

CONTENTS

Foreword	v
Preface and acknowledgements	xi
1. Introduction	1
Europe's revival	1
Similarities and differences	3
Relative labour market success	3
2. Employment, unemployment, inactivity: A comparative assessment of the labour market	5
Employment rates in detail	7
Employment	11
The gender situation	12
The sectoral distribution of employment	13
Employment by company size	14
Private and public sector employment	15
Self-employment and dependent employment	16
Part-time and full-time employment	17
Permanent and fixed-term employment	19
Unemployment	20
The gender gap in unemployment	22
Long-term unemployment	22
Youth unemployment	23
Unemployment by educational level	25
Unemployed households	25
Hidden unemployment	25
Inactivity	27
Dependency rates	29
Conclusion	32
3. Reasons for success	35
Macroeconomics and employment success	36

Economic growth and employment intensity	38
Macroeconomic policy	40
Conclusion	51
Social dialogue and employment	52
Social dialogue, social partnership and industrial relations	52
Common elements, but national diversity	54
The contribution of social dialogue to employment success	59
Some problems with corporatist governance	64
Conclusion	65
Labour market policies	67
Passive labour market policies	67
Active labour market policies	76
Reforms of implementation structures	81
Conclusion	83
4. General conclusions	87
Relative success confirmed by recent data	87
Some elements from the analysis of success	89
Common factors	90
Country-specific factors	92
The efficient combination of policies and institutions	93
Do small countries have specific advantages?	94
What can other countries learn from small countries?	95
Is success sustainable?	97
Is full employment still possible today?	98
5. Policy recommendations	103
Annex I. Some comparative aspects between the United States and Europe	109
Annex II. Ranking of countries: Who's the winner?	112
Annex III. Education and training	118
Annex IV. Commitment Three of the World Summit on Social Development	121
Annex V. The Employment Policy Convention, 1964 (No. 122)	123
Bibliography	125
Index	131

List of tables

2.1.	Employment, unemployment and inactivity rates, 1985 and 1997	6
2.2.	Full-time equivalent employment rates, 1985 and 1997, and changes, 1985–97	7
2.3.	Employment rates by age group, 1985 and 1997	8
2.4.	Gender gap in employment rates by age, 1985 and 1997	9
2.5.	Employment rates by level of education, 1994	9
2.6.	Employment rates by NACE 2-digit service sector	10
2.7.	Recent employment growth: Average annual growth rates, 1992–98	12
2.8.	Employment growth by sex, 1980–96 and 1995–96	13
2.9.	Wage and salary earners by sector, 1996	14
2.10.	Employment by company size, 1988 and 1997	15
2.11.	Growth of private and public sector employment in various EU countries, 1980–96	15
2.12.	Shares of self-employment in total employment, 1985 and 1997	16
2.13.	Part-time shares in total employment, 1994 and 1997	17
2.14.	Part-time shares in total employment, 1985 and 1997	18
2.15.	Contribution of full-time and part-time jobs to net job change, 1989–94	18
2.16.	Share of fixed-term contracts in total employment, 1985 and 1997	20
2.17.	Unemployment change, March 1997/March 1999, seasonally adjusted	22
2.18.	Long-term unemployment rates, 1992–98, and incidence, 1991–97	23
2.19.	Youth unemployment rates, 1990–97	24
2.20.	Unemployment rates by educational attainment, 1994 and 1995	24
2.21.	Share of the unemployed living in jobless households, 1996	25
2.22.	Unemployment rates, unemployment rates in the absence of labour market policy and “extended” unemployment rates, 1996	26
2.23.	Inactivity rates by sex and age, 1983 and 1996	28
2.24.	Social benefit dependency rates, various industrialized countries, 1980–96	30
2.25.	Potential labour force divided into earned income, social benefits and no income, full-time equivalents, 1996	31
3.1.	GDP, GDP per employed and per hour worked, employment, population of working age and average hours worked: Average annual growth rates, 1994–97	38
3.2.	Employment intensity of economic growth, 1985–95	39
3.3.	Fiscal policy, budget consolidation, 1970–98	43
3.4.	GDP expenditure aggregates, 1980–96	45
3.5.	Real GDP by expenditure components: Growth rates, 1990–96	46
3.6.	Main sources of government revenue as a percentage of total revenue, 1996	47
3.7.	Average tax wedge, 1996	48
3.8.	General government financial balances: A comparison between four selected EU countries and the EU, 1979–97	49
3.9.	Foreign direct investment inflows, 1985–96	51
3.10.	Models of industrial relations in Western Europe	55

3.11. Working days lost through industrial action per 1,000 employed, selected EU countries and the United States, 1980–96	56
3.12. Coverage of trade unions, employers' organizations and collective agreements, Western European countries	58
3.13. Unemployment benefit replacement rates, 1994, and duration of benefits, 1997	69
3.14. Duration of unemployment, 1992 and 1996	71
3.15. Employment rates for the 55–64 age group, 1985–97	74
3.16. Statutory recent and effective retirement age	75
3.17. Labour market policy expenditure and activity rates	77
3.18. Changes in unemployment, employment and active labour market policy participation	78
3.19. Participants in active labour market policies for 1 per cent of GDP, 1995	80
4.1. Relative labour market success: Recent data	88
4.2. Overview: Factors of success in the labour market	90
4.3. GDP and labour force as a percentage of total EU, 1996	95
I.1. Real GDP per head, income distribution and poverty	110
II.1. Rankings in different human development measures, various industrialized countries	116
II.2. World competitiveness, 1994 and 1998	116
III.1. Educational attainment of the age groups 25–49 and 16–29, 1996	119
III.2. Computers (per 1,000 people) and Internet hosts (per 10,000 people)	120
List of figures	
2.1. Unemployment rates, 1980–98	21
3.1. Consumer prices, annual rates of change, 1980–98	60
3.2. Compensation per employee, annual rates of change, 1980–98	60
3.3. Real compensation per employee, 1990–98	61
3.4. Trends in real earnings dispersion, D9/D1, both sexes: Comparison with the United States, 1980–94	62
3.5. The trade-off between employment security and unemployment benefits	73
II.1. International employment ranking, 1996 and 1998	113
II.2. Comparison of labour market situations: Overall performance, 1992 and 1997	114
II.3. Unemployment performance, 1992 and 1997	115