

Reol.

THE CHALLENGE OF UNEMPLOYMENT

A Report to Labour Ministers



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT



TABLE OF CONTENTS

INTRODUCTION	7
--------------------	---

Part One.

LABOUR MARKET ANALYSIS

Chapter I. THE MACRO-ECONOMIC ENVIRONMENT	13
---	----

1. Macro-Economic Trends	13
2. The Macro-Economic Costs of Unemployment	16

Chapter II. A QUANTITATIVE ANALYSIS OF CHANGING LABOUR MARKET CONDITIONS	21
--	----

1. Labour Supply Trends	21
-------------------------------	----

a) Demographic Factors	21
b) Participation Rates: General Trends	22
c) Female Labour Force Participation	22
d) Migration <i>Wanderbewegung</i>	24
e) Total Labour Force Growth	25
f) Working Hours	26

2. Changing Sectoral Employment Patterns	27
--	----

3. The Structure of Unemployment	30
--	----

a) Unemployment Rates by Demographic Groups	30
b) Family Incidence of Unemployment	33
c) Duration of Unemployment and Labour Market Flows	36

Chapter III. RIGIDITIES AND FLEXIBILITY OF THE LABOUR MARKET	45
--	----

1. Macro-Economic Evidence <i>Beleg</i>	46
---	----

2. Micro-Economic Evidence	50
----------------------------------	----

a) Demographic Shifts	51
b) Skill Shortages <i>Mangel an der Können</i>	51
c) Mobility	52
d) Minimum Wage	53
e) Unemployment Compensation	56
f) Job Security Provisions <i>Waffenarbeiten</i>	60
g) Non-Wage Labour Costs <i>Wohnnebenleistungen</i>	62
h) Enterprise Manpower Practices	63
j) Conclusions on the Micro-Economic Evidence	64

Chapter IV. LABOUR MARKET PROSPECTS	67
---	----

1. Short-Term Prospects	67
-------------------------------	----

2. Medium-Term Prospects	70
--------------------------------	----

a) Economic Growth and Unemployment	70
b) Labour Force Growth	71
c) Technological Change and Employment	75
d) Energy and Employment	77

POLICY RESPONSES

	<i>neuordnen</i>	
Chapter V.	INCREASING AND REDISTRIBUTING THE DEMAND FOR LABOUR	83
1.	Increasing the Demand for Labour	84
a)	Income Tax Cuts <i>Hex Abschwung</i>	84
b)	Payroll Tax Cuts <i>Aussetzgebühren zur Sozialversicherung</i>	85
c)	Marginal Employment Subsidies <i>Mindernt</i>	86
d)	Public Sector Job Creation Programmes	88
e)	The Measures Compared <i>Maßnahmen</i>	89
2.	An Employment-Oriented Incomes Policy	90
3.	Redistributing Working Time	91
4.	Improved Policy Targeting	93
a)	Group Specific Targeting	93
b)	Regional and Sectoral Targeting	95
Chapter VI.	RECONCILING EFFICIENCY AND EQUITY IN THE LABOUR MARKET	98
1.	Vocational Education and Training <i>feststellen</i>	99
2.	Public Employment Service <i>Abstimmen</i>	100
3.	External and Internal Labour Market Mobility <i>Wirtschaftsminister</i>	102
4.	International Migration <i>hergeleitet</i>	104
5.	Social Policies and Labour Market Efficiency	105
6.	Conclusion on Equity and Efficiency	108
Annex A.	MAIN ORIENTATIONS OF LABOUR MARKET POLICIES DURING THE 1970s	109
	BIBLIOGRAPHY	113
	STATISTICAL ANNEX	118
	TECHNICAL ANNEX	158