be adopted. Finally, it suggests that social partners should play a positive role in facilitating vocational training for disabled people and in ensuring that collective bargaining does not include discriminatory practices against them.

Available from: Centro de Publicaciones, Consejo Económico y Social, Huertas 73, 28014 Madrid. ES.

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## France

### **Le réseau des structures d'accueil des jeunes en difficulté (*The Network of Support Structures for Young People in Difficulty*)**

This network was established, on an experimental basis, in the early 1980s with the aim of promoting the social and employment integration of young people aged between 16 and 25. Since the 1980s, the network has grown considerably and now consists of 271 Local Commissions and 397 offices providing information and guidance (PAIOs).

The network offers a personalised and comprehensive service to young people, providing career advice and guidance, as well as assistance with problems of health, housing, etc. It also acts as a local partnership organisation, with the participation of local and regional authorities, decentralised State services, socio-economic actors and the voluntary sector. The financing and staffing of the network are the responsibility of the Inter-Ministerial Delegation for the Integration of Young People (or DIJJ), which is the responsibility of the Prime Minister. This Delegation, which oversees the implementation of national policies for combating youth unemployment and exclusion, promotes the development of coherent initiatives devised by various Ministries (mainly the Labour Ministry, the National Educational Ministry and the Ministry of Youth and Sport).

The network dealt with 950,000 young people in 1994. On average, a young person uses the network for approximately 16 months. The lower the initial level of training, the longer the young person remains in contact with the network.

In 1994, more than 60% of these young people found positions of a 'training/employment type' following advice from the reception network counsellors, those positions being on the basis either of 'alternating insertion contracts' or subsidised contracts.<sup>(1)</sup>

The people who use these structures generally have little training, are on average over 21 years old and are often unmarried and living at home. Young women

### Comment

*Today the long-term unemployed represent on average between 30% and 35% of unemployed people in France, compared with 10% in 1974. Their exclusion from employment has become persistent, especially amongst the most disadvantaged. Young people and the disabled are particularly vulnerable.*

*An approach for dealing with long-term unemployment in France has now been established for over ten years. Initially, this approach was based on the idea that the persistence of long-term unemployment was linked to a lack of skills. This led to the implementation of measures focusing primarily on training, gradually making provision for individual rather than collective needs and was formalised in the social integration and training initiatives launched in 1990.*

*Some grassroots initiatives gradually led to an awareness that training was not necessarily the only appropriate response to all needs and to all groups, and that other types of measure, such as integration by economic means, may be appropriate.*

*The increasing selectivity of the labour market led to the development of support for recruitment which provided financial incentives to companies (exemption from employers' national insurance contributions, and premiums for recruiting workers). This kind of approach gradually replaced the emphasis on training and subsidised contracts developed.*

*Several recent evaluations of the effects of employment aid measures on company recruitment policy show that such measures do not create jobs. When a company has already decided to hire staff, these forms of aid promote substitution effects by which one group (aided) is substituted for the other (unaided).*

*The extension of these schemes to include categories other than the long-term unemployed, particularly groups of people who are more easily employable, has produced a labour market substitution effect. Taking this into account, it is those people who have been registered as unemployed for the shortest time who benefit most from subsidised contracts. Matters have reached the stage today, where, the proportion of long-term unemployed people who have been unemployed for more than two years is rising very sharply. At the end of 1994, they represented one third of the total; within eight months, the figure had risen to one half.*

are in the majority, but they are not over-represented (whereas their unemployment rate in France is twice as high as that for young men).

A 1995 study found that one third of young people who leave the network have a job and 15% continue their training. Another study (January 1996) looked at 1,500 young people who had not been in contact with the network for four months and revealed that 66% of them had re-contacted the network the following year, looking for a job or further training. However, of the young people who had not contacted the network again, 55% had found employment, 16% had been in employment but were no longer working (because their contracts had terminated) and 29% were still unemployed.

<sup>(1)</sup> Estimates by the TERSUD, BIPE TERSUD Panel

### **L'insertion des personnes handicapées: expérience française en la matière (*Integrating Disabled People: The French Experience*)**

A 1987 Law provides the legal framework for integration of disabled people. This law aims to encourage companies to employ disabled people, but pays greater attention to the economic constraints under which companies operate. At the same time, it aims to gradually increasing companies' obligation to provide employment, through several measures.

Establishments of 20 employees or more have an obligatory quota of 6% disabled workers. Initially, this requirement can be partially met, but it must be met in full by the end of a three year transitional period. If the company does not meet this quota, it must pay a financial

contribution to a development fund for the integration of disabled people into employment. That fund is managed by an association, the AGEFIPH.

Options are offered to companies via an "equivalence system" through which they may, partially or in full, fulfill their obligation. These options are measured in terms of the number of beneficiaries and may be combined until the company reaches the required minimum of 6%, or its equivalent in terms of beneficiaries: contracts can be drawn up under which work is sub-contracted out to the protected sector<sup>2</sup>; branch, enterprise or establishment agreements can be signed for the implementation of an annual or medium-term programme in favour of disabled workers; or a financial contribution can be made to the AGEFIPH for every job that is not provided.

Gradually, other measures have been introduced: subsidies for extra facilities, support for equipping work places and work stations, a premium for taking on disabled workers in 'ordinary working environments'<sup>3</sup> and also assistance to the individuals concerned.

An initial 1993 evaluation of the impact of this law between 1988 and 1991 revealed that the behaviour of companies seemed to have advanced very little. The vast majority of companies preferred to take other available action, rather than employing disabled workers directly. Thus, 33% of companies met their obligations solely by employing disabled workers, whilst 40% did not employ any beneficiaries and preferred to pay a financial contribution and, possibly, also resorted to subcontracting to protected work establishments. The remaining companies (more than 25%) combined the employment of fewer disabled people than required by law, with a compensatory payment to the development fund.

Consequently, this law, which primarily sought to integrate disabled people into the ordinary labour market, ultimately contributed to the development of the protected sector. The proportion of companies declaring that they sub-contract to the protected sector has risen to 17%, from 13% in 1988. On the other hand, the number of collective agreements concerning the professional integration of disabled people remains low. THE AGEFIPH has gradually intensified its action: in 1992, for example, 60,700 disabled peo-

ple benefitted directly from its interventions, mainly through training projects, which were perceived as a priority route to increasing the employability of the disabled, knowing that a large part of that group have little or nothing in the way of qualifications. The launching of a development programme for providing training adapted to the needs of this group is part of this same thinking, as is the opening of regional delegations of the AGEFIPH which promotes the development and better coordination of activities at the local level.

<sup>(2)</sup> *The protected working environment is a set of units reserved specifically for disabled workers and managed by public authorities, associations or private structures. It takes into account the lower productivity of disabled workers, with suitably adapted work-stations and an appropriate rhythm of working. The protected sector comprises the protected workshops, which take in disabled persons with a work capacity equal to at least one third of normal capacity, and 'aid through work' centres, which takes in disabled persons who are able to work, but at less than one third of normal capacity.*

<sup>(3)</sup> *The expression used to denote the opposite of 'protected environment'*

### **L'insertion professionnelle des bénéficiaires du Revenu Minimum d'insertion - RMI (Vocational Integration of people on RMI - Income Support)**

The RMI, or 'income support', was established in law in 1988, as a token of the strong political desire to tackle poverty and to enable every citizen to live in dignity. RMI allowed everyone over the age of 25 to a subsistence allowance with a guaranteed minimum.

Since RMI was established, more than 1.4 million households and almost 3 million people (plus their partners and children) have benefitted. These people are often young (almost 50% are under 35 and 25% are between 35 and 45), and isolated, largely because of family breakdown (57% are single without children, especially men, and 22% are single with one or more children). They are mainly unskilled - 24% have difficulties with French and 25% have low educational levels.

In recent years, there have been modifications, particularly in respect of the integration of people receiving RMI. Local Integration Commissions have the task of defining a departmental level integration programme (the PDI: Programme départemental d'intégration).

The PDI is an instrument which enables: the analysis of training, employment, health, social and housing needs; the recording and evaluation of initiatives; and the determination of new initiatives. It is financed by an agreement between the State and the Local Authorities (*Conseil Général*). Around 24 billion francs are paid into the scheme annually by the State and the Local Authorities.

A number of different projects, covering all aspects of integration, have developed within PDI. With regard to health, for example, a partnership between doctors and social workers was developed to tackle alcoholism (16% of people on RMI seen by doctors suffer from alcoholism) and to help those who may be suffering from psychological disorders. In the housing sphere, there have been a variety of initiatives: the granting of housing benefit at the minimum rate and the use of the public housing solidarity fund (for the payment of deposits, unpaid rent or bills) for RMI recipients; and socially oriented housing bureaux to provide housing for the most disadvantaged.

Whilst overall outcomes relating to employment integration may be disappointing, they are, nevertheless, encouraging if account is taken of the difficult economic conditions and the growth in unemployment. For every ten people receiving RMI in its first year, six had stopped receiving it after four years. These rates have improved further recently, although there is still a hard core of around 15% of people who had been receiving income support since 1989.

Between 1991 and 1993, 31.4% of additional beneficiaries have succeeded in finding work or training, but this dynamic is mainly due to subsidized employment (particularly the 'Employment-Solidarity Contract' [a 'community work'-type contract] for the non-commercial sector and the 'Restart Contract' for the commercial sector, and, to a lesser extent, the opening of the ACCRE scheme (enterprise creation aid) to recipients of income support (RMI). Out of the initiatives and experiments set in place, the 'chantier-école' formula [learning 'on the job,' usually in an outdoor location] has had a degree of success, probably because it involves an integration into the work force based on working in fields such as the environment (preservation of the national heritage, of the countryside etc.).

The fact remains that there is a great degree of difference between the various regions in the matter of getting RMI recipients into work, since the dynamic involved depends on the level of mobilization of the relevant bodies and individuals in the particular locality. This is a field which varies greatly between one *département* and another: 'an RMI recipient may have three times more chance of getting back into the work force in the ten most successful *départements* than in the three least advanced *départements*'.

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# Ireland

## Interim Report of the Task Force on Long-Term Unemployment and Report of the Task Force on Long-Term Unemployment

TASK FORCE ON LONG-TERM UNEMPLOYMENT (1995)

The Task Force on Long-Term Unemployment was set up by the Irish Government to carry out a detailed examination and assessment of the proposals made by the National Economic and Social Forum in its Report No 4, entitled 'Ending Long-Term Unemployment' (see Trends Bulletin No 21). This assessment included a detailed examination of a recommendation to establish a locally based employment service. The Interim Report was concerned principally with proposals to establish such a locally based service, while the Final Report set out proposals for various measures aimed at assisting the long-term unemployed through integration into the labour market and/or the provision of sponsored employment.

The Local Employment Service (LES), as recommended in the Interim Report, is being put in place by the Government under the auspices of 'Area Based Partnerships' in areas designated as disadvantaged under the Irish Government's Local Development Programme. These Partnerships determine the structure of local management committees for each LES which include representatives of the relevant State Agencies, the social partners and community based groups. Overall plans for each locality have to be drafted and submitted to the Department of Enterprise and Employment in order to draw down special funding. It should be noted, however, that clients' employment and training needs will be largely covered under existing programmes. However, these will have to be adapted to accommodate to the new LES system. LES centres have already been established in a number of areas.

The basic rationale underlying the LES is to ensure effective co-operation and co-ordination at local or community level in order to make better use of available resources and deliver a better and more coherent service to the unemployed. The involvement of community interests in

### Comment

*While Ireland has experienced very substantial employment growth in the last two years (up to 7% per cent between 1993 and 1995 and predicted to rise further), there has been an acute awareness that few of the associated benefits have filtered through to disadvantaged groups. In the case of long-term unemployment for example, the numbers have remained stubbornly high, even though total unemployment has fallen significantly. Research indicates that a person who has been on the unemployment register for less than a year has a probability of approximately 70 per cent of escaping from that state over a subsequent one-year period. However, this probability declines to less than 40 per cent for people who are on the Register for between one and two years, and to less than 25 per cent for people who have been unemployed for two years or more.*

*A great deal of the emphasis in labour market policies in recent years has, therefore, been directed at assisting such groups. As indicated in the article summaries, the groups which have been the focus of most attention are in the first place the long-term unemployed and disadvantaged young people, but also other groups such as lone mothers, people with disabilities and members of the travelling community.*

*Dealing with long-term unemployment has been the Government's first priority and in this regard the main initiatives undertaken relate to the gradual setting up of a community-based Local Employment Service and, in parallel, the extension and adaptation of existing schemes involving publicly sponsored work (with training components) and employment subsidies in the private sector. However, these initiatives have been applied alongside a number of existing schemes and the opportunity might have been taken to effect some rationalisation, especially in regard to sending an unequivocal signal to private employers that recruitment supports are available, but only for assisting the reintegration of the long-term unemployed and associated groups.*

*The report on the economic status of school leavers is especially relevant in the context of providing an indication of the experience of different groups within the youth labour force. While the results showing an improvement in the labour market position of young people are to be welcomed (a feature which is reaffirmed by the results of the 1995 Labour Force Survey), it is a matter of some concern that the benefits do not appear to have carried through to the less well qualified; it is to be hoped that this will materialise if employment expansion continues (as expected).*

*The report on the Task Force on the Travelling Community is important in that it addresses many long-standing problems related to this issue. While the main thrust of the report is to adapt existing services to cater for travellers' special needs (in education, health, employment, etc.), it is of interest to note that it contains an addendum by a minority of the Group members expressing the view that insufficient attention was given to encouraging alternatives to the nomadic life-style which, in their view, will continue to place travellers at a growing disadvantage in changing economic and social circumstances.*

the delivery of services is considered to be particularly important if the most disadvantaged among the unemployed are to be reached. These groups should help to widen perspectives in understanding of the needs of localities and thus serve to improve manpower services and their delivery. The involvement of employers and trade union interests at local level is also considered to be a crucial factor, as the cultivation of positive relationships between a locally based employment serv-

ice and local employers provides the best hope of placing the long-term unemployed in jobs in the open labour market.

The Final Report of the Task Force recommends positive discrimination measures which provide incentives to employers to recruit the unemployed and direct employment opportunities on publicly sponsored jobs offering work experience. The report recommends in particular that a range of targeted employment options be provided for the long-



term unemployed through the introduction of a number of significant changes to the Community Employment (CE) scheme, a large existing measure involving the provision of publicly funded employment and training options.

In specific terms the report recommends that:

- A Work Experience Programme be established which would offer short duration placements with private and public sector employers, to people who are over six months unemployed and in danger of drifting into long-term unemployment, or are already long-term unemployed. It is the intention that this programme would be established from the ground up, utilising, where possible, the services of the new Local Employment Service. The Task Force recommends an initial target of a maximum of 10,000 places for this programme.
- The Task Force proposed a part-time employment option which would provide one-year placements on the Community Employment scheme for those aged over 21 and unemployed for more than one year. It is recommended that 75 per cent of current CE places (up to 30,000 places) be given over to this option.
- The Task Force also recommended that a longer duration, contract part-time job option for up to three years be provided to those who are over 35 years and have been unemployed for over three years. It is recommended that some 25 per cent of CE places (10,000 initially) should be set aside for this option.
- The report also made a number of recommendations relating to 'positive discrimination measures' aimed at encouraging employers to recruit the long-term unemployed and in providing financial and other supports to enable the unemployed to take up work. These include proposals for targeted incentives to employers who take on the long-term unemployed.
- The Task Force also expressed concern that there is evidence that the most disadvantaged among the long-term unemployed are not being reached through existing schemes. For this reason, they recommended that a special whole-time job option with 1,000 places be piloted and targeted

in a small number of unemployment black spots in large urban areas. These places would be reserved for people who have been unemployed for over 5 years and are aged over 35.

In responding to the provisions of the report, the Irish Government indicated that it would implement the proposals in relation to the Community Employment programme on a phased basis over a two year period. The Government also accepted in principle the proposal for a Work Experience programme and undertook to develop proposals for implementing such a scheme. Some of these initiatives are described in the following article.

Available from: Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2. EN.

### **Growing and Sharing Our Employment**

DEPARTMENT OF ENTERPRISE AND EMPLOYMENT (1996)

This report, which is in effect a wide-ranging study of current labour market issues, covers aspects such as the background economic context, the effect of the regulatory framework, labour costs, the interaction between the welfare and taxation systems, and, importantly in the context of this *Trends* Bulletin, the question of targeting the most disadvantaged with a view to their reintegration into the work force.

While the report identifies a number of disadvantaged groups requiring attention, it puts particular stress on assisting the long-term unemployed, people with disabilities and unemployed young people. As for the first two, the report details recent initiatives introduced by the Irish Government. These involve: (i) a major new targeted employment subsidy (Jobstart); (ii) the introduction of temporary work experience/trials (Workplace); (iii) the retention of medical entitlements and child dependant allowances for specified periods after becoming unemployed; and (iv) the continuation of establishment of the Local Employment Service (LES).

As for the Jobstart scheme, this involves the payment of a weekly subsidy of IR £80 to employers who recruit a person who has been on the unemployment register for at least three years, or unemployed people with disabilities who have been registered with the National Rehabilitation Board for a similar period.

There is no requirement on employers regarding additionality; in this sense the incentives are purely equity based.

Under the Workplace scheme, individually tailored programmes of work experience will be introduced for periods of up to five weeks, to provide trial periods of employment, or valuable work experience, before recruitment to an identified vacancy. The scheme will be available to those unemployed for more than six months and to certain other disadvantaged groups, such as lone parents and members of the travelling community. During the course of the scheme, social welfare entitlements will continue to be paid and the employer (who does not have to give a guarantee of eventual employment) will not have to complete employment formalities, top-up earnings or pay social insurance contributions. The basic objective is to provide a risk-free, pre-recruitment period where both employer and job seeker may assess their mutual experiences. The provision of real work experience should enhance the employability of the unemployed person.

Measures are already in existence through the Government Youthreach scheme to assist unqualified young people between the ages of 15 and 17, even though the report acknowledges that certain improvements could be made to these measures. However, those who left school with few qualifications and did not participate in Youthreach before they reached 18 have not hitherto been able to access any specific intervention. The report recommends, therefore, that special measures are needed for young people aged 18 or 19 who have been unemployed for more than six months and are, therefore, subject to a growing risk of becoming long-term unemployed. In response to this, a Youth Progression Programme is being introduced which will require 18 and 19 year olds to register with the national Employment and Training Authority (FÁS), or the new Local Employment Service (LES), after six months of unemployment. The new programme will be tailored to individual needs to include job counselling and placement, training, work trials, etc. The report states that failure to participate could result in continued eligibility for welfare support being reassessed.

Available from: Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2. EN.

## Report of the Task Force on the Travelling Community

TASK FORCE ON THE TRAVELLING COMMUNITY, DEPARTMENT OF EQUALITY AND LAW REFORM (1996)

This report addresses a large number of issues of relevance to the Travelling Community, such as accommodation, cultural aspects, discrimination, education and training, labour market issues, problems affecting traveller women, and health and disability aspects.

With regard to employment, the report contains recommendations designed to assist travellers in relation to the particular economic niche which they occupy in society. One of these activities relates, for example, to recycling materials and in this regard, to quote an example, the report contains a recommendation that adequate storage facilities should be provided at traveller halting sites.

As for education and training, the report recommends the establishment of a National Traveller Education Service. In the training sphere, it is recommended that existing Traveller Training Centres (of which there are nearly 30) should be extended and improved in terms of the services which they provide.

Available from: Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2. EN.

## The Economic Status of School Leavers 1993-1995

MCCOY S, WHELAN B J (1996)

This report summarises the results of the surveys of second level school leavers for the period from 1993 to 1995. The surveys are carried out annually by the ESRI on behalf of the Departments of Enterprise and Employment and of Education. The enquiries are based on the recorded situation of school leavers some nine months after leaving full-time education. The results are of special interest since they are concerned with young people in transition from school to work and indicate, for the first time in many years, an improvement in the labour market fortunes of school leavers. The estimates show that the unemployment rate in Spring 1995 for young people who left second level education in the summer of the preceding year was just over 26%, down from 38% for the corresponding cohort who left the educational system two years earlier. It is noticeable, however, that this improvement related almost exclusively to people who completed the higher cycle of second level education; those with qualifications at a lower level, or those who left without any qualifications, did not appear to benefit from the generally more buoyant economic conditions.

The figures also indicate that even within different levels, those with the highest degree of attainment in terms of examination results fared better in the labour market, indicating a tendency for employers to make distinctions between applicants for vacancies on the basis of examination results. The figures do reveal, however, that the proportion of school leavers without qualifications is continuing to decline, the current proportion is about 3% compared with almost 10% in the early 1980s.

The report also contains some interesting information on participation rates in State-sponsored training courses among school leavers of different levels of educational attainment. The highest rate is recorded for those who left school without formal qualifications, over one-quarter of whom had participated in training courses. Overall, the rates of participation declined with improved educational attainment, indicating that, in this relative sense, the training support system is successful in targeting the most vulnerable groups of school leavers.

Available from: The Department of Enterprise and Employment, The Department of Education & The Economic and Social Research Institute. EN.

### ABBREVIATIONS USED IN SYSTEM

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

## EMPLOYMENT OBSERVATORY



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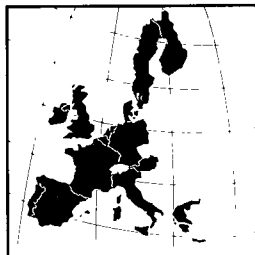
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## Trends

### SYSDEM

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