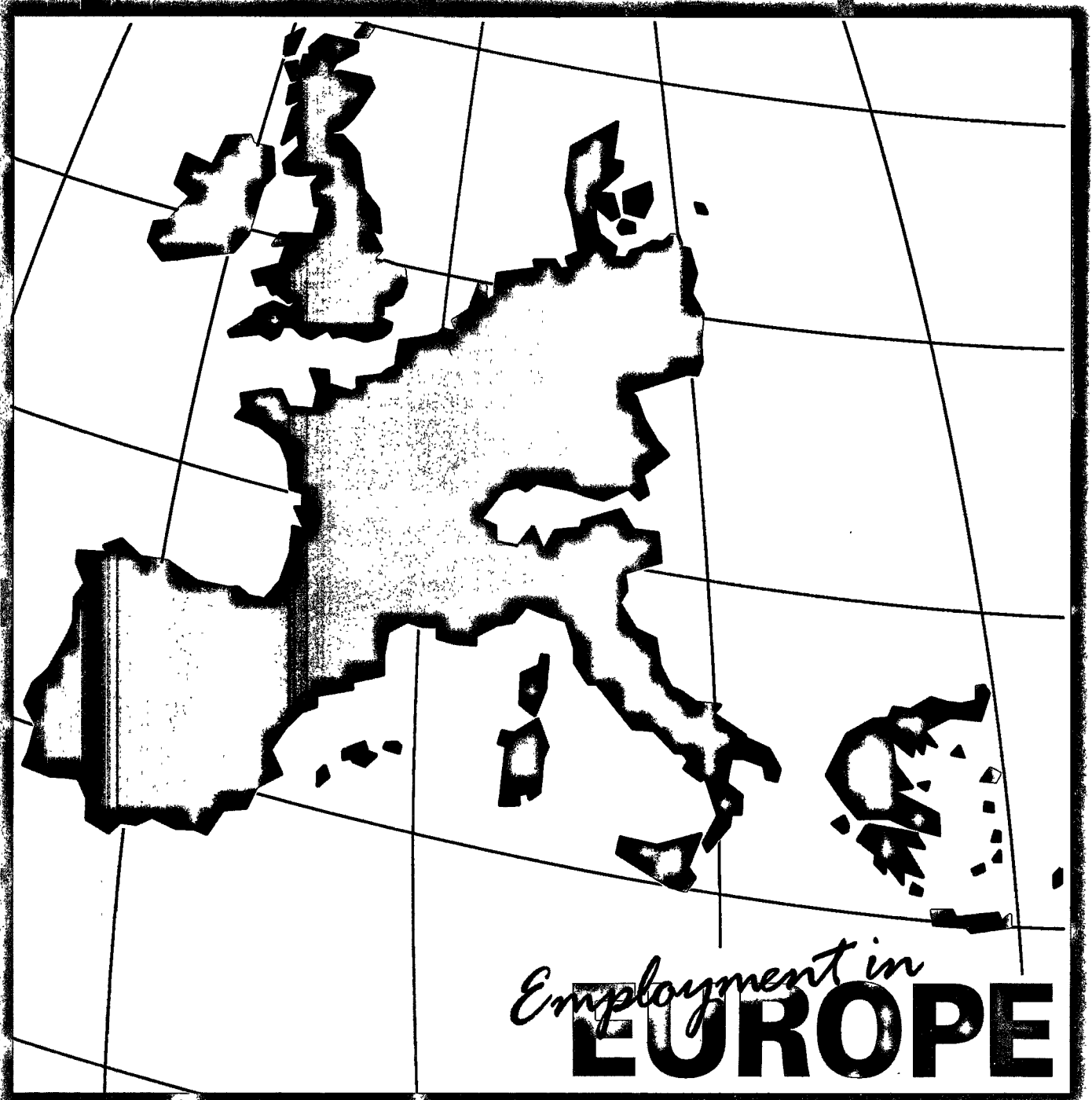


EMPLOYMENT OBSERVATORY

Trends

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

19



Employment in
EUROPE

Commission of the European Communities

Directorate-General
Employment, Industrial Relations
and Social Affairs



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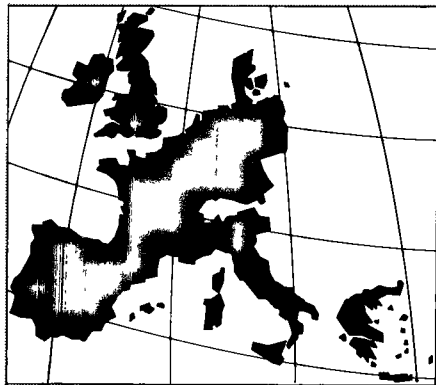
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EMPLOYMENT OBSERVATORY Trends



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

Nº. 19, 1994

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

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

How does the scale of employment in different activities compare?

The 1994 *Employment in Europe* Report, recently adopted by the Council, has just been published. It reports on Employment Developments (Part I); identifies key areas of action under the broad banner of growth, competitiveness and employment (Part II); and summarises progress in the Member States as a follow-up to the White Paper.

The report covers a wide range of employment and labour market questions including trends in the structure of employment. For example, there is detailed examination of the numbers of people employed in different activities in 1992 and how this compares across Member States. Data for 11 sectors are used as evidence for the comparisons: Agriculture; Energy and water; Mineral extraction - chemicals; Metal manufacture; Other manufacturing; Construction; Distribution; Transport and communication; Banking and finance; Other services; Public administration.

The conclusions show that differences in the structure of activity, even between countries at similar levels of economic development, emphasise both the problems of generalising about potential areas of job creation and the apparent influence of institutional, cultural and social factors as well as specific economic strengths and weaknesses. For example, at the broad sectoral level, the decline in agriculture is illustrated by the fact that it now accounts for significantly less employment in the Community as a whole than the construction sector - the latter employed some 7.5 % of the workforce in 1992. Moreover this is true in all Member States except Greece, Ireland, Portugal and Spain, where the number working in each of the two sectors was about the same, at around 10% of the total.

At the other end of the spectrum, business services, the fastest growing activity in the Community over the past decade, now employs almost as many people - nearly 7 million in 1992 and over 5% of total employment - as agriculture, and significantly more than mechanical and electrical engineering combined. This is true in all Member States, apart from Germany where engineering is much more important than in the rest of the Union.

Analysis of other sectors such as domestic service shows a far higher share of people employed in Spain and Portugal - accounting for over 2.5% of the workforce in 1992 - than in other Member States. The number of domestic servants was well over one million in the Union in 1992, almost 40% employed in Spain and Portugal and another 20% in France.

Employment in Europe Report, 1994, available from the Office for Official Publications of the European Communities, L-2985, Luxembourg. 146pp. All Union languages.

Options for the Union: the Future of European Social Policy publicises the outcomes of the debates from the Consultative meeting on the Green Paper on Social Policy (Brussels, May 1994). It includes the main papers from Jacques Delors and Padraig Flynn and other key speakers. Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg. All Union languages.

Transition and diversity: the challenge for labour market policies

Labour Relations in Transition in Eastern Europe

THIRKWELL J, SCASE R AND VICKERSTAFF S (1994)

Transitions in labour relations in a number of selected countries in the former Eastern Europe; Bulgaria, the Czech and Slovak Republics, Hungary and Poland are discussed in this article. State ownership of enterprises, party political control and central planning were common features which shaped the labour relations models under previous political regimes. However, the transition to market economies and political pluralism has resulted in a number of contingent changes in labour relations occurring at both the national and enterprise levels.

A comparative approach between selected countries is adopted to illustrate these changes. Initial consideration is given to the changing role of trade unionism, both in terms of how it has been an agent of economic and political change and how it has, in turn, responded to these changes. The authors also consider the broader economic and political context of trade unionism and the extent to which various forms of tripartism are emerging in each of the countries. The discussion then focuses upon developments at the level of the enterprise and reviews trends in collective bargaining and worker participation. This is then followed by observations on how labour relations at the enterprise level are conditioned by managerial strategies associated with privatisation and with their mechanisms of organisational control.

The paper concludes by identifying some common trends in each of the five countries while also emphasising sources of diversity. The authors argue that in the transition to various forms of market economy labour relations models in each of the countries will continue to be characterised by contrasting features linked to the prevailing political conditions and the fortunes of tripartism.

Available from Blackwell Publishers, 108 Cowley Road, Oxford OX4 1JF, UK. EN.

Immigration in Western Europe

RAMOS A (1994)

This ETUI report represents a first attempt by the Institute to tackle the important and increasingly topical issue of immigration in the European Union. Detailed statistical evidence has been utilised to inform the arguments set out and the authors feel the report should prove of considerable value to the trade unions in the formulation of policy in this extremely controversial area.

The contemporary European concern with immigration is set within a historical context in the first instance, and emphasis is placed on the importance of both "push factors" and "pull factors" in the migration phenomenon. The legislative framework on immigration from the Treaty of Rome, the Single European Act and the Maastricht Treaty are also examined in this chapter. While it is acknowledged that the immigrant has, in fact, no formal status under Union law and the Union has no formal policy on immigration, the chapter also contains a description of the Schengen Agreements, signed by nine of the Twelve, which represent, in practice, a Union policy on the policing of borders and whose terms "set the protection of security higher than the protection of freedom".

Some of the economic, social and cultural factors which have determined immigration in the European Union - laying particular emphasis on the growing gap between the affluence of the North and the poverty of the South as a major contributory factor - are set out in chapter two.

However, the central and most comprehensive chapter of the report examines the current situation of immigration in the twelve EU Member States. Consideration is given to the repercussions of the fundamental distinction between intra-Union and non-Union immigrants. The size and composition of the immigrant communities in each Member State is then examined. Emphasis is placed on the reasons for their presence and the regulations governing their residence, their position in the labour market and the nature and development of the policy measures to encourage their integration into the host societies. Although similar patterns and trends emerge in a number of countries, important distinctions also emerge especially relating to labour market policy.

A chapter is included which examines the phenomenon of "Racism" and in particu-

lar the content of the various legislative instruments adopted at international, national or Union level in an effort to punish the expression of racist attitudes, whether in the form of abuse, violence or discriminatory practices.

In the concluding chapter, a series of Congress resolutions adopted by the European Trade Union Confederation and a selection of national Trade Union confederations (from Britain, Germany, Spain and Italy) are presented and serve as an illustration of the extent to which the Trade Unions have become aware of the problems arising as a result of the presence of immigrants in the workforce and in society.

Development, Situation, Outlook. Report no 52. Available from ETUI, Boulevard Emile Jacqmain 155, 1210 Brussels, Belgium. EN, FR, DE.

Eurocounsel: Case Study Portfolio, Examples of Innovative Practice in Labour Market Counselling

HURLEY N (ED), THE EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS (1993)

This portfolio of case studies forms part of the Eurocounsel Phase 2 work. (See Bulletin 17 p6 for the aims of Eurocounsel, the countries involved and information on Phase 1 of the work). The 21 case studies included in this publication represent examples of interesting and innovative practice in the counselling for unemployed people or those at risk of becoming unemployed. The growth in attention to, and the recognition of the importance of, guidance and counselling as an increasingly powerful weapon in the fight against long-term unemployment is a significant new development and is welcomed by the authors. A number of issues emerged from these studies which may offer signals of the way in which counselling is developing within Europe. All the case studies illustrate the importance of partnership approaches towards counselling for workers under threat of redundancy which involves workers, employers, trades unions and government agencies in responding to economic and social change despite the different political situations which exist in each country.

The second issue is the development of specific targeted provision for counselling particular groups of unemployed people. Examples of such projects in Ireland, Austria,

Germany and the UK are included which examine the counselling provided in these countries for women wishing to return to the workplace.

Counselling for individual choice and control attempts to move away from the concept of the unemployed person as a 'powerless victim'. It strives to help individuals make choices and increase control over their lives, and represents the third significant issue. Examples are included of specific projects such as the guidance shop in Scotland and the self-help youth organisation in Spain.

The case studies are offered as a sample of current developments in guidance and counselling for unemployed people or those at risk of becoming unemployed within seven European countries. They are not intended as models but rather attempt to arouse interest and generate debate.

Available from Office for Official Publications of the European Communities, L-2985 Luxembourg. All Union languages.

International Benefit Guidelines 1994

WILLIAM MERCER COMPANIES (1994)

The seventeenth edition of this report details employee benefits and provides an overview of contrasting employee benefit practices in 60 countries. Each country is placed within an economic and political context, before benefit entitlements are set out under the headings of retirement; death; sickness and disability; leaving service and medical. In addition, workers compensation; financing methods; contributions; taxation and other benefits are examined.

A number of developments were identified in 1993 including the continuing decline of state provision in several countries through measures varying from increased retirement ages in Japan to reduced benefits in France. There is a growth in private employer provided pensions in countries as widespread as Argentina and Hungary, where new laws are being introduced, and Denmark, where minimum mandated employer pensions have been extended to white collar staff. The pension regulatory framework has been reviewed or reinforced in several countries with more mature pension funds, such as in the United Kingdom, where the appropriateness of the whole system has been examined. Supervisory powers have also increased in Australia and Canada.

Available from William M Mercer International SA, Boulevard du Souverain 2, 1170 Brussels, Belgium. EN.

European Economy. Reports and Studies. The Economics of Community Public Finance

DG II, CEC 1993

The papers published in this volume of European Economy comprise surveys, country case studies and analyses related to Community public finance. The papers in part 1 seek to identify what the vast theoretical and empirical literature on fiscal federalism and the experiences of a number of existing federations (Australia, Canada, the USA, Germany, Switzerland and Belgium [the world's newest federation]) might contribute to understanding the requirements for the successful operation of the emerging European Economic and Monetary Union, and of the social and political aspects of union which also seem likely to be strengthened in the decades ahead.

Part 2 contains contributions which focus on specific issues likely to arise in making the transition to full EMU successful and sustainable. They range across allocative issues; questions of interpersonal and interregional redistribution; the reduction of economic disparities within the Union; how both Union-wide and country-specific shocks might be addressed; the financing of Union activities; and the management of the Union Budget.

No 5 1993. Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg. EN.

Monitoring the Work Environment. Report of the Second European Conference

EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS (1994)

Collecting and analysing data on health and safety in the workplace is an essential starting point for setting up priorities and action plans as well as for the evaluation of measures taken. The Foundation has been working on this topic at a European level in order to reach a harmonised approach for the monitoring of working conditions in relation to health and safety. In order to assist the Foundation in this process a number of networks have been established and this volume presents the findings of these networks in the form of a series of revised and updated conference papers.

The papers are divided into those presented at the plenary session and those presented at workshops. Topics covered at the plenary session included the results of the first European survey on the work environ-

ment, monitoring the work environment, economic incentives to improve safety and health and workplace assessment. Reports are presented from the Policy Makers' Group; the Employers' Group and the Information Practitioners' Group. Among the variety of topics discussed at the workshops were survey techniques; risk assessment methods; women; work and absenteeism; monitoring stress at work and, information on the Foundation's European Health and Safety database were also examined.

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

Human Resource Planning in the Banking Sector

EUROPEAN ASSOCIATION OF COOPERATIVE BANKS (1993)

All European banks, despite differences in size, the national context in which they operate, internal developments or adopted strategies, have had to respond to changes in the environment in which they operate. These include internationalisation and deregulation of the markets, accompanied by the disengagement of the state in some countries; increased competition as banking products become more widely available; the emergence of new financial instruments and the loss of monopolies in certain areas of finance.

Two major trends affecting the recruitment and staffing of the sector include the introduction of new technology and the strains on the labour market, especially a reduction in the number of school leavers coming onto the labour market who are a traditional source of recruitment for the banking sector. This document draws on experiments in human resource planning programmes which are already operational or being introduced in European banks. It also attempts to set out what is at stake and what is attainable and highlights the bare essentials involved in implementing such programmes and sets out the pitfalls and factors likely to contribute to failures.

This is a summary document based on case studies and on a large number of reports which were drawn together in a DG V report in 1991 which were intended as a follow-up of the Kirchner report of 1983 on the analysis of evolution of jobs. The case studies were undertaken in 1991, five institutions were examined and reports, interviews with the management and in some cases on the spot-surveys were used. The participating banks

were: TSB Bank (GB), Crédit Mutuel (France), Crédit Agricole (France), Banco Popular (Spain) and the Instituto San Paolo di Torino (Italy).

Available from European Association of Cooperative Banks, Rue de Science 23-25, Bte 9, 1040 Brussels, Belgium. EN.

The OECD Jobs Study, Facts, Analysis, Strategies. Unemployment in the OECD area, 1950-1995.

OECD (1994)

There are currently 35 million people unemployed within the OECD countries while as many as another 15 million have given up looking for work or have unwillingly accepted a part-time job. Unemployment represents an enormous waste of human resources and it is described here as the most widely feared phenomenon of our times.

Part I of this volume sets out the key facts that depict today's unemployment. The main characteristics of unemployment are compared and contrasted between North America, EC, EFTA and Japan. Long-term unemployment as a phenomenon is examined and explained through an analysis of inflow rates. Population changes and their relationship to unemployment are also examined as is the link between wages and unemployment. Employment growth; the type of jobs that have been created (and lost) and in which sectors over the 1980s are also discussed.

Part II explains these developments, and indicates the main considerations which must underlie the formulation of policy to attack the problem.

Part III offers a strategy for jobs and detailed policy recommendations. The broad programme of action to improve the conditions for job creation call for governments to: set appropriate macroeconomic policy; enhance the creation and diffusion of technological know-how; increase working-time flexibility; nurture an entrepreneurial climate; increase wage and labour cost flexibility; reform employment security provisions; expand and enhance active labour market policies; improve labour force skills and competences and, reform unemployment and related benefit systems.

This OECD report is the first in a series and attempts to offer concise and clear examination of this critical issue. A second, companion volume, *Evidence and Explanations*, is to be published in September '94 and presents the analytical background.

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

International Labour Review 1994/1

ILO (1994)

This issue of the Review examines questions of structural change; the labour effects of trade agreements; employment policy; affirmative action and social protection and dismissals. This continues the pattern set by previous editions. The publication includes articles; the 'perspectives' section which focuses on a particular theme and a books section which offers critical reviews, notes on recent books and information on new ILO publications.

The articles in this special edition discuss subjects ranging from very broad questions to sectoral adjustment problems and specific policy issues. The common theme among the apparently disparate subjects - sweeping transformation of employment in the G-7 countries, social protection in low-income countries, the restructuring of railways in Japan, labour regulation in Latin America and employment equity for persons with disabilities in Canada - is their effect on the achievement of social justice.

Perspectives are provided on the parallel accords to the NAFTA (North Atlantic Free Trade Agreement) that deal with labour and the environment, the new employment strategy of the European Union, the problems faced and strategies adopted by several countries in attempting to restructure their railways, and pension reform in Latin America.

The books section provides reviews of publications on a variety of subjects including private pensions; employment-related programmes for disabled people in Canada; the relationship between ethnic minority groups and majority groups in Germany; industrial relations and labour law among others.

Volume 133 Number 1. Available from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. EN, FR, ES.

ABBREVIATIONS USED IN SYSDEM

| | |
|----------------|--|
| SYSDEM | European System of Documentation on Employment |
| EU | European Union |
| CEC | Commission of the European Communities |
| DG | Directorate-General of the CEC |
| ETUC | European Trade Union Confederation |
| Unice | Union of Industries of the European Communities |
| MISEP | Mutual Information System on Employment Policies |
| NEC | The Network of Employment Coordinators |
| OECD | Organisation for Economic Co-operation and Development |
| ILO | International Labour Office |
| CEDEFOP | European Centre for the Development of Vocational Training |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| SMEs | Small- and Medium-sized Enterprises |
| EMS | European Monetary System |
| EMU | Economic and Monetary Union |

COUNTRY

| | |
|------------|-----------------------------|
| B | Belgium |
| DK | Denmark |
| D | Federal Republic of Germany |
| E | Spain |
| F | France |
| GR | Greece |
| IRL | Ireland |
| I | Italy |
| L | Luxembourg |
| NL | The Netherlands |
| P | Portugal |
| UK | United Kingdom |

LANGUAGE

| | |
|-----------|------------|
| DA | Danish |
| DE | German |
| EN | English |
| ES | Spanish |
| FR | French |
| GR | Greek |
| IT | Italian |
| NL | Dutch |
| PT | Portuguese |



Belgium

OECD Economic Surveys 1993-1994. Belgium and Luxembourg OECD (1993)

This recent OECD Economic Survey of Belgium and Luxembourg begins with the statement that the forecasts of the Examination Committee of the OECD regarding a drop in Belgian economic activity were once again over optimistic. The consequences of this real economic recession on the labour market were naturally the focus of attention.

The pages relating to Belgium begin with a clear presentation of the "Overall Employment Plan, Competitiveness and Social Security" devised by the Belgian Government, which has been discussed in previous editions of the TRENDS Bulletin.

The first chapter of the study considers recent changes and the outlook for the Belgian economy. After a period of rapid growth (at the end of the 1980s), the Belgian economy entered a phase of deceleration in 1991-1992 and today it is experiencing a full-scale recession. In 1992 the growth rate of GDP decreased by over half and was less than 1%; for the first half of 1993, it was negative -1.2%.

The first chapter also contains a section about the labour market. It is shown to be severely affected overall by the recession. Recent deterioration is seen as mainly due to the state of the economy. However, there is also the risk of cyclical unemployment developing into structural unemployment in the absence of sufficient labour market flexibility. There should be an accelerated fall of total employment during this year. Although companies previously favoured the introduction of part-time work or temporary unemployment, since 1992 they have resorted to reducing the total number of their staff.

These trends are set in the context of a growth in the active population, although the pace of this growth is slower than in the past.

According to the national definition of unemployment, the rate of unemployment stabilised at 14.1% in August 1993. During this recession, unlike in the past, all categories of the active population were affected. According to unemployment data by region, Flanders which has been relatively spared until now, today has an unemployment rate which is increasing faster than that for Brussels and Wallonia, mainly because of the lack of activity in the service sector. The main characteristics of unemployment in Belgium remain the large percentage of unemployment amongst women and

young people and, the length of unemployment experienced by the individual and regional disparities. Moreover, the unemployment situation seems even more unfavourable if we take account of the growing number of people involved in special programmes to curb unemployment, affecting more than 20% of the active population in its broadest sense.

In relation to unemployment within a narrower definition, it can be observed that, for the first time since the mid 1970s, a worsening of other forms of unemployment has occurred (career interruptions, part-time unemployment, early retirement). This phenomenon is analysed as the result of the combined effect of measures taken by the authorities and certain economic factors.

The second chapter deals with economic policy (monetary policy, budgetary policy, competition protection, labour market policy and other structural policies). Labour market policy has constituted a reform of the unemployment system. The OECD calls for improved operation of the labour market and a reform of the social protection system as factors for long-term improvement in the performance of the global economy.

The third chapter focuses on the effect of the ageing population on social expenditure. From now until 2030, the number of people over 60 years old should increase by two thirds (they would represent 32% of the population in 2050 compared to 16% in 1950): on the basis of the present systems of social protection, this evolution would lead to a considerable increase

in social expenditure leading to problems of financing. The OECD believes this is an important challenge which Belgium must face in the years to come.

The fourth chapter is devoted to conclusions and summarises the main points of the study. The OECD calls for an extensive reform of the Belgian economy in order to increase the flexibility of salaries and to improve public finance. This last point is recommended as the Belgian authorities' first priority. The corrective measures should be focused on the social security system with its worsening deficit and all social security should be reviewed so that the payments are targeted at those who really need them. This cleaning up operation is equally necessary for preparing the country to combat pressures resulting from the demographic evolution (ageing of the population) on social expenditure (payment of retirement pensions). The alternative is presented as follows: slow down the generosity of the public regime or reverse the "snow ball" effect of the debt (automatic increase of ratio debt/GDP following the payment of interest) so as to widen the margins for manoeuvre sufficiently to finance pensions. In order to control the lack of competitiveness, the OECD calls for an increase in flexibility of the salary formation process (integral indexation and negotiation on a national, sectoral and company level) allowing the labour market to adapt.

Available from OECD, 2 rue André-Pascal, 75775 Paris, Cedex 16, France.

Commentary

The main points of the study focus on the fundamental questions which concern Belgium at present: the problem of unemployment, the debt and its disastrous consequences for the authorities' margins of manoeuvre, the reform of social security and particularly the pension system with special reference to the demographic evolution in Belgium (ageing of the population and increase in social expenditure, notably in relation to retirement).

The labour market seen from an economic perspective reveals the open nature of the Belgian economy and the ill-fated consequences (redundancies) which can result from a combination of internal factors (salary indexation) and external factors (increase in currency value).

Regarding the suggested measures, it is unfortunate that a strictly national approach to the problems mentioned is being considered. As far as social affairs are concerned, the solutions should be studied equally at the European level: this is particularly important for small countries with open economies such as Belgium, a characteristic which is underlined several times in the study.

The remarks are well supported by a statistical annex, illustrated with various tables and graphs. More recent data would enable a better grasp of the scale of the phenomena at work as well as the pace of change.



Luxembourg

OECD Economic Studies 1993-1994 Belgium and Luxembourg

OECD (1993)

In addition to sharing common frontiers, Luxembourg also shares certain characteristics with Belgium (small open economy, importance of external factors) and this explains why these two countries are the subject of the same publication. However, the situations are by no means similar on all counts.

The first part of the study deals with the macro-economic situation of the country including the labour market and salary levels.

Luxembourg was affected, like Belgium, by the slowing down of economic activity in Europe. However, this external negative influence was countered by the healthy state of the financial sector which has shown renewed dynamism. The good results of the telecommunications, audio-visual and, air transport sectors are also mentioned. Moreover, with a growth in GDP of 1.8% in 1992, Luxembourg's economy is now well above the EU average; although economic growth seems to have slowed down this year, it has remained positive.

Employment has grown constantly, but at a slower rate (1.8% in 1992 compared with more than 4% in 1990 and 1991). The jobs created in commercial services and the construction sector have more than compensated for the losses in the industrial sector, these new jobs being almost exclusively filled by frontier workers whose share in total employment has increased by 1.75%. These workers now represent 21.5% of total employment and in 1993 unemployment reached a record level of 1.9% of the active population.

A certain loss of competitiveness is attributed to the rapid progression of salaries over two years. An increase in the financial sector, construction and public works sector, in addition to the non-commercial sector has spread into the industrial sector where, despite "job shedding in the labour force", the increases of labour force unit costs have been higher than in neighbouring countries.

Short-term prospects are relatively gloomy, the country's activity is again likely to be affected by the slowing down of neighbouring

countries' economies and unemployment will undoubtedly increase.

The second part of the study concentrates on economic policies; immediate attention is given to the widening gap of deficits. Budgetary policy is reviewed quickly and particular attention is then given to budgetary prospects for 1993-1994 and beyond.

In a section dealing with other structural policies, the OECD underlines the effort for economic diversification accomplished by Luxembourg in order to reduce its dependence with regard to heavy industry. The restructuring of the steel industry is dealt with here. This was carried out on a large scale: during the period 1970-1992, the total number of staff decreased from 20,000 to 8,500. Faced with a fall in profits the steel industry company ARBED - whose chief shareholder is the State - has again had to resort to restructuring measures over the last two years. These measures have been taken in agreement with the government and the

union: amongst them, the continued reduction of total number of staff with recourse to a new system of part-time unemployment (including a section on training) for redundant workers, a system resulting from the tripartite agreement. From now until 1996, the total number of staff in the steel industry sector will be reduced by 2000 and will reach a figure of 6,700 people.

To conclude there is a resumé of the main points developed in the different parts of the study. The OECD underlines that, despite gaining good results over the last 20 years, Luxembourg's diversification policy has meant a growing volume of subsidies, and the OECD consequently questions the necessity of following the policy to such an extent. Moreover, Luxembourg's authorities are advised to introduce more flexibility and a better control of public spending.

Available from OECD, 2 rue André-Pascal,
75775 Paris, Cedex 16, France.

Commentary

This OECD study about Luxembourg has only discussed the healthy nature of the Luxembourg economy in comparison with respective situations in other countries of the European Union and Continental Europe.

Although Luxembourg is undoubtedly a victim of the lack of dynamism in the economies of neighbouring countries, it has been able to face recession because of a healthy financial sector which to a large extent results from its competitive advantages compared with other European countries.

Moreover, the active policy of supporting economic diversification, which the country's authorities have followed for several years, has been an important factor in maintaining the economy. However, the OECD questions the necessity of maintaining public support at this level.

It is interesting to recall Union disagreements concerning the support given by public powers in different Member States regarding the reconversion of the steel industry sector in their respective economies. These decisions seem to have been advantageous to Luxembourg which prepares for new reductions in the number of staff in this sector.

However, it is regrettable that the approach to the problems identified is a strictly national one. Although the Union level is mentioned with regard to public policy support aimed at industrial diversification, the remarks would have been much more interesting if this approach had been taken with regard to the whole study, especially the social problems highlighted.

The remarks are supported by a chronological annex (economic) and an annex of statistics in addition to numerous tables and graphs.



Federal Republic of Germany

Lohnsubventionen in den neuen Bundesländern (Wage Subsidies in Eastern Germany)

RABE B (1993)

This report examines the operation of wage subsidies in market economies and draws comparisons with the policy operated in eastern Germany. The first part is given over to an examination of wage subsidies in market economies and looks at their operation in relation to both the creation of jobs and the preservation of existing employment. A cost/benefit appraisal of these policies suggests they have not been successful to date.

However, in the second part of the report the author suggests that the special economic and political circumstances existing in eastern Germany are ripe for the implementation of a policy of wage subsidies to help preserve jobs. If the schemes were appropriately devised the costs involved and knock-on effects would be minimal while they could have a significant impact on employment and help in the process of structural adjustment. Wage subsidies represent an opportunity to invest in human capital in order to maintain competitiveness of German industry and increase market share. The continued utilisation of old GDR capital stock in the short term will result in changing the factor price relationship. In this transitional period the maintenance of employment levels must go hand in hand with restructuring of the economy. Increased market penetration by eastern German firms might result from a more aggressive pricing policy. The author concludes that a range of opportunities exist for utilising the wage subsidy instrument in restructuring the eastern German economy.

Available from Wissenschaftszentrum Berlin für Sozialforschung, Reichpietschufer 50, 10785 Berlin, Germany. DE.

Kurzarbeit im Strukturwandel. Eine Analyse in der Bundesrepublik während der achtziger Jahre unter Einbeziehung erster Erfahrungen in den neuen Bundesländern. (Short-time Working in a Period of Structural Change. An Analysis in the Federal Republic of Germany During the Eighties, Incorporating Initial Experiences in Eastern Germany)

LINKE L (1993)

Short-time working has traditionally been utilised as a means of overcoming economic crisis. This study examines how the method could be used to facilitate structural adjustment in eastern Germany, drawing on experiences of the practice in western Germany. The flexible

short-time benefit scheme has advantages both for both employees and employers as it substitutes short-time working for unemployment. The scheme also lightens the burden on public sector institutions.

The analysis concentrates on the use made of short-time benefit payments in the western German manufacturing sector in the 1980s, and their use in 'transforming' eastern Germany during 1990 and 1991.

In western Germany, short-time working served different purposes across a variety of economic sectors; the practice has been used to stabilise employment (in the automotive and machine tool sector), to delay redundancies (in the mining and steel industries) or to facilitate redundancies (in textiles and clothing).

In eastern Germany, short-time working combined with training schemes was intended as a transitional measure for the benefit of employees, but whilst the government succeeded in temporarily reducing mass unemployment it has not been possible to use short-time working to effect in easing the structural adjustment. The author attributes this failure to understaffing and lack of expertise in the agencies responsible as well as lack of direction, evident throughout the economy, in regard to continuing education and training.

Available from Wissenschaftszentrum Berlin für Sozialforschung, Reichpietschufer 50, 10785 Berlin, Germany. DE.

Probleme der Einheit, Band 11, Produktivitätswachstum, Verteilungskonflikte und Beschäftigungsniveau (Problems of Unity, Volume 11, Productivity Growth, Distribution Conflicts and Level of Employment)

HAGEMANN H (1993)

This is part of a series of publications examining problems which have arisen as a result of unification. In this volume, unification is analysed from a macro-economic perspective. The first article reviews changes in the past two years, in particular currency unification and its effect on employment and wage levels. The next contributor attempts to explain the causes of mass unemployment from different theoretical perspectives. The author concludes that the maintenance of an east-west pay differential is impracticable and that wage subsidies should be introduced to overcome the employment crisis in eastern Germany.

A detailed examination of the pan-German labour supply is also included. Through an analysis of internal and external migration flows the author is able to present the trends emerging

since unification. Other articles examine the projected growth in productivity in eastern Germany and the effect of this on employment and capital expenditure requirements. A number of models were developed to test this and although the results of these are included in the report, caution must be used in their interpretation as they are based on uncertain growth projections.

Available from Metropolis-Verlag für Ökonomie, Gesellschaft und Politik GmbH, Postfach 1748, 35007 Marburg, Germany. DE.

Bestand und Bewegung im Bildungs- und Beschäftigungssystem der Bundesrepublik Deutschland: Ergebnisse der Bildungsgesamtrechnung für die alten und neuen Länder (Stocks and Flows in the Education and Employment System in the Federal Republic of Germany: Results of the Training Flow Accounts in the Western and Eastern Länder)

FISCHER G, HENSAL R, REINBURG A, REUSCHEL H AND TESSARING M (1993)

The Institute for Labour Market and Careers Research (IAB) has undertaken a comprehensive calculation of training flows (Bildungsgesamtrechnung, BGR) in the western and eastern Länder of the Federal Republic of Germany. The main aims of the calculation are to fill gaps and resolve inconsistencies between trends in the employment and education systems in Germany.

The survey sets out to analyse linkages which exist between various levels of education and employment and training, setting them in a national context.

Broken down into two parts, the first part of the survey - BGR 1 - explores the numbers of the population in education and employment since 1960 and includes an analysis by individual cohort which examines movements in and out of education, training and employment for the years 1975 until 1988. BGR II expands the first survey by including an analysis by the highest level of qualification achieved.

The BGR is in the process of being conducted in the former eastern Germany and this is examined in this report. Although the upgrading of skills is recognised to be an essentially long-term process, developments in the education and employment systems of the former GDR are analysed, and brought within the BGR framework to facilitate their full integration into the survey.

Available from Institut für Arbeitsmarkt- und Berufsforschung, Regensburger Str. 104, 90478 Nürnberg, Germany. DE.

In the article by Hagemann unification is discussed from a macro-economic perspective with considerable emphasis placed on the importance of accurate monitoring and evaluation as a tool to inform policy makers. Two of the reports examine a number of employment policies which have been utilised to varying degrees in western Germany which could help with the structural adjustment of eastern Germany if adapted to suit the prevailing socio-economic circumstances.

The "Problems of Unity" is the eleventh in a twelve-volume series from this publisher, covering a range of issues from the job market to monetary and environmental problems emerging from unification. The nine authors in this volume all work in the sphere of theoretical economics. Drawing on the latest developments in economic research their contributions to the discussion are factual, albeit sometimes reserved, with a focus on macro-economic issues. The volume covers many of the topical problems of German unification. The authors base their proposals for economic, financial and employment policy on fundamental analysis of the past two years' trends and on medium-to-long-term projections.

The IAB publication presents comprehensive data on stocks and flows in education and training performance. Originally undertaken in western Germany, the survey has now been extended, insofar as is possible, to eastern Germany. The work is primarily

concerned with the systematic measurement and projection of trends, which are presented mainly according to age, gender and skill level. The data are intended to serve as a basis for further investigation and analysis to meet the growing challenges in education and employment policy in Germany.

The report by Fabre suggests that the subject of wage subsidies is now one of the most frequently debated issues in employment policy. Whilst the theoretical and political controversy remains unresolved, a disguised form of wage subsidy is being applied in eastern Germany. The author criticises not only the over-cautious policy, which remains an obstacle to a consistent introduction of wage subsidy, but also the ad hoc way in which large amounts of subsidy are awarded through the Treuhand privatisation agency.

Linke reports in detail on the subject of short-time working and its application in the Federal Republic. An interesting feature is the link which the author establishes between short-time benefit payment and government structural policy. In the 1980s certain sectors in western Germany, such as steel, received more support in the form of short-time benefits than others, such as textiles, despite similar structural decline. The author favours the coupling of short-time benefit with skill upgrading measures as a means of creating an additional genuine employment policy instrument that could accelerate the necessary structural adjustment in eastern Germany.



Denmark

Danish Labour News

SØRENSEN P (ED) (1993)

This paper is the first in a series which aims to examine a wide range of labour market issues from a Trade Union perspective. Employment policy is examined with reference to the change in government from a liberal-conservative government to a centre-social democratic government and the forthcoming labour market agreements. Items covered also include the Danish referendum on Maastricht, and the special exemptions to the Treaty reached at Maastricht.

Trade Union membership in Denmark currently stands at 1.5 million members and membership is still growing. The National Union of Commercial and Clerical Workers and the General Workers' Union in Denmark are among the largest with 360,00 and 320,000 members respectively and mergers with smaller unions mean that Trade Union membership is likely to grow in the future.

No 1. Available from the Danish Confederation of Trade Unions, Rosenørns Allé 12, 1634 København K, Denmark. EN.

Commentary

Both of these papers are useful in terms of debating the policy issues currently concerning Danish Trade Unions. The paper by Sørensen is a good source of references to other studies and has an international focus. The results discussed in the paper by Aggerholm might have been more illuminating had non-trade union members also been consulted.

A particular item causing major political difficulties for the Danish Trade Unions and the Social Democratic Party is the lack of enthusiasm amongst most members for the EU. The official position taken by the LO (Confederation of Trade Unions) is that the EU is and should be instrumental in combatting unemployment through relaxation of both fiscal and monetary policies. The LO is also encouraging a re-establishment of fixed exchange rates between the EMS countries. In contrast to these policy preferences a major part of the membership is still either strongly reluctant or directly negative towards any strong attachment to a European integration process.

Medlemmer i bevægelse. Arbejdsliv og politik set i lønmodtagerperspektiv (Members in Movement. Work and Politics Seen from the Employees' Perspective)
 AGGERHOLM J ET AL (EDS) (1993)

This booklet brings together the findings of three major research reports which examine the views of Trade Union members' attitudes and

perceptions on a range of labour market and welfare policy issues.

Analysis of the 3,400 responses differentiate into the three different member categories. The three groups identified are: (1) the working class member who has traditional attitudes, (2) the salaried employee who is concerned with working conditions and the environment and finally, (3) market place culture which stresses individual career prospects. Each group have

their own set of values and attitudes in relation to the labour market, although there was unanimous support among all the groups for social welfare and trade unions. Strong support for environmental protection was evident within the sample surveyed. Women were generally found to have more solidaristic attitudes than men.

The Trade Unions see their highest priorities as: fighting unemployment, improving working conditions and job security; equalising salaries for men and women and improving training and education possibilities. Methods for reducing unemployment include a ban on overtime work, tax reductions, shorter working

hours and employment programmes. There was also strong backing for public employment services.

Available from the Danish Confederation of Trade Unions, Rosenørns Allé 12, 1634 København K, Denmark. DA.

Forthcoming events

The European Women's Management Development Network is holding its 10th Annual Conference **Women in Power - Women Empowered** on 29th September to 2nd October 1994 at the Hilton Hotel, Berlin, Germany. Keynote speaker's include Agnes Hubert, Chairwoman of the Women's Unit, DGV, CEC, who will speak on "Women's Situation in Society and Management in Europe - Yesterday, Today - Tomorrow", and Kurt Kasch, Member of the Board of Management, Deutsche Bank AG Berlin who will speak on "The Economic Situation in Eastern Europe".

For further information contact: Congress Office, c/o ES Meeting Planner, Potsdamer Straße 99, 10785 Berlin, German. Tel: +49 30 262 9822; Fax: +49 30 262 9923.

"How to stimulate economic activity?" is the theme of the Chambers of Commerce and Industry VIII National Conference due to take place in Lille Grand-Palais on the 13th-14th October 1994. In order to illustrate this theme, the Lille-Roubaix-Tourcoing Chamber of Commerce and Industry and the Nord Pas de Calais Regional Chamber of Commerce and Industry are organising the **1st European Forum on Business Creation** as part of the Conference. It will provide the setting for an exchange of information concerning initiatives, solutions and products which will interest all those involved with creating business.

For further information contact: Bernard Brassart, CCILRT, Place du Théâtre BP 359, 59020 Lille Cedex, France. Tel: +33 20 63 78 00; Fax: +33 20 74 82 58.

Young People & Work: Towards post-16 coherence is the title of a conference organised by CRAC (Careers Research and Advisory Centre), Stockport & High Peak TEC, Tyneside TEC, the National Council of Industry Training Organisations and the Employment Department. It is scheduled

for 3rd November 1994 at the CBI Conference Centre, London and aims to enable participants to share strategies for ensuring the employability of young people and so improve business competitiveness. The conference is pitched at a strategic level to consider the different routes to employability and to identify and explore the possibilities for linkages between these routes and the skill needs of the 21st Century employer.

For further information contact: CRAC conference Programme, Sheraton House, Castle Park, Cambridge CB3 0AX, UK. Tel: +44 (0)223 460277.

The second **Employment Week Conference and Exhibition** will take place on 15th-17th November 1994, at the Palais des Congrès, Brussels. This event sponsored by DGV of the European Commission is centred on themes taken from the *White Paper on Growth, Competitiveness and Employment*, and the *Green Paper on European Social Policy* which set out choices for tackling the employment problems.

The new conference format, with its pro-active approach, will allow more time for discussion, with fewer formal sessions and speeches. For all those involved in designing and delivering labour market policy, whether at a transnational, national, regional or local level, the event will provide an opportunity to share in the debate and help shape policies for the future.

The main conference Plenary Sessions will take place at the beginning and end of the conference and each day delegates will have a choice of either traditional debates, discussion sessions or information briefings.

For further information contact: Gill Stoddart, Conference Manager, Touchstone Exhibitions and Conferences Ltd., 4 Red Lion Street, Richmond, Surrey TW9 1RW, UK. Tel: +44 81 332 0044; Fax: +44 81 332 0874.

The Contribution of Small Business to Economic Regeneration is the title of the 17th ISBA National Small Firms Policy and Research Conference. The conference, hosted by Sheffield Business School, will take place on 16th-18th November 1994 at the Cutlers' Hall, Sheffield, UK. The main focus of this conference, reflects the two current major preoccupations of the sector - the development of business links and the need to assist and support growing businesses. Among the issues that will be considered are: the impact of TECs/LECs and the business link programme; the availability and impact of support services in fostering growth and development; the relationship between SMEs and banks; and innovation in SMEs. The conference will be opened by the Parliamentary Under-Secretary of State for Consumer Affairs and Small Firms - Lord Strathclyde.

For further information contact: Grace Roberts, Sheffield Hallam University, Conference and Short Course Centre, Collegiate Crescent Campus, Sheffield S10 2BP, UK. Tel: +44 742 532577; Fax: +44 742 532579.

Statistical Supplement N°. 19

Selected Labour Force Trends in the European Economic Area

This Statistical Supplement examines some basic labour force statistics on the 16 countries involved in the European Economic Area (EEA). To do this, use has been made of the regular *Labour Market Statistics* series produced by the OECD (for all Member States) which provide a reliable set of comparisons.

Figure 1a
Participation Rates 1992
Males

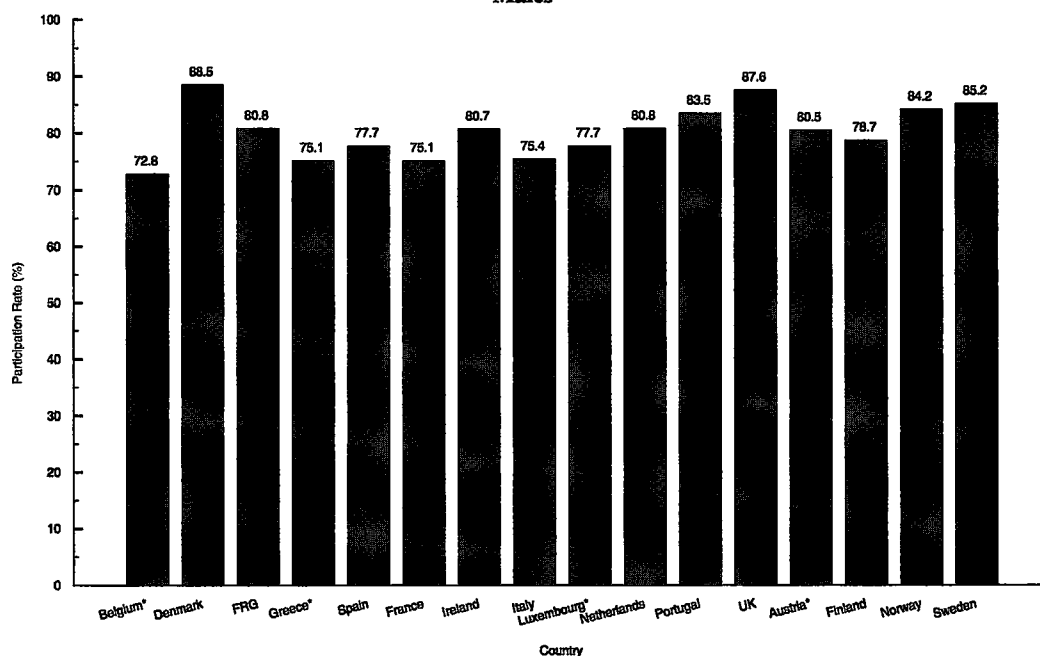
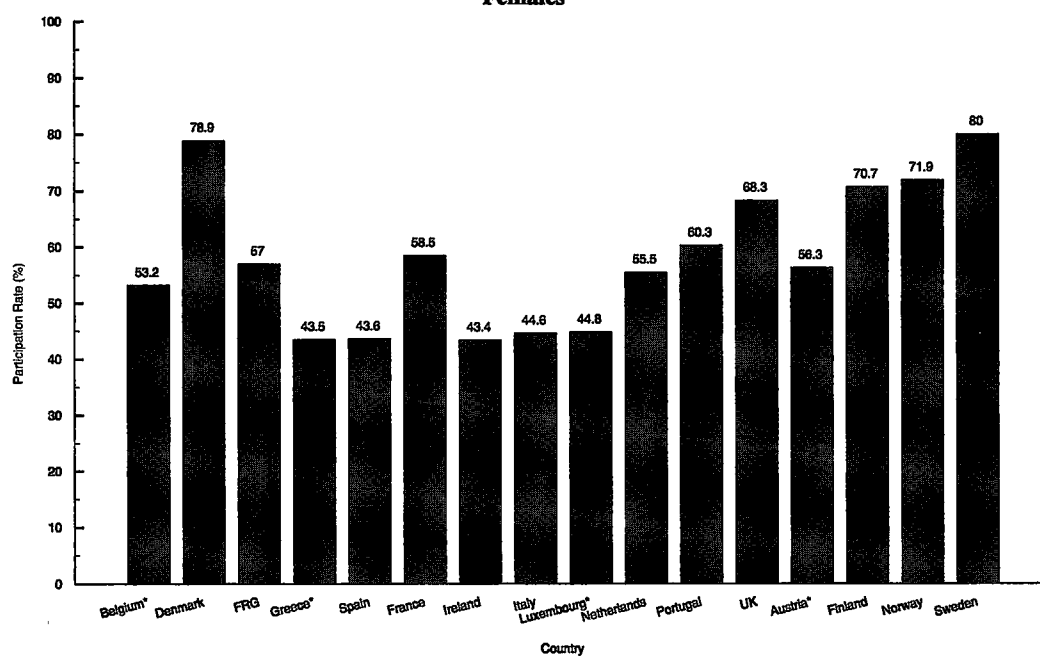


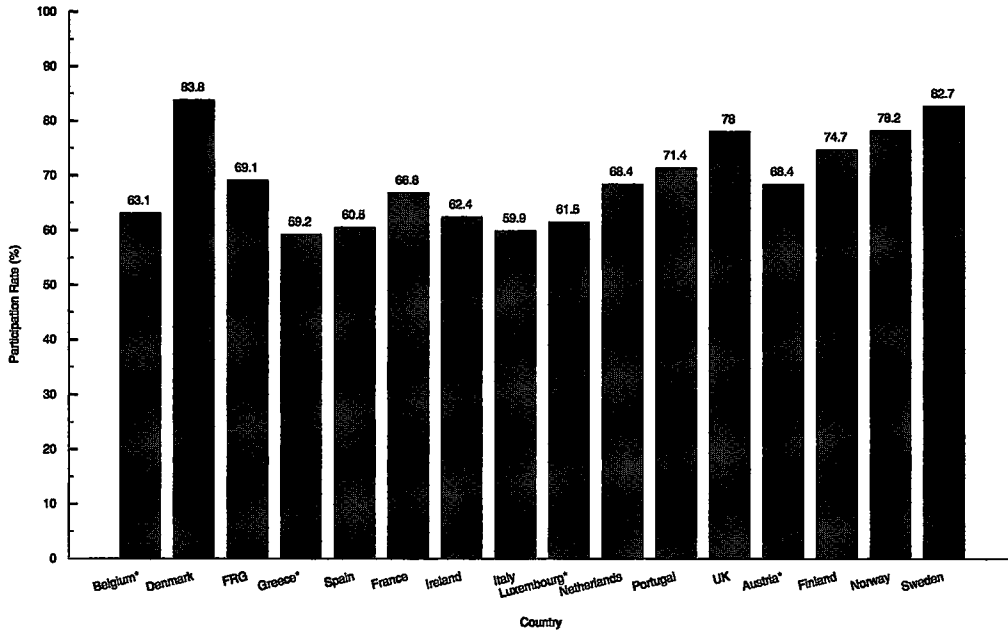
Figure 1b
Participation Rates 1992
Females



Source: *Labour Force Statistics 1971-91* (Paris, OECD, 1993).

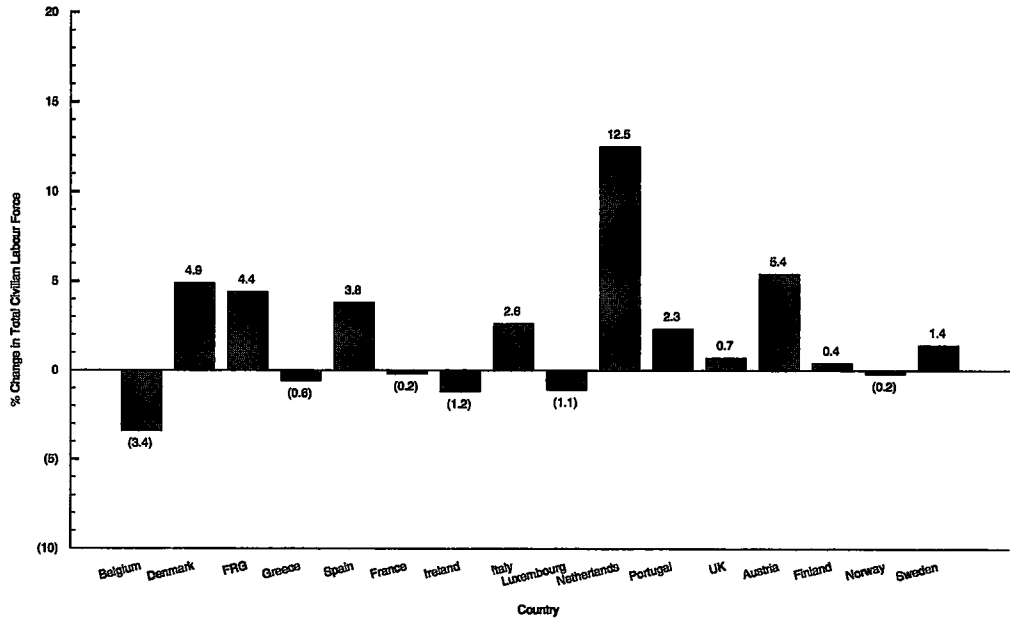
* 1991 Figures

Figure 1c
Participation Rates 1992
Total

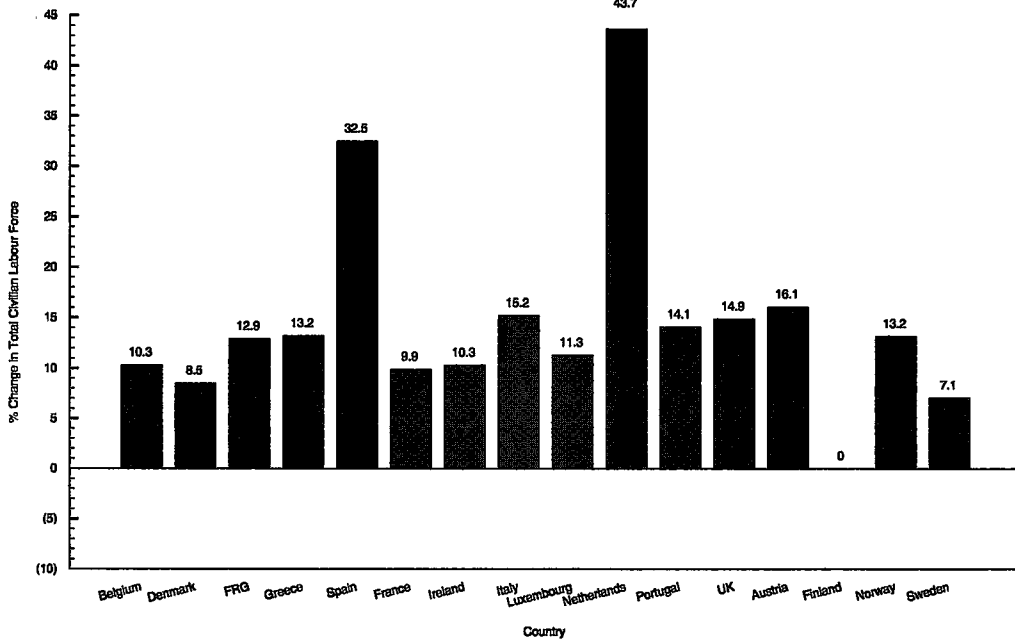


* 1991 Figures

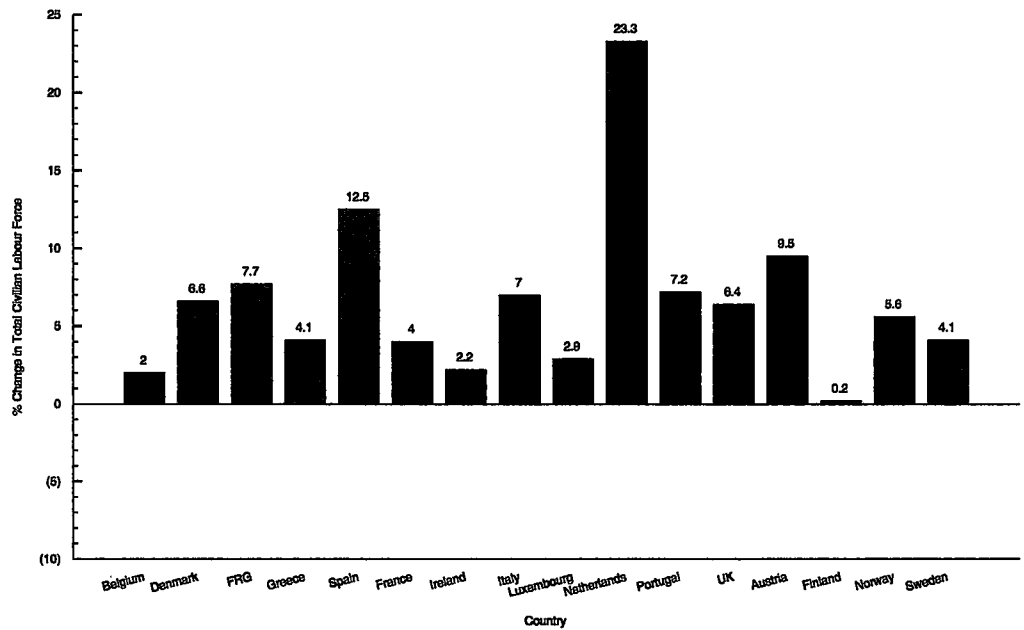
Figure 2a. Total Civilian Labour Force
Percentage Change 1983-91
Males



**Figure 2b. Total Civilian Labour Force
Percentage Change 1983-91
Females**



**Figure 2c. Total Civilian Labour Force
Percentage Change 1983-91
Total**



Commentary

This Statistical Supplement examines some basic labour force statistics on the 16 countries involved in the European Economic Area (EEA). To do this, use has been made of the regular *Labour Market Statistics* series produced by the OECD (for all Member States) which provide a reliable set of comparisons.¹

Participation Rates

Participation rates measure the ratio between the total (in this case civilian) labour force (ie. those in work or looking for work) divided by the total population (in this case between the ages 15-64²). It does not provide any indication of the type of jobs held by those economically active (for example, the mix between full and part-time work) nor its quality. The OECD figures are taken from national data series with no attempt to adjust or *standardise* them. As such they represent reasonable indicators rather than absolute figures.

Figure 1a shows that for males the participation rates amongst the 16 EEA countries varied within a range of 88.5% in Denmark to 72.8% in Belgium. In contrast the participation rates for females (Figure 1b) showed much greater variation. The Nordic countries of Denmark, Finland, Norway and Sweden show the highest rates with the UK not far behind. Lowest female participation is to be found in Ireland, Spain and Greece with figures just over half those in the Nordic countries.

The reasons for such large variations in female participation between the Member States are varied but include quite naturally the extent of demand for work from women and the needs of employers. Family responsibilities and the ability of women to combine an active role in the labour market with childcare also figure prominently as reasons for participation rate variations.

Labour Force Size

The effects of changes in participation rates work their way through to labour force size and the relative changes in the 16 countries over the period 1983-1991 are covered in Figures 2a-2c. The statistics cover *civilian* labour force size only (ie. excluding those in the armed forces) and have been *standardised* by the OECD to take into account the major definitional problems that might render international comparisons difficult.

For males, Figure 2a shows that in six of the countries the labour force actually fell over the period, modestly in most cases but more significantly in Belgium (down 3.4%) than the rest. Of the four possible new members of the EU, only Austria showed a significant growth in its male labour force with a 5.4% increase.

For females, Figure 2b shows that labour force size grew significantly in all countries except Luxembourg (where there was no change). Here the changes in female participation already referred to helped push labour force size up in the less developed EU Member States such as Spain, Greece and Portugal, but also in the more developed countries such as Germany, Italy and the UK. Overall labour force growth (Figure 2c) was significant in the majority of the countries represented in the statistics with the exception of Finland where there was virtually no change.

¹The actual publication used was: *Labour Force Statistics 1971-91* (Paris, OECD, 1993)

²There may be some variation between countries in this age range reflecting, for example, the age at which compulsory schooling ends.

Note: Statistics for FRG refer to the former western German states only.



Spain

Mercado de trabajo y desigualdad (Inequality and the Labour Market)

VARIOUS AUTHORS (1993)

This volume contains four studies on different aspects of the relationship between labour market and economic inequality.

The first one, by Castillo and Toharia, on "Inequality at the workplace", presents a general overview of the differences which exist between different aspects of the world of work. Specifically, the following areas are considered: economic activity versus inactivity; labour market versus domestic activity, mostly for women; employment versus unemployment; unemployment persistence (long-term unemployment); dependent versus independent work (ie. employees versus temporary dependent employment; part-time versus full-time dependent employment, especially for women; and income derived from work). In all cases, both general information and detailed econometric analyses are presented on each of the topics covered.

The second study by Garrido and Moreno, on "Intergender inequality in labour market integration flows", compares the characteristics (in terms of a proposed index of labour status, level of education and earnings) of the male and female flows of entry into employment, distinguishing between those under and over 40 years of age. The study reaches a striking conclusion: women under 40 tend to enter the labour market in a better position (as defined by the proposed index, but also in terms of level of education and earnings) than males. This is a finding that tends to be confirmed by other estimations based on earning equations controlling gender differentials through relevant characteristics such as age and civil status. These estimations show that the male-female differential is much smaller in the case of single young workers than in the case of married workers.

The third study, by Castaño, on "Inequality with regard to working conditions", attempts to analyse the differences in terms of working conditions between different firms and industries, as opposed to individuals. The following dimensions are considered: working time and its distribution; work accidents; health and safety at work; and work organisation.

The last study, by Cañada, on "Education and wage differentials in Spain and France", starts from a standard human capital model in order to estimate earnings equations, and

Comment

The reform of the labour market is a key issue in Spain, and it has been so since the onset of the recent economic crisis. The bulletin of the "Círculo de Empresarios" offers a wide collection of papers and statements on this reform, which provide a useful complement to those already published and referenced in TREND 16. In the case of this particular publication, however, most of the views, especially those coming from authors outside the academic world adopting a pro-business and anti-union stance, are clearly biased.

In Spain (but the same has held true in other Member States), intense negotiations between unions, employers and the government in an effort to reach a "Pact for Employment", have not led to any agreement. The government has thus decided unilaterally to impose its own reforms. These have been processed in two stages: first, a decree-law passed at the end of December 1993, and validated with a large parliamentary majority, established a new regulation for labour contracts; secondly, a bill was sent to Parliament and was passed in May 1994, which aimed to reform the Workers' Statute. At the same time, the trade unions, very unhappy with these reforms and with the overall failure of the negotiations, called a general strike for the end of January, which was to coincide with the parliamentary debate on the reform of the Workers' Statute.

The book from the Fundación Argentaria is one of the ten volumes containing the papers presented at the First Symposium on Inequality and the Distribution of Income and Wealth in Spain, organised by the Fundación Argentaria, which is a private foundation funded by Spain's largest public banking corporation. The main interest of this publication lies in the variety of themes addressed, not solely in the volume reviewed in this issue of the SYSDM bulletin but also in the other volumes of the collection. This is a collection that provides different perspectives from jurists, sociologists and economists, drawn from the academic world. The collection is the result of an on-going research programme and other publications can be expected in the future.

compares the results obtained with similar equations for Spain and France. One of the most striking results of this analysis, which applies to both France and Spain, is the relatively low returns which are derived from initial, regular vocational training. This leads the author to question the validity of the current vocational training system and its social costs.

Available from Fundación Argentaria, Santa Catalina, 6, 28014 Madrid, Spain. ES

El mercado de trabajo español: reforma y creación de empleo (The Labour Market in Spain: Reform and Employment Creation)

VARIOUS AUTHORS (1993)

This special issue of the Bulletin of the "Círculo de Empresarios", an organisation financed by large employers and dedicated to the generation of opinion, contains a total of 20 articles by various authors drawn from the

academic and business worlds, hence with both analytical and partisan views on the issues addressed. The bulletin is divided into eight parts. Part I is on "the structure of unemployment", and contains two analytical papers by Andrés and Dolado which focus on the macroeconomics of unemployment and the importance of the equilibrium unemployment rate in the Spanish economy. For the period 1991-93 this rate is estimated at 17%, which implies a quite unfavourable trade-off between inflation, unemployment and the trade balance, and thus calls for urgent reforms to ease this supply constraint.

Part II, on collective bargaining, is probably the least balanced of the whole issue of this document, as it offers three clearly anti-union statements by top executives of large firms, and a fourth, more analytical article, by Folgado, professor of Public Finance and Director of the Economics Department of CEOE, the main employers' organisation. The need for reform is expressed in relation to two issues: first, with regard to the pre-

dominant role which is played by the sectoral agreements, which need to give more way to agreements at firm level; second, with regard to the need for the abolition of administrative regulations dating back to the Francoist period and for their replacement by collective agreements (a process in which all social partners are in principle interested but which is faced with enormous barriers at the implementation phase).

Part III addresses job search and contains a more analytical paper by Cabrillo on the microeconomic determinants of job search and job matching, and a more policy-oriented paper by a top executive of a management consultant, arguing for a more active role of employers in the process of restructuring and recreation of firms.

Part IV, on deregulation of the labour market, contains an analytical paper by Toharia on the reforms of entry into (ie. contractual forms) and exit from (redundancies and dismissals) the labour market, and two statements from executives of multinational firms arguing for greater labour market flexibility.

Part V focuses on the links between training and employment, through two papers: one by Saez on the general relationship between training and employment from a comparative perspective, and one by Sanchez Fierro on the new National Plan for Vocational Training which sets a new framework for labour market training for the next few years. This part is completed with a shorter statement by a personnel director on the importance of training for leadership and creativity within firms.

Part VI, on the factors constraining employment, contains two papers, one by Argandoña, on the theoretical (perverse) effects of minimum wages, and one by Escondrillas, which argues in favour of a reduction in social contributions and their replacement by VAT revenues.

Part VII focuses on the reform of INEM, the National Institute of Employment, the public agency in charge of labour market intermediation and policy (including vocational training, employment subsidies,

hirings, and unemployment compensation). It contains two papers by Jimeno and Trigo on the current and desired role of INEM. Both authors stress, from different perspectives, that more weight needs to be given to INEM's role as "job-broker", as opposed to its role of managing unemployment compensation and vocational training (a role which currently absorbs a large majority of INEM's resources). The authors also argue that the nominal monopoly in hirings which INEM currently enjoys is not justified.

Finally, Part VIII rounds up with two papers on the reform of the legal framework regulating the labour market: the first one, taking a more academic perspective, is by two well-known labour law experts, Sagardoy and Rivero, and the second one, taking a more employer-oriented perspective, is by the president of a labour law consultant firm.

In *Círculo de empresarios*, Bulletin no. 57, December. Available from Círculo de Empresarios, Serrano Jover 5, 28015 Madrid, Spain. ES.



France

Gestion des sureffectifs et politique de formation de reconversion en Europe (Management of Excess Labour and Retraining Policies in Europe)

VILLEVAL M-C (1993)

There are three models in Europe related to the development of retraining measures. These models vary according to training providers, to the degree of involvement of enterprises and to linkages made between retraining and employment.

In Belgium and Germany, trade unions and enterprise councils have characteristic roles as initiators of retraining actions. Based on a collective approach to needs assessment, these actions are devised within enterprises with a view to identifying the correct links between training and employment.

Despite some differences, France and Spain form the second model, whereby training policies emanate more at the level of sectors, inter-professional agreements and the law; due to their weakness in these two countries, trade unions cannot really counter-

balance the limited involvement of enterprise management. What is more, the device of training in these two countries is very much based on the principle of individualisation.

The United Kingdom and Italy comprise the third model, whereby the involvement of enterprises in retraining is perceived as non-strategic given the lack of any legal obligation to devise social plans.

In *Formation-Emploi*, No 43, July-September. Available from La Documentation Française, 29-31 Quai Voltaire 75116 Paris, France. FR.

Le traitement du chômage face à l'entreprise: les missions impossibles de la politique de l'emploi (The Treatment of Unemployment vs Enterprises: the Impossible Missions of Employment Policy)

BOUQUILLARD O (1993)

In 1990, the French State spent 40 billion francs on measures to combat unemploy-

ment. Employment subsidies, through which the State allocates subsidies to enterprises (ie. exemption from social contributions) or direct allowances for the recruitment of job-seekers, have increased since the late 1980s. This increase can also be explained by the extension of similar measures targeted on the long-term unemployed.

Analysing the impact and efficiency of public measures aimed at increasing the hiring of unemployed people, the author demonstrates that these measures depend to a large extent on the position and strategies of user enterprises. The evaluation of the so-called contracts for return to employment, allow identification of two criteria through which it is possible to differentiate the extent to which enterprises resort to public aid and the impact of such aid on employment.

The first criterion consists of the evolution of productivity associated with subsidised recruitment: this implies the relative substitution of capital with labour in one case, and labour with capital in the other case.

The second criterion opposes expanding industrial enterprises which use the contracts

for return to employment on a sort of a trial basis, to enterprises in the tertiary sector (both trade and non-trade) which use these contracts in response to a temporary need for labour.

These two criteria allow identification of six "employer families", ranging from performing to "disaster-stricken" enterprises. The motivations to recruit and the effects of public aid vary considerably between the six families.

From the viewpoint of objectives pursued by the State, the rationales of these six types of enterprise are also very different: ranging from the creation of stable employment and labour market reintegration to anti-selective approaches in favour of the unemployed in difficulty.

In *Sociologie du Travail*, Vol XXXV, No 2. Available from Dunod Ed., Revues scientifiques et techniques, 15 rue Gossin, 92543 Montrouge Cedex, France. FR.

Rapport d'étape sur les obstacles structurels à l'emploi (Progress Report on the Structural Obstacles to Employment)

MATTEOLI J (CHAIRMAN) AND PERPERE (RAPPORTEUR) (1993)

Why does France create less employment than other countries? On the initiative of Mr. Balladur, France's Prime Minister, a working party was established to "identify and measure phenomena of any type which create obstacles to job creation, and to propose appropriate reforms and solutions".

The main conclusions of the report point to the high costs of unqualified labour and to excessive social security contributions. They also point to France's "pathological" emphasis on diplomas and general (academic) education. The report recommends that, within initial education, quality vocational training modules be introduced. These modules should

be designed according to actual labour market openings and opportunities and should also foresee placement in enterprises. These modules, should also lead to other courses in which pupils could enrol at a later stage (ie. within continuing training).

Although the working party does not recommend an "anglo-saxon type" of labour market deregulation, it suggests that employment law be better adapted in order to enable greater flexibility in the management of enterprises. This includes greater flexibility for the reduction of working time and for the development of part-time work. The report

also recommends that the rigidity of administrative procedures inherent in the French system be addressed through a clarification of the role of public authorities, wider responsibilities for the regions and a simplification of employment measures.

The full report has not been published. Information can be obtained from the Prime Minister's Cabinet, Service d'information et de diffusion, 19 rue Constantine, 75007 Paris. Tel: +33 1 42 75 80 00. Parts of the text have been reproduced in *Liaisons Sociales* - Documents no 80/93, 12 August 1993, Série Projets économiques et sociaux V 559. Available from Liaisons sociales, 5 rue de la République, 75541 Paris, Cédex 11. Tel: +33 1 49 23 48 00.

Comment

The three publications reviewed in this Bulletin provide some interesting insight into France's on-going ideological and policy revisions in the field of employment.

The report by Matteoli and Perpere, which was prepared at the request of France's Prime Minister by a heterogeneous group of experts, provides general directions and recommendations in relation to job creation and to the alleviation of obstacles hindering such creation. This report is associated with a trend which has been dominant for several years in France which consists of reconsidering existing approaches and measures to reduce unemployment. This report extends in particular the ideas put forward by the Xth Plan and is published only a few months after the approval of the five-year law on employment.

The publication by Villeval shows that it is the actual institutional environment of training, mobility and labour relations that determines the degree of involvement of enterprises in retraining policies and measures. This publication also emphasises that classic economic theories are inappropriate to explain the observed differences in the degree of involvement of enterprises in retraining. This article thus leads to a central question: What is the role of institutions concerned with labour and particularly with the protection of labour and mobility in the search for economic and social efficiency?

Most of the past evaluations of public employment policies have given priority to the impact of measures implemented. The publication by Bouquillard is of particular interest in that it sets out to analyse the actual use of these measures. This approach enables the author to identify the weak relationship which exists between policies devised by public authorities and the use of measures by enterprises. The conclusions drawn by the article show that only one of the six "families" of enterprise identified by the study actually implements a labour flexibility policy which, with the support of the State, promotes the sustainability of new jobs and offers job-seekers the opportunity to re-enter into employment.



Greece

ΜΕΛΕΤΗ ΔΗΜΙΟΥΡΓΙΑΣ ΔΟΜΩΝ ΣΥΝΕΧΙΖΟΜΕΝΗΣ ΕΠΑΓΓΕΛΜΑΤΙΚΗΣ ΚΑΤΑΡΤΙΣΗΣ (*Study for the Creation of Continuous Vocational Training Structures*)

MARKOPOULOS I, PAPANTHEODOSSIOU TH,
MASTATHIS G ET AL (1994)

The study for the creation of national structures for informal and continuous vocational training was commissioned by a group of social partners (Association of Greek Industries, Institute of Labour of the Federation of Greek Workers). Its aim is to evaluate continuous vocational training systems.

The content of this document focuses on organised continuous vocational training in Greece and includes, in addition to an evaluation, proposals to rebuild on the basis of current and future considerations, the objective being the improvement of the effectiveness of the labour force.

The study is complemented by tables containing data and a timetable of required future activities for the establishment of the national continuous vocational training system. Annexes containing information on the vocational training systems in EU Member States are also provided.

Available from Association of Greek Industries, Institute of Labour of the Federation of Greek Workers, 69 Patission Str. 104 34 Athens, Greece. GR.

ΠΛΗΘΥΣΜΟΣ ΚΑΙ ΕΡΓΑΤΙΚΟ ΔΥΝΑΜΙΚΟ ΣΤΗΝ ΕΛΛΑΔΑ – ΜΟΡΦΟΛΟΓΙΑ ΚΑΙ ΔΙΑΧΡΟΝΙΚΕΣ ΕΞΕΛΙΞΕΙΣ (*Population and Labour Force in Greece - Morphology and Evolution by Time*)

SAKELLIS Y (1993)

This book is concerned with the shape of the population and the labour force in Greece. It should be read within the context of research and other studies relating to the problems of the Greek labour market.

The book comprises two parts: on the one hand it focuses on the demographic evolution of modern Greece and, on the other hand, the shape of the labour force.

The first part of the book, focuses on labour market issues at two levels: an analysis of the character of the social relationships that determine the labour market; and the presentation of official statistical data concerning the key characteristics of the labour force. The latter is supported by commentary on the weaknesses of the statistical sources as a basis for defining

social classes and illustrating the social dimension of the problems faced by employees.

Available from Eleftheroudakis Bookstore, 4 Nikis Str. 105 63 Athens, Greece. ISBN 998-009-2408. GR.

Ο ΤΟΜΕΑΣ ΤΟΥ ΛΙΑΝΙΚΟΥ ΕΜΠΟΡΙΟΥ ΣΤΗΝ ΕΛΛΑΔΑ – ΔΙΑΡΘΡΩΤΙΚΑ ΧΑΡΑΚΤΗΡΙΣΤΙΚΑ – ΘΕΣΜΙΚΟ ΠΛΑΙΣΙΟ ΛΕΙΤΟΥΡΓΙΑΣ – ΕΚΠΑΙΔΕΥΣΗ ΚΑΙ ΚΑΤΑΡΤΙΣΗ ΤΩΝ ΕΡΓΑΖΟΜΕΝΩΝ (*The Retail Sector in Greece - Structural Characteristics - Institutional Framework of Function - Training and Re-Training of Employees*)

RESEARCH TEAM (1993)

This study is part of a series on the co-operation between companies, training institutions, public authorities and the social partners in terms of continuous vocational training.

Within this context a number of studies were carried out at both European and national

(Greek) level. This study was published by the Foundation of Economic and Industrial Research (IOBE).

Eight chapters relate to: structural characteristics, institutional and social background, employment trends, changes that have occurred in the retail sector and employee training in a variety of companies.

The study includes data on the sector: the number of employees and self-employed; the growth of employment; the age and gender of employees; the levels of education attained; mobility and; wages.

Furthermore, specific chapters focus on technological change in relation to manpower as well as to vocational training and retraining of those employed in the sector.

In addition reference is made to the policies adopted by various companies to promote their activities as well as working conditions, the labour force, and training and retraining initiatives.

Available from Foundation of Economic and Industrial Research (IOBE), 12-14 Metropoleos Str., 105 63 Athens, Greece. GR.

Comment

The book by Sakellis includes a substantial quantity of statistical data on the shape of the population in Greece together with a critical commentary. However, although the author does not suggest solutions to the urgent social problems resulting from the long-term economic crisis in Greece, the need for good data and analysis is emphasised.

It represents a significant literary addition in terms of a critique of statistical data and is therefore important to the understanding and resolution of Greek labour market issues.

The retail study constitutes an essential contribution to the understanding of vocational training and retraining of employees in this sector, particularly given that vocational training is not widespread but carried out in only a small part of this sector in Greece. Continuous training, on the other hand, is carried out in a small number of companies.

The results should be regarded as a first step in the study of vocational training and retraining issues within the retail sector, the conclusions contain a proposal to establish a vocational training and retraining system which will cover both the initial and continuous training of the employed and self-employed in the retail sector. This could be achieved by undertaking partial studies which would be focused on further analysis of the needs of the sector: training institutions, selection of teaching materials, social participation etc.

The study by Markopoulos et al constitutes a contribution to meeting the problems faced by Greek companies, concerning the recruitment of skilled personnel. This is a particular problem during periods which are characterised by changes in production methods.

This research makes a significant contribution to the understanding of the changes brought about by the introduction and diffusion of new technologies and the adaptation of the workforce to the new working environment in Greece.

Thus continuous vocational training which, in the past, was disregarded by both the private and public sectors, has become a key instrument in overcoming the problems of recruitment of personnel and combatting unemployment.

Within this context, the study suggests proposals which will allow a more rational distribution and development of available resources, and an accreditation system which will enable the selection of required personnel.



Italy

La Trasformazione Difficile (The Difficult Transformation)

SESTO RAPPORTO CER/IRS SULL'INDUSTRIA E LA POLITICA INDUSTRIALE IN ITALIA (SIXTH REPORT CER/IRS ON INDUSTRY AND INDUSTRIAL POLICY IN ITALY) (1993)

This report provides a good overview of Italy's industrial crisis in 1993. It shows that the state of Italian industry has worsened critically over the last year.

This is due both to the Italian industry's own weaknesses and to the increasing slump. On the other hand, the devaluation of the Italian Lira and the agreement reached on labour costs bode well for future positive changes in industrial policy. To a great extent, however, the prospects of Italian industry will depend on the future relations between the State and the productive system.

In order to play a significant role in Europe, Italian industry will need to increase expenditure on Research and Development, improve the quality and quantity of services, achieve industrial decentralisation and improve State-firm relations.

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

Maastricht Watch

OSSERVATORIO SULLO STATO DELLA CONVERGENZA POLITICO-ECONOMICA DELL'ITALIA IN EUROPA (CENTRE FOR MONITORING THE POLITICAL AND ECONOMIC CONVERGENCY OF ITALY IN EUROPE) (1993)

Maastricht Watch is the only Italian review monitoring Italy's progress towards the completion of a single European economy. The review is published quarterly by four main centres for economic research: Centro Europa Ricerche, Istituto Affari Internazionali, Istituto per la Ricerca Sociale and Prometeia.

In the last issue of Maastricht Watch, several topics were addressed, i.e.: the Maastricht Treaty and the economic policies during recession; Employment trends; Technological cooperation in Europe; and the Second phase of Economic and Monetary Union.

A major aim of this issue consists of analysing some of the main features of the second phase of EMU in the light of events which occurred after September 1992. In particular, the nominal and real convergence of different European economies is analysed. The analysis shows that the EMS crisis has clearly affected some of the main elements of the nominal convergence, namely the possibility to keep the European currencies in the fluctuation range of 2.25%. (This is one of the key conditions before the third phase of the EMU is engaged).

On the other hand, some of the other nominal targets (mainly inflation, interest rates and deficit/GDP ratio) are more likely to be met.

In *Maastricht Watch*, N°2, October-November-December. Available from Prime Time Promotions s.r.l. Editor, Via Della Pigna 13/A 00186 Roma, Italy. IT.

Previsioni dell'Economia Italiana (Italian Economy Forecasts)

CONFINDUSTRIA (1993)

This is the latest report from the Centre for Economic Research of Confindustria. It provides a wide picture of the present and likely future situation of the Italian economy. Among other issues, the labour market has received

particular attention. The following are the main indications provided by the report:

● The Italian economy has apparently reached a turning point even if it is difficult to distinguish clear signals of a future stable growth. Investment and consumption have fallen over the last six months. This is due to high real interest rates and increased taxation, which have reduced the disposable income by 3.1% in 1993. On the other hand, the export-import balance has improved constantly throughout 1993 and it is expected to support the Italian economy over the next two years. Inflation, which was at 4.2% in 1993, has reached a lower level than the one targeted by the government. This is due to the constant reduction in internal costs and it was achieved in spite of the increased price of import goods +15.4%. Moreo-

Comment

Italy's future in Europe will depend upon its will and strength to pursue the targets set in Maastricht. The Maastricht Watch review has stressed the crucial differences between nominal and real convergence. The question is whether or not nominal convergences should form a "sine qua non" for the monetary union. According to Maastricht Watch, the answer should be a clear no. The existence of nominal differences, for example inflation differentials between two countries, is due to real factors and/or to expectations about the behaviour of monetary authorities. The nominal convergence of the inflation rate does not imply that rates could not diverge at a later stage in view of the different expectations of institutional operators. It should thus be stressed that the target of a convergence of inflation rates is meaningless and should not form a condition for Member States to proceed with the establishment of a Monetary Union. The existence of several authorities in charge of the national monetary policy is also viewed as a major obstacle to achieving the objectives of a single European economy.

At the same time, Italian industry is struggling to survive recession. In "La Trasformazione Difficile", some important priorities for intervention are listed:

- The increase in expenditure on Research and Development. As a proportion of its GNP, Italy spends less on R & D than any of the other seven most industrialised countries. What is more, expenditure on R & D is falling in real terms. These financial constraints are clearly affecting Italy's participation in European projects (eg. EUREKA), and firms will increasingly need to count on their own R & D efforts. This means that they will have to invest more and place greater emphasis on the development of human resources. The improvement in State-Employers' relations will therefore be critical in view of a more efficient allocation of resources.

- The second priority is the improvement in the quality and quantity of services. Today, services are too dependent on public regulations and privatisation will need to be encouraged. This is one of the conditions for Italy to give way to a more competitive market.

- The relations between the State and firms need to be modified. The need for clear and written rules has become more acute over the last two years. State concessions and authorisations for public works to the private sector will need to follow certain criteria of efficiency and profitability.

- The last priority concerns the decentralisation process. Italy is too centralised and regions cannot exert any significant influence over taxation or interventions in the industrial sector.

Despite the above, good signals of a recovery can be detected. Following publication of the report on "Previsioni dell'Economia Italiana", it is indeed legitimate to believe that the Italian economy will grow over the next two years, thanks in particular to increasing exports.

ver, the Italian currency has remained very competitive and it is stimulating exports.

● Forecasts for the next two years are encouraging. The economy is expected to grow by 1.6% in 1994 and 2.8% in 1995 as a result of increased exports and consumption and, hopefully, investment (this is more uncertain due to persisting high real interest rates). On the other hand, the deficit will remain too wide for the target of a reduction in public debt to be met. Therefore, the public debt/GDP ratio is expected to grow, even if at a slower rate than in previous years (revenues from privatisation

might however slightly improve this forecast). Finally, inflation is likely to continue to decrease, 3.3% in 1994 and 2.5% in 1995.

● Italy shares with most of the other European countries a high and increasing unemployment rate. The rate of employment is not expected to improve before 1995. The rate of employment is dramatically low in the South, and unemployment is concentrated among young people looking for their first job. This has been paralleled by a high and constant growth in labour costs over the last fifteen years, decreasing wage differentials and a la-

bour policy which has tended to protect the employed over the unemployed. Moreover, little has been done to improve flexibility and job mobility. Against this background, the report refers to Italy's "locked labour market and missed chances".

The report's main suggestions are in favour of a more competitive labour market allowing different types of contract and stimulating part-time jobs.

Available from SIPI Srl Editore, Viale Pasteur, 6 00144 Roma, Italy. IT.



Ireland

Education and Training Policies for Economic and Social Development

THE NATIONAL ECONOMIC AND SOCIAL COUNCIL (1993)

Three basic issues - (1) the link between standards of human capital and training productivity, (2) the educational basis for skill development and (3) equality of opportunity are addressed in this report. With regard to the first aspect the report examines, in a comparative context, how differences in physical productivity and value added are linked to standards of human capital and training as a means of identifying changes in the latter necessary to achieve competitive international standards and skill levels.

It is, of course, difficult to isolate the critical features of an economic system that contributes to economic success. However, cross national comparisons have proved a useful basis for critical appraisal of the functioning of systems, and the role of education and training is considered in this context. The findings, which are based on matched plant studies carried out in Ireland, the Netherlands and Denmark, reaffirm previous research conclusions that a skills gap exists between Ireland and best practice firms in competitor countries. The important question is whether or not the different skill levels arising from different training practices affect performance. The matched plant studies suggest that they do; poorer quality skills, less attention to detail, inadequate supervision and quality control procedures, lower management, marketing and financial skills have all affected the quality and marketability of Irish products.

With regard to initial vocational education and training, the report traces the origins of some of the problems in this sphere back to the primary stage of education. Thus, apart, from recommending a strengthening of the voca-

tional element of second level education, it also recommends that science components should be introduced into primary education. It also suggests greater involvement for community interests in education (including parents) and for the social partners in the development of post training activities.

In respect of inequality and disadvantage, the report is critical of the extent of existing information and recommends that the gathering of data on the extent of educational needs, including systematic disadvantage, whether through the operation of assessments or otherwise would perhaps best be undertaken by a decentralised support and evaluation service. The report also expresses concern that various programmes designed to assist the disadvantaged outside of the mainstream Irish School Leaving Certificate Programme tend to be devalued because of the absence of a properly organised certification system which would ensure adequate standards.

Available from The National Economic and Social Council, Dublin Castle, Dublin 2, Ireland. EN.

Labour Force Participation and the Growth of Women's Employment, Ireland 1971-1991

WALSH B (1993)

Changes in labour force participation rates and in the structure of the Irish labour force over the period from 1971 to 1991 are examined in this paper. The position of women in the labour force is the subject of special analysis. The demographic structure of the Irish labour force has changed significantly over the period due to the rise in participation rates among females aged 25 to 54 years and the decline among older

and younger people of both sexes. The reasons for these changes are explored using time series of annual participation rates. It is shown that participation rates among those aged 15 to 24 years and for males aged 65 years and over, although dominated by exogenous negative trends, are also responsive to labour force returners which in turn depends on wage rates, unemployment benefits and the rate of unemployment.

Participation rates among women aged 20-54 years are shown to be responsive to numbers returning to the labour force and the sharp fall in the birth rate during the 1980s. The effects of increases in women's labour supply on the rate of unemployment is also discussed.

However, the report notes that some of the trends observed are likely to be less important in future. Among those aged 15 to 24 years, high participation rates in education have already had the effect of reducing Irish rates of work force participation in this age group to below the EU average.

Although the average age at retirement remains relatively high in Ireland, the gap with respect to other countries has narrowed, and the rate of decline is likely to be slower over the coming years. On the other hand female labour force participation remains low in Ireland (especially for married women). The report notes that some of the factors identified in this study which have contributed to the increase in female labour force participation in recent years will continue to operate in the future. In particular, the Irish birth rate, which remains high relative to other EU countries is likely to continue to fall.

Available from Economic and Social Studies, 4 Burlington Road, Dublin 4, Ireland. EN.

The main conclusion of the report by The National Economic and Social Council is that the current Irish labour force has low levels of qualifications and is weak on management skills. It is thus not well prepared for the sweeping changes in the economic environment which have confronted the Irish economy over the past decade. This overview may be unduly pessimistic in so far as it applies mainly to the indigenous sector and does not appear to take into account the facts that the large investment inflow in manufacturing over recent decades was in part due to the levels of competence in the Irish workforce. One can argue therefore that the basic competencies exist, and that the primary weaknesses relate to management and organisational aspects, a view with which the report appears to concur, as it recommends that management and supervisor training should be pursued as a matter of priority.

Labour Force Participation and the Growth of Women's Employment in Ireland is propitious and valuable in that it appears at a time

when significant changes are occurring in the Irish labour force especially in relation to women. Both female employment and overall female participation in the labour force have risen dramatically since the late 1980s and it is important, therefore, to have an analysis which sheds some light on the possible causative factors underlying these changes. Some of the findings are somewhat unexpected; for example, the apparent relationship between women's labour force participation and the level of unemployment benefits.

The institutional changes which provided a significant incentive to higher labour force participation by women during the 1980s (reflecting in part an adjustment to equality legislation) are now virtually complete. On the basis of this and other trends, it is unlikely, as the paper re-affirms, that there will be a repetition of the dramatic increases in female labour supply that occurred in the 1970s and 1980s.



The Netherlands

Vraag naar arbeid bij grote bedrijven in de Randstad. Een onderzoek naar de relatie tussen bedrijfsstrategie en kwalitatieve veranderingen in de arbeidsvraag (*Labour Demand with Major Firms in the Randstad. An Inquiry into the Relationship Between Firm Strategies and Qualitative Changes in Labour Demand*)

ATZEMA O, SOSMAN J & RAM E (1993)

This study focuses on changes in the qualitative demand for labour and the implications of these changes for the functioning of the labour market in the Randstad. The study is based on twenty-five interviews with major firms (over 250 employees) in several branches (ie. food and beverage, graphics industry, electronic industry, banking, consulting engineers and cleaning services). The main findings indicate that there is a general trend to require higher qualifications from job applicants for given functions. This is due in particular to the changing contents of certain functions, for example in the case of automated production processes. Through rationalisation and computerisation of lower qualified functions on the one hand, and externalisation of auxiliary services like canteens, etc. on the other hand, the share of higher qualified functions in certain firms has increased. For the urban labour market as a whole this rise in qualifications also means that the number of employees with firms in the lower qualified branches is increasing. The

The study by the Central Planning Bureau provides several scenarios on the development of the Dutch labour market. A better insight into the possible evolution of the levels and quality of human capital is of intrinsic importance in determining the future levels of welfare. The document contains a description of the demographic evolution and changes in the schooling process and labour force participation over the past thirty years. A comparison with other western countries (USA, Japan, Germany, France, UK, and Sweden) also reveals the strong and weak aspects of the relative position of the Netherlands.

The yearly publication from the Employment Service summarises several publications on education and employment. It contains chapters on labour market developments for school-leavers and on the labour market position of several categories of school-leavers. Long-term insight into the number of school-leavers from several educational systems is important in determining the main directions of labour market policy and anticipating the selection processes of those enterprises which, in certain segments of the labour market, have a major share in the demand for labour.

The causes and consequences of labour market developments are usually described at the national level. This is a reason why the interdisciplinary research project Urban Networks, which has produced a number of studies on the labour market in the Randstad, is of considerable interest. Population dynamics, the housing market, the levels of education and changes in production processes in the region are duly considered in the analysis of the discrepancy between the supply of, and demand for labour in the Randstad. The growth of employment over the past few years in the Randstad has been beneficial for higher qualified personnel, while the labour market position of unskilled and less qualified personnel has deteriorated. Even though the Randstad has a strong internal division in terms of the functional structure of employment and housing, the demand for labour has become more homogenous due to the increase in employers' requirements (in terms of the level of qualifications of new recruits) and to the skills upgrading of almost all types of labour. The spatial differences which the study has identified are due to differences in the location of employment or, to a lesser extent, to differences in mentality between employees in major cities and in small towns.

interviews also revealed that firms are usually unwilling to direct their attention to the situation of unemployed people and ethnic minority communities.

Available from NETHUR Netherlands Graduate School for Housing and Urban Research, Postbus 80.115, 3508 TC Utrecht.

Bevolking, opleiding en participatie tot 2015: drie scenario's (Population, Schooling, and Participation Until 2015: Three Scenarios)

CENTRAL PLANNING BUREAU (1993)

This study is in particular concerned with demographic change, education, and labour force participation within national scenarios for economic growth.

The document describes, first, the development of population, schooling and labour force participation in the Netherlands during the past thirty years. Second, the main findings of the above-mentioned scenarios are summarised. Third, the implications for the educational process and labour force participation of three scenarios (Global Shift, Balanced Growth, European Renaissance) are identified.

Due to long gestation lags, the educational composition of the potential labour force does not differ greatly between the scenarios. In Global Shift, school participation rates increase slightly, but differences between women and men persist, in addition to the fact that the

former tend to enrol in studies which offer poor labour market prospects.

The three scenarios for labour force participation provide the following results:

- In Global Shift, female participation rates rise only slightly. Inflow rates into disability schemes increase by 10% in the second half of the nineties. From 2005 onwards, drastic measures are taken to reform social security and, supported by general economic recovery, employment and participation start to rise.

- In Balanced Growth, the tax and social security systems are reformed from the beginning of the scenario period. Gradually, a system with a negative income tax is introduced. Inflow rates into disability schemes decline, while female participation rates increase steadily.

- The European Renaissance scenario relies more on the improvement of the functioning of the economy, and leads to results that are somewhat less favourable in terms of participation rates.

Available from Central Planning Bureau, Van Stolkweg 14, 2583 JR The Hague, the Netherlands.

Schoolverlatersbrief 1993 (School-leavers Letter 1993)

WEGERIF M (ED) (1993)

In spite of the considerable drop in the number of school-leavers seeking jobs, unemployment among them increased from 15% in 1990 and 1991 to 20% in 1992. (During the same period,

unemployment as a whole fell slightly to below 7%). For school-leavers, the average period of time spent in unemployment increased by 40% (to about six months) compared to 1992.

Unqualified school-leavers hold the weakest position in the labour market, and are directly followed by university graduates. Students with a junior or senior secondary vocational education, especially in technical fields, are in the strongest position.

School-leavers with a technical education at all levels maintain their strong position, especially at the lower, middle and apprenticeship system level. By comparison with previous years, the position of school-leavers who are qualified in medical studies at all levels has gained in strength. Long-term forecasts on the outflow from the educational system indicate that, if the same pattern of educational options and the same policy are adhered to as in recent years, the gap between educational qualifications and the skills required on the labour market are likely to widen. The outflow of secondary school-leavers without any type of qualification will increase, together with the outflow of university graduates (two categories which exhibit a weak position on the labour market). On the other hand, the outflow of school-leavers with secondary vocational qualifications (whose position on the labour market is strong) will decrease.

Available from Arbeidsvoorziening, Postbus 415, 2280 AK Rijswijk, the Netherlands.



Portugal

La place de l'entreprise dans le processus de production de la qualification - Effets formateurs de l'organisation du travail (The Role of the Enterprise in the Generation of Qualifications - Training Effects of the Organisation of Work)

RODRIGUEZ MJ AND LOPES H, DINÂMIA/CEDEFOP (1994)

On the initiative of CEDEFOP, a study was conducted in nine Member States to assess the role of enterprises in generating qualifications. The research centre DINÂMIA was entrusted with the case study for Portugal.

The Portuguese research was organised in two parts. The first part consisted of analysing the Portuguese "societal model", particularly the inter-linkages between the education/training system, industrial relations and the dominant enterprise organisational structures. This

approach allowed for some perspectives on the evolution of Portuguese society within the framework of European integration to be drawn up.

The second part consisted of three sector case studies in electrical equipment manufacturing, machine tools and banking. The general objective of these case studies was to analyse the training effects of changes in the organisation of work.

The research shed some light on the mechanisms through which new competences are produced within enterprises. The study showed that the organisation of work is a key determinant of the generation of new qualifications. It also showed that the occupational profiles needed for certain forms of work organisation are much more competence-intensive than those needed by classic, taylorist forms of work organisation.

At the national level, the study analysed critically recent educational choices in Portugal (the study also provided some recommendations for future educational policy options) and discussed more generally the various modernisation processes which could be adopted by Portugal in the future.

Available from Dinâmia, Ed. ISCTE, Av das Forças Armadas, Lisbon, Portugal. PT.

Educação-Mercado de Trabalho (Education and Labour Market)

DE LURDES BATISTA M, DEPGEF/MINISTRY OF EDUCATION (1994)

This study, which was supported by the Research and Planning Department of Portugal's Ministry of Education, aimed to assess the relationship between education and the labour market.

On the basis of questionnaires completed by a sample of enterprises, the study focussed on labour demand and supply, labour market flows and the difficulty faced by some enterprises in recruiting the necessary personnel. Having identified an imbalance between labour demand and supply, the study set out to analyse this imbalance according to economic activity, occupational group, educational level and size of the enterprise.

The study identified that the restructuring of economic activities and technological innovation today call for a rapid adaptation of educational and training systems, particularly given the low levels of schooling and qualifications of Portugal's labour force. The study also found that the need for a skill upgrading of the labour force is acute in all branches of economic activity. According to the author, the introduction and development of technological courses (already foreseen in the on-going reform of Portugal's education system), providing specific vocational training for pupils in their ninth year of schooling, has the potential of providing a suitable response to the challenges posed by economic changes.

Available from DEPGEF/ME, Praça de Alvalade, Lisbon, Portugal. PT.

Inquerido Avaliação das Condições de Trabalho dos Trabalhadores (Survey of Employment Conditions)
DE/MINISTRY OF EMPLOYMENT AND SOCIAL SECURITY (1994)

This document, which was produced by the Department of Statistics of the Ministry of Employment and Social Security, analyses current employment conditions in Portugal as they have been profiled by the results of a questionnaire administered to a sample of 4,990 workers in various economic sectors.

The study analyses the profile and work activities of the workers sampled, particularly as regards the objective conditions under which these activities are conducted within single enterprises.

Despite great variations according to economic sector, the results of the survey indicate that there is a general satisfaction among workers with their working conditions. (The main indicators used to assess working conditions consisted of noise, vibrations, temperature and

humidity; temperature is the variable which gathered the least positive responses from the workers sampled).

In relation to the tasks carried out by workers, responses are less positive. The majority of workers consider that their tasks are tiring and repetitive. Workers, however, consider that risks associated with these tasks are not significant.

Available from DEMESS, Rua Rodrigo da Fonseca 55, Lisbon, Portugal. PT.

Comment

All three studies present the results of recent surveys carried out among Portuguese enterprises in various economic sectors in the field of human resources development and conditions of work.

The study by Dinâmia addresses an issue of intrinsic importance in a country which has no tradition of in-company training. By analysing the ways in which a sample of enterprises currently approach the issue of staff training, the study is able to identify the effects of various organisational models on training and the types of occupational profiles produced by the educational system. The viability of recommendations made by this study will, to a great extent, depend upon the ability of Portugal to change its existing system of production and of recognition of qualifications. Such a change would be a prerequisite to the adoption of new forms of work organisation.

The study by Batista, in analysing the macro and structural relationship between education and the economy, also belongs to a type of research which has no tradition in Portugal. This study is of topical importance in the context of the on-going reform of the educational system. The study could help viable decisions to be taken in the field of education and training, at the level of both central administration and school units. The interest of this study also lies in its analysis of the Portuguese labour market and the identification of specific skill needs within enterprises. It is regrettable, however, that the study does not address the issue of the increasing specialisation of Portugal's national economy, a specialisation which is likely to modify radically the structure of labour demand.

The last study by the Ministry of Employment and Social Security provides some surprising results in a country which has been known for its relatively poor work conditions at a European level. The results of this study, which indicate a general satisfaction of Portuguese workers with their work conditions, can be interpreted in a twofold manner: the observed satisfaction of workers could signify that there has been, effectively, an improvement in work conditions in Portugal; or it could signify a relatively weak concern by Portuguese workers over the objective conditions under which they conduct their professions.



United Kingdom

Britain's Low Skill Equilibrium: A Problem of Demand?

GLYNN S AND GOSPEL H (1993)

This paper states that the recent British experience of a decline in quality and levels of productivity in industry is due to demand side factors to a similar, if not greater degree, than the supply side factors normally emphasised.

Traditionally, labour supply factors have featured more prominently in relation to the

analysis of the British malaise. The authors draw on historical evidence to challenge the traditional view espoused of problems of labour supply.

It is proposed that the current crisis in the British labour market has its origins in the last century and may be a result of the country's role as a pioneer industrial nation. Development of industry in the UK has resulted in little investment in human resources across the board from the shop floor to management level. An impor-

tant point to emerge was where internal training does exist, employers are inclined to tie employees into contracts after training and therefore preclude the transfer of skills.

The culture in British industry is to find solutions to labour deficiencies through supply side policies rather than employers taking responsibility for their workforces. The ownership of British industry does have a role to play, the short term stock market gain militates against the development of adequate human capital

investment. In addition, demand side problems have been exacerbated by the recent growth in flexible forms of employment including sub-contracting and temporary contracts.

Possible solutions to the skills crisis are suggested in the paper. In the first instance the government needs to embrace the goal of full-employment is needed by the government in the first instance. Policies and measures which need to be implemented include; the encouragement of UK firms to invest in R&D functions; more long-term planning and stability; a good broadly based education system and possibly the reinstatement of a statutory training body which can take a strategic view of skill needs and encourage the process of skills acquisition.

In *Industrial Relations Journal*, Vol 24.2, Spring 1993, pp112-125. Available from Blackwells Publishers, 108 Cowley Road, Oxford OX4 1JF, UK. EN.

Prosperity Through Skills

EMPLOYMENT DEPARTMENT (1993)

The need for an appropriately skilled workforce to stimulate economic prosperity and the importance of 'life-time learning' is the central theme of this document setting out the government's vocational education and training strategy for Britain.

Four areas of priority are explored, namely: skills for success; equipped for employment; maximising young people's potential; and a responsive market. Under each priority area, the report focuses on a particular segment of the labour market and outlines what action needs to be taken. For example, 'equipped for employment', is aimed at the unemployed and other disadvantaged groups such as disabled people and older jobseekers. The strategy suggests that these individuals should be aiming to develop a variety of skills including: more marketable qualifications; a more flexible approach to work; and should recognise the transferability of skills. In addition, the strategy calls for employers to be more receptive to those disadvantaged in the labour market.

The necessity of pursuing the National Education and Training Targets through a partnership approach between all the key players is reaffirmed but draws particular attention to the role of the Training and Enterprise Councils and their Scottish counterparts, the Local Enterprise Companies in Scotland.

The ethos of the report is a voluntary partnership of individuals, employers and agencies with minimal central government intervention. The document reaffirms the intentions outlined in previous strategies. No attempt has been made to quantify the costs of the suggested activities.

Available from Employment Department, Training Strategy Unit, Room W731, Moorfoot, Sheffield S1 4PQ, UK. EN

What Has Happened to Young People's Job, Education, and Training Prospects in the 1990s - And What Needs to be Done in the Future.

TRADES UNION CONGRESS (1994)

The Trades Union Congress (TUC) has produced this paper as a prelude to a campaign to re-establish the macro-economic goal of full employment. The paper coincides with the 50th anniversary of the first White Paper on *Full Employment*.

The authors draw on evidence from the LFS to illustrate their concerns of the current employment situation of young people. For example, the high level of youth unemployment which stands at 23% for those under 20 and the fact that over a quarter of million fewer under 25 five year olds are in work in mid 1994 compared with 1993. Attention is also drawn to the official unemployment figures - the claimant count - which the authors state underestimate the level of youth unemployment by excluding anyone under the age of 18.

The main emphasis of the critical comment rests on the quality of jobs and training available for young people, in particular the poor standard of the Youth Training Programme. The poor standard of available jobs and training has led to a polarisation between those with qualifications who find jobs and those without qualifications who, at best, find jobs with low skill requirements and little prospects.

The solution to the above scenario is set out. Initially, it requires a commitment to the goal of full-employment by the government, followed by the development of the manufacturing sector and investment in infrastructure through public/private partnerships. The need for investment in people is highlighted, and the TUC pledges support for the National Education and Training Targets and initiatives such as 'the modern apprenticeship'

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

Comment

Towards the end of 1993, the Secretary of State for Employment issued a strategy statement on the goal of better vocational education and training for the British labour force (Employment Department 1993). Whilst there was little innovation in the document, it does serve to underline two important points. Firstly, there is no doubt that the government is committed to the stated goal. Secondly, that the preferred route to achieving this goal is through an essentially voluntarist approach. It is the second of these points which provides some grounds for concern, since if partnership and reliance on employer good practice fail to meet expectations, then there will clearly be a problem in meeting the specific targets set, (i.e. the National Education and Training Targets or NETTS).

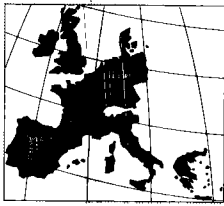
The Trades Union Congress (TUC) has pledged its support for the NETTs, even if it has no formal consultative role with the government. Nevertheless, there are signs of a softer approach from the TUC (under its new General Secretary) which, however, may not be all that apparent from the recent paper on the prospects for young people in the UK labour market (TUC 1994). Here the goal of full employment is resurrected and is portrayed as an issue of particular importance to young people who experience unemployment rates well in excess of the average for all age groups.

The TUC paper discusses the issue of job quality and the lack of training available in such jobs with the inevitable result that young people filling the vacancies are likely to end up in precarious employment with few prospects.

However, in a refreshing approach to the issue of Britain's skills deficiency Glynn and Gospel (1993) outline the importance of demand side factors in human capital formation. Supply side issues such as poor education and training prior to recruitment have dominated the skills debate (as evidenced by the above documents) yet often it is the very structure of industry that is at fault. Many factors (not least the fluid ownership of much of British industry) come together to create a culture of training for the internal labour market thereby limiting skills transferability, a problem exacerbated by the growth in flexible forms of working (an area of labour market development where the UK leads in Europe)

If the above thesis is an accurate one, then the government's reliance on a voluntarist approach to skills development (as espoused in the Secretary of State's statement) must be called into question. Glynn and Gospel offer among their solutions to this problem a reinstatement of some form of statutory training body with possibly a levy system, akin to the Industrial Training Boards (ITBs) abolished only a few years ago.

EMPLOYMENT OBSERVATORY



Trends

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EMPLOYMENT OBSERVATORY

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