Chapter 5

IMPROVING EMPLOYMENT OPTIONS FOR THE LONG-TERM UNEMPLOYED

Introduction

78. The long-term unemployed have greater difficulty in finding work than those unemployed for shorter periods. We have already seen that they tend to be less well qualified than other potential workers. The experience of long-term unemployment itself will tend to exacerbate this, as the skills and experience which they do possess will atrophy with lack of use. In addition they may become depressed and demoralised, and will appear unattractive to potential employers. Finally, employers may be wary of employing people who have been unemployed for a long time on the grounds either that long-term unemployment is a sign of the individual’s inadequacy, or that the individual will have lost work habits such as punctuality while unemployed (see notes 8 and 9). In this chapter we consider methods by which employers might be encouraged to employ LTU in preference to, or in addition to, other recruits.

Increasing Employer Awareness

79. Both the Australian and the United Kingdom reports stress the need to encourage employers to think carefully about their recruitment practices. In Australia this has taken the form of a publicity drive, within the Newstart strategy, to canvass directly all key sections of the community in order to generate job vacancies suitable for the target group, and to improve awareness of the LTU, and change attitudes towards them.

80. In the United Kingdom this policy has taken the form of a series of publicity campaigns. The campaign "Action for Jobs" was launched in April 1986, and centred on a comprehensive booklet of the same name describing the full range of employment, enterprise and training measures and where further information could be obtained and applications made. This was accompanied by a series of 20 breakfast presentations held throughout the country with employers to increase their awareness of the opportunities available, and has been followed up by a series of campaigns focused on particular regions of the country. The Employment Service has also focused a campaign specifically at employers. Called "Employ the Unemployed" it was intended to encourage employers to examine and, if necessary, modify their recruitment practices.
Recruitment Supplements Paid to Employers

81. One of the most widely used techniques for encouraging employers to recruit from particular target groups is the payment of recruitment subsidies. There are differences of opinion on the efficacy of this approach. In part this reflects the wide range of schemes that have been tried, but it also reflects the extent to which one values the substitution of jobs in favour of the target group, but at the expense of other groups among the unemployed. If the recruitment of a LTU person is regarded as highly preferable to that of someone who has been unemployed for only a short period, a high level of substitution will not cause great concern. However, if one regards the recruitment of any unemployed person as of approximately equal value then substitution will be regarded as no better than deadweight. We shall return to this question when we have considered some of the schemes in operation.

82. The Netherlands has three types of wage cost subsidies in operation:

i) The Youth Developing Job Scheme was introduced on an experimental basis in 1984 and extended nation-wide in 1988. Temporary jobs are provided for long-term unemployed youngsters (minimum two years unemployed and less than twenty five years of age) through the mediation of a special non-profit employment agency. Employers receive a subsidy of one third of the legal minimum youth wage of the person concerned. There were expected to be 5 000 participants in 1988 and 10 000 in 1989.

ii) Measures to Support Integration into the Labour Market (MOA): An employer recruiting a LTU person can receive a subsidy for up to six months as compensation for the costs of training and guidance in the period during which the recruit is readjusting to working life. The number of subsidies was 4 600 in 1988, compared with a target of 6 600.

iii) The "Law Vermeend-Moor" and the accompanying Scheme for the Long-term Unemployed (MLW): This scheme now applies to people who have been unemployed for more than two years. There are three variants of the scheme. The first involves exemption from payment of employers' social security contributions for employers who recruit a LTU person for either a normal job or a work experience place. Second, employers may be eligible for a subsidy towards the expense of providing guidance for a formerly LTU person in a normal job. Third, the government may subsidise the creation and maintenance of work experience places. There were 9 200 people on the scheme in 1988 compared with a target of 12 000.

The schemes have been evaluated and, despite fairly high levels of deadweight and substitution (the proportion of induced jobs was about 20 per cent on the youth scheme and a third on the MOA), the results are considered encouraging, and the extension and possible integration of the schemes is under consideration.
83. Another country which makes considerable use of recruitment subsidies is Spain. The following schemes affect particular subgroups among the LTU:

i) Engagement of LTU workers aged over 45 on indefinite term contracts: The employer receives a subsidy of 400 000 pesetas plus a 50 per cent reduction in employers' contributions to social security for the duration of the contract.

ii) Local employment initiatives receive a subsidy of up to 500 000 pesetas for the recruitment of an unemployed person under 25, or an LTU person over 25 but under 45.

iii) A subsidy is provided for unemployed women of less than age 25, and long-term unemployed women of over 25 to encourage recruitment into trades and professions in which women are under-represented and in cooperatives. The employer receives a subsidy of up to 500 000 pesetas as long as there is a net increase in employment.

In addition there are subsidies provided for self-employment and for community work projects which will be discussed in more detail below.

84. In Ireland an Employment Incentive Scheme was introduced in 1977, replacing a similar scheme which had operated since 1975. This is a marginal, targeted subsidy, which has remained broadly unchanged since 1977, but the details of its operation have been revised several times. An independent evaluation of the scheme was published in March 1989, which found that the level of deadweight was high, permanent job creation was limited and the level of displacement low or non-existent, but the scheme did redirect hirings towards targeted groups. However, there was a small overall Exchequer profit per hiring and the greatest profit was on hiring of the LTU. As a result of the evaluation the structure of payments was altered and the scheme was targeted solely at adult LTU, early school-leavers and the handicapped.

85. Schemes of this sort are also in operation in a number of other panel countries. In Australia the Jobstart work experience programme plays an important role in the Newstart strategy, providing subsidised wages for up to 20 weeks for LTU and other target groups who are recruited in the private sector, with the subsidy level geared to age and degree of disadvantage. Portugal also offers assistance to firms for job-creation in the form of exemption from National Insurance contributions for 12 months if they appoint unemployed persons who are under 40 years old, and for 24 months for those over 40. Under certain circumstances, this can be increased to 18 or 30 months depending on whether the unemployed person is under or over 40. In Greece employers who create jobs for at least a year can receive subsidies at the rate of 1 000 drachmas a day for men and 1 300-1 700 for women.

Wage Subsidies Paid to the Former Unemployed

86. While recruitment subsidies paid to employers are fairly common, the United Kingdom seems to be unique in paying a subsidy directly to the former LTU recruit. This is the Jobstart Allowance, which was introduced in 1986, and offers an allowance of £20 a week for six months to any LTU person who takes a
job paying £90 gross or less a week. The take-up on this scheme has been rather disappointing, currently less than 10,000 applicants a year, but evaluation results have been quite encouraging with the proportion of non-deadweight jobs running at about 30 per cent.

87. It is also worth noting in this context the set of incentives which have been adopted within the Australian unemployment benefit system as part of the Newstart strategy. There are three measures designed to encourage and assist those in the target group to accept employment including:

i) A one-off employment entry payment of $100 to offset the cost of fares, new clothing and union fees.

ii) A waiting period concession to eliminate a potential one-week wait for those who claim income support again within three months.

While such measures will obviously have a deadweight cost they may well induce LTU to accept jobs when they might otherwise not have done so due to adjustment costs and risk. (The third measure in this group is the acceptance of a wider range of measures while on income support, e.g. short courses or volunteer work.)

Encouragement of Independent Employment and the Creation of New Enterprises

88. A type of scheme which has become increasingly popular in recent years has been those designed to encourage unemployed persons to take up self-employment. They generally involve providing an allowance for a fixed period, often a year, during the start-up phase of a business, although in some cases employers can take all or part of this in the form of a one-off lump-sum. Programmes of this sort are rarely limited only to the LTU, and even if they are, will tend to attract that minority among them who are highly motivated and in possession of some valuable skill.

89. Typical of schemes to encourage self-employment is the United Kingdom's Enterprise Allowance Scheme (EAS), which along with ET and Jobclubs is regarded as one of the Employment Services' priority means to help people out of unemployment. Eligibility is limited to people 18 and over and under 65 who have been out of work or under notice of redundancy for at least eight weeks, in receipt of unemployment benefit or income support, and who have access to at least £1,000 to invest in the business, possibly raised by loan or overdraft. The scheme is intended to help unemployed people who have a business venture in mind but may be put off from working for themselves because they would lose entitlement to unemployment benefit or income support. Participants receive £40 a week for up to a year to supplement the receipts of the new business. In addition they attend an EAS preparatory event to find out how the scheme operates and get advice on setting up a new business. Over 500,000 people have joined the scheme since it was initiated in 1983. Survey evidence indicates that 80 per cent of participants are trading at the 18 month stage and 65 per cent are still trading three years later. From April 1988 EAS has been expanded to cater for some 110,000 entrants a year.
90. Canada has also undertaken a number of initiatives and experiments in the area of entrepreneurial encouragement and support. Under the Community Futures Program of the Canadian Jobs Strategy, Business Development Centres operate to provide entrepreneurial support and assistance in selected economically distressed centres. The Program stresses a community-led private sector-based approach. A Self-Employment Incentive option under the Community Futures Program provides income assistance to participants in lieu of Unemployment Insurance or social assistance to aid them in establishing a small business.

91. The Irish Enterprise Scheme was established in 1983 and between 1983 and early 1988 almost 20,000 people had entered the programme. The programme is open to all who have been unemployed for a period of 13 weeks or more and are in receipt of unemployment assistance or unemployment benefit. It lasts for 40 weeks and the participant receives a weekly allowance in lieu of assistance or benefit and is expected to establish his or her own business. The weekly rate is £40 for those without dependants and £65 for those with dependants. A sample survey of participants found that the scheme makes only a modest contribution towards creating additional jobs and reducing unemployment. The survey also found that businesses set up by those who had been unemployed for a short time, rather than for a long time, before entering the scheme were likely to survive longer.

92. In Australia the scheme to encourage small business development, the New Enterprise Initiative Scheme (NEIS) is operated by the Federal Government jointly with State/Territory Governments, and private sector and non-governmental organisations. The Federal Government provides funds for training in small business management and income support (broadly equal to unemployment benefit) to approved participants for up to one year. This is complemented by startup loans or grants and business advice provided by State/Territory Governments or non-government organisations.

93. The comparable scheme in France is open to all those who are in receipt of unemployment benefit on the day the business is created. Allowances can vary according to the length of receipt of benefit, and can be increased if at least one employee is hired full time or under indefinite contract within six months. Social Security is moreover maintained for six months. 63,200 entered the scheme in 1987. In Spain the persons eligible for entry are the unemployed under 25, and those over 25 who have been unemployed for at least a year. In addition to the basic subsidy of up to 500,000 pesetas, subsidies are available to offset the interest on loans and to provide technical assistance. The same assistance is provided in the case of the creation or expansion of cooperative enterprises. Portugal operates a scheme to assist job creation by young people under 25 and long-term unemployed adults who have followed a vocational training course by the Institute of Employment and Vocational Training, or corporation training courses co-ordinated by state or formal training centres. It also makes provision for technical and financial support, the latter taking the form of a non-refundable allowance, the amount of which corresponds to twelve times the national minimum wage. Furthermore, the institute operates a Job-creation Programme linked to the national cultural heritage which guarantees vocational training, co-financed by the European Social Fund, for those adults who have been unemployed for a long period. The Greek Government has a scheme to assist job creation by the unemployed with the level of subsidy
varying according to whether the business is created in the industrial or the commercial sector. In addition, it provides assistance to persons entering co-operative enterprises.

Direct Employment Creation Schemes in the Non-profit Sector

94. Finally we turn to direct employment creation measures. The aim of such programmes is usually to provide an intermediate stage for LTU people to re-enter the mainstream of the labour market by encouraging regular habits of work and making them more acceptable to employers. They may contain a training component, and also provide some output of benefit to the community. Such programmes may be operated directly by the public sector, or by the private non-profit making sector, but even in the latter case they will be almost entirely dependent on public funding, and the total size of provision will be decided by Government. Such measures are fairly easy to set up during a cyclical downturn, but doubts have arisen about the post-programme performance of participants, and this has led to a tendency in recent years either to wind up such schemes, or to substantially increase their training component.

95. In France there are three types of measure for economic reinsertion operating:

i) Local Reinsertion Programmes (PIL) were introduced in April 1987 to provide a way back to employment for people who have exhausted their right to unemployment benefit, and are in receipt of "National Solidarity Allowances". The work is typically maintenance of public property, administrative tasks, environmental protection and social or socio-educative tasks. It is provided by the same sorts of bodies which provided community projects for the young unemployed (travaux d'utilité collective, TUC), i.e. local and regional authorities (47 per cent), non-profit making associations (35 per cent), and public undertakings (4 per cent). Some 4 200 were on the scheme in 1987. In September 1989 this scheme was combined with the Community Work Contract (TUC) and two smaller schemes to form a single mechanism, Employment Solidarity Contract Contrat Emploi Solidarité, the main result of which has been the creation of a genuine work contract.

ii) Local Supplementary Income Support (LCR) is a system, introduced in 1986, to provide minimum income for people without regular income and unemployed, in return for part-time work. The work is carried out under individual contracts within the framework of agreements between the departments and the State. Some 12 500 people entered the scheme in the year ending December 1987. 58 per cent of the participants were male, presumably as a consequence of the physical nature of much of the work, e.g. road maintenance. (During 1989 this measure was gradually superseded with the introduction of the more general scheme of Minimum Income for Insertion (Revenu minimum d'insertion, RMI), introduced by the law of 1st December 1988).

iii) Intermediary Associations (AI) were established in 1987 to engage unemployed people and hire them out to other bodies to do work which is not in competition with existing employment. The AI have the
status of non-profit making organisations, and do not have to pay social security contributions for those working less than 200 hours a quarter, except for accident and unemployment insurance. There were some 10 800 beneficiaries of the scheme in 1987, and 46 per cent of the workers were drawn from the LTU. Employment is mainly directed at the commercial sector (44 per cent) and the household sector (29 per cent).

The aim of these programmes are seen not primarily in terms of creating jobs as such, but with changing the spontaneous organisation of the queue for employment, and working to combat the dualism inherent in the labour market.

96. The Netherlands has also experimented with a number of direct job creation schemes during the early 1980s, but they were often found to be expensive and relatively unsuccessful. Among the schemes currently in operation are:

i) The Employment Creation Scheme (WVM) provides work in the non-profit sector for the most vulnerable groups of the unemployed (particularly the adult LTU and youngsters unemployed for nine months) at the national minimum wage. The number of entrants has fallen to less than 1 000 a year, the scheme is limited to women re-entering the labour market and ethnic minorities, and its termination is being considered.

ii) The Youth Employment Guarantee Scheme (JWG) "guarantees" a job in the public sector to all those under 21 who within six months have not found one or started on further education or training, while at the same time they will no longer be eligible for social security benefits. A bill is being introduced implementing the guarantee early in 1989 but the scheme is expected to be fully effective only in 1994.

iii) The temporary provision for local employment initiatives for young people was introduced in April 1987, and is intended as a bridging mechanism until JWG is fully operative. Municipalities offer young people jobs with a maximum of 19 working hours, giving them an income slightly above the subsistence level of social security. There were about 8 000 on this scheme at the end of 1988.

In addition a number of work experience places are being created for clients of Restart interviews.

97. In Austria the "Action 8 000" programme was designed to promote employment in the non-profit making sector. The beneficiaries are the long-term unemployed, (initially 3 months unemployed if under 25 and 6 months if over, but changed in 1987 to 6 and 12 months respectively). Jobs are provided for a year, typically in the social service, cultural or environmental improvement sectors, and the sponsor is expected to bear about a third of the cost. A follow-up survey indicated that a quarter of participants were able to increase their professional qualifications while on the scheme, while a third continued to work for the sponsor beyond the end of the support period.
98. In Ireland the most significant response to the problem of long-term unemployment has been through the Social Employment Scheme, which aims to assist the large number of adult LTU by providing them with part-time work while assisting the community through local sponsorship of projects which respond to a local need. The scheme offers part-time work on a half-weekly basis (40 hours in each two-week period) for up to 12 months.

99. In Spain there is an agreement between the National Employment Institute (INEM) and local authorities for carrying out community work projects by the unemployed. INEM subsidises wage costs up to 100 per cent in some cases. Priority in recruitment is given to those who have been unemployed longest, and who have the heaviest family responsibilities. Portugal also has a programme of community work projects, which are organised by the State or private non-profit making institutions, which bear the costs of travel to work and meals. They are reimbursed by the Institute of Employment and Vocational Training by amounts corresponding to the national minimum wage for industry.

100. In Australia, Canada and the United Kingdom in the last few years the tendency has been to incorporate community project work within wider schemes and to increase the training component. In Canada the Job Development Program (JDP) of the Canadian Jobs Strategy includes general projects which provide training and work experience through incremental work place oriented jobs with either private or non-profit sector employers. The Job Entry Program provides work experience together with on and off the job training for those having difficulty in entering or re-entering the labour market. In Australia all short-term job creation was phased out in 1987. Community projects survive in Skillshare, a part of the Newstart strategy, where community groups provide structured skills training and other employment related activities including personal support services. In the United Kingdom the Community Programme came to an end in September 1988, although project-based training continues within ET, and is combined with directed training as part of the participants' action plan.

Concluding Remarks

101. It is possible to detect some distinct trends in policy regarding this group of measures. There seems to have been a decline in their relative importance vis-à-vis measures to improve the efficiency of job-search and training programmes, although a number of panel members, including Austria, the Netherlands and Spain remain strongly committed to their use. Reasons for this shift of emphasis, seen to stem from an awareness of the high proportion of deadweight on subsidy schemes and an uncertainty about the size of longer-run and supply performance effects. There is also a tendency on the part of countries which still use these methods of delivery to increase their training and work-experience component. Consequently, the boundary between measures of this kind and the training schemes discussed in the previous chapter has become hard to define, and there is considerable affinity between, say, the Netherlands, "Law Vermeend-Moor" schemes and ET in the United Kingdom. However, one class of measure which continues to be developed is those to encourage new firms and self-employment, whose effect on the supply performance of the economy, in terms of increased entrepreneurship, is clearly apparent.
Chapter 6
THE FOCUSED APPROACH: MEASURES TARGETED ON PARTICULAR GROUPS
WITHIN THE LONG-TERM UNEMPLOYED

Introduction

102. In this CHAPTER we shall be concerned with ways in which measures may be
targeted on particular subgroups within the LTU. The assistance may be
delivered by means of any of the three mechanisms we have considered, i.e.
increasing the effectiveness of job-search, expanding the options for the LTU,
or improving their skills, or by methods we have not so far considered, such as
encouraging early retirement. However, consideration of these issues involves
us in a number of boundary problems. If we were to consider only those
measures specifically targeted on a subgroup of the LTU there would be few
measure to consider. We inevitably have to consider measures targeted on a
subgroup of the unemployed as a whole, and sometimes on the non-economically
active as well, which include a significant number of LTU among their clients.
We will not attempt to deal with those measures which may be considered to
prevent subgroups of the unemployed becoming LTU (many youth schemes such as
the United Kingdom's Youth Training Scheme YTS would come in this category).

Inner Cities

103. Those nations with significant inner city problems have taken a variety
of initiatives to deal with them, but within those strategies measures directed
at the unemployed in general, let alone the LTU in particular, tend to play a
subordinate role. United Kingdom policy illustrates this point. A series of
City Action Teams were set up in 1985, with the aims of reducing numbers in
seriously inadequate housing, reducing the numbers of derelict sites and empty
buildings, and increasing the job opportunities in certain areas and the
employability of certain groups. This was reinforced by the Inner Cities
Initiative of 1986 with the aim of achieving a more targeted impact on selected
inner city areas of deprivation and unemployment. Finally in March 1988 the
Government launched its "Action for Cities" package with the following
components:

i) Priority for inner cities on provision of information on enterprise,
employment and training programmes;

ii) Appointment of specialist "outreach" staff;

iii) Encouragement of participation in the self-employment option by
additional information, training and advice;
iv) Provision of more help in Restart courses for those who lack basic skills such as literacy and numeracy;

v) Introduction of equal opportunities code in ET;

vi) Careful matching of inner city training to needs of employers;

vii) Provision of fares to enable Jobclub members to attend interviews over wider distances;

viii) The creation of 15 "Compacts" between schools and local employers whereby the latter guarantee job opportunities to leavers who reach agreed standards;

ix) Encouragement of private sector investment;

x) Expansion of Small Firms Service offices.

The Department of Employment and Training Agency already spend over £1.1 billion on programmes involving half a million people in the 57 Urban Programme Authorities.

104. In Ireland help for socially disadvantaged people in urban deprived areas takes the form of extra places on the Social Employment Scheme, extra help and encouragement from the State Training Agency FAS for community projects and special grants towards the cost of materials and workspaces under the Community Youth Training Programme and the Community Enterprise Programme respectively.

Old Industrial Areas

105. Many of the panel member countries had recently experienced extensive structural change in their industries, and the declining industries were frequently concentrated geographically. In most cases this problem was dealt with by the concentration of resources from national programmes. One exception to this was Austria where the loss of jobs in the iron and steel industry has has led to a series of special measures:

i) Extension of unemployment benefit eligibility to four years for those resident in the crisis regions for at least six months and who have had employment with compulsory insurance for 15 years in the last 25;

ii) Provision of the equivalent of unemployment benefit for up to two years (exceptionally three) for those entering a recognised training course.

The process of adjustment is managed by a receiver facility (Stiftung) which is jointly financed by the company, staff and labour market administration. An example is that recently set up by VOEST Alpine AG. A person displaced will typically go on a six-week course after which they will have the choice of intensive job-search, short, medium or long-term training, or a place on a project. In Spain in Zones for Urgent Re-industrialisation firms undertaking
structural adjustments can receive subsidies which may help the LTU, but most of the assistance with employment and training will result from the local application of national schemes.

Young People

106. Most of the countries on the panel consider young people to be a priority group, and have a range of measures to prevent school leavers and other young people reaching the long durations of unemployment. However those in the slightly older group constitute a problem. If people in this age band do not acquire the skills and experience to enable them to earn a living they may become a continuing burden on public expenditure and possibly a threat to social order. For this reason many countries apply less stringent conditions for entry to employment measures to those under 25. An example is the United Kingdom where priority entry to ET is extended to people aged 18-24. In addition everyone aged 18-24 who has been unemployed for between 6 and 12 months will, at their Restart interview be offered job training, a place in a jobclub or a chance through EAS to set up in business. There is also a small scheme, Community Industry, which provides work experience for up to a year for socially disadvantaged young people who find it difficult to adjust to mainstream ET or YTS. Its aim is to accustom the participants to working life, to assist their personal development and to improve their subsequent job prospects.

107. We looked briefly at the French system of Alternance Training for young people aged 16-25 in chapter 4. The client groups for this scheme are those who leave school aged 16 or 17 with a low level of education, those between 18 and 25 who are looking for their first job, and who have no qualification or who are LTU. A large proportion of the entrants are comparatively young. In 1987 43 per cent were aged 16 and 17. The basic provision takes the form of a "job training course" lasting about 6 months, and comprising 550 hours at a training centre and 2 months with a firm. This is supplemented by intensive courses lasting up to 8 months for young people under 18 who have no educational qualification. There is also a problem with older unemployed people (18 to 25 years) who may have reached the end of the upper school or even the first year of university education. Special provision for this group was set up at the end of 1987 to enable them to achieve a technical qualification in a few months.

108. In Ireland a variety of programmes are aimed at young people. The Community Youth Training Programme consists primarily of construction-related community-managed projects which cater for the younger unemployed, redundant apprentices and older craft workers. The time is split between off-site training and on-site work practice and satisfies a large demand for general construction skills training. The majority of participants are short-term unemployed. Unqualified young people are catered for by a Skills Foundation Programme, Community Training Workshops, Travellers Workshops and the Youth-reach Scheme. The latter provides up to two years education/training for young unqualified school-leavers.

109. The Netherlands also regards young people as a priority group and is endeavouring to ensure that it is impossible for young people to begin their working career with a prolonged period of unemployment and support by social
benefits. This was the rationale behind the Youth Work Guarantee Scheme for all 16-20 year-olds who have been unemployed for six months or more. (This scheme and the temporary bridging mechanism were discussed in the section on direct job creation in chapter 5.) The use of a "guarantee" for a well defined target group is an innovation for the Netherlands. The intention is to establish a trade-off between social security expenditure and temporary work in the public sector. The mechanism operates through a combination of part time work and training. Although such jobs are not to be created in the private sector, for fear of displacement effects, private sector employers have been invited to come up with opportunities for regular jobs after the guarantee period.

110. In Canada, the Entry Option under the Job Entry Program provides a combination of work experience and on-and-off-the-job training specifically aimed at unemployed youth who have (1) attained the legal school-leaving age; (2) been out of school for at least three months; and (3) worked less than 26 of the previous 52 weeks. Priority is given to those who have not completed their secondary education.

111. In Spain, long-term unemployed persons seeking their first job, who have family responsibilities and whose income is less than the minimum wage, are, for the time being, guaranteed vocational and occupational training courses. While attending such courses, they are paid an allowance equal to the minimum wage in force. It is hoped that this will improve these workers' chances of entering the job market and bring their treatment into line with that provided by unemployment benefit (first time job-seekers are generally not eligible for such arrangements). Another country which has experimented with a guarantee for unemployed youth is Austria. Although already operating a wide range of training schemes, apprenticeships, environmental job-creation and jobclubs, Austria decided in 1986 to provide every long-term unemployed person with the option to attend vocational training, lasting at least six months and for up to two years, for not less than 25 hours a week. During this time the person under training was entitled to an allowance linked to the levels of unemployment benefit, and the cost of training was borne by the Labour Market Administration. The scheme had to be suspended during a budgetary crisis the following year, and it had clearly involved substantial deadweight expenditure.

Older Workers

112. It may sometimes be the case that older people who are registered as unemployed may in fact be retired or semi-retired and are simply drawing the incorrect form of benefit. For instance in the United Kingdom there was a substantial reduction in LTU in the early 1980s when men in their 60's who were drawing the long-term rate of supplementary benefit, and those receiving National Insurance credits only were no longer required to register as unemployed, and also as it became possible to switch to Invalidity Benefit more easily. The recent growth in Restart style counselling in many countries may lead to a similar shift to more appropriate forms of benefit.

113. The rapid rise in unemployment in the early 1980s led to moves in many countries to encourage older workers in employment to retire early and so create posts for younger workers (not necessarily LTU of course). Although some of these schemes survive, e.g. the Special Early Retirement Allowance in France, demographic changes are making such measures less appropriate, and the
shortage of younger recruits expected in most countries in the 1990s is expected to lead employers to revise their recruitment practices and to seek to retain skilled older workers.

114. The older LTU can usually participate in the mainstream programmes for the LTU but are not usually among the priority groups for provision. An interesting exception to this pattern is Spain where the LTU aged over 45 receive priority treatment. Employers recruiting from this group are eligible for a subsidy of 400 000 pesetas and a 50 per cent reduction in the employer’s contribution to Social Security for the duration of the contract. They can also be provided with training free of charge at the employer’s request.

115. There have recently been signs of increasing interests in this group and a number of schemes have been introduced. In France, since September 1989, unemployed persons over the age of 50 have been given priority in programmes to help the long-term unemployed re-enter the job market. For instance, if an association or local community recruits long-term unemployed people over the age of 50 on Employment Solidarity Contracts, the duration of government support may be up to 24 months, instead of 3-12 months in the standard scheme. If a firm takes on long-term unemployed people aged over 50 under the Contrat de Réinsertion à l’Emploi (a re-working of the Contrats de Réinsertion en Alternance), it is given permanent exemption from the employer’s social security contributions. The United Kingdom is piloting a variant of its Jobstart scheme directed at workers aged 50 and over, who receive £20 a week for up to 6 months for jobs paying £2.57 an hour or less, for a minimum of 10 hours a week. In the Netherlands, at the prompting of the municipalities, the Government has set up projects in the municipalities of Rotterdam, Nijmegen and Dordrecht aimed at creating job substitutes for up to 600 LTU people aged over 39, who have had little formal training and have been identified at an interview as having little chance of finding work. The remuneration of these people will be at around the minimum wage. It will be decided in 1990 whether the scheme is to be expanded or made permanent.

Very Long-term Unemployed

116. The very long-term unemployment are frequently regarded as a priority group because they may have a set of characteristics, such as age and lack of education and training which may have contributed to their situation. In addition, the experience of unemployment will have contributed to a loss of skill and working habits, and hence is likely to have reinforced the unfavourable preconceptions about them. For these reasons they receive special, or priority treatment in many countries.

117. In France the Alternance Reintegration Courses (SRA) have an entry criterion of two or more years unemployment, while the Employment Reintegration Programmes are largely directed at these groups. The Local Integration Programmes (PIL), in particular, are directed at those who have exhausted their eligibility to unemployment benefit and are in receipt of "national solidarity allowances", and 60 per cent of its trainees have been unemployed for more than 3 years. The Netherlands Government regards those unemployed for more than three years as a priority group, and is using Restart interviews to direct them towards the various options such as application clubs, training, and subsidised employment in order to prevent a permanent core of subsidised employment coming
into existence. In the United Kingdom also the aim is to use Restart interviews to help those unemployed for more than two years and aged 18-50 back to work via ET, EAS or a Jobclub.

**Women**

118. Most countries have measures to assist women to enter or return to employment, or to assist them to enter traditionally male dominated professions, but it is a moot point to what extent these measures may be considered to affect the long-term unemployed. In part this will depend on the characteristics of the benefit system. In the United Kingdom for instance there is usually no financial incentive for married women to continue on the count of unemployed claimants once they have exhausted their eligibility to unemployment benefit. It will depend on the question at issue whether one regards such women as unregistered LTU or economically inactive.

119. In Canada, the Re-entry Option under the Job Entry Program is specifically targeted at women who (1) have been out of the labour force for at least three years, and (2) are unemployed or working part-time.

120. In Austria measures to assist women have taken the form of a Labour Market Women's Programme, launched in 1986. It included measures to incorporate young women, women re-entrants and older women in the labour market, to overcome splitting of the labour market according to sex, and assistance to women whose jobs were changed or threatened by new technology. Among the projects supported were advanced training, strengthening of self-assurance and vocational guidance, as well as the setting up of additional crèche facilities during working hours. Spain has introduced subsidies for employers who engage women in occupations where they are under-represented. In Greece the Manpower Employment Organisation (OAED) has a range of measures to encourage the employment of women including recruitment subsidies, training measures, encouragement of cooperatives and measures to counteract discrimination. In Ireland the State Training Agency FAS provides two courses targeted specifically at women: "The Return to Work" is for women re-entering the labour market after an absence and "Women into Enterprise" is a training programme for women who want to start their own business. In 1988 almost 1,400 women participated in one of these courses with the vast majority taking part in "The Return to Work" programme.

121. The United Kingdom tries to deal with the problem of unregistered unemployed women by encouraging their involvement in mainstream programmes. There are now four ways in which they can enter the main programme for the LTU - ET:

i) Satisfying the standard eligibility criteria;

ii) Being "indirect recipients of benefit", i.e. being dependents of people receiving unemployment benefit, income support, invalidity allowance, etc.;

iii) Having access to enterprise training and higher skills training within the programme;
iv) Special provision is made for labour market re-entrants who are not registered unemployed and who do not satisfy the eligibility conditions of the programme.

There is similar provision in other programmes. For instance eligibility for Jobclubs is being "unemployed", not being "registered unemployed". Also steps have been taken to encourage women to make greater use of Jobcentre services and to train Jobcentre staff to guard against sex discrimination.

**Single Parents**

122. A number of countries are paying increasing attention to the employment potential of single parents. Of particular interest is the Australian JET (Jobs, Education and Training) programme. The key features of the project include JET advisers in Social Security offices to assess job barriers and prospects, and advise on services such as child care and extra places on the mainstream measures -- Jobstart, Jobtrain, Skillshare and Jobclubs reserved for JET clients as well as additional educational provision and assistance and a community awareness programme to foster positive views of the employment potential of sole parents.

123. A number of other countries make special provision for single parents. In Spain, within the National Training Plan an experimental scheme has recently been introduced in six provincial capitals for the training of sole parent women with family responsibilities, either in INEM or in individual enterprises with the aim of reinserting them into the labour market. Within the United Kingdom ET programme there is provision for entry of single parents provided they have been in receipt of income support for at least 26 weeks, and their youngest child is in full-time education, as well as through the general entry condition of 6 months unemployment, or other general entry conditions such as skills shortage training or the returners group mentioned above.

**Ethnic Minorities**

124. Many of the countries represented on the panel had significant ethnic minority communities, and as we have seen in Chapter 1 these communities may be particularly susceptible to unemployment in general and long-term unemployment in particular. It has not been usual to target measures particularly on ethnic groups (and in the few cases where it has occurred, as in the Netherlands "Thousand Jobs Scheme", which was specifically meant for the Moluccans, it was not explicitly targeted on the LTU). Ethnic minorities may well be represented in significant numbers on certain measures (as with the Netherlands Centres for Vocational Education and Guidance within the FEVE scheme), and it may be desirable to make specific provision for their needs within mainstream measures. For instance within ET the United Kingdom's Training Agency has reserved 2000 places to assist people for whom English is a second language. There are also a number of Jobclubs operating which serve minority communities. The Employment Service reprints a great deal of its publicity material in minority languages, including Bengali, Chinese, Gujerati, Hindi, Punjabi, Urdu, Vietnamese and Welsh.
Other Groups

125. The other groups for which special provision needs to be provided tend to be relatively small, but nevertheless provision needs to be made for them if they are to be enabled to make a full contribution to the community and have a better life. These include people with disabilities, a majority of whom, with appropriate assistance should be able to participate in mainstream training courses alongside non-disabled people, and eventually obtain conventional employment. There is likely also to be a minority who will require much more specialised provision and will eventually work in sheltered employment.

126. There will inevitably be other groups for which there is some special provision. In the United Kingdom ex-offenders can count time spent serving a custodial sentence as part of the qualifying period for ET, so someone who has served six months can enter the scheme on leaving prison. Time in prison can also count towards the qualifying period of unemployment for Restart courses, Jobclubs and Jobstart. There are also special Jobclubs which serve ex-offenders. Ex-services personnel who have completed at least three years service can also enter ET immediately on leaving and are immediately eligible for Jobclub membership.

127. In Canada, Social Assistance Recipients (SARs) have been designated as a special target group requiring labour market assistance. A joint Federal/Provincial agreement, reached in 1985, resulted in the diversion of considerable amounts of social assistance funds to Federal and Provincial labour market development programs for Social Assistance Recipients. In addition, specific targets were established for the participation of SARs in CJS programs, principally Job Development and Job Entry. This initiative is scheduled for in-depth evaluation by 1991. Meanwhile, the evaluation of the Job Development Program revealed a positive impact upon the employability of participants who had been SARs prior to participation. The evaluation of the Job Entry Program indicated that less than 50 per cent of participants who had been SARs were receiving social assistance approximately two years after completing the programme.
Chapter 7

THE ROLE OF EVALUATION

Introduction

128. Evaluation may be defined as the detailed and critical examination of a policy or programme while it is in operation or after it has come to an end. As such it may be distinguished from appraisal, which is an analysis carried out before the programme is launched, but which may use similar analytical techniques. Evaluation is also to be distinguished from monitoring, which is the regular checking of performance against plan, and from the carrying out of post programme surveys, even though both are likely to generate valuable information which will enter as an input into the process of evaluation.

129. Evaluation will seek to discover the incremental effects of a policy or programme in financial or real economic terms. In the labour market context an evaluation will seek to discover the effect of a measure in terms of a net increase in employment and earnings as well as output, relative to the additional consumption of resources it entails. This may be distinguished from the results of monitoring which will typically involve measuring the direct effects of the programme in terms of the number and types of participants and their immediate outcomes. Evaluations will typically be undertaken on an irregular or one-off basis, while monitoring will be carried out either continually, or at very regular intervals.

130. Regular evaluation is desirable in order to indicate whether the best possible use is being made of available resources in the attainment of policy aims. In addition it may also provide an input into major policy decisions affecting the continuation, modification or termination of particular programmes. It may also augment regular monitoring data in providing operational managers with some indication of the extent to which they are accomplishing their objectives. In the light of these considerations it is remarkable that so few resources have been committed to the evaluation of manpower measures.

131. Despite this caveat many of the countries participating in the panel evaluate their measures with varying degrees of sophistication. Among the most thorough analyses are those carried out in Canada where Treasury Board regulations require that Government Departments periodically evaluate their programmes. In France the evaluation of programmes is harmonised and co-ordinated by the Délégation à l’Emploi and the Délégation à la Formation Professionnelle of the Ministère du Travail, de l’Emploi et de la Formation Professionnelle, le Service des Études et de la Statistique du Ministère, la Direction des Études de l’ANPE, and le Service d’Études de l’UNEDIC. In the United Kingdom, following recommendations by the House of Commons Public Accounts Committee, an inter-departmental group was set up which established an
agreed methodology for evaluating programmes relevant to employment. Australia also has a commendable record of evaluation through its Bureau of Labour Market Research, and although the Bureau was abolished in 1986, evaluation work has continued to be carried out by the Programme Review and Income Support Branch of the Department of Employment, Education and Training. Most of the other participating countries acknowledge the desirability of evaluation and evaluate some, if not all of their programmes. However, as we have seen, many of the participating countries have recently introduced significant changes in their employment programmes, and frequently no evaluation is available on the more recent measures.

132. There are a number of reasons why the comparison of evaluation results are difficult even within one country. These problems are compounded when one seeks to make inter-country comparisons. The first difficulty concerns the techniques of evaluation. A number of these techniques should be noted:

i) Cost-benefit analysis: This is the most general technique of evaluation, which involves expressing in money terms as many of the resource costs and benefits as possible, including those which are non-marketed, or where market value does not reflect their economic value. This permits a comparison of various policy options in terms of their net present values or rates of return.

Because cost-benefit analysis can be shown, under certain very restrictive conditions, to lead to an economic optimum, it can be regarded as a benchmark against which less general techniques can be judged. However, cost-benefit analysis is frequently too complex and over sophisticated for labour market applications. A particular problem arises from the attempt to present outcomes as a single value measure. This is technically difficult, particularly if one is using "shadow" values for some component variables, because the result tends to be highly sensitive to assumptions about inputs, and is unnecessary as policy-makers tend to specify labour market objectives separately. Consequently, less general techniques are often employed which seek to approximate some aspects of cost-benefit results:

ii) Cost-effectiveness analysis: This form of analysis compares the costs of different ways of achieving the same or similar output. It is often used when it is difficult to reduce outputs to a common monetary value.

iii) Exchequer costs-analysis: A form of analysis which considers the implications for the Government sector of achieving given objectives. In the United Kingdom the effectiveness of employment measures is often judged in terms of net Exchequer costs per person no longer unemployed. This involves estimating flowbacks to the Exchequer in the form of benefits saved and additional revenues from direct and indirect taxes. (Such estimates are augmented by qualitative assessments of longer run and supply performance effects, see note 10.) In France the forecasting branch (Direction de la Prévision) of the Finance Ministry calculates the cost of using different alternative methods to reduce unemployment.
iv) Performance indicators: The degree of success of a policy may be indicated by a comparative assessment of outputs or inputs, or of some proxy measures when those are not directly measurable. An example from the labour market might be the monitoring of job-search times or vacancy filling times.

Although the Canadian documentation reports results based on cost-benefit analysis for two training schemes, the participating countries usually employ one of the less general methods.

133. A second problem of comparison arises from differing objectives. We have seen that different countries may define long-term unemployment differently. In addition it may be the case that some countries weigh the advantages of removing a long-term unemployed person from unemployment no more highly than the removal of a person from short duration unemployment. On the other hand many countries value assistance to certain subgroups within the long-term unemployed more highly than others. It is also possible that there may be a conflict of aims in the time dimension, for instance some countries may give higher priority to increasing the future employability and earnings power of the LTU than to having an immediate impact on the unemployment count. Such a conflict might arise if the policy-maker was confronted with the problem of allocating a fixed amount of resources between relatively cheap direct job creation measures and more expensive training schemes.

134. Such differences in objectives will influence the attitude towards substitution by the policy-maker, i.e. if a policy leads employers to recruit long-duration unemployed in preference to short-duration unemployed it will be regarded more highly by a policy-maker who gives a greater weight to the LTU than by one who regards assistance to all unemployed people as of equal value. (The issue of substitution is also of key importance if net Exchequer costs are being used as a measure of policy effectiveness: in the substitution case there will be no additional tax and benefit flowbacks, whereas when there are additional net jobs there will be. Furthermore targeting a policy on the LTU may have the favourable consequence of increasing effective labour supply.)

135. A third area of conflict in interpretation is created by the differing sophistication of the analysis. Any judgement of the effectiveness of a programme must be relative to some counter-factual or baseline case. For instance if we consider the jobs created by an employment subsidy we may divide them into four components:

i) Deadweight, i.e. those jobs which would have been created even in the absence of the subsidy;

ii) Substitution, i.e. those jobs which are provided for the target group, but which would otherwise have gone to non priority groups among the unemployed;

iii) Displacement, i.e. jobs which are lost elsewhere in the economy through the competitive process as a result of certain employers receiving financial assistance to encourage them to recruit from the target group:
iv) Induced jobs, i.e. the net number of jobs which would not have existed had the subsidy not been in place.

In addition policies may sometimes create time displacement of employment creation. It is sometimes possible to approximate to these components by direct methods, e.g. conducting a survey of employers, and asking them what they would have done in the absence of the measure. On other occasions it may be possible to use sophisticated econometric techniques to isolate incremental effects of programmes. However a more effective way of dealing with the problem of measuring a base line case is by means of a survey containing a randomised control group. Even here however there are many practical problems, for instance the exclusion of a randomly selected group from the benefits of an employment programme will create a problem of equity (and possibly political problems). Furthermore even if a control group were constructed for a comprehensive measure the results may well not mimic the "policy-off" situation since those excluded might be expected to lose out in the subsequent competition for jobs, and so the effect of the measure will be exaggerated.

136. It is sometimes argued that an effective way to evaluate a programme may well be by means of a pilot or demonstration project before it is introduced nationally (see note 11). Attractive as this option is to the evaluator, it is also not devoid of practical difficulties. For instance if the benefits of a programme are expected to accrue in the longer run, e.g. after trainees have completed a training scheme, it is unreasonable to expect that policy makers, confronted with pressing practical difficulties, will defer implementing some measure until evaluation results are available. It may also be difficult to implement measures on a small scale, for instance if there are scale economies (or diseconomies) in implementation. This might occur if take-up is dependent on a publicity campaign which was most effectively carried out in the national media. It also frequently seems to be the case that measures become more effective over time, due to the increased experience of their administrators, and because knowledge spreads slowly among employers and potential clients (see note 12). These considerations suggest it is not possible to specify a technique of evaluation applicable in all instances, but that procedures will have to be developed to suit particular circumstances.

137. A fourth area of difficulty in inter-country comparisons of employment measures is that of controlling for extraneous structural and macroeconomic features. This feature makes it particularly dangerous to compare the results of follow-up surveys between countries, although even more sophisticated forms of evaluation may not succeed in controlling for all differences. For instance if we attempt to judge the effectiveness of a measure in terms of follow-up results, even in a similar macroeconomic environment, differences in the effectiveness of the employment service, or in the degrees of geographical, industrial or occupational mismatch will affect the results. Macroeconomic features will clearly have a substantial effect: in an improving economic situation a follow-up survey must be expected to generate better job placements results than when the situation is deteriorating. Nevertheless, despite these difficulties we shall try to draw some substantive conclusions on the effectiveness of measures from the evaluation evidence available.
Evaluation of the Employment Service and Job-search Methods

138. An evaluation of the effectiveness of an entire administrative structure is clearly a highly ambitious undertaking and it is not surprising that few countries have attempted it. One example is Ireland which carried out a review of its then main State training agency AnCO in 1982. The final report was submitted to the Ministry of Labour in November 1985, and became an input into the 1986 White Paper on Manpower Policy, which announced the formation of one training authority for the State, as well as decisions on training, special labour market measures and the placement and guidance function. More recently, Canada evaluated its National Employment Services Program in order to establish the extent to which it contributes to efficient and equitable labour market adjustment. The evaluation lasted two years and cost $1.5 million (see note 13). It had nine components:

i) International Comparisons;

ii) A survey of employers hiring practices;

iii) A survey of workers hired by firms;

iv) A Canadian Employment Centre (CEC) exit survey at 2, 6, 12 and 24 month intervals;

v) A counselling study;

vi) A sample survey of job orders placed by employers;

vii) Costing of CEC operations;

viii) Use of computerised administrative information;

ix) A survey of private sector placement agencies.

The evaluation addressed fundamental issues regarding the raison d'etre of a federally-funded placement service and assessed the impact of the revitalisation process in terms of improved services to clients and potential cost savings in the Employment Services.

139. Preliminary results of the Canadian evaluation indicated a high degree of satisfaction by workers and employers using CEC services, although most reported that the CEC did not help them find a job any sooner. Employer clients were satisfied with the CEC's staff and the convenience of the service but were less satisfied with the screening of the candidates. A high degree of satisfaction was reported by employers using the labour market information provided by the CEC. The operational performance of CECs was judged favourably in relation to past and international standards but the revitalization process produced little discernible impact upon performance indicators such as speed and number of referrals. Benefits stemming from CEC use are essentially related to improved equitable access to the labour market and display a strong cyclical element. Men appear to benefit in slack labour market periods (i.e. high unemployment period) while women benefit more during "normal
conditions. There is some reduction in job-search time for the female long-term jobless in "normal" labour markets, and for long-term unemployed males in a cyclically depressed labour market. Counselling, when combined with a referral to either a job interview or to the Canadian Jobs Strategy Programs, improved the probability of finding a job. Counselling alone showed no beneficial impacts in terms of improved wages, employment stability, or probability of finding a job. However, counselled clients experienced higher job satisfaction than did non-counselled clients. Although most interactions in the labour market take place without CEC intervention, the public employment service plays a significant secondary role in job search and recruitment. The National Employment Services Program has little impact on reducing UI claimants' job search period. The major conclusions from the evaluation study suggest that the rationale for continuing a publicly-funded employment service lies more with its equity objectives than with the conventional justification of its brokerage function to efficiently match workers with vacant jobs. The most prominent role which has emerged over the past decade for the Canadian public employment service, as in most other OECD countries, is a focal point for delivering other federal labour market programs such as job creation and training (e.g. CJS, Employment Equity). The placement and counselling functions have proved most efficient when directed to specific situations such as plant closures and mass layoffs, skill shortages, and services to the employment disadvantaged.

140. Other countries are attempting to evaluate the activities of their employment services in a more piecemeal fashion. The United Kingdom is attempting to evaluate the Restart process by means of a cohort study of clients plus a randomised control group. It is intended that there will be two sets of interviews after clients have passed through the system. The information collected will supplement administrative data, an analysis of Restart forms and computer tracking of a sample of unemployment records in an attempt to judge the effectiveness of the scheme.

141. The Portuguese are attempting to evaluate their vocational information and guidance programme (described in chapter 3 above) by means of a pilot study in five local job-centres. The effectiveness of the programme was to be judged at the end of the pilot period by a meeting of the agents who had presented the sessions locally.

142. The United Kingdom has a programme for the evaluation of its Jobclubs containing the following components:

i) A value added study, i.e. an estimate of the difference that Jobclubs made to long-term unemployed persons chances of getting a job and the type of job they obtain. This is being done by means of a personal interview of a sample who attended jobclubs, plus a control group, carried out some 5 or 6 months after their Restart interview.

ii) An econometric analysis of administrative returns provided by individual jobclubs. It is hoped to explain job entry rates in terms of such characteristics as age, gender, location, number of applicants, number of interviews, size of jobclub, etc.
iii) A postal survey of jobclub leavers carried out six months after entry to the jobclub, aimed at discovering their current labour market status.

In addition there are various surveys of a less economic nature, such as a survey into which personality characteristics make jobclub leaders effective. This is fairly typical of the programmes of surveys and analyses concerning United Kingdom measures.

143. The measure to encourage self-employment in the United Kingdom, EAS, has a rolling programme of surveys of applicants carried out at 6, 18 and 36 months after entering the scheme. This information enables Employment Service management to monitor how well the objectives of the scheme are being met, provides information for the briefing of Ministers and senior management, and assists the calculation of net exchequer costs per person no longer unemployed, which, together with qualitative assessments of longer-run and supply performance effects provides a means of judging the relative effectiveness of different measures. In addition to the rolling programme, various ad-hoc surveys and analyses may be commissioned from time to time, e.g. a study of the displacement effects of EAS is currently underway. A follow-up survey carried out in 1988 indicated that 40 per cent of participants would have set up in business anyway (deadweight); in 27 per cent of cases start-up was brought forward, and 32 per cent of firms would not have started up without EAS. Some 73 per cent of participants had survived to 12 months and the survivors tended to be male, and in the older (35-45) age group.

144. The comparable scheme in Ireland, "the Enterprise Programme", was evaluated in 1988 by means of a sample survey undertaken by the Economic and Social Research Institute (ESRI). This found that the scheme made a modest contribution towards creating additional jobs and reducing unemployment. The businesses found most likely to survive were those where the participant was aged 25-44, had previous experience or formal training in the work involved in his or her business, had at least a minimal level of educational qualifications, where the business operated from specific premises rather than home, and had a large, rather than small initial investment of capital. In addition, businesses set up by those who had spent a short, rather than a long time unemployed were likely to survive longer. Evaluation of the Australian self-employment generating scheme NEIS found that 69 per cent of participants surveyed were still in self-employment three months after the NEIS support ceased, compared with an informal comparison group where 54 per cent were still in self-employment, while another 7 per cent of NEIS participants were in other employment. Further, NEIS businesses had directly created one extra job for every 1.5 businesses in operation.

Evaluation of Training Measures

145. The evaluation of training measures requires explicit consideration of the time dimension. The benefits of a scheme to its participants will be reflected in subsequent labour market experience as compared with what would have happened had they not entered the scheme, i.e. it will consist of additional time in employment and additional earnings which result from the increase in skills. When calculating the effects of a measure as a whole,
allowance also needs to be made for deadweight, substitution and displacement effects. Using interview surveys with participants, trainers or providers of work experience. But the main tools for evaluation of training measures will be follow-up surveys or cohort studies.

146. France has a systematic evaluation programme for each of its measures which has three components:

i) A monthly tally showing quantitative indicators of progress and financial commitment on the measure. This is the basis of the assessment of beneficiaries and cost of the programme which appears each year in "Employment Accounts".

ii) Each quarter, administrative data is analysed to provide information on the characteristics of the trainees (in terms of age, sex, level of training, and length of unemployment), the programme content and the characteristics of the training provider. This provides a check on the extent to which the programme is meeting its objectives.

iii) A follow-up interview survey of programme participants, usually six months after the end of the course.

Two shortcomings of this procedure have been recognised -- the lack of a control group, and the lack of a longer-term follow-up. To remedy these problems, it was decided to follow up a sample of LTU on their employment situation every six months for a period of 18 months to 2 years. In addition to this systematic programme, other ad-hoc surveys and analyses are carried out from time to time. These evaluations are usually carried out by external bodies such as university research teams, private sector research organisations, or teams from the National Science Research Centre.

147. It is difficult to draw general conclusions from the results of follow-up surveys, particularly in an international context where no allowance has been made for differing macroeconomic circumstances, nevertheless it is possible to draw a few general conclusions (see note 14). The follow-up surveys show that for one third of the long-term unemployed, training is just a temporary digression from unemployment. The others in the surveys carried out 3 to 6 months after leaving the schemes either are employed, or have had some employment even though they may subsequently have lost it, or else have the prospects of a job. However to put these results into context they should be compared with the probability of leaving ANPE in the same three month period to take a job, which on average did not exceed 10 per cent. It is also worth noting how the schemes affect some subgroups. Those measures which contain an element of work experience seem to particularly benefit young adults (aged 25-39). Workers over the age of 50 are under-represented on all of the measures, even standard training courses, and it seems that for older people training is not the most effective method of assisting with employment.

148. The French evaluation programme is not untypical of the evaluation procedure followed in a number of other countries. In the United Kingdom the evaluation strategy for ET is still being designed, but it will build on the experience of its predecessors such as Community Programme (CP) and the New Job Training Scheme (NJTS), and as well as making the fullest possible use of
administrative data is likely to include quantitative and qualitative surveys of trainees at each stage of the process, i.e. the referral stage, the Training Agent stage, the Training Manager stage, etc. In addition there will be a 100 per cent postal follow-up survey to discover labour market status 3 months after leaving plus a series of sample surveys at 6, 12 and possibly 24 months after leaving. Consideration is being given to the construction of a randomised control group and there will be various additional surveys and analyses of participating employers, special needs groups, etc. This strategy will continue the traditional United Kingdom approach of concentrating on additionality and calculating net exchequer costs, but it also tries to give more serious attention to the time dimension than earlier programmes, and it may eventually be possible to estimate a rate of return to training.

149. The Australian system employs a two level approach. There is a Monitoring Infrastructure which gathers data from two main sources. Most labour market programmes have management information systems capturing unit record data on programme participants. The system used by the majority of programmes is the PASS (Programme Administration and Statistical System) which became an online system in December 1989. The PASS system incorporates a process of participant follow-ups to establish their employment status three months after leaving a programme (Post Programme Monitoring, PPM). An annual programme of evaluations, mainly conducted in-house in the Programme Review and Income Support Branch of the Department of Employment, Education and Training, is carried out to complement the data available from the management information systems. A number of such reviews suggested the need for the reorganisation which led to the Newstart strategy, but no evaluations of the components of that strategy were available at the time of writing.

150. In Spain evaluation is centred around the national training plan. This contains a number of target groups as well as the LTU, e.g. youth, school drop-outs, workers in enterprises undergoing restructuring, etc. A study group has been set-up to ensure that training remains relevant, covers the needs of firms, generates satisfactory results, etc. Research has been undertaken which has found out from employers which occupations are likely to expand or contract, and in what sectors there are likely to be shortages of appropriately qualified workers. It also looked at the training provided to support those occupations, whether it was sufficient, and whether persons were unemployed because their training was insufficient. It is intended to do a follow-up survey of former trainees each year to provide feedback to inform the management of the training plan of necessary adjustments.

151. In Canada, early evaluations of training programs such as the Canada Manpower Training Program were based upon benefit-cost analyses which did not utilise comparison group techniques. The lack of comparison groups represented a shortcoming and certainly resulted in an overestimation of impacts. However, in a relative sense, Basic Training for Skill Development (BTSD) a form of academic upgrading, was shown to be less effective than skill training in an institutional setting. Industrial on-the-job training for the unemployed appeared to be relatively more effective than institutional training.

152. Subsequent evaluations under the National Training Program did utilise comparison groups and confirmed that BTSD had little impact upon post-program labour market performance of trainees. While employability of BTSD trainees improved after training, this rise occurred over a period of steadily improving
labour market conditions and was not statistically significant in the light of the experiences of a comparison group of non-participants. Females were over-represented in the BTSD category in comparison with their proportion of skill training. BTSD trainees tended to be young and had little formal education. A significant proportion of trainees withdrew from the labour force after training, some to take further training, others for family-related reasons. Basic Training for Skill Development constitutes one element in human resource development and, as such, worked better in conjunction with a subsequent skill course as part of an integrated career plan. This alternative produced results approximating that of skill training alone. In an institutional setting, the impact of skill training appeared roughly comparable to spending the same amount of time in the labour force. Much training was undertaken in surplus occupations and this, naturally, was less effective than training in shortage occupations.

153. The Royal Commission on Economic Union and Development Prospects for Canada, in its final report in 1985, strongly supported the trend towards greater emphasis on on-the-job training vis-à-vis institutional training. With the introduction of the Canadian Jobs Strategy in 1985, an effort was made to reduce the proportional share of training funds spent on direct purchases from training institutions and to make all training more relevant to the demands of the labour market. Indirect purchases arranged through employers or other co-ordinating groups were expected to more accurately reflect the skills needed in the economy.

154. A number of lessons have been learned from evaluations of industrial or employer-centred training. A major finding of evaluations of the Canada Manpower Industrial Training Program (CMITP) and of Critical Trades Skill Training (CTST) pointed out a lack of incrementality, i.e. whether or not employers were being paid to do what they would have done in the absence of the program. Under CTST, evaluators believed that at least half of the supported training would have occurred without program support. Careful monitoring was required to ensure that training actually took place. The scope for industrial training was especially limited in those areas where the private sector was less dynamic, but where unemployment tended to be particularly severe. Moreover, employers tended to "cream", i.e. select those trainees who were the best qualified and, therefore, not those most in need among the unemployed. Further disadvantages to industrial training arise from the frequent lack of transferability of skills taught as well as the vulnerability of program activity to recessions. Critical Trades Skill Training, which concentrated on higher skilled occupations, substantially increased the productivity of trainees. Incrementality was relatively greater in small firms, in trade and service industries, and for longer duration training. In common with CMITP, the evaluation showed that incrementality was generally around 50 per cent.

155. Evaluations in Canada and elsewhere have suggested that programs which combine on-and-off-the-job training offer the potential for more favourable labour market outcomes. A good Canadian example of this approach was the Youth Training Option (YTO) which produced impressive gains in employability and earnings for participants when compared with the results for a similar group of institutional trainees.
Evaluation findings are now available for the Job Development Program (JDP) which is targeted exclusively on the long-term unemployed. Within JDP, three program options, or sub-programs, were evaluated: the General Projects (GP) Options; the Individually Subsidised Job (ISJ) Option, which targets those with some social and/or cultural barriers to employment; and, the Severely Employment Disadvantaged (SED) Option, which targets those with major personal barriers to employment, such as disabled persons, ex-inmates, and drug abusers. The options varied in their degree of success in assisting the long-term unemployed to improve their employability. When compared to the labour market performance of non-participants, SED and ISJ participants benefited by working more hours in the post-program period. Male GP participants, however, did not benefit relative to non-participants. After the programme, many participants obtained entry-level jobs, especially in secretarial, clerical, and service occupations. JDP had little or no incremental impact on earnings. With the exception of male SED participants, JDP tended to increase the amount of time participants drew UI following the programme relative to a comparison group. This is not unexpected since JDP is a wage subsidy program that allows many participants to establish UI eligibility. JDP benefited those in greatest need such as social assistance recipients (SARs). Factors shown to have a significant impact on the post-program employability of JDP participants (compared to non-participants) included: the length of time on the program; remaining in the program until completion; and being placed with a private sector sponsor during the program.

Evaluation of Measures to Improve Employment Options

Turning first to marginal employment subsidies, it is clearly possible to obtain a good deal of information on the cost and effectiveness of these schemes by means of surveys of participants and former participants. An example is the evaluation of the Irish Employment Incentive Scheme which was carried out by ESRI in 1988 and concluded that the high deadweight element prevented it from having a significant job creation effect, but also found it to be an inexpensive scheme. Recent surveys in France of employers who have engaged workers under employment subsidy schemes for first employers, or contracts to return to employment, show estimated rates of net creation of the order of 40 per cent. Another typical evaluation strategy is that for the United Kingdom's employee recruitment subsidy Jobstart. This has involved interviewing a sample of current participants, of former participants, and of employers. (The latter survey creates difficulties as it is not necessary for the employer to know that his employee is receiving the subsidy. This problem was avoided by designing a short questionnaire for those who did not know and a longer one for those who did.) The results of the surveys indicated that the scheme had been rather more successful than expected in the planning stage with some 35 per cent of jobs being non-deadweight. (The figure of about a third of the jobs being induced seems fairly common in subsidy schemes: evaluation of the Netherlands MLW scheme suggests a similar figure.) Of course if one values highly the substitution of jobs in favour of the target group one's judgement of its effectiveness will be higher.

The disadvantages of evaluating subsidy schemes by means of such survey methods are that they tend to neglect displacement effects, and also longer run and supply performance effects such as those caused by the increased human
capital generated by the work experience, and the effect of increased effective labour supply on wage pressure. There are no easy ways of overcoming these problems, although studies are under way to examine displacement by means of very detailed studies of local labour markets (see note 15).

159. The usual method of evaluating direct job creation projects is by means of surveys. For instance, the Community Programme (CP), the United Kingdom's predecessor to ET, included administrative data about participants, projects and expenditure, interview surveys of participants and sponsors, postal follow-up surveys of former participants, and a wide range of ad-hoc surveys and analyses. This suggested that the amounts of deadweight and substitution were very small, that 96 per cent of participants were drawn from the unemployment count, and that net Exchequer costs compared favourably with other employment measures. There were significant supply performance effects in that the projects added to the social capital stock, up to 59 per cent of participants received training of some sort, and even those who did not were readjusting to the habits of a working environment. Moreover, the more job-ready people emerging from the scheme were adding to the effective labour supply and reducing wage pressure. However, it was evident that CP was recruiting the younger, better educated and more highly motivated of the LTU, an effect that was reinforced by the method of payment, which had to be comparable with local rates of pay and was only for part-time work, so that it acted as a disincentive to older LTU with dependants who would have been on higher rates of benefit. It was this creaming effect, together with a desire to increase the training component which led to the replacement of CP with ET in 1988.

160. Canadian experience with a variety of direct job-creation measures has shown them to be quick to mount, easily targeted and able to effectively increase employment of a temporary nature so reducing cyclical and seasonal unemployment. But, they tend to be relatively costly and do not affect post-programme labour market performance. Although direct job-creation measures may be useful during temporary down turns there is a danger that their existence will maintain the status quo and retard necessary industrial restructuring if permanent declines are mistaken for temporary aberrations. There is also a problem in measuring the output of such schemes, (this difficulty was also faced with CP in the United Kingdom). Despite these problems, direct job-creation schemes may be useful as a means of reducing "scarring" (deteriorating skills resulting from long periods of unemployment) and of providing income support in times of high cyclical unemployment.

Lessons Learned

161. In the course of this chapter we have been able to indicate some of the lessons learned during the processes of evaluation undertaken by the panel countries. These generalisations do however refer to points of detail about particular kinds of measure. It is clearly not possible to make highly general statements about different types of strategy, e.g. about the relative merits of training schemes vis-a-vis employment subsidies vis-a-vis investment in placement services. Moreover it is not clear to what extent these lessons of detail can be carried over to countries in different macroeconomic situations and with different institutional arrangements. There may be some exceptions to this statement where countries have examined similar measures using techniques
of sufficient sophistication to yield results capable of generalisation, e.g. recruitment subsidies and direct job-creation methods. We may hope for further examples of such incremental progress given the recent convergence of policies, e.g. Restart interviewing, Jobclubs and training schemes containing a significant "on-the-job" element. It is also possible to detect an increasing commitment to using more sophisticated evaluation techniques, as evinced by the increasing use of randomised control groups, although there is still considerable scope for improvement in most countries. It is unfortunate that many of the policy changes and commitments to enhanced evaluation are so recent that there are few results to show from them yet.
Chapter 8

CONCLUSIONS

The Economic Environment

162. The previous OECD report on long-term unemployment was able to report on the diverse set of measures which had been established in the various panel Member countries in the course of the recession of the early 1980s. In this we have been able to describe the continuing development and expansion of those and similar policy initiatives, and to report the lessons of administrative experience and formal policy evaluation. However, it is clear that the economic and demographic environments of the 1990s will be significantly different to those of the last decade. In this final chapter we shall consider the extent to which the policies developed in the 1980s should continue unchanged into the 1990s, and whether new initiatives, or significant changes in policy packages will be required.

163. There will be at least four major factors operating in the 1990s which will cause the economic environment to differ from that of the 1980s:

i) Actual output is likely to be closer to potential output in most advanced countries;

ii) Labour supply is likely to increase less rapidly than in the last decade;

iii) There will be a significant change in the age structure of the labour force with a declining proportion of young people;

iv) Events in Eastern Europe and the Soviet Union are likely to influence developments in the European OECD countries.

To judge the relative importance of these factors we can consider them in the light of the most recent OECD forecasts, not because we regard those forecasts as infallible, but because they provide some approximation to the orders of magnitude involved and will indicate the likely differences between panel countries.

164. In all panel countries there have been improvements, often substantial, in the level of unemployment since they reached their peaks in the early and mid 1980s. However, total unemployment rates generally remain higher than they were a decade ago (although Portugal is an exception to this generalisation). This improvement is expected to persist in most panel countries in the next few years, although in a minority, including some of those in which the recovery has been most spectacular, including Australia, Canada, and the United Kingdom there is likely to be some increase in unemployment as a consequence of
domestic anti-inflationary policies. It is difficult to take a view on unemployment in the longer term without making assumptions on developments in the wider economy which are beyond the scope of this paper. However, although it is never possible to rule out the risk of supply side shocks such as that which generated the increases early in the last decade, it seems probable that economies may operate closer to full capacity than in the recent past. In addition there are factors affecting the supply of labour in the medium and longer term which will influence the level and composition of unemployment, and provide opportunities for the reintegration of the long-term unemployed into the labour force (see note 16).

165. In all of the panel countries considered in the 1988 Employment Outlook study (see note 16), the expected growth in labour supply between 1987 and 2000 will be substantially less than it was between 1973 and 1987, and in Austria, Canada and the United Kingdom it is likely to be less than half the rate of the earlier period. This is mainly due to an expected deceleration in the growth of the population or working age. In Austria, France, the Netherlands and the United Kingdom it is entirely attributable to this factor, although in Canada a deceleration in the rate of increase of participation rates is also expected to contribute.

166. In addition, the number and proportion of young persons in both the population and the labour force are likely to decline. The fall in the youth labour force is likely to be sharpest in the Netherlands where the proportion of young people (aged 15-24) could decline from about 20 per cent in 1987 to around 12 per cent by 2000, and also in Austria where the decline will be from 23.7 per cent in 1985 to around 12 per cent by 2000. These changes are mainly a reflection of past changes in birth rates, although increasing participation in the education system may contribute to a further decline in the participation of young people in Austria, Canada, France and the Netherlands. It is likely that this sharp decline in the proportion of young people will lead to shortages in the entry level workforce, particularly in occupations which rely heavily on the recruitment of school-leavers. This decline in the proportion of youths in the labour force will be offset by a growth in the proportion of "prime-age" men and women, although in some countries there will be a decline in the proportion of younger prime-age people.

167. This changing economic and demographic situation implies that employers may be facing labour shortages in key areas, if not overall. Clearly the long-term unemployed will continue to face competition for jobs, perhaps from re-entrants to the labour force and from older workers who may choose to postpone retirement. Another source of competition may be from immigrant workers, with Eastern Europe perhaps becoming an increasingly important source for Western European countries, although demand for capital and consumer goods from the east is likely to provide a countervailing influence on the demand side. Together these factors suggest there will be increasing opportunities for reintegration of the long-term unemployed.

168. We have seen that the average probability of finding employment declines rather sharply with the length of time spent unemployed. Furthermore it is often the case that when longer term unemployed people do leave unemployment it may well be to leave the labour force temporarily or permanently, to join a scheme which may recycle them back into unemployment on its termination, or to take part-time or temporary jobs which may contain a high risk of further
unemployment (see note 17). In fact it has been argued that long-term unemployed people cease to be part of the "effective" labour force, even though continue to belong to it as far as official statistics are concerned (see note 18). However, the recent rapid falls in unemployment in a number of panel countries have not been accompanied by a rise in the incidence of long-term unemployment as some commentators expected (see note 19). No doubt the policy initiatives discussed earlier have contributed to this result, by helping LTU people back into employment, into alternative forms of income support, and in some cases recycling of LTU people through programmes to the short end of the unemployment count. Nevertheless it may be that some of the views expressed about the difficulties of reintegrating LTU people into employment were unduly pessimistic. We must now consider, in the light of the earlier discussions of the various policies and results of evaluation, the best way that the scarce resources of governments can be deployed to secure that reintegration back into employment.

The Appropriate Response

169. The previous OECD report on long-term unemployment stressed the undesirability of confining policies to assist the long-term unemployed to a single measure, but instead called for a set of measures "tailored to meet the economic situation, the requirements of employers and characteristics of the long-term unemployed people in the labour market". The evidence of the present panel leads us to endorse that conclusion. The task of this final section is to consider how in the light of administrative experience, evaluation evidence and the changing environment, those packages of measures should be modified.

170. It is necessary to consider whether it is appropriate to define a target group in terms of unemployment duration. If the problem economies face is one of the heterogeneity, that is, if it is the personal characteristics of unemployed people which determine their employability, it might be possible to identify those at risk at an early stage of their unemployment spell, but we have already seen that this does not seem generally to be possible for a number of reasons:

i) It is not easy to identify the characteristics of groups most at risk;

ii) Large numbers of even the high-risk groups leave unemployment before the long-term stage. There is then a risk of wasting resources on this deadweight group;

iii) There is evidence that state dependence is important, i.e. the experience of unemployment leads to a deterioration of skills slackening of job-search and unfavourable perceptions by employers;

iv) The characteristics of long-term unemployed groups may vary as the level of unemployment changes.

These factors suggest that it is appropriate to regard the long-term unemployed as a target group in their own right. However, governments may also wish to target policies on sub-groups within, and overlapping, with the long-term

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unemployed, for reasons particular to those groups. In addition further investigations, perhaps making use of the judgements of local office staff, may make it possible to define the groups at risk more accurately. Even if this is not the case there may be some scope for directing resource light policies such as job clubs at these groups.

171. The design of benefit systems is an area where a careful balance needs to be struck between equity and efficiency considerations. Replacement ratios need to be set at a level which is sufficiently high to permit long-term unemployed people and their dependants to maintain an acceptable standard of living, but not so high as to discourage them from accepting jobs which while not so attractive as they hoped to obtain, may nonetheless be the best the labour market has to offer. The process of reintegration may also be assisted by the design of in-work benefits and by allowing long-term unemployed people to accept part-time work without complete loss of benefit. It is necessary to ensure that benefits are limited to those entitled so that resources can be concentrated on those in genuine need and the confidence of employers and the public in the system is maintained.

172. There is now a well established trend, which was already apparent in the previous report, for the commitment of resources towards the intensification of placement and counselling activity for long-term unemployed people. This has often been accompanied by restructuring of the public employment service itself with the intention of increasing the integration and efficiency of delivery. These changes are being evaluated more thoroughly than in the past, and the Canadian experience in particular indicates how evaluation can be employed as a guide to efficient resource allocation.

173. The practice of provision of advice and counselling through a system of periodic interviews is well established in a number of countries and seems to have proved its worth, even though we are still awaiting detailed evaluation results. There is scope for emulation of best practice and it is likely, and desirable that such systems will form the basis of policies to assist long-term unemployed people in the next decade. However while such systems should form an important part of any policy package it is necessary that such packages should also contain a range of attractive menu items. There is little point in calling people to interviews unless they can be provided with employment, or some other activity which is likely to increase their attractiveness to potential employers.

174. Important as it is to increase the degree of integration and efficiency of delivery of the public employment services, that alone would not be sufficient to solve the problem of long-term unemployment. It has become clear that long-term unemployed people must not become passive recipients of the services on offer, but must themselves become involved in positive action. The job-finding clubs have been a notable success and are likely to have a continuing role in many countries as are measures to encourage self-employment, co-operative ventures, part-time work and migration.

175. The role of the community at large and employers in particular in assisting long-term unemployed people is becoming increasingly recognised. A number of countries have introduced publicity campaigns aimed at increasing employer awareness of the opportunities on offer, and encouraging them to reconsider their recruitment practices with the objectives of making more jobs
available to long-term unemployed people. This initiative could be usefully emulated elsewhere. Private non-profit making organisations have long featured as suppliers of temporary employment. More recently profit-making concerns have played an increasingly prominent role as suppliers of training and work experience, and employers are taking part in the design and administration of programmes. These can be useful developments if they ensure that the experiences acquired by the participants are tailored to changing employment needs, and we foresee further developments in this direction in the coming decade.

176. There is considerable scope for increasing the employability of long-term unemployed people by providing them with human capital to increase their attractiveness to employers. Such education and training courses have to be carefully tailored to the abilities and requirements of the clients. In some cases short courses aimed at increasing motivation and self-confidence are adequate but often something more substantial is necessary. Frequently courses in literacy and other basic skills are required, but these need to be supplemented by more specific skills training. Skills training needs to be tailored to meet the perceived requirements of the labour market. To this end employers need to be involved in the training process at the planning and at the delivery stages. There is evidence from a number of countries that training which includes on-the-job elements and links to employment is more effective than classroom training alone.

177. Many of the participant countries in the panel seek to encourage recruitment of long-term unemployed people by means of recruitment subsidies paid to employers. Such methods frequently have high deadweight costs, and a significant number of the additional jobs which long-term unemployed people receive are the result of substitution, i.e. are at the expense of other groups of the unemployed or those entering the labour force but nevertheless they do result in the reintegration of significant numbers of long-term unemployed people. The same points can be made concerning subsidies which are paid direct to unemployed people with the aim of increasing the attractiveness of marginal jobs. A number of countries have achieved considerable success with subsidies to encourage self-employment, and although displacement, as well as deadweight would seem to be a difficulty here, this can be regarded as having an additional advantage of promoting an "entrepreneurial environment", although such schemes are only likely to appeal to a minority of long-term unemployed people.

178. One of the most common responses to long-term unemployment over the past recession has been by means of direct job-creation measures. Such measures can be mounted rapidly, easily targeted, add to the social capital stock, and maintain the self-confidence and regular working habits of their participants. On the other hand they can be relatively costly, provide little training and have little effect on post-programme labour market performance. For these reasons a number of panel countries have switched their resources to schemes which have a greater training input and or provide more work experience on employers premises. However, project-based programmes may have a role during temporary cyclical downturns, localised seasonal unemployment and for certain of the least employable subgroups such as older and very long-term unemployed.
We have not been able to recommend a package of policy measures which could be applied in all contingencies. That could not be expected, even if techniques of evaluation had developed to the extent that we could be reasonably certain of the long-term impact of measures, for the economic and demographic environment, and administrative structures of the individual countries will dictate different policy combinations. Nevertheless certain strong themes have emerged. First it is clear that regular interviewing and counselling will play a prominent role, providing a foundation on which the structure of programmes is built. Secondly the problem of long-term unemployment cannot be solved by simply imposing a policy from above. It is necessary that the long-term unemployed themselves take positive action to improve their situation, and that employers and the wider community understand the problem and contribute to the solution. Thirdly it is necessary that the packages of policy measures be flexible and capable of responding to the changing environment, a process which will be aided by the understanding of their impact which can be derived from thorough and sophisticated evaluation.
NOTES AND REFERENCES

1. This argument was presented in the case of the United Kingdom by J. Haskel and R. Jackman in "Long-term Unemployment and Special Employment Measures in Britain". Centre for Labour Economics, London School of Economics. Discussion Paper No. 297, November 1987.

2. For a recent discussion of this issue, which stresses the importance of state dependence, see A. Budd, P. Levine and F. Smith, "Unemployment, Vacancies and the Long-term Unemployed", Economic Journal, December 1988.

3. For a comparison based on a larger group of OECD countries, see Chapter 7 of OECD Employment Outlook (1991).


5. The articles cited in this paragraph are: "L'Impact de l'indemnisation sur la durée et l'ancienneté au chômage" by J.P. Florens, L.A. Gérard-Varet and P. Werquin, Economie et Prévision No. 87 1989-1;


6. This account of the various benefit systems is based on that provided in Chapter 4 of the September 1988 *OECD Employment Outlook* supplemented by evidence provided by panel members.

7. The Institute for Employment Research at the University of Warwick in the United Kingdom, which produces detailed projections of employment by industry, occupation and region, is a case in point.


9. For evidence on these points from United Kingdom experience, see "Long-term Unemployment and Labour Markets" by Michael White, PSI 1983, and "Employers' Attitudes to the Long-term Unemployed", IMS Manpower Commentary 34, 1987.


12. There seems to be some evidence from the United Kingdom that the proportion of induced jobs on subsidy schemes for young workers increases over time.


15. Attempts have been made to tackle all three problems in the context of youth schemes using a large econometric model of the United Kingdom labour market. It might be possible to carry over such a methodology to the study of the LTU.
16. The following paragraphs draw on section E of chapter 1 of the OECD Employment Outlook September 1988. This reported a set of labour supply projections to the year 2000 of a number of countries including Austria, Canada, France, Netherlands and the United Kingdom. The projections were based on data supplied by OECD Member countries and modified by the OECD Secretariat.

17. On this see, inter alia, chapter 2, section D of the OECD Employment Outlook September 1988. Also evidence from a survey of "Destinations of the Long-term Unemployed as they Flow off the Register", carried out in the United Kingdom at the end of 1986 which showed that 31 per cent were in full-time employment six months after leaving, another 9 per cent were in part-time employment, and 19 per cent on a Government scheme, while 21 per cent had returned to unemployment.

18. See, for instance, Gavyn Davies, "Governments can affect unemployment", Employment Institute, London, 1985 and R. Layard, "How to beat Unemployment", OUP London, 1986. On page 96 Layard states "Unemployment as a whole helps to restrain inflation, but ... research on wage behaviour makes it clear that the long-term unemployed account for little or none of this effect. It is only those who have lost their jobs and are still actively looking for work who exert some pressure to keep wages down. The long-term unemployed have largely given up hope."

19. For instance in the United Kingdom between October 1986 and October 1988 total unemployment fell by just under 50 per cent, while long-term unemployment (12 months or more) fell by nearly 55 per cent. As a consequence the proportion of long-term unemployment in total unemployment fell from 41.4 per cent to 37.5 per cent in those years.
### Annex I

**Summary Table of Manpower Measures which Provide Assistance to the Long-Term Unemployed**

#### I. Special Placement and Counselling Activity

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme Title</th>
<th>Programme Objectives</th>
<th>Target Group</th>
<th>Method of Support</th>
<th>Duration of Support</th>
<th>Numbers Covered</th>
<th>Impact on Long-Term Unemployed</th>
<th>Year Commenced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Newstart Strategy</td>
<td>Provision of intensive interviews with LNU to direct as many as possible to Public Employment Programmes.</td>
<td>LNU between 21 years and 54.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>40 000 interviews each year (20% of target group).</td>
<td>1987</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>Counselling</td>
<td>Continuation of active job search and maintenance of necessary job skills.</td>
<td>All unemployed.</td>
<td>Databank of available jobs and training courses.</td>
<td>Duration of Unemployment</td>
<td>All unemployed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Outreach</td>
<td>To increase the overall employability and eventual employment of persons having severe difficulty in labour market who are not served adequately by regular placement service.</td>
<td>Disadvantaged: those in remote areas; native people; women; youth.</td>
<td>Use of community associations to help serve target group.</td>
<td>Projects can be renewed indefinitely on basis of 12-month agreements.</td>
<td>811 in 1987/88</td>
<td>Evaluation currently underway.</td>
<td>1972 with significant modification since.</td>
</tr>
<tr>
<td>France</td>
<td>Assessment of the 13th month.</td>
<td>Interviewing people who have been unemployed for at least 13 months to direct as many as possible to employment or employment measures.</td>
<td>n.a.</td>
<td>Interviews (Individual or collective).</td>
<td>n.a.</td>
<td>669 500 persons invited to attend interview sessions during 1988.</td>
<td>1983</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Program Type</td>
<td>Description</td>
<td>Interviews</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Notes</td>
<td></td>
</tr>
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<tr>
<td>NETHERLANDS</td>
<td>Restart Interviews</td>
<td>Provision of intensive interviews for EU by the Regional Employment Offices and Social Services for persons unemployed for more than three years.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>17,000 interviews in 1988 and 45,000 in 1989</td>
<td>1988</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRELAND</td>
<td>Job Search</td>
<td>To advise and assist LTUs and others to find employment by assessing their skills, their retraining needs and their potential to take part in employment schemes.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>50,000 target</td>
<td>1987</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>Vocational Information and Guidance</td>
<td>To encourage a change in attitude by EU by means of brief (12 to 15 hour) courses led by a careers adviser and an employment expert.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1988 (piloted in 5 Job-Centres, now going national.</td>
<td>1988</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>Restart Programme</td>
<td>To inform and advise the individual about employment and training opportunities and to reach an agreement about a course of action back to work.</td>
<td>Interviews n.a.</td>
<td>n.a.</td>
<td>1988-1989 estimated out-turn: 2.3 million interviews, 90,000 Restart courses.</td>
<td>1986 (six month Restart) 1988 (rolling Restart).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## II. METHODS TO ENCOURAGE SELF-HELP: JOBCLUBS

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PROGRAMME TITLE</th>
<th>PROGRAMME OBJECTIVES</th>
<th>TARGET GROUP</th>
<th>METHOD OF SUPPORT</th>
<th>DURATION OF SUPPORT</th>
<th>MEMBERS COVERED</th>
<th>IMPACT ON LONG-TERM UNEMPLOYED</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUSTRALIA</td>
<td>Jobclubs</td>
<td>Provision of structured 3-week assistance in training skills.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>41 groups</td>
<td>1984</td>
<td></td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>Help-Yourself Groups</td>
<td>Counselling to the following special needs groups: Immigrant workers, Woman who want non-traditional employment, Ex-convicts, Recovering alcoholics, drug addicts, etc.</td>
<td>See Programme Objectives.</td>
<td>Government provides financial support for professional staff and meeting room rental at varying rate of 20-100%.</td>
<td>n.a.</td>
<td>1984</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CANADA</td>
<td>Job-Finding Clubs</td>
<td>(Part of SED under Job Development; now under Job Entry).</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>41 groups</td>
<td>1984</td>
<td></td>
</tr>
<tr>
<td>FRANCE</td>
<td>Circles of active employment search (Cercles de recherche active d’emploi)</td>
<td>Learning effective employment search behaviour, and support in approaching employers.</td>
<td>All seeking work.</td>
<td>Groups of 10 to 15 organised by two leaders.</td>
<td>3-6 weeks.</td>
<td>60 experimental circles permitted to organise 8,000 job-seekers in 1989.</td>
<td>1989</td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>Job-Clubs</td>
<td>To provide coaching and advice on job-seeking and free use of facilities.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>1,000 clubs existed 140,000 unemployed passed through them. 77,000 left for employment.</td>
<td>1984 (pilots) 1985 (national).</td>
<td></td>
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<td></td>
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</tbody>
</table>
### XIII. TRAINING COURSES

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PROGRAMME TITLE</th>
<th>PROGRAMME OBJECTIVES</th>
<th>TARGET GROUP</th>
<th>METHOD OF SUPPORT</th>
<th>DURATION OF SUPPORT</th>
<th>NUMBERS COVERED</th>
<th>IMPACT ON LONG-TERM UNEMPLOYED</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUSTRALIA</td>
<td>Jobtrain (Part of Newstart Strategy)</td>
<td>Offers vocational training on short courses.</td>
<td>All unemployed.</td>
<td>Training is fully financed by Governments provided by social partners such as labour unions, chambers of commerce, etc. While attending, participants collect training allowances instead of unemployment benefits. Training allowances are slightly higher than the unemployment benefits.</td>
<td>Course duration varies from 4 to 52 weeks</td>
<td>Study in progress.</td>
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<td></td>
<td>Skillshare (part of Newstart Strategy)</td>
<td>Community-based programme providing structured skills training through local community projects.</td>
<td>All unemployed.</td>
<td>Training is fully financed by Governments provided by social partners such as labour unions, chambers of commerce, etc. While attending, participants collect training allowances instead of unemployment benefits. Training allowances are slightly higher than the unemployment benefits.</td>
<td>Course duration varies from 4 to 52 weeks</td>
<td>Study in progress.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>Various Training Measures</td>
<td>To provide job training on all levels and where necessary, training in job search and interview skills.</td>
<td>All unemployed.</td>
<td>Training is fully financed by Governments provided by social partners such as labour unions, chambers of commerce, etc. While attending, participants collect training allowances instead of unemployment benefits. Training allowances are slightly higher than the unemployment benefits.</td>
<td>Course duration varies from 4 to 52 weeks</td>
<td>Study in progress.</td>
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<tr>
<td>CANADA</td>
<td>Job Development Programme (part of Canadian Jobs Strategy)</td>
<td>Improve Employability and earnings of long-term unemployed.</td>
<td>Unemployed 24 out of 30 weeks.</td>
<td>Wage subsidy and/or training allowance.</td>
<td>Up to 52 weeks.</td>
<td>117 000 in 1987/88.</td>
<td>See Evaluation (Chapter 7 of this document).</td>
<td>1985</td>
</tr>
<tr>
<td></td>
<td>Job Entry</td>
<td>Improve Employability and earnings of labour market entrants and re-entrants.</td>
<td>Youth unemployed 26 out of 52 weeks, and women out of the labour force for 3 years.</td>
<td>Training Allowances.</td>
<td>Up to 52 weeks.</td>
<td>77 000 in 1987/88.</td>
<td>See Chapter 7 of this document</td>
<td>1985</td>
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<tr>
<td>Program Description</td>
<td>Details</td>
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<tr>
<td>SAR INITIATIVE (also included in Job Development and Job Entry)</td>
<td>To promote self-sufficiency of social assistance recipients and reduce dependence on income support by enhancing employability.</td>
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<tr>
<td>National Employment Fund Courses, Further training for LTU.</td>
<td>LTU over 25 years and registered unemployed for 12 out of last 15 months. Paid Vocational Trainee Rate. 450 hours on average includes on-the-job training.</td>
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<tr>
<td>Modular Courses</td>
<td>LTU under 25 years and registered unemployed for 12 out of last 15 months. Paid Vocational Trainee Rate. 450 hours on average includes on-the-job training.</td>
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<tr>
<td>Alternance Training Courses for Young People</td>
<td>Provision of training for young people aged 16-25. 16-17 year old school-leavers with low level education; 18-25 year-olds looking for their first job, or have no qualifications or are LTU. Paid Vocational Trainee Rate. Average 550 hours off-the-job training and 2 months work experience.</td>
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<tr>
<td>Alternance Reintegration Contract (CRA)</td>
<td>Recruitment of LTU into jobs with training. Unemployed over 26 years registered 12 months in the last 15 months. 100% exemption from employers' social insurance contributions. + state provision of training for up to 450 hours. Support for 12 months for indefinite term contracts, otherwise for period of contract.</td>
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</tr>
<tr>
<td>Alternance Reintegration Courses (SRA)</td>
<td>To assist those whose experience of LTU or whose disabilities lead to their exclusion from the labour market. Unemployed registered for 2 years or more. Vocational training for trainees receiving lump sum payments £3 915 per month. 5 months on average £44800 in 1988 alternating between training centre and firm.</td>
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</tbody>
</table>

Evaluation: Varied by province from 1985 to present. Job Entry impact positively on employability.
<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Description</th>
<th>Eligibility</th>
<th>Duration</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRANCE</td>
<td>SMAN (Levelling Courses)</td>
<td>To provide occupational conversion to an ANPE vacancy for unemployed people who have similar qualifications.</td>
<td>Unemployed who have similar qualifications to those stipulated in the vacancy.</td>
<td>Vocational training trainees in receipt of unemployment benefit (Training Placement Allowance). Training can be individual or collective and take place in a centre or in the enterprise.</td>
<td>Average 300 hours 22 150 in 1988 Quota 25% for LTU. 1976</td>
</tr>
<tr>
<td>IRELAND</td>
<td>Building on Experience</td>
<td>To assist older LTU to re-enter the workforce by making the most of their talents and energies.</td>
<td>Older LTU</td>
<td>Previous social welfare entitlement plus travel, accommodation and meal allowances.</td>
<td>six months.</td>
</tr>
<tr>
<td></td>
<td>Skills Foundation Programme</td>
<td>To provide personal development and skills sampling.</td>
<td>16-17 years-olds with no qualifications: six months after leaving school.</td>
<td>ditto.</td>
<td>six months.</td>
</tr>
<tr>
<td></td>
<td>Community Training Workshops/Travellers Workshops</td>
<td>Similar to Skills Foundation Programme but community-based.</td>
<td>15-16 year-olds with no qualifications and some LTU in late teens.</td>
<td>ditto.</td>
<td>six months to one year.</td>
</tr>
<tr>
<td>COUNTRY</td>
<td>PROGRAMME TITLE</td>
<td>PROGRAMME OBJECTIVES</td>
<td>TARGET GROUP</td>
<td>METHOD OF SUPPORT</td>
<td>DURATION OF SUPPORT</td>
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<tr>
<td>NETHERLANDS</td>
<td>Adult Vocational (CV) Training Centres</td>
<td>To provide daytime vocational training for unemployed and those in danger of losing jobs.</td>
<td>Unemployed (90%) and those threatened with unemployment (10%).</td>
<td>System of 32 centres. Participants: 10 500 in 1985, 19 000 in 1988.</td>
<td>4-18 months.</td>
</tr>
<tr>
<td></td>
<td>Women's Vocational Schools</td>
<td>Organise vocational training for women who have never worked or who wish to re-enter the labour market</td>
<td>Unskilled women over 25 years.</td>
<td>3 days per week for 10 months. 1986: 450, 1988: 700, 1990: 970</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Framework Scheme (KRS)</td>
<td>To assist training of unemployed by providing financial assistance through Employment Service.</td>
<td>Unemployed and those threatened with unemployment.</td>
<td>Unemployed persons can get 100% reimbursement of training costs. Employers receive subsidy of 25% or 50% depending on duration of unemployment.</td>
<td>90% less than 1 year. 1987: 40 000, 1988: 59 000, 1989: 51 000</td>
</tr>
<tr>
<td></td>
<td>Primary Vocational Adult Training (PVA)</td>
<td>To provide training for unskilled, ethnic minorities and women who have left working life.</td>
<td>Unskilled.</td>
<td>Combination of existing training &quot;modules&quot; or participation in new ones.</td>
<td>Flexible. 1987: 10 800, 1988: 16 500, 1989: 19 500</td>
</tr>
<tr>
<td></td>
<td>Centres for Vocational Guidance and Training (CBV)</td>
<td>Elementary Education. Working Activities and Vocational Guidance for low-skilled occupations.</td>
<td>Culturally disadvantaged unemployed people.</td>
<td></td>
<td>3 600</td>
</tr>
</tbody>
</table>
### III. TRAINING COURSES (Continued)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PROGRAMME TITLE</th>
<th>PROGRAMME OBJECTIVES</th>
<th>TARGET GROUP</th>
<th>METHOD OF SUPPORT</th>
<th>DURATION OF SUPPORT</th>
<th>NUMBERS COVERED</th>
<th>IMPACT ON LONG-TERM UNEMPLOYED</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPAIN</td>
<td>Programme for professional training of the Long-Term Unemployed</td>
<td></td>
<td>Participants receive an allowance equal to 75% of the minimum wage if 25 years or over, plus travel, lodging and maintenance costs.</td>
<td>44 493</td>
<td>aged 25 or over in 1987.</td>
<td>Priority given to those with longest unemployment.</td>
<td>1985</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Schemes for Older Unemployed</td>
<td>Training provided workers aged 45+ with a contract of indefinite length at request of employers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1983</td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>Employment Training (ET)</td>
<td>Intended to address joint problems of long-term unemployment and skill shortages.</td>
<td>Priority groups: 1) those aged 18-24 and unemployed for 6-12 months, 11) those aged 18-50 and unemployed for 2 years or more.</td>
<td>Trainees receive benefit entitlement £10 per week and travelling expenses. Average length of stay 6 months. Provision for 300 000 places a year.</td>
<td></td>
<td>Evaluation results not yet available.</td>
<td>1988</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Programme Title</td>
<td>Programme Objectives</td>
<td>Target Group</td>
<td>Method of Support</td>
<td>Duration of Support</td>
<td>Numbers Covered</td>
<td>Impact on Long-term Unemployed</td>
<td>Year</td>
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</tr>
<tr>
<td>Australia</td>
<td>Jobstart</td>
<td>To provide employment for a minimum of 12 months</td>
<td>Long-term unemployed</td>
<td>Wage subsidy</td>
<td>Up to 26 weeks.</td>
<td></td>
<td></td>
<td>1984</td>
</tr>
<tr>
<td>Austria</td>
<td>Employer Subsidy</td>
<td></td>
<td></td>
<td>Government subsidies equal 50% of 6 months wage cost after the LTU has been 12 months unemployed.</td>
<td>12 months.</td>
<td>12 000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Job Development Program</td>
<td>Improve employability and earnings of long-term unemployed.</td>
<td>Unemployed 24 out of 30 weeks</td>
<td>Wage subsidy or training allowance</td>
<td>Up to 52 weeks.</td>
<td>117 000</td>
<td>See chapter 7. in 1987/88.</td>
<td>1985</td>
</tr>
<tr>
<td>France</td>
<td>Activities réduites</td>
<td>To encourage job-seekers to accept part-time work at pay rates less than in their former employment.</td>
<td>Unemployed people in receipt of Solidarity Allowances.</td>
<td>Maintenance of unemployment benefit if the amount earned is less than 47% of the allowance and hours worked less than 78</td>
<td>Limit of 450 450 hours.</td>
<td>Approximately 6% of job-seekers each month.</td>
<td></td>
<td>1987 (Solidarité) 1988 (assurance)</td>
</tr>
</tbody>
</table>

*IV. RECRUITMENT SUBSIDIES*
**GREECE**  
Subsidy for recruitment of young people

- People under 25 years recruited through OAE Employment Office.  
- Subsidy Dr 1 306 1 year maximum. per day.

**IRELAND**  
Employment Incentive Scheme

- To increase total employment and redirect hiring towards targeted categories.  
- LTU over 25, early school-leavers and handicapped  
- £60 p.w. for LTU; £45 p.w. others.  
- 60 weeks  
- 1977

**NETHERLANDS**  
Youth Development Job Scheme

- Provision of temporary jobs for young LTU.  
- Less than 25 years of age and at least 2 years unemployment.  
- Employers receive subsidy of 1/3 of legal minimum youth wage.  
- Average duration 6 months.  
- 5,000 in 1988; 10,000 in 1989.

**DD**  
Law Vermeend-Moer and Scheme for LTU (MLW)

- Recruitment of LTU.  
- Unemployed for 1 year or more.  
- Employer receives a subsidy of Gld.1,000 per month.  
- Up to 6 months.  
- 6600 per year.  
- 1986-1989

**CD**  
Kaderregeling Arbeitsanpassung (KRA) (Scheme to promote recruitment of LTU)

- To facilitate employment for LTU.  
- Over 2 years unemployed (or over 1 year when ethnic minority, or over 6 months when formerly in youth Guarantee Scheme.  
- Two options:  
  - a) up to 4 years; 
  - b) 1 year, but subsequent transition to 2 is possible.  
- Target 1990:  
  - (a) 18000;  
  - (b) 20000.  
- 1989 (b)

- 1990 (a)  
- (a) is continuation of older schemes in slightly different way.
<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PROGRAMME TITLE</th>
<th>PROGRAMME OBJECTIVES</th>
<th>TARGET GROUP</th>
<th>METHOD OF SUPPORT</th>
<th>DURATION OF SUPPORT</th>
<th>NUMBERS COVERED</th>
<th>IMPACT ON LONG-TERM UNEMPLOYED</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPAIN</td>
<td>Recruitment subsidy for older workers</td>
<td>To encourage recruitment of LTO aged 45+ on indefinite contracts.</td>
<td></td>
<td>Employer receives subsidy of Ptas 400 000 plus 50% reduction of employer's insurance contributions.</td>
<td></td>
<td>10 535</td>
<td>in 1987.</td>
<td>1983</td>
</tr>
<tr>
<td></td>
<td>Recruitment Subsidy for Cooperative Organisations</td>
<td>Encouragement of unemployed under 25 and LTO over 25 years to join cooperatives.</td>
<td></td>
<td>Subsidy of Ptas 500 000 paid to former unemployed person who joins cooperative.</td>
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<td></td>
<td>Recruitment Subsidy for Local Employment</td>
<td>Encourage hiring on the basis of indefinite contracts by undertakings set up under local employment initiatives of the unemployed under 25 or the long-term unemployed aged over 25 and under 45.</td>
<td></td>
<td>Subsidy of Ptas 500 000 for each contract concluded.</td>
<td></td>
<td></td>
<td></td>
<td>1986</td>
</tr>
<tr>
<td></td>
<td>Recruitment subsidy for women</td>
<td>To encourage recruitment of women on the basis of indefinite contracts in sectors where they are under-represented.</td>
<td></td>
<td>Subsidy of Ptas 500 000 provided the contract is of indefinite duration and there is a net increase in jobs.</td>
<td></td>
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<td>1986</td>
</tr>
<tr>
<td>COUNTRY</td>
<td>PROGRAMME TITLE</td>
<td>PROGRAMME OBJECTIVES</td>
<td>TARGET GROUP</td>
<td>METHOD OF SUPPORT</td>
<td>DURATION OF SUPPORT</td>
<td>NUMBERS COVERED</td>
<td>IMPACT ON LONG-TERM UNEMPLOYED</td>
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<tr>
<td>PORTUGAL</td>
<td>Assistance for indefinite length recruitment of indefinite length for young people under 25 years and LTU over 25 years.</td>
<td>Subsidy to firms of up to 12 times minimum wage for each job created.</td>
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<tr>
<td>UNITED KINGDOM</td>
<td>Jobstart Subsidy</td>
<td>To encourage LTU to accept lower paid jobs.</td>
<td></td>
<td>Allowance of £20 per week to any LTU who takes a job paying less than £90 per week.</td>
<td>6 months.</td>
<td>Approximately 10 000 applicants per year.</td>
<td></td>
<td>1986</td>
</tr>
<tr>
<td>COUNTRY</td>
<td>PROGRAMME TITLE</td>
<td>PROGRAMME OBJECTIVES</td>
<td>TARGET GROUP</td>
<td>METHOD OF SUPPORT</td>
<td>DURATION OF SUPPORT</td>
<td>NUMBERS COVERED</td>
<td>IMPACT ON LONG-TERM UNEMPLOYED</td>
<td>YEAR</td>
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</tr>
<tr>
<td>AUSTRIA</td>
<td>Action 8000</td>
<td>Provision of temporary jobs. (6 months if under 25, otherwise 12 months).</td>
<td>LTU people (6 months if under 25, otherwise 12 months).</td>
<td>Jobs provided in social services, cultural and environmental sectors expected to bear 1/3 of the cost.</td>
<td>1 year.</td>
<td>13,167 (total 1984 through 1988)</td>
<td>1984</td>
<td></td>
</tr>
<tr>
<td>FRANCE</td>
<td>Local Insertion programmes (PIL)</td>
<td>Reintegration in agencies, local communities, or public bodies.</td>
<td>Unemployed over 25 and in receipt of Solidarity Allowance, or allowance of end of right.</td>
<td>Payment equal to amount of unemployment benefit and contribution by employing body (€500-750).</td>
<td>6 months at between 80 to 120 hours per month.</td>
<td>17,700 in Sept. 85.</td>
<td>1987</td>
<td></td>
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<tr>
<td></td>
<td>Local Supplementary Income Support (LSR) (now incorporated into the Minimum Insertion Income RMI)</td>
<td>To provide minimum income in return for part-time work.</td>
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<td></td>
<td>Intermediary Association (AI)</td>
<td>To engage unemployed people and hire them out to other bodies to do work not in competition with existing employment.</td>
<td>Hard to place unemployed.</td>
<td>AI are non-profit making organisations and do not have to pay social security contributions to those working less than 200 hours a quarter.</td>
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<tr>
<td>IRELAND</td>
<td>Social Employment Scheme</td>
<td>To provide part-time work in Community Projects</td>
<td>Mainly LTU over 25.</td>
<td>£65 or £92 per week with adult dependent plus £10 per dependent child.</td>
<td>12 months.</td>
<td>8,500 completed training in 1987.</td>
<td>1987</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Program Description</td>
<td>Duration</td>
<td>Financial Details</td>
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<tr>
<td>Netherlands</td>
<td><strong>Employment Creation Scheme (WVM)</strong>: Provide work in sector at national minimum wage for LTU and young people unemployed for 9 months. <strong>Youth Guarantee Scheme (JWG)</strong>: Tries to guarantee a job in the public sector to those under 21 and unemployed for 6 months. <strong>Temporary Provision of Local Employment (Provisional JWG)</strong>: As for JWG. <strong>Hansenpools</strong>: Additional work for those LTU who are considered in need of restart interviews to have no other chance to find work.</td>
<td>Less than 1,000 per year.</td>
<td>- 100% wage subsidy for the first 6 months, Max. 12 months, 1987: 1,200, 1990: 10,000. Municipalities offer young people jobs of up to 19 working hours, Max. 30,000 in 1994.</td>
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<tr>
<td>Spain</td>
<td><strong>Community Work Projects</strong>: Hiring, on the basis of indefinite contracts, of unemployed persons to carry out works and services of general interest. Priority given to LTU and those with family responsibilities.</td>
<td>Up to 4 years.</td>
<td>Agreement between INEM and local authorities. INEM provides 100% subsidies in some cases.</td>
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<tr>
<td>Portugal</td>
<td><strong>Community Work Projects</strong>: State and private non-profit institutions provide travel and meal costs. Reimbursed by Institute of Employment and Vocational Training.</td>
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</tbody>
</table>
ANNEX II

PANEL 10: MEASURES TO ASSIST THE LONG-TERM UNEMPLOYED

MEMBERSHIP LIST

CHAIRMAN
Mr P. Schwanse
OECD Secretariat

TECHNICAL SECRETARIAT
Mr A. Webb.
H.M. Treasury
London
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AUSTRIA
Mme Rose-Marie Dorrer
Landesarbeitsamt
Wien

AUSTRALIA
Mr J. Mac Carthy (first meeting)
Department of Employment,
Education and Training (DEET),
Canberra.

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Delegation of Australia to the OECD
75015 PARIS

CANADA
Mr Kingwell
Employment and Immigration Canada
Ottawa

FRANCE
Mme Bouillaguet
Délegation à l’emploi
Paris

GREECE
Mr. Yannis Sofinopoulos
OAED
Athens

IRELAND
Mr Hayden
Department of Labour
Dublin

THE NETHERLANDS
Mr J. Rebergen,
Ministerie van Sociale Zaken en Werkgelegenheid
EV'S-Gravenhage
ANNEX II (continued)

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Mr Armando Mendes
Instituto do Emprega
LISBON.

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Mme. Pilar Gonzalez Bayo
Ministerio de Trabajo y Seguridad Social
MADRID.

SWITZERLAND

M. Hansjürg Dolder
OFIAMT
BERNE

UNITED KINGDOM

Mr. Richard Wray
The Employment Service,
LONDON.

EEC

Mr Jackie Morin,
DG V A/1,
Commission of the European Communities,
BRUSSELS.

Mr P. Kuenstler
Mr B. Moore (Consultants to the Commission)

OECD

Mr McBain.