SUMMARY RECORD OF THE TWENTIETH MEETING

Held at the Château de la Muette, Paris
on 13 and 14 June 2002
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Mr. Barry WERNER

United States
Mr. Mike HORRIGAN

Other Organisations

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Mr. Pascal MARIANNA
Administrator (DEELSA)
Mrs. Catherine MARTIN Administrator, Main Economic Indicators Division (Statistics Directorate)

Mrs. Helena STANCANELLI Administrator (DEELSA)
1. Election of officers

1. Mrs. Kirsten Wismer, from Denmark Statistics, assumed the Chair, following a proposal for her nomination by Mr. Harry Kroon, of the Australian Bureau of Statistics, seconded by Mr. Omar Hadarson, of Iceland Statistics. The Chair declared the meeting open.

2. The appointment of the Chairperson was followed by an announcement by Mr. Lemaître of the Secretariat concerning the composition of the Bureau. Members are named for a 3-year term, with a rotation of 2 members every year ensuring a balanced geographical representation. This year the Bureau welcomes the entry of the delegates from Australia and Canada in replacement of the delegates from Japan and the United States. In addition to the new entrants, the Bureau is composed of the delegates of Poland, Switzerland, the United Kingdom, and Eurostat. As recalled at previous meetings, Eurostat is a permanent member of the Bureau and the President of the Working Party is a member ex officio.

2. Adoption of Agenda

3. The Agenda [DEELSA/ELSA/WP7/A(2002)1] was adopted with insertions of a number of information items among which information concerning the next International Conference of Labour Statisticians (ICLS) meeting to be held in Autumn 2003 and the impact of changes of the Spanish unemployment figures following the implementation of the EU interpretation of ILO definitions on employment and unemployment statistics.

3. Approval of the Summary Record of the Nineteenth Meeting

4. The Summary Record of the Nineteenth Meeting [DEELSA/ELSA/WP7/M(2001)1], held on 19-20 April 2001, was approved without further amendment.

4. Succinct conclusions of the meeting

5. The following lists the main conclusions of the meeting for the substantive items of the agenda. The detail on the discussions is given hereafter beginning in section 6. The conclusions were as follows:

Non-standard forms of employment

- It was important to continue the work on the different forms of employment.
- There was still a long way to international comparability in this area.
- It was important to classify both persons and jobs – there is therefore a need for a multi-dimensional classification
- Country-specific studies will be an important way to move ahead in this area.
- Cost-effectiveness is an issue with NSOs in the implementation of new classifications.

The potential labour supply

- The descriptive approach in the paper is a fruitful way to approach the subject.
More breakdown in age groups is desired and inclusion of the 65-70 group.

It is important to measure in terms of hours, the lowering of normal working time has resulted in a significant decline in the labour supply.

The measurement of skills

- The approach is a good one for a first analysis.
- Reported levels of education may tend to be biased upwards.
- There would appear to be problems with the international comparability of occupation.
- The analysis should be extended to the job specialisation dimensions and to longitudinal studies of careers.

Labour cost and labour price indices

- The paper is a good review of concepts and definitions and shows the need for further work.
- It is important to assess the frequency requirements of different types of statistical information concerning wages and labour cost.
- Working Party members are asked to supply a contact person to Denis Ward for future work.

5. Programme of Work for 2002-2003 (statement by the Secretariat)

6. Mr. John Martin, Director of Employment, Labour and Social Affairs (ELSA), announced the passing away of Norman Bowers and the dedication of the forthcoming edition of the Employment Outlook to his memory. He has been recently replaced by Mr. Raymond Torres as the Head of the Employment Analysis and Policy Division (EAP) of ELSA. Mr. Martin also mentioned the nomination of Mrs. Martine Durand as the Deputy Head of ELSA in replacement of Mrs. Odile Sallard who has been appointed as the Director of the Public Management Service.

7. Mr. Martin then described ELSA’s biennial work programme for the period 2002-2003 in the field of employment and social affairs that will be culminated by a meeting at ministerial level of the Employment, Labour and Social Affairs Committee due to be held on 15-16 September 2003, either in Italy or Spain. A pre-meeting Forum on the quality of jobs will bring together the ministers, the social partners and interested experts. The Ministerial meeting itself will focus on the mobilisation of the labour supply, in particular among older workers, single parents with children and the disabled. This theme will be the focus of analysis in the next edition of the Employment Outlook, which will serve as a background report for the ministerial meeting. The link with the activities of this working party are direct and Mr. Martin quoted the topics on the agenda concerning non-standard forms of employment, the potential labour supply and the measurement of skills as being relevant themes for the labour ministerial.

8. The labour ministerial will also review the multi-year thematic review on older workers and the divergences in country practices with regard to early withdrawals from the labour market. Already twenty countries have expressed their interest in the review that will examine tax and benefits systems, incentives
for early withdrawals, barriers on the demand side and the phenomenon of agism. It is expected that the first lessons for 8 countries will be ready in time for the labour ministerial.

9. A third area of work relates to the assessment and the measurement of skills of the adult workforce that will be discussed at a meeting to be held on June 25th. This activity follows up on the International Adult Literacy Survey (IALS) conducted in the mid-90s in 18 countries and its successor the Adult Literacy and Life Skills Survey. Last year’s meeting of Education ministers recommended to expand the range of skills to be assessed to cover soft skills like interpersonal communication, team work, etc. The June 25th meeting is a preparatory meeting to help prepare options for the Committees in the autumn with decisions expected in Spring 2003 and the implementation of a new assessment instrument after 2008.

10. Mr. Martin mentioned the publication of the second edition of Social Indicators with an extended list in a number of areas like child poverty, disability, etc. There is also some discussions among experts to include subjective indicators on individual perceptions of status. On the other hand, it is unlikely that an overall indicator of well-being will be produced.

11. Mr. Martin concluded by mentioning the Working Party on Migration later in June, which will discuss, among others, data coverage and comparability issues, the use of a variety of sources, the implementation of the UN recommendations on migration statistics, the immigration of high skilled workers and the documenting of stocks and flows of student migrations.

12. Mr. Eivind Hoffmann of ILO made a brief presentation on the meeting dates of the next International Conference of Labour Statisticians (ICLS), to be held from November 24th to December 3rd 2003, and the content of the meeting. Two resolutions will be examined, one on Consumer Price Indices (CPI), the other on Household Income and Expenditures surveys. Several other topics will also be discussed: ISCO-88 (revision and update), working time (measurement of total number of hours worked, time worked during one’s working life, etc.) and labour market indicators (of labour market performance and of decent working life).

13. Following this presentation, Mr. Baiggori summarised work undertaken by Eurostat on the Community Unemployment Rates (CUR), the implementation of continuous labour force surveys, and ongoing work on Ad hoc modules to the European labour force survey. Mr. Baiggori also mentioned work in progress concerning a regulation on time-related underemployment. The implementation of the Community interpretation of ILO definitions of unemployment is likely to have an impact on the unemployment rates of France and Italy in addition to Spain, for which a report is available.

14. Mrs. Alvarez, of the Spanish INE, said that the implementation of the EU interpretation of ILO guidelines on unemployment statistics, which considers among others only contacts with the public employment service during the four weeks preceding the survey week as an active method of job search (i.e. not just maintaining one’s registration status), resulted in a decrease of 20% in the unemployment estimates, that is around 300000 persons for the first quarter 2002. The new operational definition will be applied for series starting in the first quarter of 2001. Some other changes affected slightly the employment and unemployment estimates and concerns migration and population projections applied retrospectively since 1996 and reweighting applied since 1976. The reweighting takes better account of autonomous communities and provinces and has resulted in an increase in the employment figures of adults aged 25 to 49 years. Mr. Martin wondered whether the employment figure of adult workers are not related to changes in regulations in the 90s regarding temporary work arrangements.

15. Mr. Barry Werner, of the United Kingdom, reported that the LFS estimates for his country were also regressed following new projections of international migration since 1998.
6. Paris Group – overview of the current situation

16. Mr. Didier Blanchet, of the French INSEE, reported the activities of the Paris Group for which he is responsible. The group has met four times since 1997, twice in Paris, once in each of London and Sweden. Following suggestions from the participants, the third meeting decided to focus on two areas: statistics on labour market flows and income related to employment, which resulted in a scientific report containing summaries and discussions on the papers. It was decided in Sweden that the fifth meeting in Paris in November 2001 would concentrate on estimates of working time, but the meeting never took place due to lack of contributions and participants. Also, there was no synthesis/conclusions of work undertaken in the area of labour market flows. Mr. Blanchet recalled that a data collection of gross flows had taken place in this area and that the results were presented at last year's meeting of this working party. Mr. Blanchet announced a meeting of countries interested in Paris Group work would meet at the end of day. Countries would be questioned on the modalities for participation and to find volunteers for steering the group. The United Kingdom and the OECD have already indicated their willingness to assist in co-piloting the group. The Group will explore future work on labour market flows and interests regarding work to be undertaken on working time.

7. Non-standard forms of employment

17. Mrs. Wismer announced the sequencing of the discussion. Mr. Olivier Marchand, of the French Ministry of Labour, DARES, would give an overview of changes which have occurred in the nature of employment arrangements to set the scope of measurement issues pertaining to different forms of employment. This will be followed by a discussion on the concept and measurement of temporary employment – presented by the OECD Secretariat -. Finally, Mr. Hoffmann will introduce a broader discussion on the concepts and measurement of different forms of employment as elaborated in ICSE-93 regarding the treatment of particular forms of employment. This topic is also an opportunity to assess the implementation of ISCE-93 in the Census, labour force surveys and other household survey instruments. The Chair mentioned a number of country contributions that are available as room documents.

Changes in the nature of work and non-standard form of employment: the case of France

18. Mr. Marchand introduced the paper that gives an historical overview of changes that occurred in the French labour market following changes in the production processes and the expansion of the service sector over the last forty years. The focus is more on its consequences on work organisation and work arrangements that resulted in a diversification of employment situations. The French experience illustrates more broadly changes that occurred in OECD labour markets regarding employment situations and advocates the need to look more closely at different employment statuses. Annex 3 reports results from a qualitative survey of firms on the nature of work arrangements according to two dimensions: the organisation of work and the economic risk involved for performing work assignments. The particular forms of employment range from fixed-term and contract jobs, part-time jobs and borderline cases of jobs that are in between salaried employment and self-employed status. Mr. Marchand concluded that statistical definitions of particular forms of employment should be considered in the light of these developments (as will be reported later from Mr. Hoffmann from ILO).

19. Mr. Alois Van Bastelaer of Eurostat gave an illustration of one such borderline situation, that is “own account workers” working for a single client. The results are based on a first exploitation of the results of the 2001 Ad hoc module on working time and employment arrangements of the European Community Labour Force Survey. The results are not yet conclusive in the sense that, countries where an important number of own account workers report working for a single client are also those where a
sizeable proportion of employers report working for a single customer. Autonomy regarding work organisation, work methods and working conditions are other areas that need to be examined further. Continuation of the business after completion of the project or the contract is another dimension that needs to be explored further in light of differences in country questionnaires used to conduct the survey.

20. Mr. Pascal Marianna of the OECD Secretariat presented a compilation of the results on different forms of employment that are captured in national labour force surveys. Two tables show the incidences of different forms of employment in total employment and the distribution of each form of employment by their expected duration of employment to illustrate the diversification of employment in Mr. Marchand’s paper and presentation. It is understood that the expected duration of employment with the same employer relates to non-voluntary and non-economic reasons. One question is whether employment situations vary so much across countries or whether it is simply the fact that labour force surveys in some countries do not capture the different employment statuses that exist. Some employment situations are more important in some countries than in others. Other questions concerned the nature of certain forms of employment like: the distinction between own account workers or independent contractors or freelance workers and their reporting in national labour force surveys. Are some of these employment situations at the margin of self-employment and salaried work? In some countries seasonal workers and casual workers seem to witness a particularly long employment relationship with their employer, in other countries outworkers/homeworkers are relevant categories while they are not in others, etc.

21. Mr. Lionello Tronti of Italy reported a recent work, undertaken by ISTAT and circulated as a room document, on a new classification of non-standard employment arrangements for paid employment using administrative data. The paper proposes a grouping of non-standard forms of employment according to three criteria – type and duration of work arrangement, working time, rights to social security coverage - that results in identifying 31 types of non-standard employment arrangements. They are then regrouped in two categories of employment situations according to the degree of “atypicalness”. Based on this experience, Mr Tronti underlined the difficulty of statistical definitions of different forms of employment, which needs to account for the various legal frameworks and wage bargaining systems. In Italy, one such borderline between self-employment and salaried work is represented by “para subordinar” employees, which is a program designed for older workers and that has all the characteristics of self-employment.

22. Several delegates stressed the complexity of employment situations that makes any detailed classification of self-employment and paid employment complicated and more so to qualify a job as a precarious one. The delegate from Belgium mentioned the case of successive employment statuses or combined work statuses generating multiple incomes. The delegate from Canada mentioned the special case of seasonal and on-call workers returning to the same employer like nurses who might be satisfied with this type of work arrangement. As in the case of Italy, other data sources should not be excluded. The delegate from the United States and some others wondered whether a multidimensional approach should be favoured. Citing the case of the “Contingent workers supplement to the CPS”, Mr. Horrigan of BLS stressed the need for not attempting to cover mutually exclusive categories of employment including self-employment. More importantly, he stressed the need to distinguish the nature of work arrangements from other dimensions that characterise the nature of relationship between the worker and the employer, such as the expected duration of employment. Mr. Lemaitre cautioned against the use of too many dimensions that could end-up in categories that are too small to be of any relevance. Lastly, some delegates indicated that stock statistics are somewhat limited as they do not capture movements to permanent jobs.

23. Mr. Martin noted that, over the past two decades, job tenure of prime age adult groups have remained stable and significant changes has occurred only at entry and exit points from employment and where public policy and firms screening during recruitment process has lead to new types of work arrangements. Many temporary workers might be working deliberately in this type of jobs, it happens to be the case of on-call workers like nurses in Canada, for instance.
24. Mr. Marchand, in reply, approved the use of a combination of data sources, advised the use of regulatory and legal elements to classify jobs and found interesting the use of a different time horizon for classifying non-standard forms of employment.

Taking the measure of temporary employment

25. Mrs. Elena Stancanelli, of the Secretariat, introduced the Employment Outlook chapter on temporary employment that examined mainly two questions whether temporary employment is a step towards permanent employment or a trap to unstable labour market statuses between temporary employment, unemployment and inactivity. For doing so, stock as well as flow data were looked upon, as were questions concerning earnings of temporary workers relative to permanent workers, hours of work and training received by temporary workers. Mrs. Stancanelli pointed out differences between data sources used – labour force surveys or longitudinal datasets - in the definitions of temporary workers. Temporary employment is composed by an heterogeneous group of workers with regard to the duration of the employment contracts and types of employment covered. The chapter retained a direct measure based on a typology of temporary employment – workers in paid jobs of limited duration due to non-economic and non-voluntary reasons -. Some countries use a definition based on the expected duration of employment that are often considered to be less than one year, which is also applied to certain forms of temporary employment in other countries. Lastly, some other sources define temporary employment on the basis of access to benefits: paid annual leave, paid sick leave, health coverage, pension plans, etc.

26. The delegate from Japan indicated that the definition in the labour force survey is based on the duration of the employment contract of less than one year, which is the legal basis for temporary employment in Japan. The Special Survey of the labour force survey reports, in addition, the position occupied at the workplace: dispatched workers, contract workers, special positions/programmes for older workers, etc. Two other surveys were mentioned: a special household survey on part-time employment and a general survey on diverse types of employment.

27. The delegate from Australia explained the special status of casual employees and their limited access to fringe benefits, but not all of them should be considered as in temporary employment as is the case of on-call workers that include workers on stand-by. The expected duration of employment should be considered. Mr Martin added that casual employees are entitled to high rates of wage returns due to the award system.

28. The delegate from France underlined the difficulty of retaining a common threshold of less than one year to define temporary employment, a possibility raised by Mr. Lemaitre from the Secretariat, due to different national settings regarding the length of temporary employment contracts.

Issues, progress and suggestions concerning the implementation of ISCE-93

29. Mr. Hoffmann, of the ILO, introduced this note, which revisits the International Classification of Status in Employment (ICSE) adopted by the 15th ICLS in 1993, regarding its implementation in Census and labour force survey questionnaires. The note deals mainly with the growing complexity of putting a clear dividing line between self-employment and paid employment and proposes a conceptual framework for the identification of different statuses in employment with respect to criteria related to economic risk and decision-making responsibility that characterise the job. Temporary employment, outworkers / homeworkers, owner managers of incorporated businesses, contractors and franchisees are groups that are further elaborated in the note regarding their statistical treatment in Census, labour force surveys and household surveys. In light of previous discussions on temporary employment, it is suggested to distinguish, as noted previously, different types of work arrangements entering in this category of
employment and the expected duration of work contracts. Applying a common time threshold for the
duration of temporary employment arrangements can enhance international comparability, as is the case of
statistical definitions of international migration. Overall, Mr. Hoffmann is optimistic regarding the
implementation of ISCE-93, although borderline situations have yet to be resolved, possibly with further
developments of the conceptual framework. Another idea is to investigate again those who have reported
certain forms of employment that are borderline cases. Therefore, National Statistical Offices should be
prepared to add more questions in household survey questionnaires. On the other hand, a deeper
investigation into self-employment and paid employment would probably have consequences for the
National Accounts. In any case, Mr. Hoffmann thought that the distinction between self-employment and
paid employment would become less and less relevant over time.

30. Mr. Lemaitre remarked that the Italian way of grouping homogeneous categories that are of
policy interest appeared to be an interesting application of a multidimensional system of classification of
employment statuses.

31. To summarise, the Chair noted that discussion on conceptual and measurement issues on
different forms of employment are only at a starting point and merit further scrutiny. Therefore, enhancing
comparability of different forms of employment that are captured in labour force surveys and other survey
instruments is still a long way to go. In order to classify persons and jobs, a multidimensional classification
of employment statuses is the preferred approach, like the one retained in the Italian room document.
Progress can be made by conducting country specific studies to increase one's understanding of different
employment arrangements that are captured in different survey instruments. Lastly, international
organisations should be aware that the introduction of a new classification system always raises the issue
of cost-effectiveness in National Statistical Offices (NSOs).

8. Potential labour supply

32. Mr. Lemaitre introduced the paper that presents this time a comprehensive description of the
labour supply by a broad characterisation of the working age population according to their social and
labour market situations. The aim is to identify mobilisable labour in face of an aging workforce and that
might include, among others, withdrawals from the labour force that are programme-induced. The paper
presented at last year's meeting centred around the notion of distance to the labour force, the reference
group being full-time employment. The interest this year is on target groups of people, whether partially
employed, unemployed or inactive, with a focus on impediments to work. The description covers
different stages of working life with a different approach depending on the age group concerned. The reasons
for not looking for work range from: schooling, low education, family responsibilities (parenting
of dependent children or care for older parents and relatives), belief that no work is available, permanent
disability or illness, retirement, etc. In this context, the “want to work” question is considered as a
secondary criterion and the tabulations using this question were not elaborated at the same level of detail as
in the broader case due to small cell problems. The results show that the main source of labour supply is
women with family responsibilities where there is a need to distinguish between real impediments and
competing activities. In sum, the note is a first attempt to describe different phases of working life
according to the activity and non-activity patterns of the working age population. However, the likelihood
to participate of different groups of inactive population is not explored this time.

33. The delegate of Portugal, while approving the general approach regarding activity and inactivity
patterns at different phases of working life, asks for a better desegregation of young people and to extend
the description to older people aged 65 years and over. The delegates from Canada and ILO observed that
“family responsibilities” can be further sub-classified to distinguish those taking care of their children, their
older parents or relatives and single mothers. Also, past experience of non-employed persons can be
illuminating on their capacity to re-enter the labour market. The delegate from Norway joined by Denmark suggested taking into account the working time. Its decrease over time is also an element to consider in the reduction of potential labour supply. Some other delegates - Austria, United States - stated the need to have a time perspective to describe the potential labour supply by looking at various transitions in the labour market.

34. Mr. Lemaitre acknowledged the points made by the Icelandic and Irish delegates, which were to consider policies that affect differently participation in OECD labour markets: child care, maternity leave, tax systems, immigration policies, etc.

35. In conclusion, Mrs. Wismer recognised that the descriptive approach adopted in the paper is extremely relevant. There is a real interest in defining different target groups of policy interest like: middle aged groups, older people, women, immigrants, elderly people aged between 65 to 70 years, etc. Also, as noted by some delegates, it is important to report the potential labour supply in volume term that is in number of hours worked. This addition builds on a remark concerning the historical reduction in working time that is considered by some observers as an indication of a reduction in the potential labour force. Some other interests are for a more dynamic approach to characterise the potential labour supply: reason for leaving last job, groups that withdraw from the labour market, the transition between inactivity and employment, etc.

9. Labour Market Statistics

Report on the CDROM: contents and structure and The labour market at a glance - a planned publication on institutional characteristics/policy inputs and labour market outcomes

36. Mr. Marianna of Secretariat reported on a planned publication entitled "The labour market at a glance", which received a broad support at last year's meeting. The main aim of the publication is to bring together standard statistics on labour market performances alongside institutional variables that are either legislated, or are the outcome of policy action or industrial relations. The publication is also intended to ensure visibility of data and analyses on the functioning of OECD labour markets to a wide audience. Finally, this publication will complete a list of publications already available in the area of education, health and social statistics. The Secretariat first presented the content and structure of the CDROM freshly released in March and that constitutes a first step in bringing together institutional variables and labour statistics. Next, a plan based on a – context / status / and action model was reported followed by a proposal for presenting the statistics. Advice was sought from the working party regarding the proposals made or any other alternative plan based on a life-cycle approach for instance that could be worth exploring.

37. Mr. Lemaitre insisted on the unique character of presenting together institutional variables and information on labour market results. Some delegates, like Mr Werner of the UK, welcomed the initiative and any further work to improve the understanding of the interactions between those variables. It was reminded that one of the main goals of the publication is to make a synthetic report on the already known interactions that have been highlighted in various labour market analyses.

38. The delegate from Austria and others obtained the assurance that the publication will report separately relevant information by gender. Mr. Hoffmann obtained the assurance that this publication is not a competitor to the ILO publication on Key Indicators of the Labour Market (KILM), but rather a useful complement. Mr Hoffmann proposed the inclusion of demand side variables on working conditions: occupational injuries, strikes and lock-outs, etc. Mr. Hoffmann also suggested some useful presentational changes: definitions and methodologies at the end of the presentation not to bore the reader.
39. The delegates are in favour of a large dissemination on the Internet of all the data included in the CD-ROM.

The measurement of skills

40. Mr. Lemaitre underlined the interest in skill measurements from various quarters ranging from: the knowledge economy and society, the role of human capital in growth and the focus more recently on human resources in the labour market. The most commonly known measures of skills in household surveys are educational attainment and occupational skills that are respectively attributes of persons and of jobs, or the supply and the demand side of the labour force. The paper does not cover other measures of cognitive skills that are literacy surveys. The question raised here is whether occupational skills can be used the same way as educational attainment as a proxy measure of skills, while recognising that the underlying data are conceptually different. The paper presents a confrontation of both measures to observe and interpret discrepancies. Among the most striking discrepancies are the number of high-skilled jobs held by low skilled persons. Other results show that persons with discrepancies in the skill measures have “in-between” earnings. Overall, the occupational skill measure has explanatory power independent of educational attainment. At least two groups of workers require more detailed analysis that is: managers and young people.

41. Mr. Horrigan, the US representative from BLS, quoted his paper, circulated as a room document, that found, in an attempt to explain the increase of earnings inequality in the U.S. in the 1990s, that the skill levels of persons are important to look at. Thus, within a same occupational category like nurses may correspond different types of nurses according to their level of qualification. Indeed, the occupational classification is based on entry level requirements that are not updated at later stages. The delegate of France underlined that the confrontation of both measures of skill shows only mismatches due to inadequacies between labour demand and labour supply. More generally, the delegate indicated the difficulty with the French occupational classification that does not really fit in the ISCO-88 format and which might explain the rather surprising results of low qualified young people in high skilled jobs. The Spanish representative expressed the same concern with the classification of occupational groups like teachers, accountants, etc. Some delegates – Norway, United States - think that the current matrix system to classify jobs according to occupational categories are challenged by the increase in skill requirements to perform the same job due to technical developments. On the other hand, Mr. Hoffmann, like the delegate from Denmark, suspect that upward biases arise in the reporting of educational attainment levels that can pose serious problems especially for older people. In general, more than the level of skills the types of skills are more relevant. The delegate from Japan insisted on the inclusion of two extra variables in the earnings regressions that are: level of experience and job tenure.

42. Mr. Lemaitre, in his reply, said that the heterogeneity in crude measures of skills are themselves interesting to make cross-country comparisons. The two measures of skills were explored to satisfy, among others, the demand for skill measures for defining and quantifying highly qualified human resources by science and technology experts. Although imperfect and less precise than national classifications, the two measures of skills available do raise questions concerning skill specialisation for under-qualified young people that may in part be due to inflation of occupational titles.

43. The Chair recognised that the confrontation of skill measures available in labour force surveys - educational attainment and occupational classifications - reported in the paper constitutes a good first analysis. Mrs. Wismer reported some reporting problems regarding each measure of skill: on the one hand, survey respondents are likely to inflate their completed level of education, which, in addition, becomes less precise with age, and on the other hand, the international comparability of occupations is not yet
guaranteed. The Chair concluded that the analysis should be extended to job specialisations and longitudinal studies of career evolutions.

10. Labour Cost Indices and Labour Price Indices

A review of concepts and national experiences on wages, labour costs and labour price statistics

44. Mr. Denis Ward of the Secretariat introduced the main objectives of the paper that is to clarify key terminology, concepts and definitions, to describe the relationship between the concepts, to present the uses of the statistics (for short-term economic monitoring) and to make initial recommendations for future work. The report should help in expanding the current data collection of short-term indicators of wage rates, earnings, labour costs, etc. and is a prelude to a more substantial document. The different indicators are classified according to three notions of wages: as the price of labour services, as a source of income to individuals and households and as costs to employers in the employment of labour. Some of the issues for discussion are the uses of the statistics to observe a common phenomenon - like the evolution of the cost of labour within and between countries - and how frequent they should be compiled. A compilation of country replies shows a variety of short-term statistics that are used for specific needs. Among the problems that can hamper comparability are the use of different terminology, the sources of data, inclusion/exclusion of component items, coverage of economic activities, enterprise size cut-offs, persons covered, different time periods – hourly, weekly, monthly -, etc. Among future plans, Mr. Ward announces the collection of more information on national methodologies, the publication of more statistics on Unit Labour Costs, Labour Cost Index and Labour Price Index with metadata and the involvement in further development of international standards. Comments, feedback and suggestions are welcome from national agencies.

Rational and data uses - the United States experience

45. Mr. John Ruser of BLS presented the construction and use of the quarterly Employment Cost Index (ECI), a measure of change in employer costs for employee compensation. The main feature of the index is to hold constant the distribution of employment by major occupational group and standard industrial classification at 2-digit level. In addition, the sampled jobs and establishments are held constant and a Laspeyres index measures the change in the price of labour. The ECI is composed of a wage and benefits components. The occupation is the unit of observation - a sample of jobs within sampled establishments – and the components of costs for each sampled occupation is tracked for five years. The ECI tries to measure the cost of the current compensation package and all the elements of the index are reported on an hourly basis. The main difference between the ECI – a labour price index – and a labour cost index (LCI) is that the ECI controls for shifts in occupational employment and is a measure of the change in the price of labour, whereas a LCI is likely to capture changes induced by employment shifts. The ECI data enables, by construction, the reporting of compensation cost growth by occupational group that can be of interest to spot cost pressures. Lastly, Mr. Ruser indicated the uses of the ECI by a wide range of users in the U.S. – the Federal Reserve Board, the Federal Employees Pay Comparability Act, Labour Cost escalator in private long term contracts, etc. –

46. The delegate of France stated that users of short-term statistics were satisfied with quarterly estimates of labour cost. However, the need for an infra-annual indicator is not obvious in the public sector where a number of wage components are fixed costs. The delegate of Italy noted that the relationship between a LPI and the Unit Labour Cost (ULC) is possible only at an aggregate level. Listening to Mr. Ruser’s report, most users seem to be institutional that questions the need for an sub-annual frequency. The delegate also noted that there are some cost concerns for conducting a survey to construct a LPI. Mr
Hoffmann questions the impact of changes in the nature of employment on the LPI. Mr. Lemaitre, in turn, raised a number of issues: are occupations resulting from enterprise births and deaths taken into account? is there any interest in publishing detailed levels? Mrs. Martine Durand, of the Secretariat, explained, first of all, the uses of detailed components of the ECI made by the Federal Reserve Board (FRB) of the U.S. to appreciate inflationary pressures, whether they were widespread throughout the economy before, taking the necessary measures regarding interest rates. Mrs. Durand was eager to know if the controversy concerning the mis-measurement of the CPI affected the measurement of the ECI.

47. Mr. Ruser said, concerning the CPI controversy, that it had not affected the measurement of the ECI, which was tested for a change in the aggregation method, the use of a Paasche or a superlative index (mixing both Paasche and Laspeyres index) without any noticeable effect on the ECI due, most probably, to the unit of observation being occupational prices (rather than commodity prices). In response to ILO, Mr. Ruser reported that the ECI account for different contractual situations. Replying to a question from OECD, Mr. Ruser informed that the ECI is part of a National Compensation Survey that account for enterprise demography, but future research is looking to improve some areas such as attrition rates and firm representation.

48. Mrs. Wismer acknowledged the review of wages, earnings, labour cost and labour price statistics and their relationships, which shows the need for further work in this area. The Chair noted that it is important to take into account users needs regarding the frequency of collection and publication of different types of statistical information concerning wages and labour cost. She reminded the delegates to provide any relevant material for future work to Denis Ward.

Future work

49. Mr. Lemaitre presented a list of possible topics to be tackled at future meetings:

- Potential Labour Supply: it is proposed to introduce some finer breakdown to the table that was presented. Among others, inactive women due to family responsibilities will be sub-classified with women with dependent children and those taking care of elderly parents or relatives;
- Skill measurement and comparability of occupational data;
- A revisit of annual hours worked with a view to developing an adjustment methodology for LFS-based estimates. This work will be done in collaboration with the Paris Group;
- Follow-up of work on alternative forms of employment;
- Labour dynamics: the Paris Group will make a synthesis of work done in this area.

50. The delegate from the United Kingdom expressed some interest for a framework to describe the linkages between institutional factors and outcomes.

51. The delegate from Canada suggested to make a synthesis of work undertaken on job vacancy surveys. In connection to this, the delegate from the United States mentioned the survey on Job Openings and Labour Turnover (JOLT) that will be conducted at State level. Eurostat reported the adoption of the regulation on the implementation of a job vacancy survey on a quarterly basis with structural information by region and occupation on an annual basis.
52. The delegate from ILO suggested to look into statistics on international migration. Current recommendation is supposed to be extended to cross-border workers. Mrs. Durand mentioned the forthcoming Working Party meeting on Migration that will discuss issues pertaining to statistics of migration that could be discussed at this working party as well.

53. Mr. Lemaitre concluded by mentioning intra-OECD co-operation in the area of wage data collection and the choice to be made for next year’s meeting between the reporting of recent developments in the area of labour statistics and a synthesis on job vacancy surveys.

Other Business

54. The date of the next Working Party meeting is tentatively scheduled for 12-13 June 2003.