

DISPLACEMENT AND JOB LOSS: THE WORKERS CONCERNED

A. INTRODUCTION

As the experience of the early 1980s showed very vividly, jobs can disappear because of fundamental structural economic changes: job loss is not just a matter of transient fluctuations in demand. These structural changes include technological innovation, changes in the pattern of international trade, shifts in the location of activities, and changes in the structure of employment and organisation within enterprises. While such changes will continue in the foreseeable future, there are two factors that should ease the situation somewhat: more vigorous economic activity and employment growth, and a better understanding of how to redeploy displaced workers.

This chapter reviews the situation of workers displaced by structural change during the 1980s in the different OECD countries. How can such workers be identified? How serious is the problem? Has it become worse in recent years, or not? To what extent do workers cope successfully with the loss of their job by finding a new one? How have the authorities reacted to large-scale redundancies?

In order to deal with these questions, the chapter is organised as follows. Section B attempts to define and identify, for the purpose of international comparison, the phenomenon of labour displacement in the context of structural change. The comparisons are made through the analysis of two groups of workers: job losers and displaced workers. Section C uses stock analysis to review the trend and characteristics of job losers on the basis of labour force surveys in some fifteen OECD countries. Section D uses flow analysis to determine what happens to displaced workers on the external labour market, on the basis of various follow-up surveys carried out in certain OECD countries. Section E discusses the guiding principles underlying assistance measures for redundant workers, developed by the authorities in certain OECD countries. Finally, Section F contains the summary and conclusions.

B. DEFINITIONS AND METHODS OF APPROACH

The problem of labour displacement in the context of structural change in OECD countries has been the subject of many studies, especially in recent years [OECD (1987*b*), (1989*f*)]. In this chapter, the approach (imposed by the availability of relatively comparable statistical data) has been to identify and analyse two groups of workers:

- job losers, i.e. workers who permanently lost a (stable or temporary) job in the last few years and who are currently unemployed or out of the labour force. Persons on layoff¹ in Canada, in Sweden, and in the United States are excluded;
- displaced workers, i.e. workers who permanently lost a stable job in the last few years and who are currently unemployed, out of the labour force or re-employed.

To distinguish between these two apparently similar groups², different methods of analysis have to be used for each. The job losers are examined as a *stock*, whose demographic characteristics are identified, together with the last job held and the length of time without a job. This analysis, which is based on replies to the question in the labour force surveys concerning the reason for being unemployed or out of the labour force, can be carried out for some fifteen OECD countries. The analysis of displaced workers, on the other hand, relies on *flow* analysis concerned with what happens to these workers after displacement from their job. Do they find another job or not, and if so, under what conditions? These studies are based on longitudinal or retrospective follow-up surveys which may be national in scope, or restricted to a particular region, sector, or enterprise, depending on the country.

While it is undeniably the displaced workers who are the more interesting group from the standpoint of analysing the negative effects of structural change, there

are very few estimates of the size of this group at the national level. This is why it was decided in this chapter to make a comparison between some fifteen OECD countries on the basis of job losers.

C. JOB LOSERS: STOCK ANALYSIS

1. Concept and statistical data

This section uses data for the 1980s to analyse job losers in some fifteen OECD countries. How many of these workers find themselves unemployed or leave the labour force after losing their job? What role does the age, sex and origin of the worker concerned play in explaining this situation? What proportion of the total unemployed do the job losers represent? Do they differ from the other unemployed?

In order to be able to examine these questions, it is first necessary to identify precisely the job losers according to the definition put forward in Section B. This is done in Annex 2.A for the fifteen or so OECD countries whose labour force survey findings on the reasons for job loss are analysed. While a definition similar to the concept of involuntary and permanent job loss is used for each country, differences remain with regard to the unemployed and the persons no longer in the labour force. These are attributable not only to methodological particularities (specific nature of the questions asked in the surveys, different breakdowns of the unemployed according to the reason for cessation of work), but also to institutional factors (different national regulations and practices regarding redundancies).

In examining the question of cessation of employment, it is necessary to take into account the population surveyed and the past period covered. First, the population surveyed may be limited. This is the case for data from the EEC countries derived from Eurostat Labour Force Survey, in which only former employees are classified by the reason for the loss of their job. In Australia, the tabulated reference population is confined to persons having lost a full-time job held for two weeks or more. Second, the period since losing the job may be fairly short, or on the contrary much longer, or there may even be no limit. In the EEC countries, only those who lost their job in the last 36 months can be identified. The period is even shorter in Australia, where the unemployed are included only if it has been less than two years since they last lost their job. In the other countries considered, the period is longer: five years in Canada and the United States, of unlimited duration in Japan and Sweden. Any restriction on the period considered limits the international comparability of the

statistics concerning job losers, especially in countries where long-term unemployment is particularly high, as in Belgium and Ireland. On the other hand, survey questions requiring people to recall what happened a long time ago may lead to inaccurate or inconsistent answers [Lemaître (1988)]. One of the effects is underestimation of the duration of unemployment, which has been observed to take place after only one year's time [Bowers(1980)].

The breakdown of the unemployed according to the reason for cessation of work also differs between countries. Canada, the United States and Sweden have adopted a classification based on the replies to two questions in the labour force survey: the person's situation immediately prior to starting to seek work (worker, student, other inactive status) and the reason for ceasing to work in the case of those who had already had a job. A distinction can then be made among job-seekers between new entrants, people re-entering the labour force after a period of inactivity (re-entrants), workers who have voluntarily left their job (job leavers) and workers who have involuntarily left their job (job losers). In the other countries, it is not possible to identify the re-entrants among the unemployed because only the current situation of the unemployed is known and not that immediately following the cessation of work. In these countries, unemployed job losers include people who did not immediately start looking for a new job after losing the old one³.

Finally, national regulations and practices concerning redundancies and terminations are specific⁴ and are to be seen in the main reasons given in each of the countries. Even though the analysis in this chapter is concerned only with permanent job losses, it is important to point out the different practices with regard to temporary job losses. This is mainly the case in the United States and Canada, where the unemployed who have permanently lost their job are distinguished from those who have been laid off and hope to be rehired by their former employer⁵. This same distinction was found in Sweden before 1986, and in Australia, with the special category of "stood down" workers. This practice of "laying off" is not recorded as a situation of complete unemployment in the EEC countries.

2. Scale and characteristics of the phenomenon

At the beginning of the 1980s, a substantial number of people were unemployed or no longer in the labour force due to permanent job loss in the OECD countries for which figures are available. In 1983, the figure ranged from about 100 000 in Ireland to some eight million in the United States (see Table 2.1). Although employment began to pick up towards the end of the decade, this

Table 2.1. Job losers—during the 1980s

	Australia		Belgium				Canada ^f					
	1988		1983		1988		1983		1988			
	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force		
Total (000s)	170.7	165.5	187.7	84.0	103.2	70.8	768.2	829.0	473.1	637.0		
Men (000)	71.6	38.3	53.1	67.3	46.5	69.1	69.5	41.7	63.6	39.9		
Women (%)	28.4	61.7	46.9	32.7	53.5	30.9	30.5	58.3	36.4	60.1		
Men (000s)	122.3	63.4	99.8	56.5	48.0	48.9	533.9	346.0	300.7	254.0		
Under 25 years (%)	39.3	27.5	27.8	3.8	19.0	2.6	34.2	42.9	28.7	38.7		
25 to 44 years (000)	39.4	22.3	46.8	5.0	59.4	4.8	47.7	38.6	51.2	40.3		
45 years and over (%)	21.3	50.2	25.4	91.2	21.6	92.6	18.1	18.5	20.1	21.0		
Women (000s)	48.4	102.1	87.9	27.5	55.2	21.9	234.3	483.0	172.4	383.0		
Under 25 years (%)	50.6	20.1	39.0	20.4	33.9	23.5	35.6	28.6	24.6	24.5		
25 to 44 years (000)	41.3	52.2	51.8	26.5	59.3	31.9	46.6	57.5	55.6	59.1		
45 years and over (%)	8.1	27.7	9.2	53.1	6.8	44.6	17.8	13.9	19.8	16.4		
Previous employment (%) ^b												
Agriculture	8.5	..	0.4	0.2	0.7	0.0						
Industry ^c	44.8	..	50.5	57.7	46.3	56.3						
Services	46.7	..	49.1	42.1	53.0	43.7						
	Denmark				France				Germany			
	1984		1987		1983		1988		1984		1988	
	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force
Total (000s)	157.8	82.6	106.7	74.5	874.7	667.2	1205.7	499.2	610.6	283.6	666.3	521.1
Men (%)	50.1	39.0	46.8	47.9	51.6	57.9	51.6	50.1	61.8	58.3	58.4	64.3
Women (%)	49.9	61.0	53.2	52.1	48.4	42.1	48.4	49.9	38.2	41.7	41.6	35.7
Men (000s)	79.0	32.3	50.1	35.7	451.2	386.7	621.9	250.1	377.1	165.4	389.3	335.3
Under 25 years (%)	28.3	42.8	28.9	45.6	30.8	6.3	29.5	12.2	28.2	7.4	20.3	7.1
25 to 44 years (%)	52.1	24.2	43.9	22.3	44.6	4.9	48.7	9.1	46.4	9.5	43.4	10.4
45 years and over (%)	19.6	33.0	27.2	32.1	24.6	88.8	21.8	78.7	25.4	83.1	36.3	82.5
Women (000s)	78.8	50.3	56.6	38.8	423.5	280.5	583.8	249.1	233.5	118.2	277.0	185.8
Under 25 years (%)	31.8	42.8	27.6	46.8	45.3	20.1	37.8	28.8	30.7	15.0	26.3	16.7
25 to 44 years (%)	51.1	27.6	49.7	29.5	37.0	22.4	46.4	33.0	43.7	25.9	40.7	26.7
45 years and over (000)	17.1	29.6	22.7	23.7	17.7	57.5	15.8	38.2	25.6	59.1	33.0	56.6
Previous employment (%) ^b												
Agriculture	4.7	8.2	4.6	6.2	2.4	1.6	3.6	2.4	1.4	0.5	2.7	1.4
Industry ^d	38.1	34.3	40.7	33.0	47.2	59.4	43.0	50.9	53.8	57.4	50.9	56.4
Services	57.2	57.5	54.7	60.8	50.4	39.0	53.4	46.7	44.8	42.1	46.4	42.2

	Greece				Ireland				It			
	1983		1987		1983		1988		1983		1988	
	Unemployed	Not in the labour force										
Total (000s)	115.1	26.0	98.7	29.3	88.5	13.8	78.7	15.2	381.6	223.0	558.1	330.0
Men (To)	66.9	34.1	62.9	39.2	78.5	43.5	74.5	40.0	50.5	43.7	48.6	40.9
Women (To)	33.1	65.9	37.1	60.8	21.5	56.5	25.5	60.0	49.5	56.3	51.4	59.1
Men (000s)	77.0	8.9	62.1	11.5	69.5	6.0	58.6	5.8	192.6	97.4	271.0	134.9
Under 25 years (To)	18.6	17.6	19.2	25.5	30.8	22.0	29.4	32.5	37.6	21.7	30.9	33.0
25 to 44 years (To)	50.7	30.5	53.7	38.4	52.1	24.9	53.2	17.8	41.7	8.9	50.1	15.5
45 years and over (%)	30.7	51.9	27.1	36.1	17.1	53.1	17.4	49.7	20.7	69.4	19.0	51.5
Women (000s)	38.1	17.1	36.6	17.8	19.0	7.8	20.1	9.4	189.0	125.6	287.1	195.1
Under 25 years (To)	38.4	19.8	30.4	17.6	53.4	34.7	48.7	30.9	45.8	21.8	33.6	22.9
25 to 44 years (To)	44.7	38.0	51.4	49.0	35.4	37.3	39.2	47.1	42.2	37.9	51.5	45.0
45 years and over (%)	16.9	42.2	18.2	33.4	11.2	28.0	12.1	22.0	12.0	40.3	14.9	32.1
Previous employment (%) ^b												
Agriculture	2.7	12.0	5.0	11.6	3.1	4.4	4.0	2.6	11.1	13.3	21.6	20.1
Industry ^c	57.6	43.0	49.1	37.5	65.8	41.4	53.1	33.7	41.4	38.3	33.0	35.9
Services	39.7	45.0	45.9	50.9	31.1	54.2	42.9	63.7	47.5	48.4	45.4	44.0

	Ja n				Netherlands		Portugal		Spain	
	1981		1988		1983		1988		1988	
	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force
Total (000s)	340.0	560.0	490.0	1300.0	283.7	95.1	115.2	54.3	1147.9	371.0
Men (To)	73.5	33.9	76.5	45.4	78.4	69.2	45.2	28.2	64.0	41.3
Women (%)	26.5	66.1	23.5	54.6	21.6	30.8	54.8	71.8	36.0	58.7
Men (000s)	250.0	190.0	375.0	590.0	222.4	65.8	52.1	15.3	735.1	153.3
Under 25 years (To)	16.0	17.6	5.4	..	25.8	7.2	44.3	53.4	30.8	22.0
25 to 44 years (To)	28.0	0.0	29.7	..	56.7	13.8	39.3	14.7	45.6	10.5
45 years and over (To)	56.0	82.4	64.9	..	17.5	79.0	16.4	31.9	23.6	67.5
Women (000s)	90.0	370.0	115.0	710.0	61.3	29.3	63.1	39.0	412.8	217.7
Under 25 years (To)	11.1	10.8	18.2	..	47.6	20.8	46.0	39.3	46.4	23.8
25 to 44 years (To)	55.6	48.6	45.4	..	40.1	36.0	43.7	31.4	44.9	43.9
45 years and over (To)	33.3	40.6	36.4	..	12.3	43.2	10.3	29.3	8.7	32.3
Previous employment (%) ^b										
Agriculture	0.0	0.0	0.0	..	2.7	2.6	14.5	25.6	21.0	32.2
Industry ^c	51.6	37.3	48.7	..	58.1	43.5	41.7	32.5	37.7	32.5
Services	48.4	62.7	51.3	..	39.2	53.9	43.8	41.9	41.3	35.3

Table 2.1 (Continued). Job losers⁴ during the 1980s

	Sweden ^d		United Kingdom				United States ^e			
	1980	1986	1983		1987		1983		1988	
	Unemployed	Unemployed	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force	Unemployed	Not in the labour force
Total (000s)	38.6	64.9	1226.4	770.5	956.6	571.4	4478.0	3 675.0	2 241.0	2 865.0
Men (To)	50.5	54.7	75.9	51.2	71.9	54.2	69.1	35.4	66.9	37.2
Women (%)	49.5	45.3	24.1	48.8	28.1	45.8	30.9	64.6	33.1	62.8
Men (000s)	19.5	35.5	931.1	394.7	687.9	309.8	3 093.0	1 299.0	1 500.0	1 066.0
Under 25 years (To)	37.4	32.3	31.1	17.6	32.3	10.1	28.2	48.8	23.7	42.8
25 to 44 years (%)	30.8	38.9	38.8	14.3	40.0	9.0	51.3	20.5	55.5	20.8
45 years and over (To)	31.8	28.8	30.1	68.1	27.7	80.9	20.5	30.7	20.8	36.4
Women (000s)	19.1	29.4	295.3	375.8	268.7	261.6	1 385.0	2 376.0	741.0	1 799.0
Under 25 years (To)	46.6	36.1	46.1	21.9	38.7	21.2	27.0	28.5	23.2	25.4
25 to 44 years (To)	31.9	36.8	33.5	33.1	38.5	30.0	50.0	40.6	55.2	39.6
45 years and over (To)	21.5	27.1	20.4	45.0	22.8	48.8	23.0	30.9	21.6	35.0
Previous employment (%) ^b										
Agriculture	5.0	4.0	1.5	2.1	1.8	0.9	3.4	6.9	4.0	6.8
Industry ^c	51.4	42.3	61.0	55.0	48.3	46.2	42.4	} 93.1	37.9	} 93.2
Services	43.6	53.7	37.5	42.9	49.9	52.9	54.2		58.1	

a) One year from the early and another from the late 1980s are presented for each country. The exceptions are Australia, where series for the unemployed have been published only since 1988, the Netherlands, where a new survey not readily comparable with the old was introduced in 1987, and Portugal and Spain, which have been only included in the EUROSTAT system since 1986.

b) The breakdown is calculated on the basis of the declared previous employment. This information is lacking for a fairly modest number of individuals in certain European countries: a maximum of 6 per cent of the persons no longer in the labour force in Germany in 1988 and 2.5 per cent of the unemployed and the persons no longer in the labour force in the Netherlands in 1983.

c) industry includes mining and quarrying, manufacturing, electricity, gas and water, and construction.

d) Data on the previous employment are confined to those who lost their job because of "Reduction of personnel or production" and "Layoff" (only in 1980), but are not available for those classified under "Task completed".

e) Job losers who were previously self-employed people and family helpers are not included in the classification by previous employment, but are included in the classification by age and sex. All public sector job losers are imputed to services.

f) In Canada, the last age groups for the persons no longer in the labour force are: 25-54; 55 and over.

Sources: See Annex 2.A.

figure was still high. In France, the number of the unemployed had increased and in Germany, Italy and Japan, the figure had grown for both the unemployed and the persons no longer in the labour force. The men who had lost their jobs were unemployed rather than no longer in the labour force in all the countries studied⁶, except Japan in 1988. This was not true of the women in a certain number of countries — Australia, Canada, Japan, the United Kingdom (in 1983) and the United States — where more of them tended to leave the labour force rather than look for a new job.

While it is difficult to draw a portrait of the job loser that is valid for all countries, there are some characteristics in common. In the early 1980s, the unemployed job losers were men for the most part: their proportion of job losses generally ranged between 50 and 78 per cent, but was around or above 70 per cent in the following six countries: Canada, Ireland, Japan, the Netherlands, the United Kingdom and the United States. This proportion tended to diminish during the 1980s, with job losses affecting relatively more women and service sector jobs, as will be seen below. For both sexes, the age range most affected was 25-44, in which 35 to 60 per cent of the unemployed job losers were found. This does not apply in two low-unemployment countries however: Japan, where men over the age of 45 were the most frequent job losers, and Sweden, where distribution was usually more even. In certain countries it was women under 25 who were the most affected: this was the case in 1980 in Sweden, in 1983 in France, Italy, the Netherlands and the United Kingdom, in 1983 and 1988 in Ireland, and in 1988 in Australia, and Spain. In Portugal the young men were also affected.

By contrast, the job losers who have left the labour force are mainly women under 45, though in countries where forms of early retirement are encouraged, it is mainly men over 45 who have been obliged to withdraw from the labour market after losing their job, or who have elected to take early retirement. This is the situation in Belgium, France, Germany, the Netherlands and the United Kingdom. In the case of these older workers, the jobs lost were mainly in industry.

Is employment more likely to be lost in some sectors than in others? In the early 1980s, in seven of the twelve countries for which figures are available (Germany, Greece, Ireland, Japan, the Netherlands, Sweden and the United Kingdom), a significantly higher proportion of unemployed job losers came from industry (including construction) than from the service sector. Yet in Belgium, the numbers were about the same for both sectors, whereas in Denmark, France, Italy and the United States, more unemployed job losers were coming from the service sector. By the end of the 1980s, the proportion of the unemployed who had lost tertiary sector jobs had risen in virtually every country, and had

overtaken the figures for industry in every country, except Germany, Greece and Ireland. The proportion of agricultural job losses remains significant in the Mediterranean countries. It would thus appear that by the end of the 1980s the phenomenon of involuntary and permanent job loss has gradually spread to all sectors.

3. Categories of worker at risk

If the unemployed job losers are mainly men, is this due to the fact that the majority of the employed are men or because men run a higher risk than women of losing their job? A similar question can be asked about the age composition of job losers, and about the sector in which they were last employed. To explore this issue, a rate of risk has been calculated by dividing the percentage of a given category of job losers in a given year by the percentage of this same category in employment a year earlier. A rate of 1 indicates that the risk for this category is equal to the average for the country concerned for all categories. A value higher (lower) than 1 means that this category is over-(under-) represented in the total and runs a higher (lower) risk of job loss.

Results for 19887 are presented in Table 2.2. First, they reveal that men are less likely than women to lose their job and find themselves unemployed in the majority of the countries analysed, except for Australia, Ireland, Japan, Sweden, the United Kingdom and the United States. Secondly, the age group most at risk is not the 25 to 44 year-olds, but rather the under-25s. The exceptions to this rule are Japan and Germany, where the risk is greatest for the older male workers and the older female workers respectively. Finally, industry in general (including building and civil engineering) was still more vulnerable in all countries than the tertiary sector at the end of the 1980s, even if the rate of risk in the wholesale and retail trade and catering branches taken separately was higher than that of industry (except in Australia, Denmark, Ireland, the United Kingdom and the United States). As a general rule, the industrial sector most subject to unemployment is building and civil engineering. One explanation may be that it is normal in this industry to rely heavily on the external labour market at the beginning and end of construction jobs. Certain authors, like Garson and Mouhoud (1989) point out that in France during the crisis decade of 1974-84, there was a formal “desalarisation” of this sector, with the development of subcontracting and illegal forms of employment, notably of foreign workers. This same type of trend may extend to agricultural workers, who are very susceptible in the majority of the countries studied. Certain industries nevertheless have a very low risk of unemployment: this is the case in particular for energy

Table 2.2. **Rate of risk of becoming an unemployed job loser", 1988**

	Australia	Belgium	Denmark ^f	France	Germany	Greece ^f	Ireland	Italy	Japan	Portugal	Spain	Sweden ^{g, h}	United Kingdom ^f	United States ^e
Total	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Under 25 years	2.0	1.8	1.3	2.2	1.1	1.7	1.3	2.1	0.6	2.0	2.0	2.0	1.5	1.3
25 to 44 years	0.7	1.0	0.9	0.8	0.9	0.9	1.0	0.9	0.6	0.8	0.9	0.7	0.9	1.0
45 years and over	0.7	0.6	0.9	0.8	1.1	0.8	0.8	0.6	1.7	0.5	0.6	0.8	0.9	0.7
Men	1.0	0.7	0.9	0.9	1.0	0.9	1.2	0.7	1.2	0.7	0.9	1.1	1.3	1.2
Under 25 years	2.3	1.0	1.1	1.9	1.1	1.5	1.6	1.8	0.6	1.5	1.9	2.0	1.9	1.7
25 to 44 years	0.7	0.7	0.8	0.7	0.9	0.9	1.2	0.7	0.6	0.6	0.8	0.8	1.1	1.3
45 years and over	0.8	0.6	0.9	0.8	1.0	0.8	0.9	0.4	2.2	0.4	0.6	0.9	1.2	0.9
Women	0.9	1.5	1.1	1.1	1.1	1.2	0.7	1.5	0.7	1.4	1.3	0.9	0.6	0.7
Under 25 years	1.6	2.7	1.5	2.5	1.1	1.9	0.9	2.6	0.6	2.8	2.2	1.9	1.0	0.9
25 to 44 years	0.8	1.3	1.5	0.9	0.9	1.0	0.5	1.3	0.6	1.1	1.1	0.6	0.5	0.8
45 years and over	0.4	0.7	1.0	0.7	1.3	1.0	0.6	1.0	0.7	0.6	0.5	0.8	0.5	0.6
Previous employment ^b														
Agriculture	1.5	1.6	1.8	2.7	2.3	2.2	1.5	4.0	..	2.7	3.1	2.0	1.5	2.5
Industry ^c	1.5	1.3	1.3	1.3	1.2	1.3	1.5	0.9	1.3	1.0	1.0	1.4	1.4	1.5
Energy and water		2.0	1.0	0.3	0.5	0.9	0.6	0.2		0.4	0.3		1.4	
Non-energy mining, chemicals	} 1.5	1.1	1.1	0.9	1.0	0.8	1.0	0.4	} 1.2	0.4	0.6	} 1.3	0.9	} 1.2
Metal manufacturing, engineering		0.9	1.4	1.0	0.9	0.8	1.1	0.4		0.9	0.5		1.2	
Other manufacturing		1.6	1.1	1.7	1.3	1.3	1.2	0.9		0.9	1.0		1.1	
Building and civil engineering	1.6	1.6	1.8	1.7	2.1	1.8	3.0	1.6	1.4	1.4	1.8	1.6	2.8	2.5
Services	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.9	0.8	0.8	0.8	0.8
Trade, hotels, catering and repairs	1.2	1.6	0.9	1.6	1.2	1.4	1.3	1.4	1.7	1.2	1.2	2.3	1.0	1.1
Transport and communication	0.5	0.4	0.6	0.5	0.7	1.7	0.7	0.4	1.0	0.3	0.4	0.6	0.9	0.8
Banking, insurance, business services, renting		0.6	0.3	0.7	0.6	0.6	0.4			0.8	0.4		0.5	
Public administration and defence	} 0.6	0.6	0.7	0.4	0.4	0.1	0.2	0.8	0.5	0.7	0.7	} 0.4	0.9	} 0.7
Other services		0.7	0.9	0.7	0.9	0.4	0.5	0.7		0.8	0.7		0.6	

a) The rate of risk is calculated by dividing the percentage of unemployed job losers in a given category by the percentage of workers who were working in this category one year earlier. A rate of 1 indicates that the risk is equal to the average, and a higher (lower) rate that the risk is higher (lower) than average.

b) c) d) e) As Table 2.1.

f) 1987.

g) 1986.

Sources: For the unemployed job losers: See Annex 2.A.

For the previous employment:

Australia: Labour Force Survey, unpublished table on the full-time workers, August 1987.

EEC countries: Labour Force Survey, 1986 or 1987, unpublished tables, EUROSTAT.

Japan: Report on the Special Survey of the Labour Force Survey, Table 1, February 1987.

Sweden: Labour Force Survey, annual averages 1985, Table 9A, Arsmeldetal.

United States: Current Population Survey, annual averages 1987; *Employment und Earnings*, Tables 19, 24 and 41.

Table 2.3. Job losers" as a percentage of total unemployed

	1983	1988
Australia		
Losses, less than 2 years ago	..	31.7
Adjustment ^b	..	49.0
Belgium		
Losses, less than 3 years ago	41.7	26.3
Adjustment ^b	66.9	67.2
Canada^d		
Total of the losses	52.7	45.9
Adjustment ^e	62.2	56.2
Denmark^{d, e}		
Losses, less than 3 years ago	65.6	62.6
Adjustment ^b	71.8	68.4
France		
Losses, less than 3 years ago	47.6	49.5
Adjustment ^b	57.5	64.7
Germany^d		
Losses, less than 3 years ago	32.8	36.6
Adjustment ^b	42.8	52.6
Greece^e		
Losses, less than 3 years ago	38.5	34.6
Adjustment ^b	45.5	43.0
Ireland		
Losses, less than 3 years ago	45.4	34.1
Adjustment ^b	63.1	63.7
Italy		
Losses, less than 3 years ago	19.5	21.5
Adjustment ^b	25.8	28.7
Japan		
Total of the losses	30.2	28.9
Luxembourg		
Losses, less than 3 years ago	30.0	23.0
Adjustment ^b	36.0	31.0
Netherlands		
Losses, less than 3 years ago	42.6	..
Adjustment ^b	56.1	..
Portugal		
Losses, less than 3 years ago	..	39.9
Adjustment ^b	..	50.6
Spain		
Losses, less than 3 years ago	..	39.6
Adjustment ^b	..	53.7
Sweden		
Total of the losses	61.0	47.2
Adjustment ^c	67.7	56.0
United Kingdom^e		
Losses, less than 3 years ago	42.2	31.1
Adjustment ^b	51.8	47.5
United States		
Total of the losses	41.8	33.4
Adjustment ^c	51.4	44.9

a) See note a) to Table 2.1.

b) This adjustment is calculated by adding to the unemployed who lost their job less than 2 or 3 years ago respectively in Australia and EEC countries the job losses that occurred more than 2 or 3 years ago, estimated by multiplying the total number of cessations of employment more than 2 or 3 years ago respectively by the percentage of recent job losses in total recent cessations.

c) This adjustment is calculated by adding to the job losers the job losses suffered by re-entrants. This share is estimated at 42.5% on the basis of the average figures known for Sweden between 1983 and 1988.

d) 1984 instead of 1983.

e) 1987 instead of 1988.

Sources: See Annex 2.A.

and water, with an even lower risk factor than the public administration and defence sector in France, Italy, Portugal and Spain.

4. Detailed analysis of unemployed job losers

This subsection considers only those job losers who were unemployed at the time of the survey. It addresses the following questions: what proportion of the total unemployed are job losers? Do the job losers differ from the other unemployed? This requires adjustment of certain series used.

a) The job loser share of total unemployment

Time series of the percentage of unemployment due to job loss over ten to fifteen years are shown for Canada, Japan, Sweden and the United States on part A of Chart 2.I. The fluctuations generally follow the same pattern. The highest percentage was reached in **1983** (**1984** in Japan). In the recession years of the early 1980s, it was essentially job losses that caused the increase in Unemployment. Thus in the United States, 85 per cent of the rise in unemployment in **1981-82** has been estimated to have resulted from job losses: almost two-thirds by job losses (as defined here) and one-third by layoffs [Bednarzik (1983b)]. A study by Statistics Canada also showed that people who have lost their job are important in the cyclical pattern and the trend of unemployment [Lemaître (1984)]. The percentage of job losers among the unemployed remained higher in these four countries in **1988** than before the recession of the early **1980s**.

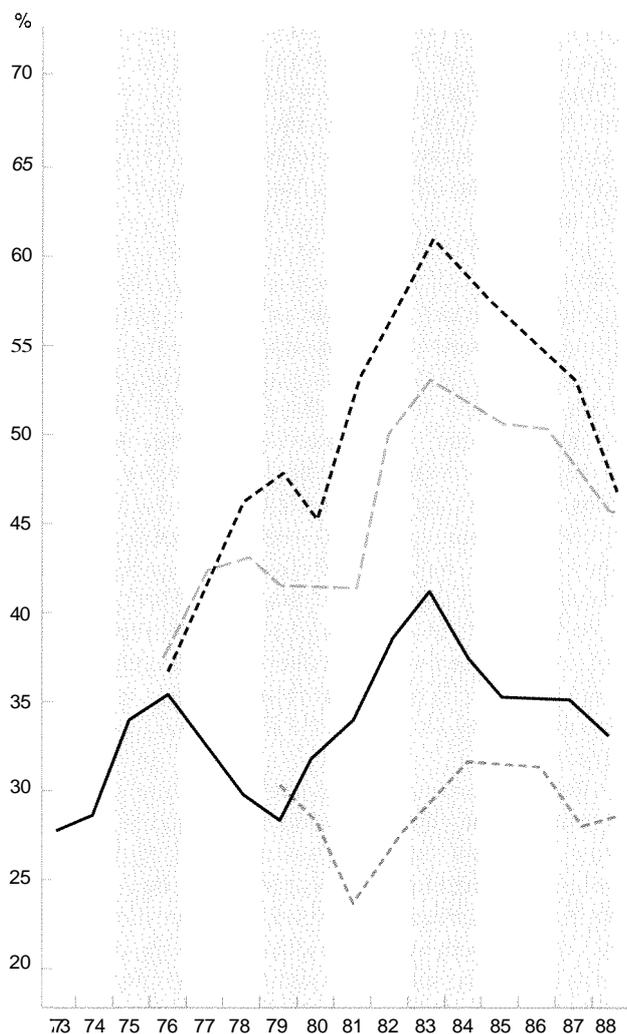
The ratios parallel each other, but vary cyclically. The two countries with the lowest level of unemployment throughout the period are found at the extremes: Sweden has the highest percentage of job losers, ranging between 40 and 60 per cent, while Japan has the lowest, with about 30 per cent. The higher proportion of voluntary job leavers among the unemployed in Japan than elsewhere (**36** per cent in **1988**, as against **15** per cent in the United States, **21** per cent in Canada and **20** per cent in Sweden) may explain this much lower level. Canada and the United States lie between these two extremes. The relatively low level in the United States as compared with Canada and Sweden may be connected with the more widespread practice of laying off (respectively 13, 6 and 0 per cent of unemployment in **1988**) and a higher proportion of new entrants (respectively **12**, **3** and **7** per cent of unemployment in **1988**).

Table 2.3 shows the proportion of job Losers among the unemployed for **1983** and **1988**: **not** only in these four OECD countries but also in Australia and the EEC

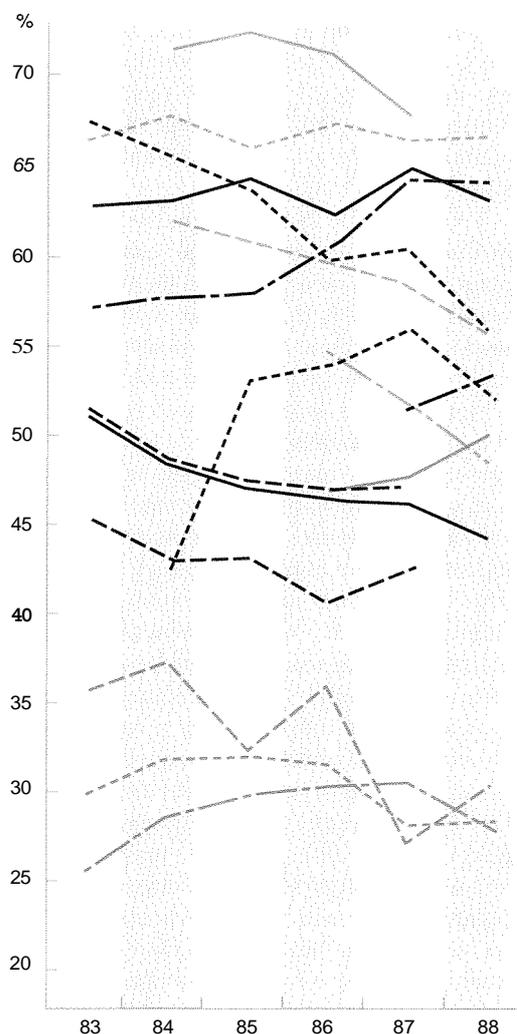
Chart 2.1

JOB LOSERS AS A PERCENTAGE OF TOTAL UNEMPLOYED

A) TIME SERIES^a



B) ADJUSTED SERIES^{a, b}



a. Layoffs excluded.

b. The adjusted series include an estimate of the job losses for Australia that occurred more than two years ago, and those for EEC countries that occurred more than three years ago. For Canada, Sweden and the United States, the adjusted series include an estimate of the re-entrants. See the text and Table 2.3 for a technical description of the estimates.

3 See Annex 2 A

— · — · — · —	AUSTRALIA	— · — · — · —	ITALY
— · — · — · —	BELGIUM	— · — · — · —	JAPAN
— · — · — · —	CANADA	— · — · — · —	LUXEMBOURG
— · — · — · —	DENMARK	— · — · — · —	PORTUGAL
— · — · — · —	FRANCE	— · — · — · —	SPAIN
— · — · — · —	GERMANY	— · — · — · —	SWEDEN
— · — · — · —	GREECE	— · — · — · —	UNITED KINGDOM
— · — · — · —	IRELAND	— · — · — · —	UNITED STATES

countries. The first row for each country presents series not directly comparable with those of the four countries of Chart 2.1.A because they show only job losses that occurred within recent years as a percentage of total unemployment, which may be of much longer duration. What is more, in most countries, there is no distinction (as there is in Canada, Sweden and the United States) between those unemployed who start looking for a new job immediately after losing the old one, and those who do not. It is therefore necessary to make two adjustments in order to render the series more comparable: *i*) for Australia and the EEC countries, include an estimate of the job losses that occurred more than two or three years ago respectively ⁸; *ii*) for Canada, Sweden and the United States, add to the number of job losers an estimate of the number of re-entrants who had lost a job⁹.

The results of these adjustments are shown in part B of Chart 2.1, which allows a comparison between the countries analysed (see also the second row for each country in Table 2.3). What is again striking in this second set of curves is not so much the differences in the trends of the curves, but rather their very different levels, which are to a large extent attributable to different national institutional practices concerning recourse to the external labour market. The job losers ratio is clearly a function of two variables: the rate of job losers' inflow into unemployment (compared with voluntary job leavers or new entrants) and the relative rate of job losers' exit from unemployment (which in turn is a function of the extent to which job losers are discriminated against by employers, together with their relative propensity to leave the labour force). The interaction of these factors results in a very broad variation in the ratios. However, the extremes seem to be associated with variations in the first of these factors: in Denmark, legislation governing redundancies ensures generous income support but leaves employers unconstrained [Emerson (1988)], while in Italy and Japan it is unusual to make people redundant¹⁰. The second of these factors — a low rate of success by job losers in finding jobs — may explain the high job losers ratio in several other countries. These countries (e.g. Belgium and Ireland) are characterised by a high unemployment rate accompanied by a high incidence of long-term unemployment.

b) Comparisons with the other unemployed

One should not analyse statistics from a global perspective in trying to determine if job losers are different demographically from the rest of the unemployed. New entrants include a lot of young school-leavers and thus, it is hardly surprising that they

differ demographically from job losers. The issue is whether job losers differ from the unemployed who already have work experience.

In Table 2.4, the demographic characteristics of job losers in 1988 are compared with those of voluntary job leavers and other unemployed with previous work experience. In addition, a distinction has been made as far as possible between the loss of stable jobs (first column of figures) and other reasons for loss (end of job of limited duration, task completed, etc.). The objective here is to try to isolate those job losers who correspond most closely to displaced workers, i.e. those who have lost a stable job. It was not possible to do this for the United States and Canada, where the precise reason for the loss of a job is not given in the regular monthly labour force survey. In these two countries, temporary job losses or layoffs are kept isolated from the permanent job losses.

In the EEC countries, it is clear that among the unemployed with employment experience, men are more likely to have lost stable jobs in the three previous years through dismissals, redundancies and early retirements while women are more likely to have been in a job of limited duration, to have left their last job voluntarily or to have ceased a job more than three years ago. Everywhere it is those in the 25-44 age range that are most affected by dismissals and redundancies, the proportion ranging from 40 to 70 per cent depending on the country. Looking at the different forms of recent termination, it can be seen that in Belgium, Denmark, Germany and Ireland, loss of stable jobs predominates, while in France and the Mediterranean countries it is the expiration of fixed-term contracts that is the most frequent form. In the United Kingdom, it is voluntary departure.

Regarding this last point, the situation in Australia is similar to that in the United Kingdom, but to a less marked extent because there are only slightly more voluntary departures than redundancies. Here again men form the major part of the recent unemployed for reason of retrenchment while the distribution by sex is more even among the job leavers and the former workers.

In Canada and the United States, permanent job losers are the biggest group, followed by re-entrants, then voluntary job leavers, and finally, far behind, people who have been laid off. Relative to the number of permanent job losers however, there are significantly more re-entries and layoffs in the United States than in Canada. The job losses, whether temporary or indefinite affect men most, while the job leavers, and especially the re-entrants are mainly women. The age group most affected by permanent job losses is the 25-44 year-olds, but not to a much greater extent than in the other categories.

While Japan and Sweden both have very low unemployment rates, the people who remain unemployed

Table 24. Losses of stable jobs^a and other reasons for cessation of employment for experienced unemployed persons, 1988

EEC countries

	Period considered for the cessation	Less than 3 years			Over 3 years	
		Reasons for cessation of employment	Job losers		Job leavers	All reasons
			Dismissals, redundancies, early retirement	Ends of jobs of limited duration		
Belgium	Total (000s)	67.2	36.0	25.3	200.8	
	Men (%)	53.3	33.6	39.9	41.3	
	Women (%)	46.7	66.4	60.1	58.7	
	Under 25 years (Vo)	16.8	46.1	21.0	7.6	
	25 to 44 years (Vo)	64.3	49.7	66.7	69.7	
	45 years and over (Vo)	18.9	4.2	12.3	22.7	
Denmark ^b	Total (000s)	61.7	45.0	43.2	13.5	
	Men (Vo)	55.7	34.9	47.2	34.1	
	Women (Vo)	44.3	65.1	52.8	65.9	
	Under 25 years (Vo)	29.8	25.8	30.8	18.4	
	25 to 44 years (%)	44.2	50.9	50.6	54.4	
	45 years and over (Vo)	26.0	23.3	18.6	27.2	
France	Total (000s)	592.5	613.2	317.5	631.3	
	Men (%)	56.4	47.0	45.3	38.1	
	Women (Vo)	43.6	53.0	54.7	61.9	
	Under 25 years (Vo)	13.7	52.7	26.0	12.8	
	25 to 44 years (%)	55.5	39.9	58.6	58.8	
	45 years and over (Vo)	30.8	7.4	15.4	28.4	
Germany	Total (000s)	537.8	128.5	505.7	525.5	
	Men (Vo)	60.0	51.8	46.5	45.9	
	Women (Vo)	40.0	48.2	53.5	54.1	
	Under 25 years (Vo)	20.3	33.4	19.8	6.1	
	25 to 44 years (Vo)	40.5	49.6	53.1	51.5	
	45 years and over (%)	39.2	17.0	27.1	42.4	
Greece ^b	Total (000s)	42.4	56.4	30.6	33.1	
	Men (Vo)	56.1	68.1	54.2	27.5	
	Women (Vo)	43.9	31.9	45.8	72.5	
	Under 25 years (%)	28.5	19.5	31.4	12.0	
	25 to 44 years (Vo)	52.6	53.0	51.0	64.2	
	45 years and over (Vo)	18.9	27.5	17.6	23.8	
Ireland	Total (000s)	54.2	24.5	24.4	90.1	
	Men (Vo)	76.9	69.4	55.7	64.4	
	Women (Vo)	23.1	30.6	44.3	35.7	
	Under 25 years (Vo)	27.8	47.9	36.9	10.8	
	25 to 44 years (%)	53.8	41.4	47.1	61.6	
	45 years and over (%)	18.4	10.7	16.0	27.6	
Italy	Total (000s)	191.2	366.9	98.8	263.4	
	Men (Vo)	57.0	44.2	56.6	36.9	
	Women (Vo)	43.0	55.8	43.4	63.1	
	Under 25 years (%)	31.9	32.5	27.3	14.7	
	25 to 44 years (Vo)	48.6	51.9	53.3	65.3	
	45 years and over (Vo)	19.5	15.6	19.4	20.0	
Portugal	Total (000s)	20.5	94.8	45.6	47.9	
	Men (Vo)	55.6	42.9	54.8	38.0	
	Women (Vo)	44.4	57.1	45.2	62.0	
	Under 25 years (Vo)	29.9	48.5	44.9	18.8	
	25 to 44 years (Vo)	50.0	39.9	38.6	59.8	
	45 years and over (%)	20.1	11.6	16.5	21.4	
Spain	Total (000s)	254.4	893.5	227.4	490.6	
	Men (%)	67.1	63.2	58.1	47.1	
	Women (Vo)	32.9	36.8	41.9	52.9	
	Under 25 years (Vo)	23.8	40.0	33.7	11.0	
	25 to 44 years (Vo)	49.5	44.1	48.5	58.9	
	45 years and over (Vo)	26.7	15.9	17.8	30.1	
United Kingdom ^b	Total (000s)	588.9	367.6	868.3	913.0	
	Men (%)	76.9	63.9	49.6	59.5	
	Women (Vo)	23.1	36.1	50.4	40.5	
	Under 25 years (Vo)	27.4	44.8	34.8	10.4	
	25 to 44 years (Vo)	39.3	39.9	47.7	55.8	
	45 years and over (Vo)	33.3	15.3	17.5	33.8	

Table 2.4 (Continued). **Losses of stable jobs^a and other reasons for cessation of employment for experienced unemployed persons, 1988**

Other countries

Reasons for cessation of employment		Cessation of a full-time job less than 2 years ago			Former workers
		Job losers		Job leavers	
		Retrenchments	Other reasons		
Australia	Total (000s)	106.8	63.9	113.5	155.3
	Men (Yo)	74.3	67.3	56.0	51.6
	Women (Yo)	25.7	32.7	44.0	48.4
	Under 25 years (Yo)	43.7	40.5	47.0	..
	25 to 44 years (Yo)	39.0	41.6	42.6	..
	45 years and over (Yo)	17.3	17.9	10.4	..
	Reasons for cessation of employment		Job losers		Job leavers
		Permanent losses	Layoffs		
Canada	Total (000s)	473.1	58.0	216.0	250.0
	Men (Yo)	63.6	58.6	47.7	38.0
	Women (Yo)	36.4	41.4	52.3	62.0
	Under 25 years (Yo)	27.2	18.1	30.8	36.9
	25 to 44 years (Yo)	52.8	54.8	50.0	46.2
	45 years and over (Yo)	20.0	27.1	19.2	16.9
	United States	Total (000s)	2 241.0	851.0	983.0
Men (Yo)		66.9	67.9	51.2	38.5
Women (Yo)		33.1	32.1	48.8	61.5
Under 25 years (Yo)		23.5	19.7	40.5	38.2
25 to 44 years (Yo)		55.4	54.7	48.0	45.3
45 years and over (Yo)		21.1	25.6	11.5	16.5
Reasons for cessation of employment		Job losers		Job leavers	Other unemployed (excluding new entrants)
		Personnel reductions, dissolutions of companies, retirement or old age	Other reasons		
Japan	Total (000s)	270.0	220.0	630.0	540.0
	Men (%)	81.5	68.2	55.6	53.7
	Women (Yo)	18.5	31.8	44.4	46.3
	Under 25 years (Yo)	3.6	13.6	27.0	24.1
	25 to 44 years (Yo)	14.3	54.6	45.0	38.9
	45 years and over (Yo)	82.1	31.8	27.0	37.0
	Reasons for cessation of employment		Job losers		Job leavers
		Personnel or production reductions	Tasks completed		
Sweden	Total (000s)	8.0	25.9	14.1	15.4
	Men (%)	62.5	52.5	52.5	45.5
	Women (Yo)	37.5	47.5	47.5	54.5
	Under 25 years (%)	15.0	35.9	34.1	40.0
	25 to 44 years (Yo)	47.5	54.1	57.4	49.0
	45 years and over (%)	37.5	10.0	8.5	11.0

a) Losses of stable jobs are shown in the first column for each country.

b) 1987.

Sources: See Annex 2.A.

after having worked are drawn from different groups. In Japan, it is job leavers who make up the majority, while in Sweden workers coming to the end of fixed-term contracts predominate.

5. Summary

Caution is required when making international comparisons of the number and characteristics of unemployed and job losers no longer in the labour force, both because of methodological differences in the compilation of statistics relating to the problem and because of specific national practices regarding redundancies and terminations. While the problem of job loss remained serious throughout the 1980s, there was a shift in the sectors and occupations most affected: at the beginning of the decade, it was mainly a matter of large-scale redundancies of industrial workers in most countries, while at the end the phenomenon was spreading to all sectors and occupations. Proportionally, men of prime working age are in the majority among the unemployed who have lost a stable job. However, an evaluation of the categories at risk shows that women and young workers are more vulnerable to the loss of their jobs, which are often of an insecure nature. The job loser share of total unemployment to a large extent reflects the specificity of national legislation governing redundancies and terminations. This explains the enormous differences between countries, ranging from less than 30 per cent in Italy to over twice this in Denmark.

D. DISPLACED WORKERS: FLOW ANALYSIS

1. Introduction

While the stock data provide much information regarding the characteristics and previous activity of the unemployed and job losers no longer in the labour force, they freeze the process at the moment when the former worker finds himself out of work, and say nothing about the evolution of his situation over time. This section describes some follow-up surveys of displaced workers (see definition in Section B) carried out during the 1980s. These surveys provide answers to the following questions: which workers find work, and which do not, in what proportions and after how long? How does the new job compare with the old, notably as regards pay?

The follow-up surveys that are available in OECD countries are not homogeneous and are thus difficult to

compare. The most widespread type of survey consists of case studies of enterprises in which there have been large-scale redundancies, or the closure of one or more establishments. There are also longitudinal surveys which follow cohorts of redundant workers from several enterprises, the common ground being that they either came from the same region or sector, or had benefited from the same aid measure. Finally, in two countries, Canada and the United States, there are national retrospective surveys making it possible to identify the displaced workers at the level of the entire country and to measure the individual costs of this displacement. It is mainly the results of these representative surveys at national level that will be examined in this section. First, however, a link with Section C can be established by analysing what happens to the unemployed or job losers no longer in the labour force in three Member countries.

2. What becomes of job losers?

It is possible to follow samples of individuals common to two labour force surveys by means of file matching. These matched files have their own important problems¹¹. However, they make it possible to know whether the job losers are still jobless a year later. Table 2.5 summarises the information available for two countries, Spain and the United States.

In Spain, over half of the job losers are still without work a year later. Thus 58.2 per cent of the unemployed and 64.7 per cent of the persons no longer in the labour force who declared in 1987 that they had lost their job through redundancy were still in the same situation in 1988. The result is a little more encouraging where the reason for losing the job was the end of a job of limited duration. The job losers nevertheless turn out to do rather better than the unemployed as a whole, 60.8 per cent of whom are still unemployed a year later. Looking at the results by sex, it is the women who are unemployed as the result of redundancy who have the greatest difficulty in leaving the ranks of the unemployed (70.7 per cent), though they are more likely to find another job (21.2 per cent) than to leave the labour force (8.1 per cent). For those men who have left the labour force after becoming redundant, the situation is particularly grim; only 14.7 per cent of them find another job.

In the United States, data are available by age and sex on the status in 1985 of those people who were unemployed in 1984, as a result of either having lost or left their job. The percentage remaining unemployed reaches a maximum of 32.3 per cent for male prime-aged permanent job losers. This is much smaller than in Spain where unemployment is especially high. If the rate of growth of employment was around 2 per cent in both countries in the reference years, the unemployment rate

Table 2.5. Unemployed and job losers no longer in the labour force distributed by labour force status one year after

SPAIN ^a					
Labour force status in 1987					
	Total	Unemployed by reason		No longer in the labour force by reason	
		Redundancies	Ends of jobs of limited duration	Redundancies	Ends of jobs of limited duration
Number, total (000s)	800.2	92.7	195.9	25.8	44.2
Status in 1988 (Va)	100.0	100.0	100.0	100.0	100.0
Employed	28.6	31.7	40.3	13.2	18.3
Unemployed	60.8	58.2	53.1	22.1	18.3
Not in the labour force	10.6	10.1	6.6	64.7	63.4
Number, men (000s)	438.4	66.8	137.9	14.3	15.5
Status in 1988 (Va)	100.0	100.0	100.0	100.0	100.0
Employed	36.2	35.8	44.2	14.7	26.5
Unemployed	53.9	53.3	51.1	16.8	19.3
Not in the labour force	9.9	10.9	4.7	68.5	54.2
Number, women (000s)	361.8	25.9	58.0	11.5	28.7
Status in 1988 (Va)	100.0	100.0	100.0	100.0	100.0
Employed	19.4	21.2	30.9	11.3	13.9
Unemployed	69.2	70.7	57.9	28.7	17.8
Not in the labour force	11.4	8.1	11.2	60.0	68.3

UNITED STATES ^b						
Labour force status and age in 1984						
	Unemployed for the reason of					
	Permanent job losers	Layoffs	Job leavers	Permanent job losers	Layoffs	Job leavers
	Total			16 to 24 years		
Number, total	6469	2729	1595	1392	478	528
Status in 1985 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	51.4	58.8	56.7	55.7	64.0	61.8
Unemployed	27.7	25.8	21.4	27.1	23.9	21.0
Not in the labour force	20.9	15.4	21.9	17.2	12.1	17.2
Number, men	4303	1778	713	968	314	259
Status in 1985 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	51.9	61.9	58.5	54.3	66.6	64.9
Unemployed	31.6	27.5	25.1	31.4	26.1	21.2
Not in the labour force	16.5	10.6	16.4	14.3	7.3	13.9
Number, women	2166	951	882	424	164	269
Status in 1985 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	50.2	53.0	55.2	58.7	59.2	58.7
Unemployed	20.1	22.6	18.5	17.5	19.5	20.8
Not in the labour force	29.7	24.4	26.3	23.8	21.3	20.5
	25 to 54 years			55 years and over		
Number, total	4278	1829	956	799	422	111
Status in 1985 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	52.7	60.8	56.3	36.6	43.9	36.0
Unemployed	28.5	26.4	22.7	24.5	25.8	12.6
Not in the labour force	18.8	12.8	21.0	38.9	30.3	51.4
Number, men	2805	1199	400	530	265	54
Status in 1985 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	53.8	64.2	58.0	37.5	45.7	31.5
Unemployed	32.3	28.0	29.5	28.5	27.5	11.1
Not in the labour force	13.9	7.8	12.5	34.0	26.8	57.4
Number, women	1473	630	556	269	157	57
Status in 1985 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	50.6	54.5	55.0	34.6	40.8	40.4
Unemployed	21.5	23.3	17.8	16.7	22.9	14.0
Not in the labour force	27.9	22.2	27.2	48.7	36.3	45.6

a) The population is constructed on the basis of matched data common to the second quarter of the quarterly labour force survey in 1987 and 1988. In principle, one-third of the sample is common over the year. The numbers shown in this table are based on the population weights represented by each individual successfully matched. They must not, therefore, be considered as estimates of the total population of each labour force category.

b) The population is constructed on the basis of matched data concerning persons belonging to the fourth rotation group in the monthly survey, these persons also having been questioned in the same month one year later. The size of this population is the sum of unweighted counts over the 12 months.

Sources: Spain: Unpublished tabulations provided by the Instituto Nacional de Estadística.
United States: Unpublished tabulations provided by the Bureau of Labor Statistics.

in Spain reached 19 per cent in 1988 while it was 7 per cent in the United States in 1985. People unemployed for other reasons (layoffs or job leavers) do better however; fewer of them remain unemployed and they find jobs more easily. While women remain unemployed to a lesser extent than men, this is not because they find work, but rather because they leave the labour force. This discouragement effect increases with age, but is not so marked in the case of layoffs.

The mobility survey carried out in Australia makes it possible to link the flow and stock data concerning individuals who lost or left a job during the course of a year. Table 2.6 indicates the labour market movements between February 1988 and 1989, while the resulting stocks in February 1989 appear in Table 2.7. In terms of flows, there are almost twice as many voluntary departures as job losses (a little over half being caused by redundancy). Almost 60 per cent of the men made redundant during the year were working again in February 1989, but only 42.6 per cent of the women. There is also a difference to be seen in the re-employment rate according to sector, which is very much higher in construction (61.4 per cent) where the jobs are seasonal and cyclical, than in wholesale and retail trade (39.4 per cent), marked with part-time and temporary jobs. There is a sharp division between the sexes with regard to remaining in the labour force as unemployed as opposed to leaving the labour force. The percentage of women in the last category is always greater than for men. Regarding the length of service in the lost job, a little over half the workers who had held the job for one to five years had a new job at the time of the survey. They were advantaged as compared with those who had either held their job for only a very short period or held it for over five years. On the other hand, voluntary departure from a job leads to fewer problems of adjustment on the labour market: the worker decides to leave either because he has found another job or because he is withdrawing from the labour market for personal reasons. Unemployment resulting from these voluntary labour market movements does not exceed 10 per cent of the total.

The stocks of the unemployed, the employed and those not in the labour force (resulting from the movements caused by job loss, retrenchment or voluntary departure during the previous year) appear in Table 2.7. In Australia, among the workers who constitute the stock of people unemployed for one year or less, there are proportionally slightly fewer retrenched workers than job leavers. The latter group makes up less than 10 per cent of all the persons who left their job during the year as pointed out in the previous paragraph. There are reasons other than whether the former job was voluntarily left, or lost, which separate those who find another job from those who do not. Among these are whether the

individual was under 55, had held the previous job for one to five years, and whether he had worked in the industrial sector. The end result is that the stock of the unemployed (by reason of having lost or left a job during the previous year) is comprised of 61 per cent job losers (35 per cent through redundancy) and 39 per cent job leavers. The job leavers are generally women, under 45, not working in industry.

In summary, it would appear that the chance of a job loser finding a job is significantly lower where the labour market situation is very unfavourable. In a labour market which is less tight, job losses constitute only a small part of total job turnover. Other voluntary movements are significantly more frequent and, except in the case of women, do not seem to cause as many adjustment problems as for those who involuntarily lose their jobs.

3. National surveys of displaced workers

a) Description of the surveys

The mass redundancies of the early 1980s in North America had a profound impact on the public consciousness. A great many of the affected workers were men permanently ousted from jobs they had held for many years, who stood little chance of reintegration into the same type of activity. In January 1984, at the request of the United States Employment and Training Administration, the Bureau of Labor Statistics (BLS) carried out a national retrospective survey for the period 1979-83 to measure the extent of the problem, using a sufficiently large and representative sample¹². The following definition of displaced workers was adopted: those workers of twenty years or over with more than three years' service in a job lost because of plant closings or moves, slack work or the abolishment of their positions or shifts [Flaim and Sehgal (1985)]. Since then, other similar surveys have been carried out in the United States: in January 1986 for the period 1981-85, in January 1988 for the period 1983-87 and in January 1990 for the period 1985-89. The results for the second and third surveys were reported using the definition adopted in the first survey [Horvath (1987); BLS (1988)]. In Canada, the Canada Employment and Immigration administration commissioned a survey of the same type in January 1986.

While the definition introduced by the BLS makes the concept of the displaced workers operational, not everyone is satisfied with it. Hamermesh (1989) finds the reasons for job loss not restrictive enough, and proposes that only the closure of the establishment should be retained. On the other hand, Picot and Wannell

Table 2.6. **Flows of cessations of employment between 1988 and 1989^a**
distributed by labour force status in 1989, Australia

Cessations between February 1988 and February 1989

	Job losers	<i>of whom</i> retrenchments	Job leavers	Job losers	<i>of whom</i> retrenchments	Job leavers
	Total			<i>of whom 25 to 44 years</i>		
Number, total (000s)	628.0	344.8	1156.8	260.0	162.9	609.3
Status in February 1989 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	43.4	51.8	70.9	47.3	53.7	71.7
Unemployed	25.6	26.4	8.8	27.0	24.2	9.0
Not in the labour force	31.0	21.8	20.3	25.7	22.1	19.3
Number, men (000s)	337.6	207.7	600.4	129.5	90.9	319.8
Status in February 1989 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	48.6	57.8	79.4	58.8	62.5	84.9
Unemployed	29.7	31.3	8.8	32.5	31.3	8.8
Not in the labour force	21.7	10.9	11.8	8.7	6.2	6.3
Number, women (000s)	290.4	137.1	556.4	130.5	72.0	289.4
Status in February 1989 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	37.3	42.6	61.7	35.9	42.5	57.2
Unemployed	20.9	19.1	8.8	21.5	15.2	9.2
Not in the labour force	41.8	38.3	29.5	42.6	42.3	33.6
	Duration of last job					
	Less than 1 Year			1 to 5 years		
Number, total (000s)	435.7	206.6	550.4	131.7	92.6	406.5
Status in February 1989 (%)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	41.0	49.6	76.1	52.7	58.4	72.3
Unemployed	26.8	29.2	9.7	24.0	23.7	8.6
Not in the labour force	32.2	21.2	14.2	23.3	17.9	19.1
	Duration of last job 5 years and over			Industry <i>of which</i> manufacturing		
Number, total (000s)	60.7	45.6	200.0	108.0	69.4	188.6
Status in February 1989 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	40.0	47.8	53.7	49.4	58.9	70.4
Unemployed	20.6	20.0	6.9	24.9	22.8	7.4
Not in the labour force	39.4	32.2	39.4	25.7	18.3	22.2
	Construction			Wholesale and retail trade		
Number, total (000s)	54.6	41.1	87.3	144.0	89.4	287.0
Status in February 1989 (Va)	100.0	100.0	100.0	100.0	100.0	100.0
Employed	61.4	66.8	80.4	39.4	49.1	73.4
Unemployed	27.0	27.5	7.3	23.8	25.3	8.6
Not in the labour force	11.6	5.7	12.3	36.8	25.6	18.0

^{a)} The cessations between February 1988 and February 1989 are recorded for all persons having worked at any time during these last 12 months.
Source: Unpublished tabulations of the Labour Mobility Survey provided by the Australian Bureau of Statistics.

Table 2.7. Stocks of unemployed, employed and not in the labour force persons in February 1989 who had lost or left a job in the course of the preceding year^a, Australia

	Unemployed			Employed			Not in the labour force		
	Job losers	of whom retrenchments	Job leavers	Job losers	of whom retrenchments	Job leavers	Job losers	of whom retrenchments	Job leavers
Number (000s)	160.9	91.2	102.2	272.3	178.5	820.0	194.8	75.1	234.6
Total (000)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Men	62.4	71.3	51.9	60.2	67.3	58.1	37.7	30.1	30.1
Women	37.6	28.7	48.1	39.8	32.7	41.9	62.3	69.9	69.9
Age (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15 to 24 years	42.3	42.3	34.9	42.0	36.2	36.5	45.8	22.0	15.4
25 to 44 years	43.5	43.2	53.7	45.2	49.0	53.3	34.3	48.0	50.0
45 to 54 years	8.9	8.8	7.5	9.0	9.9	7.9	10.6	14.9	9.6
55 years and over	5.3	5.7	3.9	3.8	4.9	2.3	9.3	15.1	25.0
Previous job (000)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
of which:									
Manufacturing	16.7	17.3	13.7	19.6	22.9	16.2	14.2	16.9	17.8
Construction	9.2	12.4	6.2	12.3	15.4	8.6	3.2	3.1	4.6
Trade	21.3	24.8	24.3	20.8	24.6	25.7	27.2	30.4	22.0
Duration of last job (000)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
less than 1 year	72.6	66.0	52.2	65.6	57.5	51.1	72.0	58.4	33.4
1 to 5 years	19.6	24.0	34.2	25.5	30.3	35.8	15.7	22.1	33.1
Over 5 years	7.8	10.0	13.6	8.9	12.2	13.1	12.3	19.5	33.5

a) See note a) and source to Table 2.6.

Table 2.8. **Trend in the number of displaced workers according to national surveys in the United States and Canada during the 1980s**

UNITED STATES			
Date of the survey:	January 1984	January 1986	January 1988
BLS definition^a			
Period covered	(1979-83)	(1981-85)	(1983-87)
Total displaced workers (000s)	5 091 (1984 = 100)	5 130 (101)	4 139 (93)
<i>of which</i> , because of plant shutdown (000s)	2 492 (1984 = 100)	2 809 (113)	2 758 (111)
Swaim definition^b			
Period covered	(1979-82)	(1981-84)	(1983-86)
Total displaced workers (000s)	6 716 (1984 = 100)	6 340 (94)	5 847 (86)
<i>of which</i> , because of plant shutdown (000s)	3 030 (1984 = 100)	3 320 (110)	3 281 (108)
CANADA			
Date of the survey:	January 1986		
BLS definition^a			
Period covered	(1981-84)		
Total displaced workers (000s)	469		
<i>of which</i> , because of plant shutdown (000s)	204		
Picot and Wannell definition^c			
Period covered	(1981-84)		
Total displaced workers (000s)	998		
<i>of which</i> , because of plant shutdown (000s)	359		
<p>a) Workers of 20 years and over with at least three years service in a job lost because of plant closings or moves, slack work, or the abolition of their positions or shifts.</p> <p>b) Workers between 20 and 61 who were displaced from full-time, non-agricultural wage and salary jobs because of plant closings or moves, slack work, or the abolition of their positions or shifts [Swaim (1989)].</p> <p>c) Workers between 20 and 65 having lost a full-time job because of plant closings or moves, slack work, or the abolition of their positions or shifts [Picot and Wannell (1987)].</p> <p>Sources: <i>United States</i>: Flaim and Sehgal (1985); Horvath (1987); BLS (1988); Swaim (1989). <i>Canada</i>: Wannell, Picot and Shaw (1986); Picot and Wannell (1987).</p>			

(1987) of Statistics Canada take the opposite view and choose not to restrict the population observed in order to have a comprehensive overview of job loss and adjustment on the labour market in Canada's economic situation of the early 1980s. In the many econometric studies that have used the results of the BLS surveys of displaced workers¹³, researchers have generally reconstructed the displaced worker population themselves to suit the precise question they are analysing. Thus Podgursky and Swaim (1987b), in their analysis of the wage loss of displaced workers, did not use the criterion of three years' service and simply selected a sample of workers between 20 and 61 who had worked full-time in a sector other than agriculture.

b) *Extent of and trends in worker displacement*

How many workers were displaced in the United States and Canada during the 1980s? Has the number increased since the beginning of the 1980s? In order to answer these questions for the United States, two definitions that have been used in the three surveys available will be presented: the official BLS definition and one reconstructed for research purposes by Swaim (1989). For the case of Canada, in addition to the restricted BLS definition, the much broader one developed by Picot and Wannell (1987) will be described. The period covered in the last three cases does not include the year immediately preceding the interview date in order to minimise the effect of short-term economic fluctuations which lead to workers being laid off and then taken back by their former employer.

Table 2.8 indicates clearly that, no matter which definition is used, displacement affected a significant number of workers in the United States and Canada during the 1980s. Using the BLS definition, in the United States about five million workers with at least three years' service in the lost job were affected over a period of five years, or about one million workers each year (between 0.8 and 0.9 per cent of the civilian labour force), while in Canada the figure was half a million workers over a period of four years, or almost 120 000 workers each year (1 per cent of the civilian labour force). The share of displacements caused by plant shutdowns is substantial: in Canada around 40 per cent, and in the United States from a little less than 50 per cent in the early 1980s to nearly 60 per cent in the late 1980s.

The results of the three surveys carried out in the United States, summarised in Table 2.8, indicate that in the improved employment situation of the mid-1980s, there was less worker displacement than during the recession years at the beginning of the 1980s. However, the problem has by no means been solved, and seems increasingly to be associated with structural rather than

cyclical factors. This is indicated by the rise in the proportion of job losses associated with the closure of enterprises, even though the economic upturn has continued. Accompanying this has been, as we shall see below, a gradual spread in displacement during the late 1980s to all economic sectors away from an initial concentration in manufacturing during the recession.

c) Characteristics of displaced workers

Table 2.9 shows a certain number of characteristics of displaced workers. They are mainly men in the prime of life who have lost manual jobs in the manufacturing industry, especially in the durable goods sector. This picture is found in the results of the first two surveys in the United States for the periods 1979-83 and 1981-85. In Canada, this description also applies for the period 1981-84, but to a lesser extent. A hazard ratio¹⁴ showing the risk of being displaced for different categories of worker reveals that the groups most affected are male workers between 25 and 34 who have held the job for a relatively short period, have little education, and work in manufacturing, industry or construction. According to the results available from the latest United States survey (carried out in January 1988), the share of job losses in manufacturing and among blue-collar workers generally fell in relative terms, while that of job losses in the tertiary sector and among white-collar workers rose. The fall in the share of production workers in total displacements may reflect both the continued reduction in their share of total employment and unusually high displacement rates in manufacturing in the 1980-81 recession, rather than an increase in displacement risk for non-production workers. The service sector branches in which the absolute number of displacements is rising are retail trade, financial services and insurance, and real estate. This pattern is also found in all white-collar occupational categories.

*d) Individual costs of displacement*¹⁵

In the United States in January 1984, 60.1 per cent of the workers who had lost their job between 1979 and 1983 had found a new job after a median period of thirteen weeks out of work, and 46 per cent were earning less than in the earlier job (Table 2.9). The others were still unemployed or had left the labour force. There was a clear difference between the sexes as to those who did not find a new job: women, who had a re-employment rate ten points lower than that of men, were fairly evenly split between being unemployed or out of the labour force (22.5 and 24.2 per cent respectively) while men were mainly unemployed (27.1 and 9.2 per cent

respectively). After the resumption of growth, the re-employment rate improved significantly, to reach an average of 71.4 per cent for the last period, though without any improvement in the new job conditions: a little under half of the redeployed workers had to accept a lower wage than in their previous job.

In Canada, the displaced workers' experience seems fairly similar to that of their counterparts in the United States. While the average duration of unemployment seems much longer, this is because the period was restricted in order to include only workers who had lost their job more than a year earlier. If a similar procedure had been adopted in the United States, the median duration of joblessness according to the 1986 survey would have been 25 weeks [Swaim (1989)].

The results of these surveys reveal a high degree of sectoral and occupational mobility on the part of the workers affected, but low geographical mobility. In the first United States survey in 1984, the proportion of those finding a new job in the same sector ranges from 35 per cent in the non-durable goods sector to 50 per cent in wholesale trade, and in the same occupational category from 22 per cent for unskilled blue-collar workers to 58 per cent for service occupations. In contrast, only a minority (13 per cent) of the workers moved to a new city or county to look for work or to take another job, though those who did were more successful in finding work than those who stayed at home (re-employment rates of 73 and 58 per cent respectively). In Canada, the net gains or losses in employment brought about by sectoral and occupational mobility¹⁶ have been studied for certain sectors and occupational categories during the period. The movements reveal a shift from industry to the tertiary sector and from blue-collar, middle management and specialist occupations to service occupations. The survey also reveals that few displaced workers were relocated (14 per cent).

In summary, four conclusions can be drawn:

- i) The groups for whom the probability of being displaced is highest are not necessarily those who have to cope with the greatest adjustment difficulties. Consider for example older workers in the Canadian survey; although workers of 55 and over run a lower risk of displacement than other age groups, those who are made redundant have a higher unemployment rate, remain out of work for longer than average and have to accept a greater than average cut in pay [Picot and Wannell (1987)]. Thus, when drawing up assistance programmes for displaced workers, a distinction should be made between high-risk groups and those who find it difficult to readjust;

Table 2.9. Characteristics of displaced workers^a according to national surveys in the United States and Canada during the 1980s

Percentages				
Date of the survey: (Period covered):	United States			Canada
	January 1984 (1979-83)	January 1986 (1981-85)	January 1988 (1983-87)	January 1986 (1981-84)
Displaced workers				
Men	65.4	64.7	63.8	68.7
Women	34.6	35.3	36.2	31.3
20 to 24 years	6.7	4.3	3.2	5.8
25 to 54 years	74.8	77.0	78.1	79.6
55 years and over	18.5	18.7	18.7	14.6
Lost job industry				
Construction	9.5	7.0	8.6	11.8
Manufacturing	49.4	50.5	38.7	34.2
Durable goods	33.1	33.3	26.5	15.9
Non durable goods	16.3	17.3	12.2	18.3
Transportation and public utilities	6.9	8.1	6.4	6.1
Wholesale and retail trade	14.5	13.8	20.0	18.2
Finance and service industries	12.7	13.3	19.7	18.9
Public administration	1.7	1.1	0.7	1.6
Other industries	5.3	6.2	5.9	9.2
Lost job occupation				
Blue-collar	56.3	56.3	46.5	45.4
Other	43.7	43.7	53.5	54.6
Labour force status at the date of the survey				
Employed	60.1	66.9	71.4	63.0
Men	63.6	70.9	74.2	66.5
Women	53.4	59.6	66.4	55.1
Unemployed	25.5	17.8	13.9	20.0
Men	27.1	18.6	15.4	21.5
Women	22.5	16.2	11.4	16.5
Not in the labour force	14.4	15.3	14.7	17.1
Men	9.2	10.5	10.5	11.9
Women	24.2	24.1	22.2	28.4
For those re-employed				
Weeks without work ^b				
Less than 5 weeks	30.3	33.5	..	} 62.4 ^c
5 to 26 weeks	37.0	35.3	..	
27 to 52 weeks	19.6	18.3	..	
Over 52 weeks	13.1	12.9	..	25.4
Median weeks without work (weeks)	13.1	12.5	..	12.2
Wage in the new job ^e				
Lower than previous wage	46.0	44.0	44.1	27.0 ^d
About equal or higher	54.0	56.0	55.9	55.7
				44.3

a) In accordance with the BLS definition, see note a) to Table 2.8.

b) The data for the United States cover weeks out of work, including both periods outside the labour force and periods of unemployment.

c) The detail is the following: 25.7% less than 4 weeks unemployment, 18.5% 4 to 13 weeks and 18.3% 14 to 26 weeks.

d) Average weeks.

e) Displaced full-time workers re-employed in full-time wage and salary jobs.

Sources: **United States:** Flaim and Sehgal (1985); Horvath (1987); BLS (1988).

Canada: Wannell, Picot and Shaw (1986).

- ii) While the surveys show that on average six or seven displaced workers out of ten find another job, they also indicate a great variety of individual situations: some workers experience neither unemployment nor loss of salary, while others withdraw from the labour force. The individual factors that increase the cost of displacement are: belonging to an ethnic minority, being over 55, not having any skills or diplomas, and living in an area of high unemployment;
- iii) The impact of displacement differs according to the workers characteristics: unskilled workers, women, older workers and those who have virtually no schooling are more likely to become long-term unemployed, while skilled workers with long service in their previous job risk a drop in pay more than anything;
- iv) The wage data summarised in Table 2.9 relate only to the nominal wage. Account should also be taken of reduction in the real wage due to price increases and the loss of fringe benefits which in the United States include in particular health insurance¹⁷ and pension contributions paid by the employer in a private group system. Also, these data cover only those who are re-employed. Hence, the financial losses suffered by people unemployed or outside the labour force at the time of the survey are not included.

4. Other follow-up surveys

Other follow-up surveys of displaced workers have dealt with workers from a single enterprise that has either closed down or drastically reduced its workforce, or with a number of enterprises. These approaches, which are as a rule very descriptive, give qualitative and detailed information about the problems encountered by workers after the loss of their job. This in-depth investigation can be a real help in the design of measures that deal in concrete fashion with such problems¹⁸.

a) Case studies of redundancies from a single enterprise

One of the components of most case studies is a follow-up survey, carried out among workers seeking another job, six months to three years after the job loss. The findings of five follow-up surveys of workers made redundant in four Member countries are presented in Table 2.10. These surveys are concerned with three enterprise closures, each involving the loss of a little

over 2 000 jobs, and two mass redundancies (involving 732 and 6 500 workers respectively). These restructuring measures were taken between 1980 and 1985, all in manufacturing activities and mainly in regions hard hit by deindustrialisation. The vast majority of the workers made redundant were men over 40, who had held the same job for a long time and who were for the most part fairly skilled.

Despite the diversity of the situations experienced by redundant workers, there are certain broad characteristics to be observed:

- At the time of the survey, which was held on an average of three years after the closure or redundancies, over half of the redundant workers (excepting both those who took early retirement and foreigners who returned to their home country) were working again. The re-employment rate ranged from 81 per cent in the case of AG Weser in Germany to 54 per cent in the case of Creusot-Loire in France;
- While certain workers experienced no unemployment at all, others have been continuously or recurrently unemployed since the loss of their job. Other than those who took early retirement, very few said they had left the labour force.
- On average, the new job is accepted at the price of a drop in pay and a certain deskilling, or less attractive working conditions and career prospects.

The few comparative statistics presented in Table 2.10 far from exhaust the analyses available for each case study. What is more, they attach too much importance to the global re-employment rate at the time of the survey, while not giving enough weight to the durability of labour redeployment.

b) Follow-up studies of groups of workers made redundant

The few case studies just described cannot be considered to represent all such cases. In order to widen the scope, certain researchers have turned to more broadly-based data sources, studying the workers made redundant by several enterprises. These databases are either files established for the follow-up examination of redundant workers in a given sector, region, or type of enterprise (large firms, etc.), or workers who have benefited from a particular measure, or existing files from which displaced workers are extracted (see note 12).

Table 2.11 presents four follow-up studies of groups of redundant workers in three Member countries. Each of these studies sheds light on the process of adjusting on the labour market after being made redundant.

Table 2.10. Some case studies of redundant workers from individual enterprises

Enterprise	AG Weser	AEG	Creusot-Loire	British Steel	Ford-San José
Sector of activity	Shipbuilding	Electronics	Metallurgy	Steelmaking	Automobile assembly
Country	Germany	Germany	France	United Kingdom	United States
Region	Bremen	West Berlin	Burgundy	North west	California
Closure	Yes	Yes	No	No	Yes
Date of redundancies	End 1983	1982-84	Early 1985	1980	May 1983
How long after this date was the survey?	3 years	3 years on average	2 year 1/2	5 years	2 years
Workers made redundant					
Number	2 094	2 100	732	6 500	2 386
Average age	60% over 40	49	70% between 30 and 45 ^a	Over-representation of workers over 54	42 ^d
Average length of service	60% over 10 years	17 years	76% over 10 years ^a		16 years
Percentage of males	Great majority	81%	76.5% ^a	95%	92%
Skill level	Majority skilled	40% very skilled	19% very skilled		22% higher education
Situation at the time of the survey					
Employed	100% 100% ["]	100% 100% ["]	100% ["]	100%	100%
Unemployed	70% 81%	69% 78%	54%	61% ^c	61%
Not in the labour force	14% 17%	19% 20%	44%		17%
	16% 2%	12% 2%	2%		22% ^e
Unemployment experience					
None	20% of redeployed				
Ever since job loss	12%		27%	74% of unemployed	
Other observations	More than 12 months for 6% of redeployed ^b	Unemployment rate: Skilled 15% Unskilled 25%	More than once for 24% of the redeployed	14% unemployment but after having worked again	44% for over 35 weeks
New job					
Wage	100% ^b	100%			For the majority
Lower	51%	43%			
Equal	25%	35%			
Higher	23%	22%			
Other observations			The minimum wage for 37% (9% previously)		
Skill level		100%	100%		
Lower		42%	47%		
Equal		31%	36%		
Higher		27%	17%		
Other observations	Working conditions Not as good 46% ^b Better 14% ^b	Career prospects Not as good 56% Better 12%			In general, but 25% of the redeployed are seeking a new job

a) Workers likely to take another job in the country. Excludes those taking retirement or returning to their country of origin.

b) German workers.

c) Workers under 55.

d) Hourly wage workers.

e) Three-quarters of these are retired.

Sources: AG Weser: Hessler and Roth (1988); AEG: Gabriel (1988); Creusot-Loire: Outin, Perrier-Cornet, Silvera (1988); British Steel: Jones (1989); Ford: Hansen (1988).

Table 2.11. **Some follow-up studies of workers made redundant**

File	a	b	c	d
	33 large establishments (research monographs)	Members of a conversion agreement (postal survey)	Unemployment file completed by interviews	193 establishments (administrative sources)
Main sector	Industry	All sectors	Industry	All sectors
Country	France	France	Italy	Sweden
Region	8 regions	Entire country	Milan	Entire country
Closure	3 establishments	—	Not only	Not only Over 50 persons
Follow-up of workers made redundant	a	b	c	d
Number	6322	1565	467	22220
Date of redundancies	1985-86	October 1987	1983	1965-80
Date of survey	1 year later	1 year later	3 years later	3.5 months later
Redeployment rate	60% of those under 55 had worked again; smaller percentage of women and unskilled	45% employed; 55% without employment of whom 75% continuously	25% of the women and 53% of the men were employed; 22% of the women and 17% of the men inactive	54% had a stable job, 19% were unemployed, and 27% benefiting from public programmes
important observations	Redeployment mainly in SMEs, permanent jobs with a wage 15 to 25% lower	Redeployment less likely for employees having worked 10 years and over in a firm of 200 workers and over	Average duration of unemployment: women 26 months; men 20 months. Population: unskilled adult workers	Between 1966 and 1980 redeployment rate fell from 67 to 50% . More difficult for women, older workers and manual workers
Sources:	a) Ardenti and Vrain (1988). b) ANPE (1989). c) Dell'Aringa and Smalek Lodovici (1988). d) Edin (1989).			

The first study [Ardenti and Vrain (1988)] examines the effect of measures carried out by large French manufacturing firms on the rate of re-employment of redundant workers. These measures were enacted in 1985-86, years marked by massive redundancies. The researchers found that re-employment was a function — in part — of enterprise policy regarding redundancies: those which emphasized early retirement for some, accompanied by direct effective redeployment for the other redundant workers, achieved a re-employment rate of 81 per cent one year after the redundancy for those not retired early. Those firms whose policy did not include assisting in the redeployment of workers had a success rate of only 47 per cent for workers under 55. Firms combining such measures achieved a result in between these extremes. While the action of the enterprise in promoting redeployment was an important factor in the re-employment of redundant workers, the

authors nonetheless conclude that the workers who most easily found new jobs, either through redeployment assistance measures or through their own efforts, were the best educated and most skilled workers. The typical profile of the new employer was that of a small or medium-sized industrial enterprise, or more rarely a tertiary sector enterprise. Redeployment often meant substantial change in the type of occupation. Another consequence was often lower pay (15 to 20 per cent less than in the previous job). There were two reasons for this: the basic pay under the new employer was generally lower, and redeployed employees no longer enjoyed seniority pay.

The second example is the follow-up of a cohort of workers involved in the conversion agreements in France¹⁹ [ANPE (1989)]. One year after the job loss, 45 per cent of the persons interrogated were working again, 40 per cent as employees and 5 per cent working

for themselves. In spite of the conversion agreement, re-employment was less likely for older job losers, women, those with fewer skills or less education, and those who had been manual workers in big industrial enterprises. The study concludes that, disregarding the original occupational context and individual characteristics, it is above all the attitude in seeking a new job that may explain successfully finding an adequate position.

An econometric analysis of the determinants of the duration of unemployment for 467 displaced workers in 1983 in the Milan area was carried out by Dell'Aringa and Samek Lodovici (1988). The very low rate of redeployment can be attributed to the characteristics of the sample group, which contains mainly female workers of about 40, with very low levels of skills and education. An important finding of this study is that the negative correlation usually found between the length of time since job loss and the probability of finding another job, the "negative time dependence", is not confirmed. Even though the authors stress that this result must be regarded with caution, they explain it by the possibility of a "falling reservation wage" (as the period of unemployment continues) and by the influence of public measures to promote the recruitment of relatively unskilled workers.

The Swedish analysis, based on mass redundancies of 50 or more workers between 1965 and 1980 [Edin (1989)], reveals the very marked differences between groups of workers as regards their short-term adjustment, three to four months after the job loss. It is women, older workers and manual labourers who have the greatest difficulty in finding another job. This reflects the United States' findings on determining which groups were most disadvantaged by displacement. The analyses also show the unmistakable influence of the general economic climate on the redeployment process, with a tendency towards reduced growth over the period 1965-80: the rate of re-employment in a stable job fell from 67 per cent for the period 1966-70 to 50 per cent for the period 1976-80, with public training programmes involving 5 and 9 per cent of the redundant workers over the same periods of times, respectively. The author also points out the regional differences, partly due to the industrial pattern, but also due to the occupational and demographic characteristics of the different regions.

5. Summary

Some general conclusions may be drawn from the different follow-up surveys of workers made redundant. While on average half of these workers find another job within a reasonable period, the situation may vary enormously from one individual to the the next.

Individual displacement costs are not highly predictable but the positive factors have a tendency to go together, as do the negative. Highly-skilled and highly-paid workers may find a new job immediately, without any deskilling and without having to accept lower pay. Women and those lacking skills and education are less likely to find a new job quickly. Other factors working against job searchers are the deterioration of the local or national labour market, or the loss of a job in a branch of heavy industry. If redundancies appear to be less of an issue today than they were in the early 1980s (a period marked by large-scale redundancies in industry), the problem has hardly been solved. By the end of the 1980s, redundancies caused by the permanent adjustment of enterprises to new structural conditions were affecting the whole of the productive fabric and spreading to the service sector.

E. WHAT MEASURES TO ASSIST WORKERS MADE REDUNDANT?

1. Introduction

Once on the external labour market, redundant workers find themselves in competition with other members of the labour force seeking work: not only other unemployed individuals, but also workers who want to change jobs and new entrants to the labour market. The preceding sections have shown that displaced workers are, as a rule, not in a favourable position in this search for a job, especially if they have been working for the same firm for many years. Faced with the high risk of having these workers join the ranks of the unemployed, and in particular the long-term unemployed, many OECD countries have introduced public measures to promote their redeployment in new activities.

Is it justifiable to allow displaced workers to benefit from special measures? If so, should the effort be concentrated solely on those who have the greatest difficulty in adjusting, and who therefore run a greater risk of becoming long-term unemployed or being excluded from the labour market? Leigh (1989) justifies the creation of assistance measures in favour of workers affected by restructuring, on the grounds of both social equity and economic efficiency: *i)* social equity because: "... since the nation as a whole gains from socially desirable policies such as free trade and the introduction of labour-saving technology, it is reasonable to extend assistance to those groups that bear the brunt of the adjustment costs associated with maintaining a dynamic, generally open domestic economy" (p. 10); *ii)* economic

efficiency because: "... if losses due to displacement are uncompensated, risk-averse workers and their employers will be discouraged from investing in all forms of firm-specific human capital. The result of suboptimal investment in specific training is, in turn, a social loss due to an inefficient organisation of production" (p. 11).

A recent OECD report (1989*d*), drafted by an evaluation group, describes and evaluates for the seven OECD countries constituting the panel (Australia, Canada, France, Japan, the Netherlands, Sweden and the United States as pilot country) the economic efficiency of the different programmes specially designed to favour those workers displaced as the result of structural change over others. The measures are classified as more or less useful depending on whether, according to the results of the mainly quantitative evaluations, they facilitated or accelerated the adjustment process to a greater or lesser extent. The most useful measure turns out to be redundancy notice, backed up by measures rapidly introduced to assist with the search for a job and to match job seekers and available jobs. The "less useful" measures are the creation of temporary jobs in the public sector, public programmes to promote early retirement, mobility allowances, the reinforcement of existing programmes in favour of a particularly hard-hit region or branch of industry, income guarantees and wage subsidies. Redundancy payments and training programmes are considered to have given mixed results, though training measures give good results in terms of reinsertion when they are realistic as regards the trainees' capacity and the employers' needs.

In this section, the panel report will be supplemented by a typology of the guiding principles underlying the measures initiated by the authorities to assist workers made redundant. Experiments and evaluations, too recent to be carried out in the panel report, or developed in OECD countries not belonging to the panel, make it possible to illustrate these principles. A distinction is made according to whether or not the special measures introduced for workers made redundant have become a permanent feature of labour market programmes. Within these categories there are great differences in the practices of different countries, depending on the specific nature of consultation between the central government, the two sides of industry and private firms, and according to the criteria to be met in order to benefit from the measures.

2. Permanent installation of measures to mitigate the effects of redundancies

Those responsible for implementing government policy may choose to install permanent measures to mitigate the effects of redundancies, emphasizing

different objectives. The first objective may be economic efficiency, in order to try to facilitate structural adjustment and accelerate the adaptation to new technologies and new market conditions. On the other hand, social equity may be the prime consideration, with the aim of enabling workers who lose their jobs involuntarily to re-enter quickly the world of work. This concern with equity is characteristic of the European countries, especially those where management-worker consultation within enterprises is the rule, as is prescribed by law in Germany and France. The economic efficiency argument is more to the fore in the case of the United States.

In the United States, the introduction of special programmes for displaced workers is often presented as the price to be paid to reach an economic policy goal such as the liberalisation of trade in the framework of a non-protectionist policy [Richardson (1983)]. In 1988, three major legislative modifications to the existing programmes were introduced in the Omnibus Trade and Competitiveness Act, following the recommendations of the Task Force on Economic Adjustment and Worker Dislocation (1986). The goal is to be able to act in timely and appropriate fashion to help displaced workers through encouraging co-operation and co-ordination at state and local authority level and between the different programmes. First, the Trade Adjustment Assistance (TAA) program — which since 1962 has been especially concerned with those workers who lose their job due to competition from imports — obligates workers to undergo training and to prove either attendance or exemption in order to receive compensation. Second, Title III of the Job Training Partnership Act (JTPA) — devoted to workers displaced from the private sector — has been revised and extended and is now called the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA). This new package is aimed at establishing new practices to assist displaced workers. Among them should be mentioned the designation of a body in each state in order to respond rapidly to the problems caused by the closure of large enterprises and mass redundancies, the transfer of block grants to the states who then decide themselves the type and amount of aid to be allowed in each case, the establishment of links with the unemployment benefits system and the TAA, and a focus on active measures such as training and reskilling rather than passive measures such as guaranteed income. Finally, a completely new and controversial obligation requiring American employers to give notice of redundancies in certain cases of enterprise closures and mass redundancies — the Worker Adjustment and Retraining Act (WARN) — was introduced.

In Germany, the possible recourse by employers to the external labour market is limited by the Co-determination

legislation, which gives elected representatives within the enterprise (*Betriebsrat*) the right to be consulted and take part in the decision-making on various points, notably in connection with mass redundancies. Since 1972, all enterprises with over twenty employees have been required to have a works committee, which formulates a “social plan” in the event of any change in activities which could affect a significant proportion of the workers [Von Neumann-Cosel (1989)]. The aim has been to make the employer compensate workers, or cushion the effects of changes in working conditions and pay of workers (notably through paying for training), while avoiding redundancies as far as possible. This implies an extra cost for the employer, who increasingly makes sure that part of this expense is borne by the employment office of his *Land* through publicly financed further training programmes.

Has recourse to these social plans actually facilitated structural adjustment within enterprises? An empirical investigation carried out on the basis of 350 social plans drawn up in three German *Länder* (Baden-Württemberg, Hamburg and Lower Saxony) between 1984 and 1986 [Hase *et al.* (1988)] comes to the following conclusions:

- Social plans have been used only in relatively few cases of structural adjustment: approximately 5 per cent of those enterprises with over twenty employees resorted to them, even though a large majority of them went on to implement important changes. What is more, small enterprises seem to have resorted to them only in the case of closure. It would appear that this is due not only to the limits established by the law — notably the existence of a works committee — and the jurisprudence on this subject, but also to the lack of competence within these committees, especially in small enterprises, and to the inadequate support received from the unions;
- The measures proposed concerned almost exclusively adjustment in terms of the workforce, rather than the promotion of economic activity to maintain or create jobs. As regards the workforce, virtually all the social plans contain financial provisions in the case of redundancies, a little over half offer possibilities of internal mobility, less than one-quarter proposals for early retirement, and only 18 per cent of the plans propose measures connected with further training;
- Despite the cost that the social plan represents to the employer, and the delays caused by negotiation (80 to 85 days on average), it would appear that this obligation does not slow down the adjustment to structural change and makes it possible to avoid a climate of industrial unrest within the enterprise.

In France, the law of August 1989 again amended the legislation on dismissal for economic reasons. However, instead of re-establishing the requirement for administrative authorisation for dismissal (abolished in July 1986), this new law introduces a number of measures aimed at combating the selectivity of the labour market [Liaisons sociales (1989)]. The aim is to make enterprises more aware of their responsibilities, promote enlightened manpower management, and reinforce the individual guarantees given to redundant workers. Three main fields are covered: the prevention of redundancies, redundancy procedures and the right to conversion. This last field covers the conversion agreements (whose effectiveness was discussed in Section D and Table 2.11) which deal with those actually displaced.

Any redundant worker with two years’ service in the enterprise and below the age of 56 years and 2 months is entitled to assistance with reinsertion through the “conversion agreement”. This first appeared in February 1984 under the name of “conversion leave” as a measure accompanying the major restructuring of two sectors: steelmaking and shipbuilding. It was then extended in August 1985 to other sectors, mainly other industries, but duration and compensation provisions were less advantageous [Marioni (1988)]. With the inter-professional agreement of October 1986, which brought in the two sides of industry as managers of this aid, the scheme took the name of “conversion agreement” and also became available to small and medium enterprises in the tertiary sector. Use of the scheme is slowly spreading (22 per cent of the redundant workers concerned in 1987 and 29 per cent in 1988). A little less than half the participants find a job within two months of the end of the aid period. The financing of this measure is complex: contributions come from the worker (who gives up the right to two months notice), the employer (who pays these two months with a lump sum per member), and the State and the scheme managers (who provide the rest).

Those workers covered by conversion agreements enjoy, during the conversion period (i.e. until redeployment or for a maximum of five months), a special status together with the following main benefits: *i*) a special conversion allowance (equivalent to the previous net wage during the first two months and 70 per cent of the previous gross wage during the next three); *ii*) compulsory evaluation-orientation by a technical reskilling team at local level or within the enterprise; *iii*) where appropriate, training for a maximum of 300 hours; and *iv*) redeployment aid. At the end of the conversion period, if the worker is not redeployed, he recovers his entitlement to unemployment benefit, but the duration of these rights is reduced by two months.

3. More *ad hoc* redundancy mitigation measures

In other countries, redundant workers have benefited from very few special measures, having access only to programmes available to all the unemployed. Additional arrangements may be made on an *ad hoc* basis in the case of major restructuring or where there is particular conflict. This is the case in low-unemployment countries like Japan and Sweden, where the problems of overmanning are resolved as far as possible within the enterprise, but also in Belgium where unemployment is high and redundancies frequent.

Belgium has a broad range of instruments to help the unemployed. In the case of mass redundancies or enterprise closures, the affected workers do not benefit from measures apart from those available for the unemployed in general. Since 1980, however, there have been ten or so occupational redeployment experiments (limited to a few enterprises), known as “training-reconversion cells” [FOREM (1989)]. These cells originated among the workers themselves, who called upon their union delegates to seek solutions to the problem of job destruction, the process of which sometimes resulted in very strained relations between management and workers. Occupational training programmes supported by the authorities were subsequently set up. While these cells are generally successful as regards the reinsertion of the workers concerned, they remain the exception, and all too few displaced workers are able to take advantage of them.

The tendency in Japan is to react to restructuring by profiting from the internal flexibility of the labour market and redeploying “regular workers (i.e. those enjoying a job for life) [Bednarzik and Shiells (1989)] to other enterprises. Nonetheless, the government has introduced programmes to help cushion the impact of inevitable adjustments in the various “industries structurally in crisis”. The list of these industries has been periodically reviewed since the enabling law of 1978, but in November 1988 there were 31 activities, including certain branches of the steel industry, various types of foundry, cement, lace-making and inland waterway transport. As explained in detail by Dore *et al.* (1989), these programmes include conversion aid paid to the employer in the declining branch to enable him keep the redundant worker in his workforce during the training period and pay his normal wage, and reinstallation allowances paid to the new employer in case of transfer. However, “in adjustment through the external mid-career labour market, private efforts — primarily the efforts of sacked individuals to find jobs for themselves, and only secondarily the efforts of private employers and unions to place them — are still overwhelmingly important. State schemes so far — and certainly in the expansionary economic conditions of

1987 — play a marginal role.” [Dore *et al.* (1989), p. 37)].

Since the 1950s, Sweden, whose economy is very open to international trade, and integrates the dimensions of both equity and efficiency, has been pursuing a type of continuous structural adjustment policy [Edin (1989)]. The twin pillars of this policy are the “solidaristic wage approach” and an active labour market policy. The aim of the latter is above all to resolve the flexibility problems within an enterprise, mainly through occupational mobility. In cases of unavoidable external mobility, the Swedish administration offers a broad range of measures forming part of the permanent active manpower programmes to aid redundant workers from declining industries in finding a job in expanding branches. However, in the case of large-scale redundancies, the government has to provide special assistance. This assistance consists of measures to promote regional development through industrial location grants and loans, associated with intense labour market policy [Storrie (1988)]. The standard practise is to set up a special exchange on the plant site immediately after the redundancies are announced. This programme has the resources needed to match those made redundant with the local recruitment needs and to implement special policy measures.

F. SUMMARY AND CONCLUSIONS

The main purpose of this chapter has been to take stock of the phenomenon of job loss due to structural change during the 1980s. Before trying to draw any conclusions from this analysis, it will be useful to summarise the main findings.

1. Main findings

The analysis was concerned with two groups of workers: *i*) job losers, from the standpoint of the stock, defined on the basis of the reason for their being unemployed and for having withdrawn from the labour force; *ii*) displaced workers, from the standpoint of flows, taking account of what became of them on the labour market. Any comparison of the statistics must be made with caution because of methodological differences in dealing with the phenomenon and the specific nature of the national practices concerning redundancies and terminations.

The early 1980s were marked by large-scale redundancies, with manual workers in heavy industry being the group primarily affected in most countries. The

problem continues, but structural change and the inherent accompanying restructuring have now spread throughout the economic fabric and affect all types of occupations. Women and young people, whose jobs are often insecure, run the greatest risk of losing their jobs. A distinction needs to be made between these two groups who are the most vulnerable, and those who, if displaced, have the most difficulty in finding comparable jobs. The latter are disadvantaged in that they are relatively old, lack skills or education, or have skills acquired in the enterprise which are now obsolete or non-transferable.

While, on the average, the workers concerned do find new jobs, there are enormous differences from one individual to the next. Individual displacement costs are not predictable even if higher costs can be associated with certain demographic characteristics and labour market conditions. The most highly qualified displaced workers may not suffer as a result of job loss, and sometimes even manage to get higher pay; others, including the oldest workers, the least qualified, women, and those in zones or sectors in crisis, may pay a heavy price in terms of duration of unemployment, reduced pay and poor career prospects.

Displaced workers are as a rule disadvantaged as compared with the other candidates with whom they have to compete for jobs: new entrants who have just finished training and also job leavers. The latter, who constitute the vast majority of movements on the labour market, have the very important advantage of not having to suffer an undesired break in their career, which is often a brutal shock. This is why workers made redundant run a high risk of joining the ranks of the long-term unemployed, or being forced to leave the labour force.

In the majority of OECD countries, public measures have been introduced to assist with the redeployment of those workers made redundant. These measures may be permanent or *ad hoc* and may be aimed at social equity and or economic efficiency. In certain countries, retraining measures are available to all redundant workers, while in others only a minority manage to establish their right to retraining.

2. Some implications of the analysis

Structural change, job loss and job change will remain constant in the lives of workers and enterprises. It is in the interest of governments to promote an industrial relations climate that encourages, rather than impedes, the inevitable manpower adjustments. The authorities

may contribute to this process in two ways: *i*) promote human resource management and the continual updating of workers' skills within enterprises (notably in small and medium-sized enterprises which encounter obstacles in trying to follow this path); and *ii*) ensure that an increasing "internalisation" of the labour market which may result from more extensive enterprise-based training, does not segment the labour force between those with secure, career jobs and those with casual, dead-end jobs.

Even if enterprises, in consultation with the workers and their union representatives, try to anticipate the qualitative and quantitative workforce adjustments, certain jobs will necessarily be eliminated to meet new production and market conditions. Here the enterprise's involvement in the reskilling of redundant workers may be the determining factor for their chances of reinsertion in associated activities or in the same employment area.

Nevertheless, public measures remain necessary in view of the continuous occupational change to which workers are exposed. The effectiveness of the programmes introduced by the authorities does not necessarily depend on new measures restricted to redundant workers. Their success depends primarily on their integration into a set of permanent and global measures aimed at improving the functioning of the labour market and the economic redevelopment of zones and sectors in decline: these programmes will generally be less effective if they have been set up in haste to meet a crisis situation. Another important point to consider is that the problems of worker redeployment are not all identical and do not all require the same type of aid, though one measure useful to all appears to be the provision of assistance with finding a new job immediately upon a redundancy notice having been issued. More complex and costly measures, such as retraining, could be reserved for those individuals who need to change their occupational capacities substantially in order to find a new job. This is the case with the least skilled, the least educated and those whose skills acquired over the years are not transferable. In the final analysis, re-employment depends on the capacity and will of the workers concerned to pursue a redeployment policy appropriate to their personal situation. At this level, it appears absolutely essential to involve the local employment services, provided they develop the capacity to evaluate correctly the worker's occupational profile and the type of assistance required.

The challenge of the 1990s for all the actors involved — enterprises, central and local authorities, workers and their representatives — is to develop a positive attitude and make a concerted effort to cope with structural change and the adjustments it implies.

NOTES

1. This category is not included for the unemployed in the other countries for which data are available.
2. What the two groups of workers have in common is that either in the distant or recent past, they had their relationship with their employer involuntarily and permanently severed: *a*) involuntarily because the workers did not wish to leave their jobs, but were forced to do so for economic reasons such as the closure or relocation of the enterprise, a fall-off in business, or the elimination of the particular job, and *b*) permanently because the workers did not expect to be re-employed by their former employers (this excludes from the two groups workers who have been laid off). However, these two groups differ in two important respects: *i*) according to the criterion of the stability of the job lost: the first group includes the loss of temporary or seasonal jobs, while the second includes the loss of stable jobs only, sometimes held for a long time; and *ii*) according to the workers' present situation: the first group includes only workers currently jobless, while the second group also includes workers who have found a new job.
3. For these countries, it is not the duration of unemployment that is known but the duration of joblessness, which may also include periods outside the labour force. This is why it is not possible to know whether the job losers remain unemployed longer than the average unemployed person in the majority of the countries studied.
4. An overview of the legislation governing collective and individual dismissals was presented in the report by the Secretariat on Flexibility in the Labour Market [OECD (1986*b*)]. An exposé of principal modifications has been published this year [OECD (1990*b*)]. In addition, a report on Labour Market Flexibility: Trends in Enterprises in OECD countries was published recently [OECD (1989*c*)].
5. The data from the Labor Turnover Survey of the Bureau of Labor Statistics in the United States has made it possible to estimate ex-post that the average rehiring rate for workers laid off over the period 1976-81 was 72 per cent [Bednarzik (1983*b*)]. In Canada, the rehiring rate in 1984 was 60 per cent according to the administrative data [Robertson (1989)].
6. This observation is made on the basis of retrospective periods of the same length for the two categories in each country, with the exception of Australia, where the periods differ: two years for the unemployed and one year for the persons no longer in the labour force.
7. The rate of risk in 1983 could not be estimated for most countries because EUROSTAT labour force survey results were not available for 1982. For the United States, in general the level of risk was much higher in 1983 than in 1988. However, its distribution was not significantly different from that for 1988, except for a higher vulnerability of the manufacturing sector.
8. The assumption underlying the estimate is that old cessations are divided between job losses and voluntary departures in the same proportion as recent ones. A check of the adjustment has been made for France, where on the basis of unpublished figures of the Enquête Emploi it is possible to calculate the percentage of job losers among the total unemployed for any period. This figure is 61.4 per cent in 1988, much closer to the adjusted figure (64.7 per cent) than the recent job loss figure (49.5 per cent).
9. The assumption behind the estimate for Canada and the United States is that 42.5 per cent of the unemployed re-entrants lost their job and that 57.5 per cent voluntarily left their job. This assumption rests on the known average percentage of job losers among the re-entrants in Sweden between 1983 and 1988. For comparison, the known percentage in 1988 of permanent job losers among the experienced unemployed (re-entrants not included) was 69 per cent in Canada and 74 per cent in the United States.
10. Italian enterprises facing temporary economic difficulties, or even lasting structural crises, tend to maintain the link with their employees (rather than dismissing them) by having them sign on with the *Cassa Integrazione Guadagni* [Garonna (1989)]. Japanese enterprises try as much as possible to prevent workers from ever becoming unemployed [Dore et al. (1989)].
11. The most important problems are: the fact that some persons are always lost from the sample for reasons such as moving or not responding in subsequent interviews; a misclassification of labour force status which may introduce spurious change in labour force activity.
12. In the United States there are in fact longitudinal databases such as the Panel Study of Income Dynamics (PSID) managed by the Survey Research Center of the University of Michigan or the National Longitudinal Survey (NLS) of the Center for Human Research of Ohio State University. The latter has been used by economists such as Hamermesch (1989) and Ruhm

(1990) to study the phenomenon of displacement. The advantage of these databases is their longitudinal nature which allows for comparing the performance of displaced workers with that of other categories of worker and with a control group. The disadvantage is that they provide only very restricted samples of displaced workers and few details of the different reasons for job loss.

13. The results of national surveys of displaced workers, mainly those based on the January 1984 survey in the United States, have been used in a great many econometric studies in recent years [see the synthesis articles by Hamermesch (1989) and Podgursky (1988) and the book by Addison (1990)]. The main questions dealt with are the following: the individual costs associated with job **loss** (duration of joblessness, loss of income, loss of social security cover, etc.), the impact of local labour market conditions, the effect of different measures (redundancy notice, training, compensation payments, etc.), the influence of educational level, and changes in international trade.
14. The hazard ratio is calculated by dividing the percentage of displaced workers with each combination of characteristics by the percentage of the comparable labour force in January 1986 [Wannel, Picot and Shaw (1986)].
15. Hamermesch (1987) distinguishes between individual costs and social costs, for which he makes an indirect estimate. At the simplest level, the latter (which have been much less analysed than the former), include in particular, the transfer incomes paid to displaced workers. At the most complex level, they include the loss of income due on investments in enterprises that close down, and the costs incurred by other workers or potentially active individuals due to the closure of enterprises on the same local labour market.
16. The net movement is calculated by sector and by category by subtracting the number of displaced workers redeployed from the total number of displaced workers.
17. In the United States, the majority of workers permanently lose their medical cover and that of their family when they lose their job [Podgursky and Swaim (1987*a*)]. The jobs they take when re-employed often do not provide new coverage.
18. These cases cannot be considered representative of the situation of the average job loser, either now or in the years to come. Certain authors have pointed out a clear bias in these studies: their concentration on the closure of large establishments in declining centres of employment, essentially in manufacturing industry [Howland and Peterson (1988); Villeval *et al.* (1989)]. This bias may result in an over-estimation of the difficulties encountered by the average job loser. A bias in the opposite direction has also been seen in the generalisation of the findings of case studies where special assistance was offered to redundant workers. The tendency here may be to under-estimate the real difficulties encountered by a worker who loses his job in a sector or enterprise offering little or no redeployment assistance.
19. This aid for redundant workers and the qualifying conditions are detailed in Section E.

Annex 2.A

DEFINITIONS OF JOB LOSERS

A brief review of the different definitions of job losers classified as unemployed and no longer in the labour force will be found below. The Secretariat has used the available data to arrive at a definition as close as possible to the concept of involuntary and permanent job loss. This note enumerates the replies retained in the answer to the question in the labour force surveys concerning the reason for leaving the job. Table 2.A.1 indicates the distribution of these reasons for the unemployed in 1988 for fifteen countries.

Australia

— Monthly labour force survey (results for the month of August 1988; persons aged 15 and over)

Unemployed Unemployed persons who have worked full-time for two weeks or more in the past two years and who left that job involuntarily, that is: were laid off or retrenched from that job; left that job because of their own ill health or injury; the job was seasonal or temporary and they did not leave it to return to studies; or their last job was running their own business which closed down because of financial difficulties. Excluded are unemployed persons stood down, that is: waiting to be called back to a full-time or part-time job from which they have been stood down without pay for less than four weeks up to the end of the reference week for reasons other than bad weather or plant breakdown.

— Supplementary survey run in association with the monthly labour force survey Concerning the persons not in the labour force (results for the month of September 1988; persons aged 15 and more)

Persons not in the labour force: Persons outside the labour force who lost their job within the last year for the same reasons as those listed for the unemployed.

Canada

— Monthly labour force survey (annual averages since 1976; persons aged 15 and over).

Unemployed Persons who were separated from their last job within the last five years because the job itself permanently ceased to exist and who began looking for work immediately after losing their job and were still looking for work at some time in the four-week period ending with the survey's reference week. Workers unemployed because of temporary layoff are not included.

Persons not in the labour force: Persons outside the labour force who left their last job within the last five years because they lost it or were laid off.

Japan

— Special survey of the labour force survey (results for the month of February since 1979; persons aged 15 and over).

Unemployed Unemployed persons who previously held a job and left it for one of the following involuntary reasons; personnel reduction, dissolution or bankruptcy of company; business prospects were poor; other reasons relating to business or employer; retirement or old age.

Persons not in the labour force: Persons outside the labour force who previously held a job and lost it for the same involuntary reasons as listed for the unemployed.

EEC countries

— Annual labour force surveys (since 1983, results normally compiled in spring) persons aged 14 and over living in a private household).

Unemployed Former employees among the unemployed having ceased work within the last three years and out of work during the reference week, who lost their previous job for one of the following reasons: redundancy or dismissal, end of a job of limited duration, early retirement for economic reasons.

Persons not in the labour force: Former employees among those not in the labour force having ceased work within the last three years and out of work during the reference week who lost their previous job for the same reasons as the unemployed (the detail of the reasons is not published).

Sweden

— Monthly labour force survey (annual results since 1976; persons from 16 to 64).

Unemployed: Persons who started to seek work immediately after losing their job for one of the following reasons: reduction in personnel or production, task completed. Workers laid off are not included.

United States

— Monthly current population survey (annual averages since 1967; persons aged 16 and over).

Table 2.A.1. **Reasons given for job loss by unemployed persons, 1988**

Percentages

		Men	Women	Total
Australia	Total	100.0	100.0	100.0
	Layoff, retrenchment	64.8	56.8	59.4
	Other reasons	35.2	43.2	40.6
Belgium	Total	100.0	100.0	100.0
	Dismissal, redundancy	73.3	56.2	64.2
	End of a job of limited duration	25.2	43.2	34.8
	Early retirement for economic reasons	1.5	0.6	1.0
Canada	Total	100.0	100.0	100.0
	Temporary layoff	10.1	12.2	10.9
	Permanent loss	89.9	87.8	89.1
Denmark ^a	Total	100.0	100.0	100.0
	Dismissal, redundancy	67.6	47.9	57.1
	End of a job of limited duration	31.6	51.8	42.3
	Early retirement for economic reasons	0.8	0.3	0.6
France	Total	100.0	100.0	100.0
	Dismissal, redundancy	53.6	44.2	49.0
	End of a job of limited duration	46.3	55.7	50.9
	Early retirement for economic reasons	0.1	0.1	0.1
Germany	Total	100.0	100.0	100.0
	Dismissal, redundancy	81.7	78.1	80.3
	End of a job of limited duration	12.9	20.6	15.8
	Early retirement for economic reasons	5.4	1.3	3.9
Greece ^a	Total	100.0	100.0	100.0
	Dismissal, redundancy	38.0	50.8	42.7
	End of a job of limited duration	61.8	49.2	57.2
	Early retirement for economic reasons	0.2	0.0	0.1
Ireland	Total	100.0	100.0	100.0
	Dismissal, redundancy	68.3	60.0	66.2
	End of a job of limited duration	29.0	37.5	31.1
	Early retirement for economic reasons	2.7	2.5	2.7
Italy	Total	100.0	100.0	100.0
	Dismissal, redundancy	40.1	28.5	34.2
	End of a job of limited duration	59.8	71.4	65.7
	Early retirement for economic reasons	0.1	0.1	0.1
Japan	Total	100.0	100.0	100.0
	Personnel reduction, dissolution or bankruptcy of company	24.3	25.0	24.5
	Business prospect was poor	18.9	16.7	18.4
	Other reasons of business or employer	21.6	41.6	26.5
	Retirement or old age	35.2	16.7	30.6
Portugal	Total	100.0	100.0	100.0
	Dismissal, redundancy	21.9	14.4	17.8
	End of a job of limited duration	78.1	85.6	82.2
	Early retirement for economic reasons	0.0	0.0	0.0
Spain	Total	100.0	100.0	100.0
	Dismissal, redundancy	23.0	20.2	22.0
	End of a job of limited duration	76.8	79.7	77.8
	Early retirement for economic reasons	0.2	0.1	0.2
Sweden	Total	100.0	100.0	100.0
	Personnel or production reduction	26.5	20.1	23.6
	Task completed	73.5	79.9	76.4
United Kingdom ^a	Total	100.0	100.0	100.0
	Dismissal, redundancy	62.7	49.1	58.9
	End of a job of limited duration	34.1	49.4	38.4
	Early retirement for economic reasons	3.2	1.5	2.7
United States	Total	100.0	100.0	100.0
	Temporary layoff	8.3	9.0	8.5
	Indefinite layoff	19.5	18.0	19.0
	Permanent loss	72.2	73.0	72.5

a) 1987.

Unemployed: Persons who immediately began to look for work after having involuntarily lost their job within the last five years. The reasons mentioned in the Interviewers Reference Manual are the following: “discharged for cause (fired), plant permanently shut down, company moved, reduction in staff, job came to an end, forced **to** retire”. Workers laid off temporarily (to be recalled within 30 days) or

indefinitely (with no instruction to return within 30 days) are not included.

*Persons not **in** the labourforce:* Persons outside the labour force who have left their last job within the last five years for economic reasons (end of a seasonal job, slack work, end of a temporary job).

