OECD Employment Outlook 2002 Calls for no Let-up in Labour and Product Market Reforms

A moderate improvement in average employment levels in OECD countries over the past decade does not justify any slackening of efforts in favour of labour and product market reform, according to the latest edition of the OECD’s annual Employment Outlook.

Even allowing for the recent cyclical downturn in much of the OECD area, unemployment and long-term joblessness remain unacceptably high, the OECD’s Employment Outlook 2002 states.

A fall in the OECD unemployment rate from its 1993 peak of around 8% to just over 6% in 2000 masked significant differences between individual countries, with marked improvements in some countries but little change or even some worsening of performance in others. Since 2000, the overall rate has risen to close to 7%.

Successes in bringing more people into work in some countries open up new challenges, as some of these people find it hard to stay in jobs and move up job ladders.

In parallel, most countries face major medium- to long-term challenges in adapting to population ageing and skill-biased technological change. Many countries whose overall performance has improved significantly still have large pockets of inactivity among people of working age who are not in the labour force, in particular older people and those with low skill levels.

As a contribution to preparations for a planned meeting of OECD Employment Ministers next year, the Employment Outlook 2002 reviews a number of relevant issues. These include: the effectiveness of government-financed labour market programmes for young people; the “gender gap” in pay and employment conditions for women by comparison with their male counterparts; wages and fringe benefits offered by temporary jobs; the challenges facing policy-makers in dealing with long-term unemployment; and the cross-market effects of product and labour market policies.

Among other things, the OECD report identifies a substantial gender employment gap in many OECD countries, particularly for less-educated women and mothers. It also calls for effective co-ordination of labour and product market policies, in order to avoid situations in which product market regulations impact negatively on workers’ employment opportunities and job security or in which wage bargaining structures and employment protection rules discourage businesses from investing in new technologies.
The OECD’s Employment Outlook 2002 is available via SourceOECD (www.SourceOECD.org), and online bookshop (www.oecd.org/bookshop) and to journalists on the OECD’s password-protected website (http://www1.oecd.org/media/journalists/journalists.htm).

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336 pages, OECD, Paris 2002
Available in electronic format (pdf)
€85; US$58
ISBN 92-64-19778-8 (81 02 08 1)