

Contents

<i>Foreword</i>	v
<i>Acknowledgements</i>	ix
1: The labour market in the Netherlands, 1960-85	1
Introduction	1
Population and participation	5
Employment trends	11
The changing structure of employment	17
Unemployment trends	21
Special features: A summary	27
2: The incidence of unemployment	29
Introduction	29
Male-female differentials	30
Youth unemployment	35
Older workers	40
Schooling and unemployment	42
Occupational unemployment	43
Regional differences	45
Probability of entering and leaving unemployment	48
Long-term unemployment	51
3: Rigidities and the structural nature of unemployment	55
Introduction	55
Structural unemployment	56
UV-analysis	56
The NAIRU	60
Disequilibrium analysis	61
Vintage models	62
Rigidity and job filling	63
International comparative studies	68
Causalities and other things being equal	70
Conclusions	72
4: Wage flexibility and unemployment	75
Introduction	75

Aggregate wage flexibility	75
Adaptability of wage differentials	78
Minimum wages	85
Wage flexibility, wage differentials and employment	87
Controlling total real labour costs and non-wage labour costs	88
Increasing wage differentials	91
Minimum wages reconsidered	91
Conclusions	94
5: Flexibility and the demand for labour	97
Introduction	97
Indicators of demand flexibility	97
Hiring	99
Form of contracts	99
Recruitment and public employment services	102
Dismissal	104
Suspending contracts	106
Conclusions	108
6: Flexibility and the supply of labour	111
Introduction	111
Indicators of supply flexibility	111
Influencing labour supply	117
Strengthening financial incentives to mobility	120
Taxes and social security	122
Pension plans and transfer taxes	125
Other impediments to mobility	125
Summary	126
7: Flexibility and unemployment: The role of government policy	129
Introduction	129
The role of labour market imperfections	129
Labour market rigidities	130
The Dutch labour market is flexible	131
But improvements can be made	132
A social contract	133
These improvements are crucial	136
"New" policy problems: Flexibility and social security	137
Flexible payment systems	144
Final considerations	147
Bibliography	149
Figures	
1. Total working-age population and economically active population, selected OECD countries, indexed, 1960-85	6
2. Overall labour force participation rates, selected OECD countries, 1960-86	8

3. Labour force status of the working-age population in the Netherlands, 1961 and 1982	10
4. Employed persons, ten OECD countries, 1973-85	13
5. Total employment, full-time employment and part-time employment, the Netherlands, 1973-85	15
6. Unemployment rates, selected OECD countries, 1959-86	24
7. Labour force participation rates by sex and age group, the Netherlands, 1970-83	31
8. Ratio of percentage share in unemployment to percentage share in the labour force, by sex and age group, the Netherlands, 1970-83	36
9. Unemployment rates by sex and age group, the Netherlands, 1971-83	38
10. Registered unemployment rates by region (<i>COROP</i>), the Netherlands, April 1985	46
11. Share of long-term unemployed in total registered unemployment by region (<i>GAB-gewest</i>), the Netherlands, September 1985	47
12. Unemployment and vacancies, the Netherlands, 1966-81	58
13. Percentage distribution by educational level of unemployment stock, vacancy stock and yearly vacancy flow	66

Tables

1. Labour force participation rates by sex, selected OECD countries, 1960-85	9
2. Employment-population ratio, selected OECD countries, 1984	12
3. Employed persons by economic sector, the Netherlands, 1976-88	12
4. Employment in the state-financed sector, the Netherlands, 1970 and 1983	12
5. Employment in work-years, the Netherlands, 1974-88	14
6. Part-time employment in selected OECD countries, 1973-85	16
7. Yearly contractual working time for full-time workers as laid down in collective agreements, the Netherlands, 1980-87	16
8. Average hours actually worked per person in employment, OECD countries, 1960-81	17
9. Work-years in private enterprises by economic sector, the Netherlands, 1973-90	19
10. Work-years employed by economic sector, the Netherlands, 1983-88	19
11. Long-term unemployment as a percentage of total registered unemployment, selected OECD countries, 1979-87	25
12. Outflow from registered unemployment by reason and duration, the Netherlands, 1985	26
13. Probability of leaving unemployment by completed spell of unemployment, the Netherlands, 1983-87/88	26
14. Population aged 14 years and over by activity status and by sex, the Netherlands, 1973-86	32
15. Unemployment rates by sex, selected OECD countries, 1983-87	33
16. Ratio of percentage share in unemployment to percentage share in the labour force, by sex and age group, the Netherlands, 1983	35
17. Registered unemployment rates by sex and age group, the Netherlands, 1983-88	39
18. Registered unemployment of the age groups 23-49 and 50-64 years, by duration, the Netherlands, 1983-86	41
19. Yearly changes in the male labour force due to disability and early retirement, the Netherlands, 1983-87	41

20. Labour force participation rates by sex and age, the Netherlands, 1981-86: Older age groups	41
21. Estimated unemployment rates by occupational group, the Netherlands, May 1986	44
22. Registered unemployment rates by province, the Netherlands, 1984-88 . . .	49
23. Percentage of persons leaving unemployment by sex, duration of unemployment, marital status, age, schooling and nationality, the Netherlands, April 1985-April 1986	50
24. Vacancies difficult to fill as a percentage of the total stock of vacancies, by sector, the Netherlands, 1982-86	64
25. Vacancies difficult to fill – Reported and actual, the Netherlands, 1980-86 . .	65
26. Real and nominal wage rigidity, selected OECD countries, early 1980s	76
27. Real and nominal wage rigidity, OECD countries – LSE study	77
28. Real wage gap in manufacturing, selected OECD countries, 1960-82	78
29. Coefficient of variation of inter-sectoral labour costs, selected OECD countries, 1970-83	79
30. Inter-firm wage differentials by sex, selected OECD countries, 1979	80
31. Monthly wage differentials of full-time workers in manufacturing by sex, selected OECD countries, 1979	80
32. Contractual weekly/monthly wages for adult workers in selected economic sectors, the Netherlands, yearly averages, 1972-82	81
33. Contractual weekly/monthly wages for adult workers in selected economic sectors, the Netherlands, yearly averages, 1980-88	81
34. Hourly wages for male workers in private enterprises by educational level, the Netherlands (percentage change, 1979-85)	82
35. Ratio of male/female average wages in manufacturing and commercial services, the Netherlands, 1981-86	83
36. Ratio of male/female gross monthly wages for full-time workers by age group, the Netherlands, 1985-86	83
37. Hourly wages for male workers in private enterprises by age group, the Netherlands (percentage change, 1979-85)	84
38. Contractual weekly/monthly wages and minimum wage for workers aged over 22, the Netherlands, 1972-80	86
39. Contractual weekly/monthly wages and minimum wage for workers aged over 22, the Netherlands, 1980-88	86
40. Minimum wage for workers aged over 22 as a percentage of average gross monthly wage of manual workers in manufacturing, selected EC countries, 1978-83	86
41. Non-wage labour costs as a percentage of total labour costs, selected OECD countries, 1965-83	89
42. Composition of non-wage labour costs, selected EC countries, 1981	90
43. Long-run production elasticity of employment, selected OECD countries . . .	98
44. Short-run real wage elasticity of employment, selected OECD countries . . .	98
45. Type of contract, by sex, the Netherlands, 1986	100
46. Channels used by jobholders to contact their current employer, the Nether- lands, 1986	103
47. Major features of public labour exchange services, the Netherlands and Sweden, 1986	103

48. Changes in labour market position as a percentage of working-age population, the Netherlands, 1980-86	112
49. Yearly job entries as a percentage of total employment, the Netherlands, 1980-86	113
50. Change in employment status over 12 months, the Netherlands and the United States, 1982 and 1985	114
51. Jobs by duration of employment as a percentage of the total number of jobs, and average duration of employment in years, selected OECD countries, various years	114
52. Number of employed jobseekers as a percentage of the total number of employed, the Netherlands, 1985-86	115
53. Non-employed jobseekers by number of applications as a percentage of total non-employed jobseekers, the Netherlands, 1986	115
54. Annual geographical mobility, the Netherlands, Sweden and the United States, various years	116
55. Number of daily commuters as a percentage of the number of employed, the Netherlands, 1971-81	116
56. Average time devoted to household work by sex and hours of paid work, the Netherlands, 1975-80	120
57. Reasons for job changes by sex, the Netherlands, 1985-86	121
58. Job changes and wage changes, the Netherlands, 1980-85	121
59. Number of people prepared to change jobs by wage preference, the Netherlands, 1986	122