

## *Chapter 1*

# **LABOUR MARKET TRENDS AND PROSPECTS IN THE OECD AREA**

## **A. INTRODUCTION**

The current labour market situation in OECD countries needs to be considered against a background of both long-term and more recent developments. The most important of these is that many OECD economies are at or near a business cycle peak, or at least appear to have reached the stage where recent rates of growth may not be sustainable without fuelling inflation further. Yet the sustained employment growth observed since 1983-84 has not been sufficient in many countries to reduce unemployment rates to pre-recession levels. Indeed, many unemployed persons continue to experience difficulty reintegrating the ranks of the working population. Despite continuing unemployment, the past two years have seen what appear to be labour and skill shortages in many countries.

A longer-term development concerns the ageing population of OECD countries. With the gradual reduction in the size of the youth cohort entering the labour force, the youth share of the working-age population is declining year by year in many OECD countries. This decline appears to have contributed to labour and skill shortages as well, especially since it has been occurring during an expansionary period. Several other long-term developments, namely the trends towards increased participation by women, towards part-time work, towards reduced working hours in general, and towards earlier retirement can be expected to be affected by the demographic developments underway in OECD countries. It is generally the long-term effects of these developments, especially with respect to the financing of pensions, that have been the object of analyses. The following sections will attempt to look at some of the more immediate effects. Prospects for employment and unemployment in OECD countries during the next few years will be a function of how well the current economic juncture is managed and of the interplay between these long-term trends and prevailing labour market conditions.

This chapter reviews some recent trends in labour markets in OECD countries and discusses some prospects

for the near future. Section B opens the discussion by providing an overview of recent economic developments. Subsequent sections deal in more detail with specific topics as well as with prospects for the near future. Section C covers recent demographic developments and their influence on labour supply. Section D reviews trends in the composition of flows into unemployment and long-term unemployment, and examines more closely the issue of persistent unemployment in many OECD countries. A general overview of trends in working time is presented in Section E. Finally, Section F provides the main findings and implications.

## **B. RECENT ECONOMIC DEVELOPMENTS AND PROSPECTS: AN OVERVIEW**

1989 was the seventh consecutive year of favourable economic growth in the OECD area. Real GNP/GDP grew by approximately 3.6 per cent (Table 1.A.1 in Annex), compared to the impressive 4.4 per cent registered in 1988. A reduction in the growth of private consumption accounted for most of the difference; productive investment, on the other hand, continued to grow strongly, although it too fell slightly from record 1988 levels. Fear of overheating during and following the strongly expansionary year of 1988 resulted in interest rate increases virtually everywhere in the latter half of 1988 and the first half of 1989. This restrictive monetary policy was followed by a notable slowing down in 1989 of economic growth in the United States, the United Kingdom, and Canada (to the 2-3 per cent level). The other larger European economies and Japan continued to grow at better than 3 per cent, but only France and Germany have maintained or improved on their 1988 performance. Growth in the smaller OECD economies in 1989 as a whole exceeded that in the larger economies for the first time since the beginning of the upswing, with many countries showing real GNP/GDP growth in excess of 4 per cent. Cumulative GNP/GDP growth for OECD

countries since the onset of the recovery now stands at about 28 per cent compared to the 21 per cent observed over the last expansionary cycle (1975-1981).

The latter half of 1989 saw an easing up of monetary policy by U.S. authorities in response to slowing growth; in Europe and Japan, on the other hand, sustained activity and exchange rate pressures led to increases in discount rates (except in Italy and Spain). Overall inflation for 1989 for the OECD as a whole was approximately 4.3 per cent, an increase of almost a percentage point over 1988. With the exception of France and Japan (where the 3 per cent sales tax was introduced in 1989), the larger OECD economies showed a levelling off of inflation during the second half of the year. Some of the smaller OECD economies, especially Belgium, Ireland, Luxembourg, Portugal, Spain, Sweden, Switzerland and Turkey, began to show signs of increasing inflationary pressures in 1989, although in the first three of these countries as well as Switzerland, it is still at relatively modest levels (around 3 to 4 per cent).

On the labour market side, despite the reduction in GNP/GDP growth from 1988 to 1989, employment growth (Table 1.A.2) proceeded at very nearly the same rate as in 1988, implying a drop in productivity growth. Among the larger economies, employment has declined in Italy and has slowed down notably in Canada, although still remaining strong there as well as in the United States and particularly the United Kingdom. Employment growth in France, Japan and Germany, on the other hand, has picked up and is at its highest levels in these countries since 1973 (France and Japan) and 1979 (Germany). The employment picture in the smaller OECD economies over the last two years has been generally positive. Employment has picked up significantly in 1989 in Austria, Finland, Ireland, Spain and Australia and has been impressive in the latter two as well as in Luxembourg. In Norway, Denmark, and New Zealand employment has declined relative to 1988 levels; Iceland has seen a strong deceleration in employment growth in 1989. In all other countries, employment growth has been relatively stable compared to 1988.

As in 1987 and 1988, growth in employment outstripped growth in the labour force in 1989. The resulting absorption of unemployment reduced levels by some 1.5 million (Tables 1.A.3 and 1.A.4), with most of the reduction occurring in the first half of the year. Australia, Belgium, Finland, Ireland, the Netherlands, Spain and the United Kingdom registered significant progress, and France, Germany and Portugal have experienced smaller declines. The steady deterioration observed in Denmark, New Zealand and Norway since 1987 has stabilized in the second half of 1989. The situation in other countries appears on the whole to be largely static. At a point when economic growth is slowing down, however,

unemployment rates remain higher in all countries except Australia, Canada, Finland, Japan, Portugal, Sweden and the United States than they were at the time of the last cyclical peak. This is especially the case in the countries of the European Communities.

The number of unfilled vacancies rose in nearly half of OECD countries in 1989, and in some countries exceeded the peaks observed in the late 1970s. Business surveys confirm the impression of tighter labour markets in Australia, Canada, the United Kingdom but especially in Finland and Sweden. However, vacancy data for the latter half of 1989 suggest a slowing down of labour demand in certain countries, particularly Australia, Belgium, Canada, Portugal, the United Kingdom and the United States. Unemployment rates remain relatively high in many countries where vacancies are or have been at historically high levels, which may suggest an outward shift of the Beveridge curve and an increase over the decade in labour market rigidity. Annual nominal change in compensation per employee in the business sector increased by almost a percentage point in 1989 over 1988, following three years of relatively stable change (Table 1.A.5). Japan, Austria, Belgium, Australia, Canada, Greece, Portugal, Sweden and Turkey showed the greatest increases, although in the first three of these countries, annual change in compensation remained at less than 5 per cent.

Output expansion in the OECD area is expected to slow down to around 3 per cent in 1990 and to maintain this rate in 1991. Virtually all countries are expected to experience the slowdown, with the possibility of sharp drops in Australia, Finland, Spain and the United Kingdom. Consumer expenditure is likely to remain strong but, with interest rates high, will be less fuelled by borrowing. On the other hand, non-residential investment may slow because of more moderate profit growth, except perhaps in continental Europe.

The projected expansion of activity over the next two years is expected to generate employment growth just sufficient to absorb the growth of the labour force, which is projected to increase by about 1 1/4 per cent in 1990 and only slightly less in 1991. Thus, little or no increase in the unemployment rate for the OCDE area is projected, with increases in some countries (Australia, Canada, Finland, Germany, Greece, Sweden, Turkey and the United Kingdom) being counterbalanced by declines in others (Belgium, Denmark, Ireland and the Netherlands).

The acceleration of nominal wage growth observed overall in 1989 has carried over into 1990 in Japan and Europe, but is expected to stabilize. Against a background of tight labour markets, however, wage developments in recent years have been relatively moderate. With an easing in labour market tensions and in capacity utilisation, this moderation is expected to continue, although the fact that real wage growth appears

to be relatively moderate in the major European economies increases the risk of catch-up pressures.

Despite the easing of tensions in the last year, conditions still remain tight in many countries. The continuing high unemployment levels observed in some countries are largely structural problems which call for structural policy responses. Indeed there appears to be little scope for a more rapid expansion of demand unless the supply potential of economies can be improved, which would require either additional productivity gains or additional sources of labour supply (and this during a time of demographic decline).

## C. POPULATION AND LABOUR FORCE DEVELOPMENTS AND PROSPECTS

### 1. Population developments and their effect on labour supply

The 1985-1990 period constitutes a turning point with respect to the demographic changes underway in OECD countries (Chart 1.1). Over 1980-1985 the youth population (persons aged 15-24) continued to increase in all but six OECD countries (Belgium, Canada, Finland, Iceland, Luxembourg and the United States). The working-age population as a whole (those aged 15-64) continued to grow, and at about the same rate over 1980-1985 as over 1975-1980 (about 1.1 per cent). From 1985 to 1990, the picture has changed: Over the OECD as a whole, the youth population has *decreased* by about 0.7 per cent per year. In only five countries (Australia, Japan, Portugal, Spain and Turkey) has the youth population continued to grow, and in the latter three the increase was about one quarter of a per cent per year. Over this same period, many countries showed a substantial slowdown in the growth of the working-age population. Indeed, if recent increases in immigration are excluded, in Austria, Belgium, Finland, Germany, Luxembourg, Sweden, Switzerland and the United Kingdom, the population 15-64 either declined, or grew at rates of less than a quarter per cent per year<sup>1</sup>. In most other countries, growth rates were in the vicinity of 0.25-0.75 per cent per year. In the first half of the decade, many were still over 1 per cent.

OECD economies have thus been faced during an expansionary period with a working-age population whose growth has slowed down considerably and a youth population that is contracting. In most countries, these well-known developments are unprecedented over the last thirty years. Yet, even in the presence of the strong labour demand of the last few years, the labour squeeze one might have expected from such demographic developments generally has not been excessively severe. In part this is due to the fact that substantial numbers of persons unemployed as a result

of the last recession have provided a pool of available labour for employment growth in many countries. In addition the size of the labour force has continued to grow at a healthy 1.2 per cent per year (the sources of this growth are examined below). These two factors acting in conjunction have delayed if not prevented the emergence of tight labour markets until recently. Over the next two years, a slowing rate of economic growth is projected to reduce employment growth to just over 1 per cent per year, with a corresponding easing of labour supply pressures.

The demographic slowdown which has occurred over the last five years will continue over the next decade in most countries. Economic growth in these countries will thus be taking place in labour markets in which the "guaranteed sources of labour supply stemming from growth of the working-age population will be substantially reduced over an extended period of time. How or whether labour markets will react to these developments is not immediately clear. During a short period from 1965-1970, several OECD countries (Austria, Belgium, Greece, Italy, Portugal and the United Kingdom) faced a demographic slowdown that was short-term but similar in other respects to the current one. Except in Belgium and Portugal, both employment and the labour force declined in these countries over 1965-1970, with no apparent slowing down in economic growth. In only two other OECD countries (Ireland and Finland) did employment and labour force fall over this same period, in both cases as a result of strong declines in agricultural employment. Thus the adjustment of some OECD economies to a short-term decline or slowdown in the working-age population in the recent past in certain cases seems to have manifested itself through productivity increases.

Increases in participation of women have often been invoked as one means of assuring sufficient labour force growth in the face of continuing demand and a declining population. In addition, participation by older workers tends to increase with educational attainment, and as the education of the workforce increases, one might expect to see some increases in participation at upper age groups, especially if early retirement schemes are not further extended. The status of the youth cohort is less clear, because it would appear to be subject to at least two counteracting influences, with an uncertain net effect on participation: on the one hand, generally longer periods of education, encouraged by the new skill requirements of economies undergoing technological change; on the other, increasing part-time and summer work among students. Finally, immigration remains a potential source of labour force growth in many countries, and with recent developments in Eastern Europe, this will be of especial importance for "front-line" countries such as Austria, Finland and Germany.

Chart 1.1

A) GROWTH OF THE YOUTH (15 - 24) POPULATION, 1960 - 2000

1960 = 100

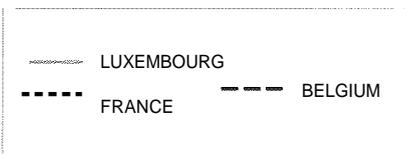
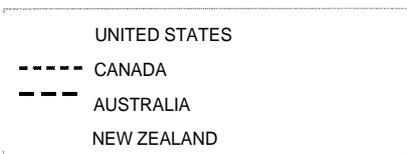
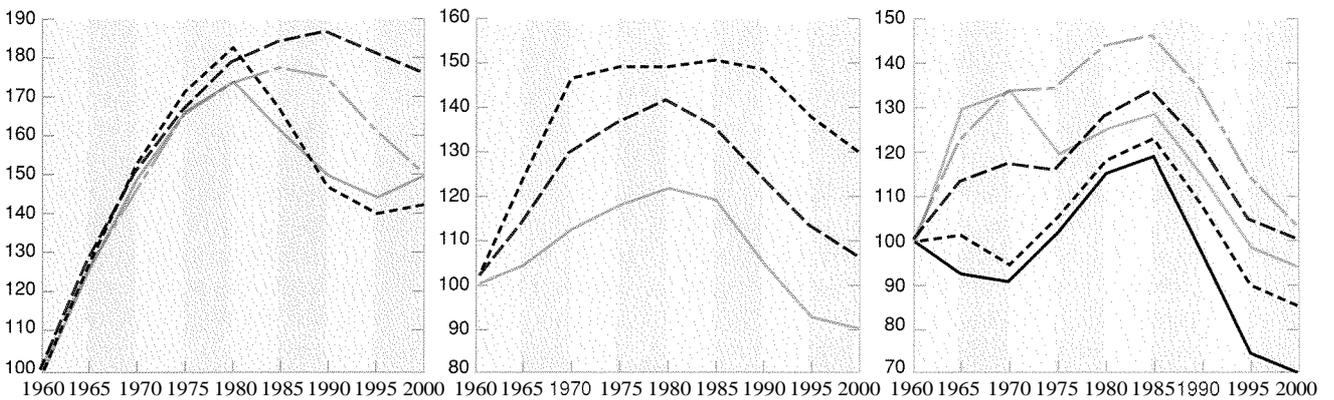
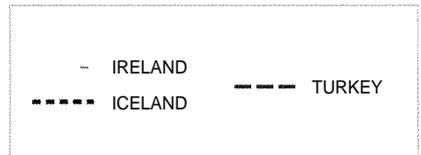
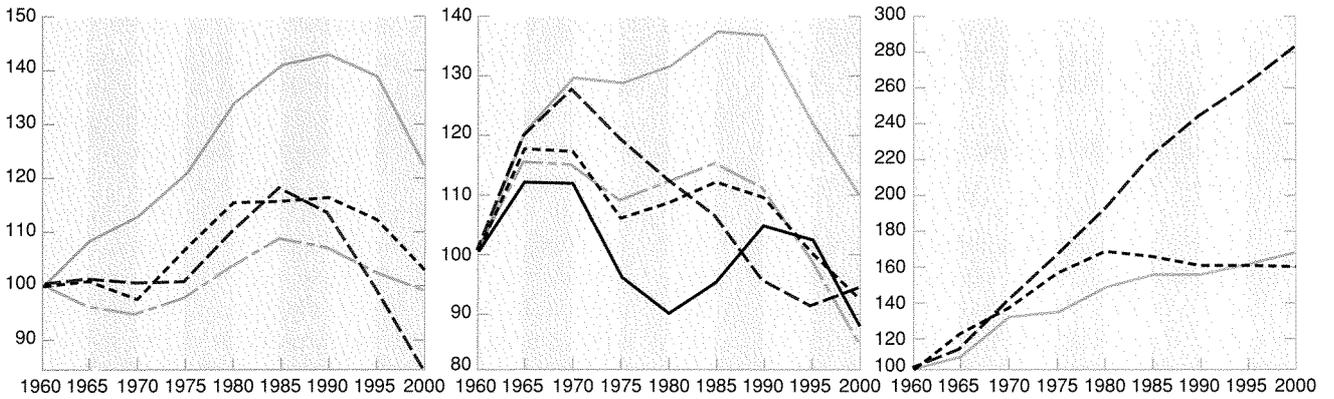
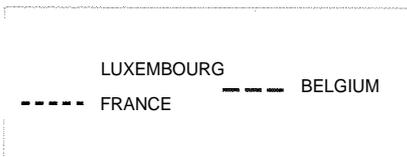
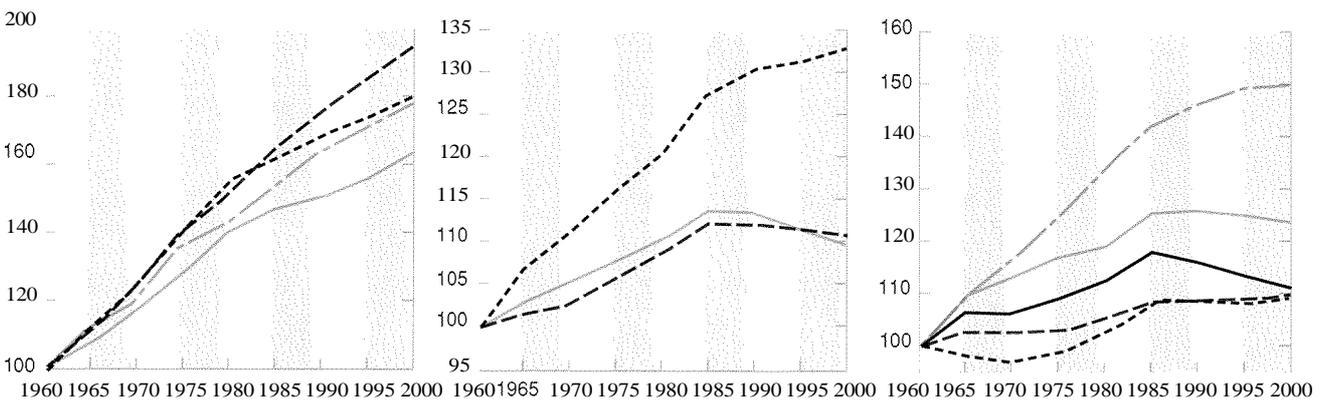
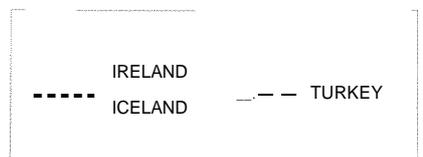
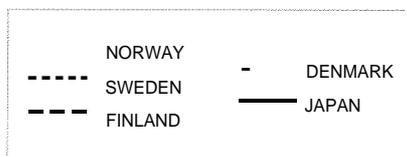
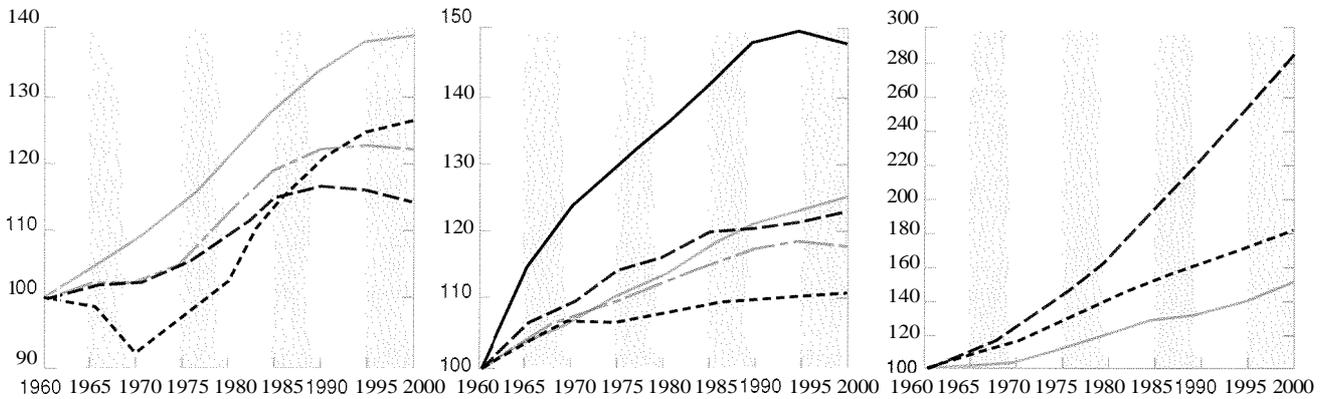


Chart 1.1

B) GROWTH OF THE WORKING-AGE (15-64) POPULATION, 1960 - 2000

1960 = 100



**Sources:** Data for 1960-1985 were provided to the OECD by national authorities. Projections to the year 2000 were carried out on the basis of official life tables for the year 1985 and assuming net migration converging to zero in

1995 for all countries except Canada, the United States, Australia, New Zealand, Denmark and Ireland. Results do not take into account changes in migration patterns since 1985.

Table 1.1. Components of growth in the labour force  
Average annual growth rates in percentages

	Australia			Austria <sup>d</sup>			Belgium			Canada			Denmark <sup>b</sup>			
	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/81	1981/85	1985/88	1975/80	1980/85	1985/88	1976/81	1981/85	1985/88	
<b>Contribution due to:</b>																
<b>Population growth</b>																
Both sexes	15-24	0.43	0.17	0.27	0.25	-0.09	-0.32	0.11	-0.20	-0.22	0.32	-0.36	-0.50	0.17	0.08	-0.04
	25-54	1.04	1.38	1.81	1.10	0.85	0.85	0.25	0.37	0.49	1.35	1.44	1.49	0.40	0.37	0.60
	55 and over	0.34	0.24	0.19	-0.07	0.02	0.02	0.11	0.09	0.07	0.33	0.28	0.21	0.09	0.04	0.01
	All ages	1.79	1.78	2.26	1.28	0.77	<b>0.55</b>	0.47	0.26	0.35	1.98	1.36	1.20	0.65	0.49	0.58
<b>Changes in participation rates</b>																
Both sexes	15-24	0.13	-0.07	-0.01	0.02	-0.18	0.03	0.20	-0.62	<b>-0.44</b>	0.37	-0.03	0.26	0.43	0.58	0.18
Men	25-54	-0.25	-0.03	-0.16	-0.19	-0.38	-0.19	-0.45	0.07	0.15	0.00	-0.15	0.00	-0.03	-0.21	-0.08
Women	25-54	0.24	0.36	0.85	0.03	0.17	0.45	0.52	0.67	0.53	0.80	<b>0.60</b>	0.67	0.66	0.47	0.10
Men	55 and over	-0.34	-0.20	-0.09	-0.22	-0.09	-0.09	-0.32	-0.26	-0.41	-0.13	-0.17	-0.17	-0.50	-0.08	-0.02
Women	55 and over	-0.08	-0.09	0.10	-0.06	-0.06	-0.01	-0.03	-0.06	-0.09	0.03	-0.03	-0.01	-0.13	-0.04	-0.09
Both sexes	All ages	-0.30	-0.02	0.68	-0.43	<b>-0.55</b>	0.19	-0.08	-0.19	-0.25	1.06	0.23	0.74	0.43	0.73	0.09
Interaction		-0.05	0.00	0.06	0.01	-0.02	0.00	-0.01	0.03	0.02	0.10	0.03	0.02	0.01	0.01	0.00
<b>Total growth in labour force</b>		1.44	1.73	2.95	0.87	0.22	0.74	0.39	0.11	0.11	3.02	1.61	1.94	1.08	1.21	0.66
<b>Contribution due to:</b>																
<b>Population growth</b>																
Both sexes	15-24	-0.27	-0.17	-0.38	-0.02	0.08	0.00	0.52	0.13	-0.40	0.25	0.13	0.03	0.68	0.27	-0.08
	25-54	0.76	0.65	0.66	0.52	0.65	0.61	0.15	0.29	0.34	1.11	0.36	0.21	1.04	0.96	0.67
	55 and over	0.14	0.10	0.04	0.20	0.18	0.13	0.07	0.10	0.28	0.27	0.37	0.14	0.06	0.04	-0.02
	All ages	0.63	0.57	0.32	0.70	0.90	0.74	0.73	0.52	0.21	1.62	0.86	0.37	1.77	1.26	0.57
<b>Changes in participation rates</b>																
Both sexes	15-24	-0.05	0.00	-0.06	-0.20	-0.25	-0.56	-0.25	0.04	0.31	-2.02	0.47	0.36	0.05	-0.34	-0.94
Men	25-54	-0.05	0.13	-0.05	-0.01	-0.14	-0.04	-0.02	-0.12	-0.37	1.10	0.01	-0.06	0.00	0.04	-0.07
Women	25-54	0.29	0.34	0.05	0.49	0.45	0.34	0.25	0.31	0.72	0.38	1.02	0.23	0.19	0.32	1.08
Men	55 and over	-0.30	-0.11	-0.20	-0.13	-0.33	-0.20	-0.15	0.00	-0.02	0.02	-0.19	-0.34	-0.27	-0.31	0.02
Women	55 and over	-0.07	0.07	-0.30	0.01	-0.15	-0.04	-0.02	-0.10	0.08	-0.14	0.30	0.02	-0.13	-0.09	-0.05
Both sexes	All ages	-0.17	0.42	-0.57	0.16	-0.43	-0.50	-0.19	0.12	0.71	-0.59	1.59	0.21	-0.17	-0.37	0.05
Interaction		-0.01	0.01	0.00	0.01	-0.02	0.00	-0.04	0.00	-0.01	0.02	0.06	-0.01	0.01	0.02	0.03
<b>Total growth in labour force</b>		0.45	1.00	-0.25	0.86	0.47	0.25	0.50	0.64	0.92	1.06	2.43	0.58	1.60	0.91	0.65

Table 1.1 (Continued). Components of growth in the labour force

Average annual growth rates in percentages

	Italy <sup>d</sup>			Japan			Luxembourg			Netherlands			New Zealand <sup>b</sup>		
	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/79	1979/85	1985/88	1975/80	1980/85	1985/88	1975/81	1981/86	1986/88
<b>Contribution due to:</b>															
Population growth															
Both sexes 15-24	0.30	0.13	0.09	-0.18	0.15	0.30	0.24	-0.09	-0.41	0.32	0.09	-0.01	..	-0.02	0.01
25-54	0.77	0.28	0.34	0.87	0.09	-0.10	0.49	0.28	0.99	0.98	1.04	0.95	..	1.05	1.22
55 and over	0.01	0.11	0.17	0.47	0.64	0.68	-0.01	0.08	0.11	0.18	0.12	0.08	..	0.07	0.06
All ages	1.07	0.52	0.60	1.16	0.88	0.89	0.71	0.27	0.69	1.46	1.24	1.01	..	1.10	1.29
Changes in participation rates															
Both sexes 15-24	0.35	-0.11	0.21	-0.30	-0.03	-0.02	-0.05	0.11	-0.24	-0.49	-0.12	0.00	..	-0.01	-1.01
Men 25-54	-0.89	-0.11	-0.02	-0.04	-0.03	0.04	0.05	-0.49	1.22	-0.50	-0.70	-0.08	..	-1.29	-0.48
Women 25-54	0.75	0.51	0.75	0.41	0.34	0.27	0.39	0.75	1.02	0.69	0.53	0.48	..	1.31	0.12
Men 55 and over	-0.14	-0.03	-0.09	-0.08	-0.05	-0.02	-0.84	-0.11	-0.01	-0.35	-0.47	-0.38	..	-0.05	-0.22
Women 55 and over	0.04	-0.03	-0.02	0.01	0.00	-0.02	-0.24	0.02	-0.02	-0.05	-0.09	-0.15	..	0.09	-0.09
Both sexes All ages	0.09	0.24	0.83	0.02	0.23	0.24	-0.69	0.27	1.98	-0.71	-0.86	-0.13	..	0.03	-1.69
Interaction	0.02	-0.01	-0.01	0.02	-0.01	-0.01	0.02	0.01	0.11	<b>-0.05</b>	<b>-0.05</b>	<b>0.00</b>	..	0.03	-0.02
Total growth in labour force	1.21	0.75	1.41	1.20	1.09	1.12	0.06	0.56	2.73	0.75	0.39	0.89	..	1.23	-0.41
	Norway <sup>f</sup>			Portugal			Spain <sup>e</sup>			Sweden <sup>e</sup>			United Kingdom <sup>g</sup>		
	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88
<b>Contribution due to:</b>															
Population growth															
Both sexes 15-24	0.08	0.15	0.16	0.58	-0.68	0.20	0.48	0.39	0.33	0.02	0.17	0.07	0.41	0.29	-0.31
25-54	0.42	0.88	1.02	0.59	0.94	0.44	0.08	<b>0.55</b>	0.45	0.19	0.31	0.55	0.03	0.37	0.78
55 and over	0.20	0.02	-0.23	0.07	0.85	0.29	0.43	0.34	0.37	0.11	-0.10	-0.13	0.13	0.04	-0.09
All ages	0.69	1.05	0.95	1.23	1.11	0.93	0.99	1.27	1.14	0.32	0.39	0.48	0.57	0.71	0.39
Changes in participation rates															
Both sexes 15-24	0.51	-0.01	0.62	0.14	-0.61	-0.47	-0.35	-0.35	0.33	0.07	-0.22	0.14	0.36	0.03	0.22
Men 25-54	-0.11	0.00	-0.09	0.04	0.00	0.01	-0.41	-0.05	-0.26	0.02	-0.02	-0.05	-0.06	0.03	-0.14
Women 25-54	0.90	0.49	<b>0.55</b>	0.81	0.77	0.45	0.18	0.43	1.18	0.65	0.43	0.23	0.17	0.39	0.31
Men 55 and over	-0.23	-0.28	-0.19	-0.19	-0.34	-0.11	-0.27	-0.37	-0.47	-0.22	-0.16	0.01	-0.33	-0.31	-0.10
Women 55 and over	0.07	0.02	-0.04	-0.06	-0.03	-0.05	-0.16	-0.12	-0.04	0.06	0.06	0.15	-0.11	-0.12	0.02
Both sexes All ages	1.15	0.22	0.85	0.74	-0.20	-0.17	-1.01	-0.46	0.74	0.57	0.10	0.47	0.03	0.02	0.32
Interaction	0.03	0.03	0.05	0.07	-0.03	-0.01	-0.09	-0.07	-0.01	0.00	0.00	0.00	0.02	0.01	0.00
Total growth in labour force	1.83	1.28	1.83	1.98	0.91	0.75	-0.09	0.76	1.88	0.90	0.49	0.95	0.62	0.73	0.71

Table 1.1 (Continued). **Components of growth in the labour force**

Average annual growth rates in percentages

		Iceland			Switzerland			Turkey			
		1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	
<b>Contribution due to:</b>											
Population growth											
Both sexes	All ages	1.52	1.47	1.50	0.41	1.02	0.85	2.52	3.60	2.42	
Changes in participation rates											
Men	All ages				-0.40	0.01	-0.13				
Women	All ages	..	..	..	0.29	0.33	0.30	..	..	..	
Both sexes	All ages	0.64	1.31	2.19	-0.11	0.34	0.17	-2.81	-1.44	-0.65	
Interaction		0.05	0.10	0.10	-0.01	0.02	0.00	-0.35	-0.21	-0.05	
Total growth in labour force		2.17	2.80	3.72	0.30	1.35	1.03	-0.36	2.11	1.75	
		United States <sup>i</sup>			Total OECD <sup>j</sup>			Total OECD <sup>g</sup>			
		1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	1975/80	1980/85	1985/88	
<b>Contribution due to:</b>											
Population growth											
∞	Both sexes	15-24	0.30	-0.35	-0.34	0.19	0.12	0.00	0.22	-0.03	-0.12
		25-54	1.25	1.44	1.62	0.58	0.45	0.47	0.79	0.78	0.86
		55 and over	0.32	0.20	0.11	0.24	0.29	0.28	0.26	0.26	0.22
		All ages	1.85	1.29	1.39	1.00	0.86	0.75	1.21	1.00	0.96
Changes in participation rates											
Both sexes	15-24	0.25	0.03	0.01	-0.08	-0.07	0.06	0.02	-0.04	0.05	
Men	25-54	0.01	-0.02	-0.04	-0.14	-0.08	-0.09	-0.09	-0.06	-0.07	
Women	25-54	0.75	0.45	0.43	0.42	0.42	0.49	0.52	0.43	0.47	
Men	55 and over	-0.12	-0.17	-0.07	-0.18	-0.16	-0.11	-0.16	-0.16	-0.10	
Women	55 and over	-0.01	-0.04	0.02	-0.03	0.06	-0.01	-0.02	-0.05	0.00	
Both sexes	All ages	0.87	0.24	0.36	0.00	0.05	0.35	0.21	0.11	0.35	
Interaction		0.08	0.03	0.02	0.01	-0.01	0.00	0.03	0.01	0.01	
Total growth in labour force		2.71	1.54	1.76	1.01	0.89	1.08	1.55	1.11	1.31	

a) Data for Austria refer to age groups 15-19, 20-59, 60+.

b) Data for Denmark and New Zealand refer to age groups 15-24, 25-59, 60+.

c) Secretariat estimates.

d) Data for Italy refer to age groups 14-24, 25-59, 60+.

e) Data for youth labour in Norway, Spain, Sweden, the United Kingdom and the United States refer to 16-24 years-olds.

f) Excludes Iceland, New Zealand, Switzerland, Turkey and the United States.

g) As for f) but including the United States.

Sources: Labour force data have been benchmarked to labour force estimates from Economic Outlook 46 (1989). Participation rates and population figures are from Labour Force Statistics Part III (OECD, 1989), and from unpublished data provided by national authorities.

## 2. The sources of labour force growth in the OECD area 1975-1988

Changes in the size of the labour force can be thought of as consisting of two components: one due to changes in the size of the working-age population, the other due to changes in participation rates. Table 1.1 provides a decomposition of labour force growth over the 1975-1980, 1980-1985 and 1985-1988 periods for OECD countries, showing the contribution in per cent per year due to each of these components for young people (15-24), "prime-age" men and women (25-54) and older men and women (55+). The "interaction" term summarises the joint effect of changes in population and changes in participation rates over each period. The sum of the components over all age/sex groups for each period gives approximately the annual change in the labour force over the period. Table 1.1 shows the relative importance of the sources of current labour force growth compared to the situation prevailing over the 1975-1980 and 1980-1985 periods, when the youth and working-age populations in most countries were both still expanding. The magnitude of labour force growth will generally be a function of both demand and the growth of the working-age population; as the latter decreases, strong and/or persistent demand can be met by, among others, increases in participation or productivity or both. The comparison of current developments with those from 1975 to 1980 is worthy of note, because the latter period was also expansionary and witnessed a growth in the labour force in many countries that was substantially larger than the growth in the working-age population.

Currently growth in the working-age population accounts for about three quarters of labour force growth over the OECD area compared to slightly more than 80 per cent from 1975 to 1980. However, this small change in the relative importance of growth in the working-age population as a source of labour supply somewhat understates the increasing importance of participation for many countries. The correlation between labour force growth and growth in the working-age population over all OECD countries has decreased from about 0.60 over 1975-1980 to approximately 0.33 over 1985-1988. When the United States is excluded from the OECD total (Table 1.1), the growth in the labour force over the 1975-1980 period is seen to have been entirely demographic in origin; the increased participation of women over 1975-1980 was offset by the reduced participation of prime-age and older men. By contrast, demographic sources accounted for less than 70 per cent of labour force growth in the OECD (less the United States) over 1985-1988.

The smaller contribution from demographic sources currently is almost entirely the result of the decline in the youth cohort. However, outside the United States, overall labour force growth was approximately unchanged over

1985-1988 relative to 1975-1980 increases in participation among youth and women have partly made up for the decline in the youth population. In addition participation rates among prime-age and older men (55+) are declining less strongly than in the past. The increased participation of women, however, remains the main source of labour force growth from other than demographic sources.

Because recent demographic developments have been taking place during an expansionary period, it is not always evident whether changes in participation patterns reflect structural or cyclical influences. However, the two are not entirely independent; longer-term structural changes can be either reinforced or attenuated, depending on the particular phase of the business cycle in which an economy finds itself. Over the current period, demand has been strong in many countries but the demographic sources of labour force growth have declined and have not always been sufficient to fill labour supply needs. In many OECD economies, participation has increased in response to these developments, although in certain countries, the effect has been attenuated by increases in immigration and the availability for employment of the large numbers of persons unemployed as a result of the recession. With weaker demand, one might expect participation to increase less strongly or perhaps to decline, but generally not to previous levels. With the upcoming decline in the working-age population, additional growth in the labour force (if any) will have to come, in the absence of immigration, entirely from greater participation.

Although participation has increased in many countries over 1985-1988, only in Australia, Austria, Germany, Greece, Italy, Luxembourg, the Netherlands and Spain has participation contributed substantially more to labour force growth than over 1975-1980. Ireland, Japan, Switzerland and the United Kingdom have seen more modest increases. Of the above countries, Luxembourg has shown no reduction, and Australia, Spain and Switzerland an increase in the contribution of population growth to labour force growth over 1985-1988 relative to 1975-1980. Except in Spain, net migration has been substantial in these countries over this period, contributing one half per cent or more to population growth in 1988. However, despite the contribution of new immigrants, the demand for labour over 1985-1988 in these same countries has been strong enough both to reduce unemployment and to elicit additional increases in participation. In all other countries listed here, population growth has contributed less (sometimes substantially so) to labour force growth compared to 1975-1980. In Austria, Germany, Greece, Ireland, Italy and the United Kingdom, the demographic contribution to labour force growth over 1985-1988 has been low, ranging from about 0.2 per cent per year in Germany to approximately 0.6 per cent per year in Ireland and Italy. In Japan, it has been somewhat higher (about 0.9 per cent per year). Except for the United Kingdom,

employment growth in these countries has been modest over 1985-1988. The small increases in participation observed in the United Kingdom, despite strong demand, may well reflect the fact that labour markets have been able to draw on substantial numbers of persons unemployed as a result of the recession.

Many of the countries showing stronger increases in participation relative to 1975-1980, in particular Austria, Germany, Italy, Luxembourg and the United Kingdom, are among the OECD countries showing over 1985-1988 the smallest growth in the working-age population and the smallest contribution of population growth to increases in the labour force. On the other hand, despite a similar decline in population growth, participation has declined over 1985-1988 in Belgium and Finland. In Belgium, women's participation is increasing no faster than in the past, and strong declines in participation by youth and older men have offset increases by prime-age workers. Partly as a result, Belgium has seen a sudden upsurge in wage pressures in 1989. In Finland early retirement programmes were introduced in the private sector in 1986, resulting in numerous withdrawals of older workers from the labour force. The contribution of population growth to labour force growth has also been low in Sweden in recent years, but it has been low there for the past two decades. Perhaps because of the already strong presence of women in the labour force, participation by women has been increasing less strongly than in the past in that country, with offsetting increases coming from youth and older workers. Nonetheless, Sweden, as well as Finland, has recently experienced substantial labour supply pressures.

Participation of women has been increasing much more strongly than in the past in Austria, Germany and Luxembourg, but somewhat less so in the United Kingdom, all countries where the working-age population has been increasing most slowly. All of these countries as well as Sweden are seeing a slowdown in early retirement. In Sweden older workers, by delaying retirement relative to previous cohorts, are contributing almost as much to labour force growth as prime-age women. Italy is showing a strong deceleration in the falling participation of prime-age men. Youth participation is increasing more strongly than previously in Germany and Sweden, but declining in Luxembourg, where increases in women's participation have been especially strong.

In countries where the growth of the working-age population is still contributing significantly to labour force growth, developments have been varied. The strong demand observed over 1985-1988 in Canada and the United States has contributed to reducing high unemployment levels in these countries, probably dampening labour supply pressures stemming from reduced population growth. In France, the Netherlands, Portugal and Japan, the contribution of aggregate participation to labour force growth in recent years has

been either slight or, in the case of the first three, negative. In all four, women's participation continued to increase, but less strongly than over the 1975-1980 period. Japan and the Netherlands have continued to see declines recently in the participation of youth and prime-age men, although weaker than in the past. In France but especially in the Netherlands the trend towards earlier withdrawal from the labour force by older workers appears to be continuing. France and Portugal are showing strongly decreasing youth activity as a result of greater participation in education, a tendency which is nullifying the effect of increased participation by women.

### **3. Labour force prospects**

It may be instructive to re-examine the behaviour of labour markets in Austria, Belgium, Finland, Germany, Italy, Luxembourg, the United Kingdom, and Sweden over the 1985-1988 period as a guide to possible developments in other OECD countries as the rate of growth of the working-age population attains levels comparable to those observed recently in these countries. Only in Australia, Canada, Iceland, Ireland, New Zealand, Portugal, Spain, Turkey and the United States will the growth in the working-age population exceed a half per cent in the next five years.

The OECD countries with the smallest growth in the working-age population are, except for Belgium, Finland and Italy, showing signs of a slowing down in the trend towards early retirement. This in general is not an unwelcome development. The continuing participation of older workers is clearly one way of offsetting the contraction of other labour supply sources and of easing somewhat the anticipated increase in the dependency ratio. Many cases of early retirement observed during the recessionary period were not entirely voluntary. Also, mandatory retirement ages are being called into question in some countries, with many older workers wishing to prolong their working life. These recent developments confirm the desire and need of many older workers in OECD countries to maintain their participation in the labour force.

Stronger increases in the participation of women have been traditionally viewed as the most likely solution to labour supply pressures in the face of a contracting working-age population. In Austria, Germany and Luxembourg and to a lesser extent in the United Kingdom, this has indeed been occurring. Stronger increases in women's participation have been seen elsewhere only in Australia and Spain where employment growth has been especially strong over 1985-1988, and in Ireland, where both youth participation and the contribution of population growth to labour force growth have dropped more than in any other OECD country. However, the experience of

Belgium and Italy, where women's participation increased no faster than over 1975-1980, and Finland, where it scarcely grew, suggests that this source of additional labour supply is not a guaranteed one, although other participation adjustments (as in Italy) may compensate for this. Youth participation, for example, is one source of additional labour supply which has been contributing significantly more than in the past in Germany and Sweden. Immigration is another source which has been contributing significantly in recent years in Germany, Luxembourg and Sweden.

Whether increases in the participation of women sufficient to satisfy labour supply needs will continue over the next decade may well depend on the availability and adequacy of child-care facilities for potential working mothers (see Chapter 5). The upcoming demographic slowdown in OECD countries will be a prolonged one, and it is not certain that one can expect in the near future the kind of productivity increases observed in those countries whose working-age population declined over 1965-1970. Productivity increases generally have been rather small in OECD countries in the last fifteen years relative to earlier periods, and the possibility of sustaining non-inflationary economic growth over an extended period without some growth in the labour force may be problematical. Participation rates of women in most OECD countries remain low relative to those in Scandinavia, so that there does exist in most countries a large untapped reservoir of potential labour. However, requirements will be for skilled labour, and any prolonged absence from the workforce for child-rearing may result in a rapid deterioration of human capital. Integrating such re-entrants into the workforce would then require training to ensure that they possess sufficient skills for available jobs.

Projections of labour force growth in many OECD countries (Table 1.A.2 in Annex) average 1.2 per cent in 1990 and 1.1 per cent in 1991. In many countries, much of this growth may have to come from immigration or from increases in participation. The experience of most countries currently showing little growth in the working-age population suggests that participation up to now has been adapting to these developments. However, virtually all of the countries where the working-age population has been growing most slowly (Austria, Belgium, Finland, Sweden, the United Kingdom, and Germany and Switzerland before substantial increases in immigration in both countries) have been showing signs of labour and skill shortages in recent years. As the working-age population actually begins to decline in many countries, further adjustments to participation patterns may need to occur. In countries bordering on Eastern Europe, migration or cross-border employment may compensate for demographic decline, as has been occurring in Austria and Germany. On the other hand, in Belgium and Finland

participation by women has not been increasing sufficiently to offset the combined effect of demographic decline and reduced participation of older workers. Continued low participation increases in these countries may result in more serious labour supply pressures. In most other countries, reduced demand is expected to relieve labour supply pressures somewhat, although many will also be faced with a situation in which additional growth in the labour force will need to come from immigration or greater participation.

#### D. UNEMPLOYMENT DEVELOPMENTS AND PROSPECTS

As noted earlier, unemployment rates in many OECD countries are generally higher than they were a decade ago, despite seven consecutive years of economic growth and a slower growing youth population. There have been numerous explanations advanced to account for this phenomenon, among them increased structural change, decreased mobility of labour, employer reluctance to hire, and a skill shortfall among the unemployed in the face of technological change [Flanagan (1988)]. In some countries changes in unemployment insurance regulations are believed to have contributed to a rise in the "natural" rate of unemployment. This section attempts to illuminate the current situation by looking at the evolution of flows into unemployment, differences between the composition of inflows and that of long-term unemployed and evidence on labour and skill shortages.

In what follows, the number of persons unemployed for less than one month is used as a proxy for inflows. This is a useful measure but it does underestimate somewhat the number of inflows, because persons who became unemployed but found a job less than a month thereafter are not included. In addition, not all inflows into unemployment are directly from employment, although most have worked previously. No data were available on the proportion of inflows with a previous experience of employment; however, the proportion of the unemployed who have never worked can provide an approximate indication of their importance. In Canada, Japan and Sweden, it was around 5 to 8 per cent in 1988, in the United States about 12 per cent, and in the European Communities about 26 per cent in 1987. However, the latter figure excludes previous jobs of any kind held while in school or during summer vacation. Similarly, not all outflows from unemployment are into employment. Estimates from matched data for the United States (1986) and Australia (1987) indicated that a little over 50 per cent of monthly outflows are into employment [OECD (1988a), Table 2.111.

Table 1.2. Monthly flows into<sup>a</sup> and out<sup>b</sup> of unemployment, and long-term unemployment<sup>c</sup>

		Inflows (per cent of source population <sup>d</sup> )	Outflows	Flows into unemployment					Long-term unemployed				
				15-24	25-45	45+	Men	Women	15-24	25-45	45+	Men	Women
Australia	1979	0.84	19.3	50	42	8	47	53	47	29	23	56	44
	1983	0.87	14.5	44	45	11	49	51	40	40	20	66	35
	1988	0.92	18.2	48	42	10	48	52	32	41	27	<b>64</b>	35
Belgium	1979	0.22	..	..	..	..	43	58	..	..	..	32	68
	1983	0.27	3.0	59	30	11	52	48	33	49	19	40	60
	1988	0.10	2.7	51	43	6	40	<b>60</b>	19	62	19	41	59
Canada	1979	1.77	32.0	52	35	14	52	48	32	<b>46</b>	21	64	36
	1983	2.14	25.2	47	40	13	<b>55</b>	45	28	49	24	67	33
	1988	1.89	30.8	41	45	14	51	49	11	53	37	65	35
Denmark	1979	0.76	15.0	..	..	..	47	53	..	..	..	35	65
	1983	0.40	6.9	56	34	10	69	31	29	47	24	44	56
	1988	0.44	8.3	41	46	12	45	<b>55</b>	12	58	30	47	53
Finland <sup>e</sup>	1980	1.04	..	43	39	18	48	52	7	41	52	44	56
	1983	1.39	39.5	42	36	22	50	50	17	43	40	52	48
	1987	1.55	..	32	48	21	56	44	<b>15</b>	38	47	<b>60</b>	40
France	1979	0.27	6.6	53	38	9	49	51	28	46	26	38	63
	1983	0.26	3.5	48	45	7	51	49	31	46	23	41	59
	1988	0.33	5.7	44	49	7	49	51	17	61	22	42	58
Germany	1979	0.18	19.6	..	..	..	48	52	..	..	..	50	50
	1983	0.27	6.2	49	40	<b>11</b>	54	46	24	49	28	56	44
	1988	0.26	6.3	35	46	<b>19</b>	48	52	10	41	43	52	49
Greece	1979	..	..	..	..	..	..	..	..	..	..	..	..
	1983	0.50	9.2	54	32	14	66	34	46	40	15	34	66
	1988	0.28	5.3	48	31	<b>15</b>	61	39	59	30	11	32	68
Ireland	1979	0.72	..	..	..	..	52	48	..	..	..	78	22
	1983	0.71	5.4	53	35	12	53	47	33	46	21	77	23
	1988	0.37	3.2	46	43	11	47	53	30	49	21	71	29
Italy	1979	0.17	8.3	..	..	..	50	50	..	..	..	50	50
	1983	0.13	1.7	53	34	13	59	41	68	28	<b>5</b>	41	59
	1988	0.18	2.3	45	41	15	47	53	58	37	<b>5</b>	42	59
Japan	1979	0.31	19.1	43	43	13	57	43	9	50	41	70	30
	1983	0.31	14.8	33	42	25	56	44	18	24	59	82	18
	1988	0.37	17.2	33	43	23	57	43	<b>11</b>	34	54	74	26
Netherlands	1979	0.29	..	..	..	..	67	33	..	..	..	70	30
	1983	0.42	..	49	42	10	61	39	33	50	17	61	39
	1988	0.23	..	50	42	8	49	51	17	61	22	53	41
Norway	1979	<b>0.55</b>	41.7	58	— 42 —	—	46	54	..	..	..	..	..
	1983	0.70	27.2	56	— 44 —	—	56	44	..	..	..	..	..
	1988	0.79	30.3	56	— 44 —	—	46	<b>55</b>	..	..	..	..	..
Portugal	1979	..	..	..	..	..	..	..	..	..	..	..	..
	1983	..	..	..	..	..	..	..	..	..	..	..	..
	1988	0.07	3.2	61	30	9	63	37	46	41	13	37	63
Spain	1979	0.25	2.2	47	31	22	85	16	57	26	17	60	40
	1983	0.27	1.0	48	34	18	76	24	54	32	14	60	40
	1988	0.12	1.3	45	40	15	69	31	45	41	15	46	54
Sweden	1979	0.58	34.5	53	35	12	48	53	12	28	60	50	50
	1983	0.77	27.1	49	38	14	49	51	11	30	59	<b>55</b>	45
	1988	0.40	30.4	47	42	11	48	52	9	28	64	52	48

		Inflows (per cent of source population <sup>d)</sup> )	Outflows	Flows into unemployment					Long-term unemployed				
				15-24	25-45	45+	Men	Women	15-24	25-45	45+	Men	Women
United Kingdom	1979	0.41	14.3	..	..	..	58	42	..	..	..	75	25
	1983	0.57	7.4	53	32	15	51	49	39	36	26	73	27
	1988	0.68	9.5	41	44	15	45	55	22	44	34	74	26
United States	1979	2.07	43.5	55	32	13	47	53	28	39	33	60	40
	1983	2.46	37.8	48	39	14	50	50	23	52	25	70	30
	1988	1.98	45.7	46	41	13	49	51	16	54	30	69	31

a) Unemployed for less than one month.

b) The number of outflows is estimated as the difference between the average monthly level of inflows and the average monthly change in unemployment over one year, that is,

$$\text{Outflows} = \frac{I(t) + I(t-1)}{2} - \frac{C(t) - C(t-1)}{12}$$

where:  $I(t)$  and  $I(t-1)$  are the monthly inflows and

$C(t)$  and  $C(t-1)$  the level of unemployment for years  $t$  and  $t-1$ , respectively.

For Canada, Italy, Norway, Spain, Sweden and the United States, all quantities on the right-hand side are annual averages of monthly or quarterly readings. For other countries, both inflows and unemployment for the two years in question are based on single readings taken one year apart. The years used in estimation were 1979/80 (1979/81 for Denmark, Germany, Italy and the United Kingdom), 1983/84 and 1987/88.

c) Unemployed for one year and over.

d) Working-age population (15-64) less the unemployed for inflows; total unemployment for outflows.

e) Data on flows into unemployment for Finland refer to those unemployed less than two months.

Sources: See Table M of the Statistical Annex.

For Norway, Spain, Sweden and the United States, the age group 15-24 refers to persons 16 to 24 years old. For Belgium, Denmark, Germany, Greece, Ireland, Italy, Portugal and the United Kingdom, it refers to persons 14 to 24 years old. For France, the age groups 25 to 45 and 45 and over refer to the groups 25 to 50 and 50 and over, respectively.

## 1. Unemployment inflows and the duration of unemployment

An increase in the aggregate level of unemployment can come about from an increase in the number of persons becoming unemployed (inflows) or an increase in the length of time persons remain unemployed, that is, a drop in outflows from unemployment. In most OECD countries, the rise in unemployment in the early 1980s was preceded by an increase in flows into unemployment (Chart 1.2). Notable exceptions are Denmark and Italy, where the rate of inflow appears to have actually declined as unemployment rose (Table 1.2), and Spain, where inflows were relatively stable. The actual rates of inflow in Japan and the European Communities were substantially lower than in Nordic Europe, North America and Australia. The highest rates of inflows observed in Europe (in Ireland) have never attained even one half of the rates typical of Canada and the United States in non-recessionary periods.

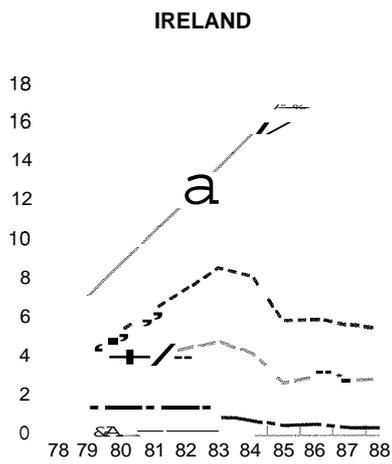
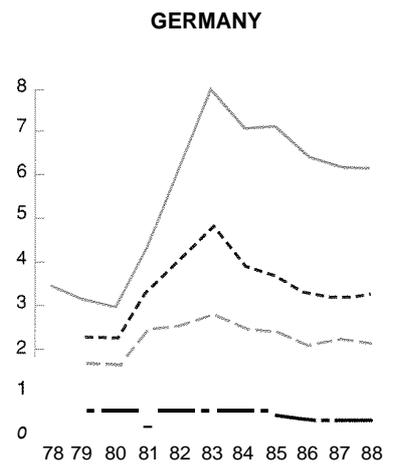
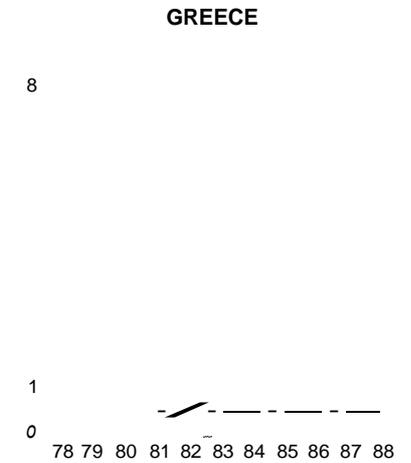
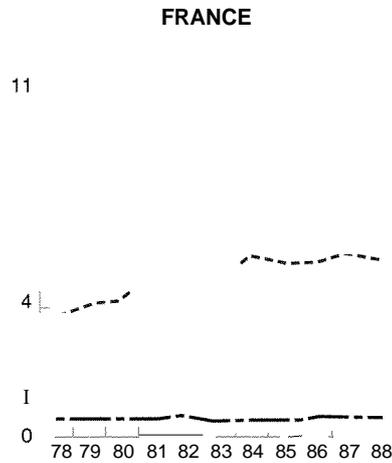
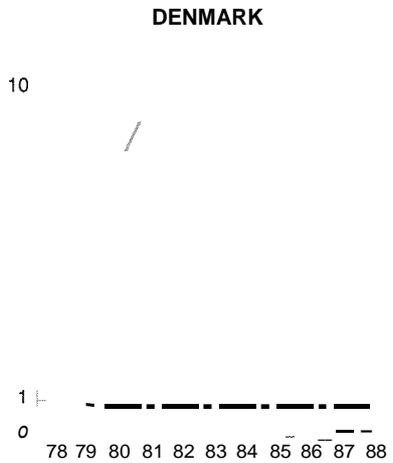
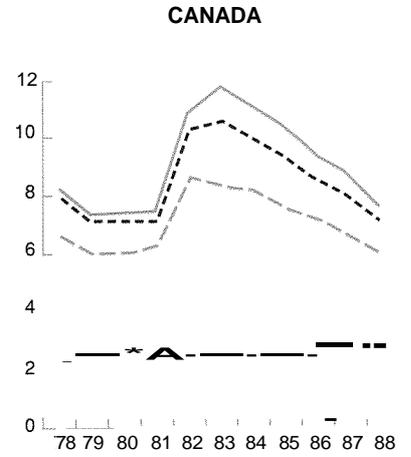
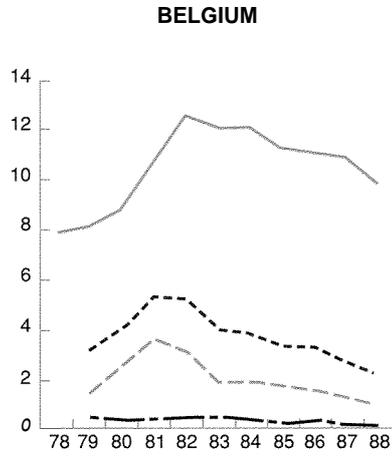
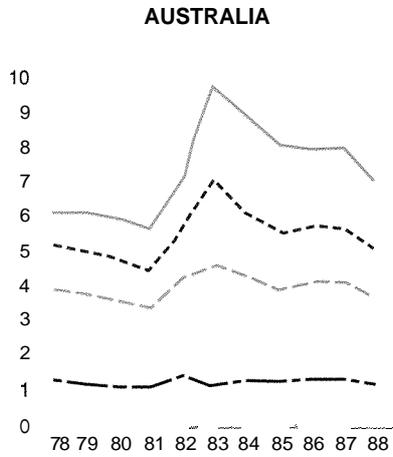
In the countries of the European Communities, the rise in unemployment in the 1970s and early 1980s resulted from significant increases in the length of unemployment spells. Thus the chances of a person, once unemployed, integrating the ranks of the employed were constantly diminishing. Observed durations increased as well outside the European Communities, but most of the increase was concentrated among persons unemployed for less than six months (Chart 1.2). Although a significantly larger proportion of the labour force appears to have experienced

spells of unemployment in these countries, in relative terms their reintegration into the working population was fairly rapid. Indeed, if rates of outflow from unemployment in North America were comparable to those in many European countries, unemployment rates there would easily have exceeded 20 per cent.

In general then, the recovery from high levels of unemployment has been most rapid in countries in which unemployment is a relatively common phenomenon. It has been estimated that, in addition to those that were already unemployed at the beginning of the year, about an additional 10 to 15 per cent of the total labour force in Australia, Canada and the United States had experienced some unemployment during the year in 1985, when the recovery in these countries was well underway [OECD (1988a), Table 2.111. Based on rates of inflow, comparable estimates for many European countries at the height of the recession would be at most 5 or 6 per cent, even assuming that no person had multiple spells of unemployment during the year. The fact that unemployment and re-employment are such a common "experience" in countries such as Australia, Canada, Finland and the United States means that job search and hiring are relatively familiar activities for workers and employers respectively, which may be conducive to job matching. In addition, the varied work experience of many unemployed workers in these countries may be an important element in fostering their reintegration into new working environments.

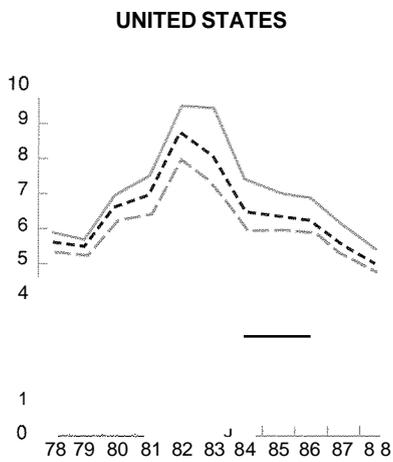
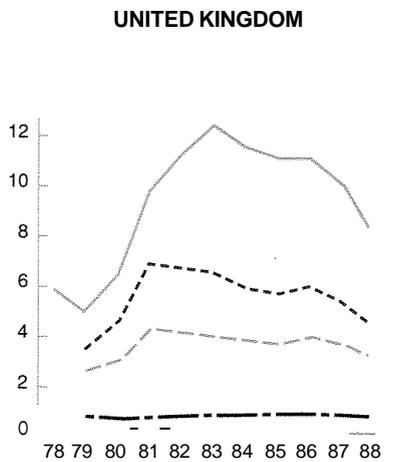
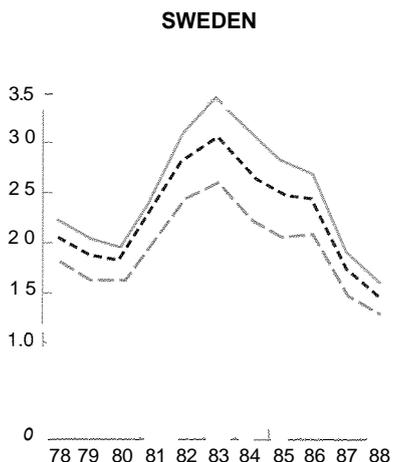
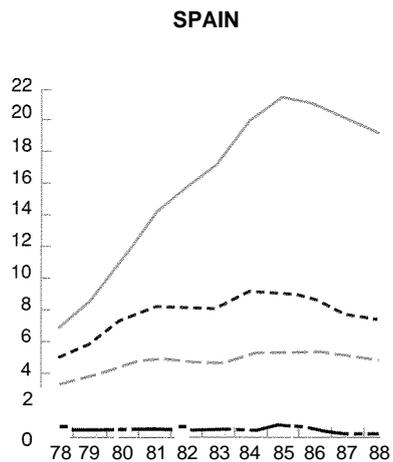
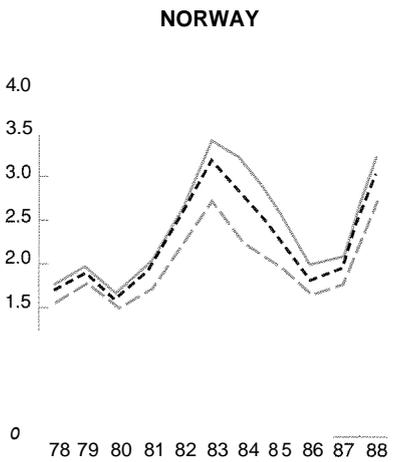
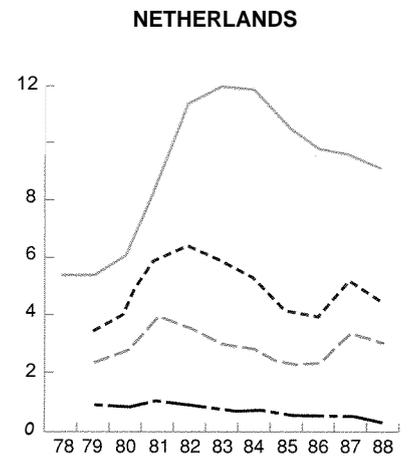
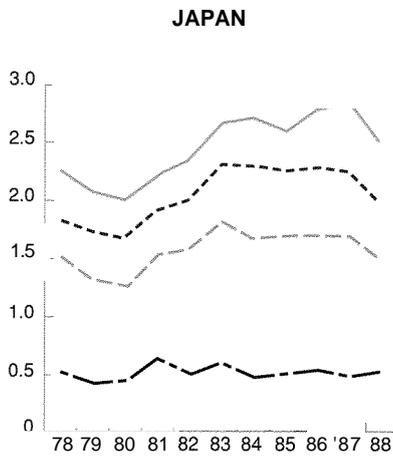
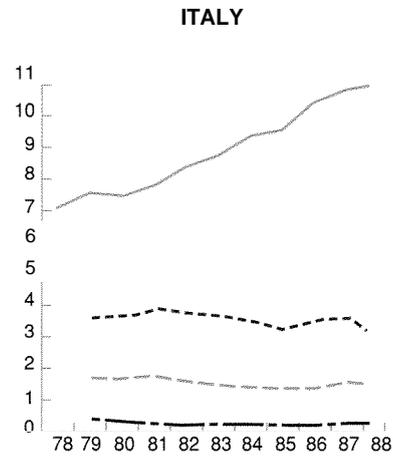
Chart 1.2

**UNEMPLOYMENT BY DURATION**  
(as a percentage of the total labour force)



- Total unemployed
- - - Unemployed for less than 12 months
- · - Unemployed for less than 6 months
- - - Unemployed for less than 1 month

Chart 1.2 (continued)



- - - - - Total Unemployed  
 - - - - - Unemployed for less than 12 month:  
 - . - . - Unemployed for less than 6 months  
 - - - - - Unemployed for less than 1 month

Source: See Table M of Statistical Annex

## 2 The persistence of unemployment in Europe

A comparison of the demographic characteristics of inflows into unemployment across OECD countries may shed some light into the possible reasons for the difficulties experienced by workers in certain countries in reintegrating the working population. At first glance, however, nothing in the general profile of inflows into unemployment in the late 1970s and 1980s would have led one to expect a particularly difficult reintegration for the unemployed in many European countries relative to the rest of the OECD. The distribution of inflows by age in 1979 and 1983 (Table 1.2) in countries such as Belgium, France, Germany, Greece, Ireland, Italy, and the Netherlands was similar to that in other countries in which unemployment rates have now approached their pre-recession levels, although in Spain there were until recently proportionately more older workers among inflows. The proportions of men and women among inflows were relatively similar for most countries, with the exception of Greece, Japan, the Netherlands and especially Spain, where men were more numerous. On the other hand, long-term unemployment was already a serious problem in many countries of Europe in 1979 and represented a significant proportion of the total labour force (2 to 5 per cent depending on the country). Such proportions were not attained in North America and Nordic Europe even at the height of the recession. They continued to rise in many European countries, reaching levels as high as 5 per cent in France, the Netherlands and the United Kingdom, 8 per cent in Belgium and Italy, and 12 per cent in Ireland and Spain. These figures as much as anything illustrate the magnitude of the social problem represented by long-term unemployment in many European countries.

The composition of the long-term unemployed relative to that of inflows provides some indication of which groups have been experiencing particular difficulties leaving unemployment. Although a precise comparison should involve looking at the long-term unemployed at least a year after observing the inflows, generally the situation has not evolved so rapidly as to invalidate a comparison of the two distributions at the same point in time.

In Belgium and Denmark until recently, in France, Greece, Portugal and Spain, and in Italy since 1983, women have tended to account for a larger proportion of the long-term unemployed than they do of inflows; in Australia, Canada, Ireland, Japan, the United Kingdom and the United States, men appear to be at a particular disadvantage, although this may be a reflection of the marginal attachment to the labour force of some women. In Finland, Germany and Sweden the risks are about equally shared. The general preponderance of women in many European countries has occurred despite the fact

that women tend to be under-represented in industries that have been most affected by structural change [OECD (1989*a*), Chapter 5].

Persistent unemployment also does not appear to be associated with a higher incidence of displacement and the greater difficulties of displaced workers in finding re-employment. The proportion of job losers among the total unemployed in 1983 (Chapter 2, Table 2.4) was generally lower in non-Nordic Europe than in Canada and Sweden (substantially so in Italy and Germany) and often no higher than in the United States.

Although evidence on the incidence of displacement by itself is not conclusive, it has been claimed that the decline in the industry sector in many European countries has eliminated the jobs of relatively more older workers with insufficient skills or with experience too narrow to be employable elsewhere. In general, the experience of unemployment for an older worker with a significant investment in particular skills might be expected to be more traumatic than for a younger worker, for whom the prospect of "starting over" may represent a less important change in status and indeed even part of a normal process of job sampling prior to a choice of more stable employment. However, Table 1.2 indicates that inflows of older workers (45+) in most European countries have been relatively no more common than in the rest of the OECD. Moreover, the distribution of long-term unemployment by age compared to that of inflows reveals that older workers, once unemployed, have been having more problems than other groups in leaving unemployment in almost all countries (the exceptions being Greece, Italy and Spain). On the other hand, except in Germany and the United Kingdom, older workers are actually under-represented among the long-term unemployed in many European countries relative to Canada and the United States, and especially so with respect to Finland, Japan and Sweden. Thus, at least on a cross-country basis, there does not appear to be a general association between a high proportion of long-term unemployed and a preponderance of older workers, although this result may be influenced by national variations in early retirement programmes for older unemployed workers.

The situation for young workers mirrors that observed for older workers, with most countries showing relatively fewer such workers among the long-term unemployed relative to their numbers among inflows. This probably reflects more recent education, a greater familiarity with job search, a willingness to accept less stable and lower paying jobs (because of fewer family responsibilities) and perhaps employer preference for younger workers as well. Young workers have been especially favoured in Finland, Japan and Sweden. The higher unemployment rates observed for young workers relative to other groups appear to be due more to higher susceptibility to unemployment (i.e. higher inflows) than

to greater difficulty in finding employment once unemployed [see also Marchand (1987)].

Despite the fact that unemployment remains relatively high in some countries, recent years have seen what appear to be labour and skill shortages. The following sub-section takes a closer look at these developments.

### **3. Persistent unemployment in the presence of labour and skill shortages**

Labour shortages can occur *a*) when the number of job-seekers is insufficient to fill available job vacancies; and *b*) when their numbers are sufficient but vacancies remain unfilled. In a number of countries in recent years, among them Austria, Belgium, Germany, Spain, Switzerland and the United Kingdom, the number of notified vacancies<sup>2</sup> is at or near the highest levels it has attained over the last fifteen years [see OECD (1988*b*), Chart G], yet unemployment rates remain higher (sometimes substantially so) than their lowest levels over this period. In France, vacancies have been higher at other times, but business surveys show a higher proportion of firms reporting general labour shortages in 1989 than at any time since 1979; here too unemployment has failed to fall back to previous levels.

In several countries where unemployment rates remain high relative to those prevailing in the late 1970s (Austria, Belgium, Germany, the Netherlands, Spain and Switzerland), unemployment has in fact receded significantly in recent years. However, the drop in unemployment in Belgium, Germany, the Netherlands and Spain until 1988 seems to have come largely from a substantial decline in inflows which were in 1988 at their lowest level since the beginning of the decade (Table 1.2). Rates of outflow from unemployment in 1988 appear to have scarcely changed relative to 1983. Employment growth in these countries, at least to 1988, did not appear to be affecting the status of many unemployed persons, who continued to experience problems leaving unemployment, even as the growth of the working-age population was slowing down and labour and skill shortages beginning to manifest themselves. In some countries then, the continuing low absorption of the unemployed may be compounding a labour supply problem arising in part out of demographic decline.

The appearance of shortages in the presence of high unemployment may suggest an imbalance between the characteristics of jobs and those of job-seekers, that is, between skills required and skills offered, between the location of available jobs and the residence of job-seekers, between wages offered and wages desired, and so on. Whether this is actually the case, however, is not entirely clear.

Certainly, the problem of persistent unemployment does not seem to be clearly related to excessive regional disparities; although large disparities do exist in some

countries, regional variation in unemployment rates is in fact generally higher among countries where unemployment rates have returned to pre-recession levels [OECD (1989*a*), Table 3.11. In addition, the relative ease with which unemployed persons in countries such as Australia, Canada, Finland, Japan, Norway, Sweden and the United States can re-enter the ranks of the employed (Table 1.2) does not appear to be associated with better formal educational qualifications. Although the unemployed in Canada and the United States have on average higher formal qualifications than the unemployed in non-Nordic Europe, this is not necessarily the case for the unemployed in Australia, Norway, Sweden, and especially Finland [OECD (1989*a*), Chapter 2].

The most evident feature that generally distinguishes countries where unemployment has been persistent from those where it has returned to pre-recession levels is the rate of labour turnover (Table 1.2), that is, countries in which the rate of inflow into unemployment is high are also those in which it is relatively less difficult for the unemployed to leave unemployment and for which long-term unemployment is a less serious problem. While there does not seem to be any clear evidence that persons who become unemployed in many European countries were relatively less skilled than their counterparts in other countries, it is true that prolonged unemployment during a period of continuing technological change may create deficiencies by rendering skills learned during past employment spells obsolete. If the difficulties experienced by the unemployed in reintegrating the working population in some countries persist, they may well exacerbate labour supply problems as the growth of the working-age population slows down further.

### **4. Unemployment in low-mobility labour markets**

It was noted earlier that unemployment in many European countries is a relatively “uncommon” phenomenon relative to other OECD countries. The results presented above suggest that even in the presence of strong employment growth and at a time when demographic developments would seem to favour reabsorption of unemployment, the chances of unemployed persons reintegrating the ranks of the working population appear to have scarcely improved in recent years. In economies where labour mobility is low, the experience of unemployment is probably a new and unfamiliar one to many workers and one in which they may well feel victimised. The demoralising effects of being “singled out” in this way may then be compounded by a relative lack of knowledge about job search and possible job prospects. This in turn would tend to prolong the period of unemployment and result in a deterioration of human

capital. Employers may then begin screening out the long-term unemployed because they have no recent work experience. The net effect is the creation of a vicious circle of circumstances which makes it especially difficult for unemployed persons to leave that state.

In addition, technological change, by modifying the work content and methods of many jobs, also affects job descriptions. These may, on the one hand, intimidate potential seekers with references to new technologies, and on the other, be too lacking in precise information to attract otherwise eligible candidates. This is especially so in the case of small firms, who do not always require a person for a precise position with well-defined tasks. In labour markets characterised by low mobility, the work experience of many unemployed workers may tend to be more restricted, thus narrowing the range of jobs for which they themselves as well as employers perceive them to be suitable candidates. The changing nature of labour markets and of jobs will require the upgrading of skills for persons with little experience of new jobs and a re-education in job search if future job-seekers are not to suffer the exclusion from productive activity that is currently the fate of many long-term unemployed [OECD(1988c)].

## 5. Unemployment prospects

Over the OECD as a whole, unemployment is expected to remain largely stable in 1990, with most countries showing little change. The largest increases in the unemployment rate are expected in Australia, Germany, Iceland and Turkey. As noted earlier, flows into unemployment have dropped significantly in several European countries in recent years. For these countries (Belgium, Greece, Ireland, the Netherlands and Spain), this has represented a significant turnaround. However, in Greece inflows have picked up since 1987 following a five-year decline and unemployment is expected to increase somewhat in 1990. Short-term prospects for Belgium, Ireland, the Netherlands and Spain appear to be positive. The overwhelming weight of the long-term unemployed, however, means that it will take some time before the large flow reductions in these countries show up more strongly in the unemployment figures.

In France and the United Kingdom, flows into unemployment appear to have actually increased in recent years, while unemployment has declined slightly in France and strongly in the United Kingdom. Employment growth in both countries thus recently appears to be making some inroads into reintegrating the unemployed, especially in the United Kingdom, where long-term unemployment is declining faster than overall unemployment. In 1990 both countries are expected to show very slight declines. In Germany rates of both inflow and outflow have been stable up to 1988, but have

both increased strongly since then in the wake of an upsurge in immigration. Further immigration into Germany is expected to result in some increase in unemployment in 1990. Italy is showing an increase in inflows since 1987 but unemployment is expected to be largely unchanged in 1990. Labour supply pressures in Finland and Sweden are expected to ease up in 1990, with some increases projected in unemployment. In Australia, the initial fall in unemployment from 1983 to 1987 was actually accompanied by an increase in inflows; thus, the drop in unemployment came about as result of a substantial increase in outflows from unemployment. Long-term unemployment decreased significantly in 1989, but further progress here may be hampered by expected increases in unemployment for 1990.

The unfavourable economic climate in Denmark, New Zealand and Norway is expected to stabilize in 1990, but no reductions in unemployment are expected. The situation in other countries is expected to be largely static, with employment and the labour force generally expected to grow at approximately the same rate.

In virtually all countries shown in Table 1.2, the youth share of flows into unemployment and of long-term unemployment are declining, although the preponderance of youth among the long-term unemployed in Greece, Italy, Portugal and Spain remains a cause for concern. The developments with respect to young workers reflect in part the contraction of the youth cohort and perhaps as well the new skill requirements of current jobs, which may tend to favour younger workers. The trends in flows suggest a gradual shift in the composition of the unemployed towards older workers in the near future, one which will require a corresponding shift in the emphasis of current labour market programmes.

## E. EMPLOYMENT DEVELOPMENTS AND PROSPECTS

This section examines several developments related to employment in OECD countries in recent years. Special attention is given to various aspects of working time, among them annual hours, recent trends in full- and part-time work and weekly hours. The section presents evidence from several sources which suggests a slowdown in some countries in historical trends towards reduced work intensity. This development may be partly associated with labour supply pressures stemming from strong demand in the presence of slower growth of the working-age population. In addition, an analysis of the evolution of labour volume in selected OECD countries since the last oil-price shock is presented, showing rather different developments in some European countries as opposed to other areas of the OECD.

## 1. Trends in annual hours worked

Annual hours worked are determined by the number of working days in the year, as modified by holidays, vacation days, sick and parental leaves, days lost due to strikes and lock-outs; by hours worked per week, which are a function of “standard” hours and overtime; and by part-time work. The comprehensive nature of an annual hours measure makes it an important indicator for international comparisons. Chart 1.3 presents information on the levels and evolution of average annual hours worked per person employed for several OECD countries. Information is presented separately for “all employed persons” and for “employees”. While there are some differences in the methods followed by national statistical offices for their construction, these are not considered to affect significantly the comparisons presented here (see Annex 1.B for sources and definitions of the various series).

The reduction in annual hours since the early 1960s has been generalised in European and North American countries, although with differences in the speed of this fall — the reduction in annual hours being relatively faster in Europe than in the United States and Canada — and with fluctuations around this downward trend associated with cyclical fluctuations in output<sup>3</sup>. The series shown for Japan, available from 1972, shows declines in the early 1970s and a flat profile since then<sup>4</sup>.

During the 1980s a deceleration in this declining trend is apparent for most OECD countries. Only France records an average reduction in hours since 1980 larger than the one recorded in the 1960s and 1970s, due almost entirely to the one-hour reduction in the statutory workweek and of the increase in holiday entitlements introduced in 1982. With this sole exception, all countries experienced either increases in annual hours — as shown in the case of Sweden since 1981, of the United States since 1982, of Canada since 1983 — or a deceleration in the rate of reduction.

Table 1.3, which provides information on the major “components” of annual hours worked for Germany, allows the identification of the most important influences on the overall evolution of annual hours. It shows that the continuous fall of normal hours worked per day was associated with a broadly unchanged number of working days per year during the 1980s, with an increase in vacation days being offset by a decline in the number of days lost due to sickness. The decline in annual working hours in recent years was due largely to the reduction in contractual hours per working day and, to a lesser extent, to the growing importance of part-time work.

Chart 1.3 highlights large cross-national differences in the level of annual hours worked, with relatively low hours in France, Germany, the Netherlands, Norway and Sweden relative to Canada and the United States in North America.

Italy, Finland and Spain in Europe, and Japan. Spain, starting from a high level of annual hours worked in the early 1970s has been rapidly converging to the level characteristic of other European countries. The long hours worked in the United States relative to European countries in the 1980s contrast markedly with the situation prevailing until the first part of the 1960s, when hours worked in the United States were significantly lower than the ones worked in Europe (with the exception of Sweden) [Owen (1988)].

Differences in the incidence of part-time employment from country to country are an important element affecting the comparisons of annual hours worked presented in Chart 1.3. While estimates of “annual hours worked” by persons in part- and full-time employment are not available for most countries, an indication of the order of magnitude of the effect of part-time employment on the estimates can be derived from data on the incidence of part-time employment and the ratio of actual weekly hours worked by part-timers relative to those worked by full-time workers. As shown by Table 1.4 cross-country differences in the level of annual hours tend to be reduced when corrected in this way for the incidence of part-time employment, but levels still vary considerably, ranging from 2 253 hours in Japan to 1 654 hours in Sweden.

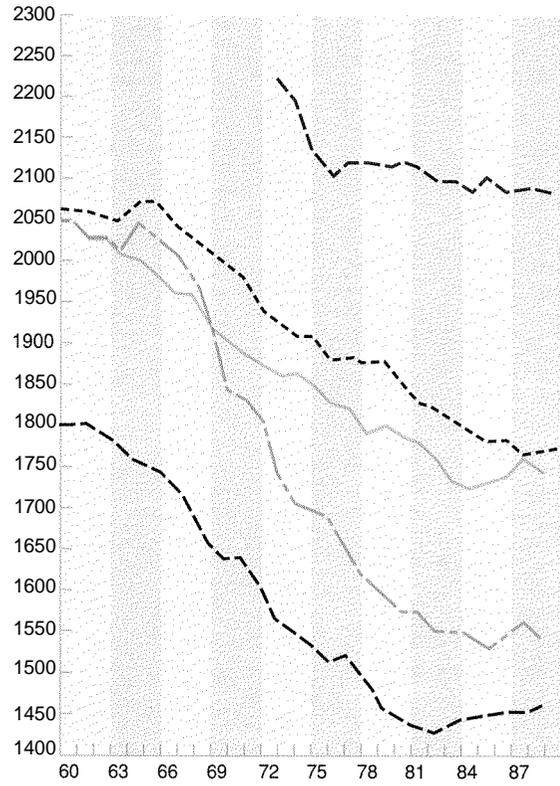
Annual leave and public holidays have a significant effect on international differences in annual hours and their evolution. In most European Countries minimum vacation entitlements are set by law (with the exception of Denmark, Italy and the United Kingdom) — ranging from 3 weeks in Germany, Ireland and the Netherlands to 5 weeks in Austria, France, Finland, Luxembourg and Sweden — with collective agreements often improving on the legal position. Six weeks of annual leave now seem common in Finland, France, Germany, Great Britain, Italy and Sweden [European Trade Union Institute (1989), p. 62]. In most countries the number of vacation days has been significantly increasing<sup>5</sup>.

For the United States Owen (1988) provides an estimate of about 20 days of holiday and vacation actually taken per year in 1987, with an increase of around 9 days relative to 1947. In Japan, the average vacation entitlement available to workers is around 15 days per year, but workers tend to take only 7.5 days (General Survey on Wages and Working Hours System, 1988). On the other hand, in most enterprises workers are entitled to a number of “special holidays” (an average of 9 or 10 days in 1988) around the new year, in summer, on the anniversary of the establishment of the firm, etc. However, although the five-day workweek, first introduced in Japan in the late 1960s, has become widespread among medium and large firms, many small firms are still in a transitional phase and apply it only once or twice a month [Japan Institute of Labour (1984), pp. 29-31]. Overall the number of days not worked in Japan is low relative to other OECD countries;

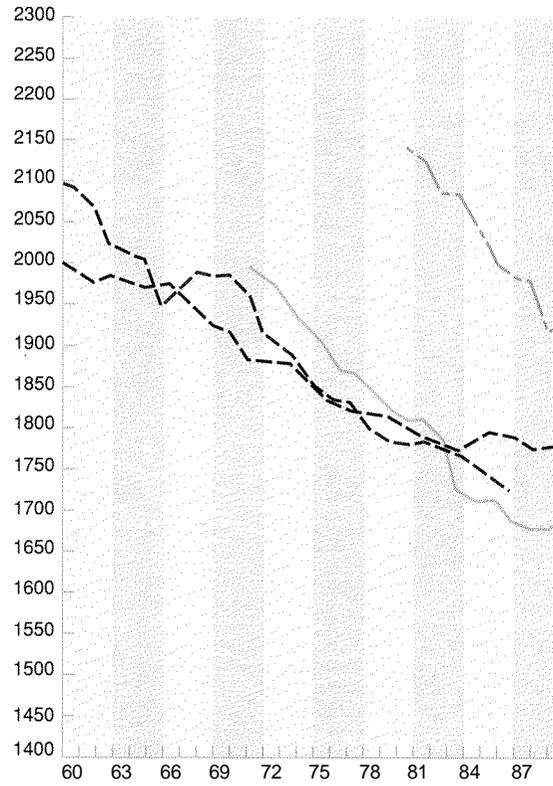
Chart 1.3

AVERAGE ANNUAL HOURS WORKED

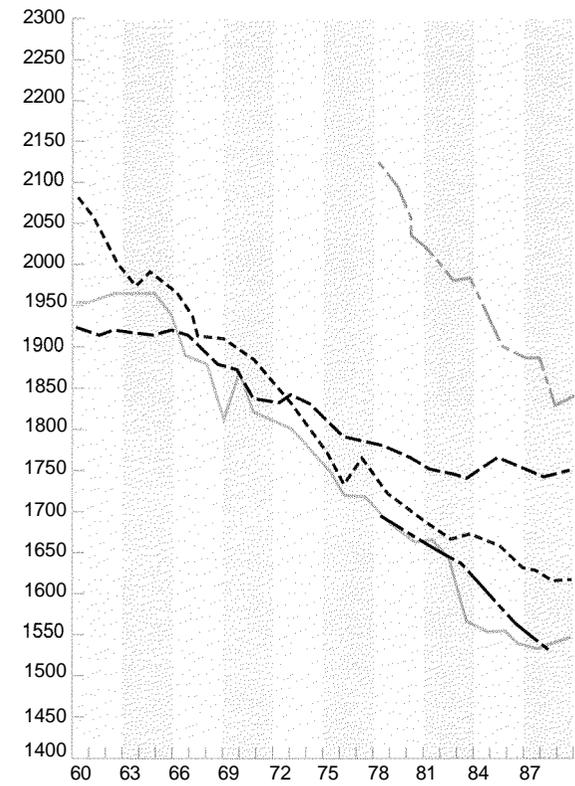
All employed persons



All employed persons



Employees only



Source: See Annex 1.B

**Table 1.3. Components of annual hours worked per employee in Germany**

	Annual hours worked per person	Actual working days per person	Sick days per person	Vacation days per person	Contractual hours per working day	Overtime hours per working day	Working time losses in working hours	of which: due to part-time work
1960	2081	248.3	13.9	15.5	8.1	0.4	25.3	20.3
1970	1885	215.8	13.1	21.2	8.3	0.7	61.8	45.8
1973	1804	212.8	13.6	23.0	8.2	0.6	63.9	53.5
1979	1699	209.4	13.4	26.7	8.0	0.3	73.1	59.1
1983	1670	211.1	10.3	29.6	8.0	0.3	83.2	62.6
1988	1622	209.1	11.1	30.5	7.8	0.3	81.6	72.3

Source: Data supplied by the Institut für Arbeitsmarkt- und Berufsforschung.

according to data from the Monthly Labour Survey, the number of days not worked, including days off and annual leave, in establishments with more than 30 employees, in all industries covered by the establishment survey excluding services, was 104.6 days in 1986. This represents an increase relative to the 81.8 days of 1960, but there has been little change since 1974 when the figure was 102 days<sup>6</sup>. This seems substantially lower than the level of most European countries; in Finland, for example, the number of days not worked (including days off, vacation days and other absences) stood at 143 in 1986.

## 2. Employment and labour volume

Data on annual hours worked used in conjunction with estimates of average annual employment allow the construction of series on labour volume (total hours worked by all persons during the year). Because the level and trend of part-time work, vacation time and weekly working hours vary from country to country, it is instructive to examine the evolution of employment in OECD countries over the decade in the light of this more comprehensive measure of labour supply utilisation. Series are available for twelve OECD countries. For countries for which annual hours data are for employees only, Table 1.5 assumes that the trend for all employed persons follows that for employees. A glance at the countries in Chart 1.3 for which series are available for both groups, namely France, Spain and the United States, suggests that for the 1980s, this is probably not an unreasonable assumption.

In an economic downturn, employers can respond to reduced manpower needs by hiring fewer new employees, by reducing working hours or by means of layoffs. The reduction in working hours can be carried out by reducing overtime (a discretionary action) or by negotiated (temporary) reductions in contractual working hours, in order to avoid layoffs. In addition, during the last recession reductions in working time were legislated

in some countries, either through reduced weekly hours or additional vacation time, as a means of inducing employment growth. Superimposed on these cyclical effects and contributing to labour volume reductions as well is the continued secular increase in part-time work, which tends to be concentrated in the relatively cyclically insensitive service industries.

With a recovery, these trends will tend to reverse themselves, i.e. employers will increase working hours and overtime and return to usual hiring practices. Since the reaction to increased demand at the beginning of a recovery and in the face of uncertainty is more likely to be in the form of adjustments to working hours among those currently employed, one might expect labour volume to grow initially faster than employment. Additional hiring occurs as demand increases and overtime is insufficient (and too costly) to supply the additional labour input required. If the expansion is subject to sudden strong output growth (as occurred in 1988) or if it is prolonged and accompanied by labour or skill shortages, a resurgence of overtime may develop, with labour volume once again accelerating faster than employment.

Over 1981-1983 most countries experienced declines in labour volume that generally exceeded the reductions in employment, as employers reduced hours and part-time work continued to progress (Table 1.5). The turnaround in labour volume from 1983-1985 was generally stronger than the recovery in employment in Canada, Finland, Norway, Sweden and the United States; since then, labour volume and employment have proceeded more or less along the lines described above. The response of labour markets to the downturn and recovery has been relatively rapid in these Countries; by 1984, employment levels had already returned to their pre-recession peak.

In France, Germany, Italy, the Netherlands and Spain, on the other hand, labour volume continued to decline over 1983-1985, even as output growth and in some cases employment growth resumed, although admittedly somewhat slowly. It is remarkable that even with the

Table 1.4. Annual hours worked of all employed persons, employed full-time and employed part-time, in 1987

	Canada	Finland	France	Germany <sup>a)</sup>	Japan <sup>b)</sup>	Netherlands <sup>a)</sup>	Spain <sup>c)</sup>	Sweden	United States
All employed	1753	1172	1684	1620	2078	1534	1925	1466	1783
Employed full-time	1933	1850	1787	1732	2253	1155	1917	1654	1970
Employed part-time	749	875	914	850	1217	890	892	905	889

a) Employees only.

b) For Japan, the ratio of weekly hours of part-timers relative to full-timers referred to in the Sources below is based on data from the 1979 Special Survey of the Labour Force Survey, where part-timers are defined as persons usually working less than 35 hours per week.

c) Hours worked of persons employed full-time and part-time are based on labour force survey data for the last three quarters of 1987.

Sources: Data on annual hours worked by persons employed full-time and part-time are Secretariat estimates based on data on annual hours for all employed persons, including the self-employed and family workers (see Annex 1.B), on information on the shares of full- and part-time in employment (see Annex 1.C for definitions of full- and part-time employment) and on the ratio of weekly actual hours of work per person at work of full- and part-time workers, from labour force surveys (see notes to Table 1.7 for detailed definitions). Data for the Netherlands as provided by the Centraal Bureau voor de Statistiek. For Japan and Spain, estimates of annual hours worked for all employed persons are also Secretariat estimates.

employment growth of recent years, labour volume in 1988 in all of these countries, except perhaps Italy, stood over 4 per cent lower than it was in 1980. These striking developments bear closer examination.

In France, Germany and the Netherlands, attempts were made during the early 1980s to reduce annual contractual or weekly working hours, as a means of managing unemployment. The reduction of working time in these countries was negotiated in conjunction with extensive reorganisations of working time arrangements, which gave firms more flexibility with respect to non-standard working time schedules. However, the employment effect that had been expected from the working time reductions appears to have been nullified in part by a mobilisation of potentials for increases in productivity [Bastian, Hinrichs and van Kevelaer (1989)].

The attempt to harness working-time flexibility and reorganisation in the interest of productivity growth has continued to be a consistent feature of the European work environment in recent years, perhaps partly as a way of renewing with the productivity gains registered in the 1970s. The slow recovery of employment in many European countries following the downturn has been attributed to deficient demand, wage rigidities and reduced incentives to hire due to factors such as pay compression and uncertainty about future output [Flanagan (1988)]. This general reluctance to hire may well have been reinforced in an environment in which the possibility of obtaining important gains in productivity at current manpower levels appeared feasible from recent experience, attractive as well, and perhaps necessary also for reasons of profitability and competitiveness. Reduced hiring would in turn have contributed to perpetuating weak demand, due to the lowered incomes and consumption of continuing large numbers of unemployed persons.

### 3. Recent trends in full- and part-time work

Last year's *Employment Outlook* examined long-term trends in full- and part-time work in OECD countries. Here closer attention is given to recent trends and developments over the current business cycle. A word of caution is in order concerning the estimates presented in Table 1.5. The definitions of part-time work underlying the data in this table vary considerably from country to country and are based sometimes on usual hours worked, sometimes on actual hours, and sometimes on the respondent's assessment of his/her employment (see Annex 1.C for further details). As a result, the estimates shown may not always give a coherent picture of country-to-country differences. Among OECD countries since 1983, only Canada, Finland, Norway, Sweden and the United States appear to be showing full-time work growing almost as rapidly as part-time work, if not always more so. In the United States in particular, full-time work has consistently progressed faster than part-time work since 1983. In other countries, growth in part-time work largely predominates. Full-time work has generally been expanding more rapidly among women than part-time work for the above countries also, as well as for Luxembourg, Denmark (until the 1987 downturn in that country), and the United Kingdom since 1987. It is interesting to note that Canada, Finland, Luxembourg, the United Kingdom and the United States are precisely the OECD countries showing the most significant reductions in the youth population over the last decade, which suggests that increasing full-time work among women (in addition to, or in some cases, instead of increased participation) may be in part substituting for the reduction in the number of young workers. In Scandinavia, the drop in the youth population has not yet reached the proportions it has in the other countries above, so that the stronger growth of full-time work

Table 1.5. Employment growth in OECD countries<sup>a</sup>

	1981-83	1983-85	1986	1987	1988	1989		1981-83	1983-85	1986	1987	1988	1989
<b>Australia</b>							<b>Germany</b>						
Employment	-0.9	3.1	4.1	2.2	3.7	4.4		-0.9	0.0	1.9	1.3	0.7	1.3
Total full-time	<b>-1.5</b>	2.6	3.1	0.8	3.6	3.3		-1.3	-0.1	1.7	1.5	0.1	..
part-time	1.9	<b>5.0</b>	8.5	8.2	4.1	8.7		1.6	<b>0.5</b>	3.1	0.0	4.6	..
Men full-time	-2.0	2.2	2.2	0.6	3.0	2.8		-1.4	<b>-0.5</b>	1.7	1.3	0.7	..
part-time	4.3	2.5	<b>10.5</b>	12.8	-3.5	15.5		1.4	9.0	8.2	-4.6	4.6	..
Women full-time	-0.2	3.7	5.3	1.2	5.2	4.3		-1.1	0.8	1.5	1.9	1.0	..
part-time	1.3	5.8	8.0	6.9	6.3	7C		1.6	-0.3	2.5	<b>0.5</b>	4.6	..
Labour volume	-1.4	2.4	3.6	2.6	4.2	2S		-1.0	<b>-1.0</b>	1.3	0.7	0.8	<b>0.5</b>
<b>Austria</b>							<b>Greece</b>						
Employment	-0.9	0.1	1.4	0.5	0.3	<b>1.4</b>		<b>0.1</b>	0.7	0.3	-0.1	1.6	1.2
Total full-time	-1.3	1.0	1.5	-0.2	0.2	..		..	1.3	-0.2	0.2	1.7	..
part-time	3.1	-10.1	0.2	<b>10.5</b>	2.5	..		..	-9.2	10.1	-4.8	1.5	..
Men full-time	-0.7	<b>-1.1</b>	1.1	-0.2	0.1	..		..	0.2	-0.2	0.0	<b>0.5</b>	..
part-time	0.4	-13.5	-7.8	14.8	-14.9	..		..	-13.2	22.4	-20.7	6.1	..
Women full-time	-2.4	<b>5.1</b>	2.2	-0.1	0.2	..		..	3.8	-0.2	0.6	4.1	..
part-time	3.4	-9.7	1.1	10.1	4.5	..		..	-6.8	3.3	5.6	-0.8	..
<b>Belgium</b>							<b>Iceland</b>						
Employment	-1.2	0.2	0.7	<b>0.5</b>	1.5	1.3		1.7	2.5	3.1	5.8	2.7	0.4
Total full-time	-2.1	-0.1	-0.2	-0.1	1.5	<b>0.8</b>							
part-time	11.2	3.6	9.7	5.9	0.9	5.7							
Men full-time	-2.0	-0.3	-0.2	0.2	0.2	<b>1.1</b>							
part-time	19.6	-3.3	12.3	-6.8	3.5	-14.8							
Women full-time	-2.1	0.4	0.0	-0.7	4.6	<b>0.0</b>							
part-time	9.8	4.8	9.3	8.0	0.5	8.7							
<b>Canada</b>							<b>Ireland</b>						
Employment	-1.5	2.5	2.8	2.9	3.2	2.0		-1.0	-2.2	0.5	0.6	0.3	0.8
Total full-time	-2.5	2.4	2.7	3.2	3.0	2.3		..	-2.1	0.7	-0.3	-0.8	..
part-time	5.0	2.9	2.9	0.9	4.3	0.3		..	-3.4	-3.1	14.7	13.8	..
Men full-time	-3.4	1.8	1.9	2.4	2.4	<b>1.4</b>		..	-2.2	-0.2	-1.6	0.0	..
part-time	6.7	1.7	5.8	-0.8	3.3	1.7		..	-7.4	5.4	20.8	21.2	..
Women full-time	-1.0	3.6	4.1	4.6	4.0	3.6		..	-1.7	3.0	2.9	-2.5	..
part-time	4.3	3.4	1.8	1.6	4.7	-0.2		..	-1.8	-6.1	12.3	10.6	..
Labour volume	-2.5	2.9	4.0	2.3	3.9	..							
<b>Denmark</b>							<b>Italy</b>						
Employment	0.4	2.1	2.6	<b>0.5</b>	-0.6	-0.7		0.0	0.4	<b>0.5</b>	-0.1	1.7	<b>-0.5</b>
Total full-time	0.4	1.7	3.5	-0.3	0.1	..		0.2	0.0	0.8	-0.7	1.7	-0.7
part-time	0.4	3.3	-0.2	2.9	-2.7	..		<b>-5.0</b>	7.2	-4.5	<b>11.5</b>	1.9	2.0
Men full-time	-0.7	1.3	1.8	-0.9	-0.1	..		-0.3	-0.1	-0.1	-1.3	1.4	-1.3
part-time	8.7	14.8	6.1	6.6	-4.0	..		-9.3	11.9	-5.8	12.4	0.9	-4.7
Women full-time	2.7	2.6	7.0	0.9	<b>0.5</b>	..		1.6	0.3	2.8	<b>0.5</b>	2.2	0.7
part-time	-0.9	1.1	-1.6	2.0	-2.3	..		-2.4	4.6	-3.7	10.9	2.5	6.0
Labour volume								-0.6	-0.4	..	..	..	..
<b>Finland</b>							<b>Japan</b>						
Employment	0.8	1.0	-0.3	-0.3	0.3	1.5		1.3	0.6	0.8	1.0	1.7	1.9
Total full-time	0.3	1.0	-0.1	-0.2	1.1	1.4		1.0	<b>0.5</b>	0.6	1.0	1.3	<b>1.1</b>
part-time	7.0	<b>0.5</b>	-2.0	-1.0	-8.7	2.7		3.1	1.6	1.8	0.7	3.6	6.2
Men full-time	-0.1	<b>0.5</b>	-0.4	-0.2	0.8	1.9		0.8	0.4	<b>0.5</b>	<b>1.1</b>	1.2	1.0
part-time	9.2	<b>1.7</b>	6.9	-1.6	-8.2	7.0		-0.2	2.3	2.6	-3.7	4.7	7.0
Women full-time	0.7	1.7	0.2	-0.3	1.5	0.9		1.5	0.7	0.8	1.0	1.5	1.3
part-time	6.2	0.0	-5.6	-0.8	-9.0	0.7		4.4	1.3	<b>1.5</b>	2.4	3.3	6.0
Labour volume	0.0	0.7	-1.2	-0.2	0.7	..		<b>1.1</b>	0.6	0.9	0.9	<b>1.5</b>	..
<b>France</b>							<b>Luxembourg</b>						
Employment	-0.2	-0.6	0.2	0.2	0.8	<b>1.0</b>		-0.3	1.0	2.6	2.7	3.1	3.0
Total full-time	-0.9	-1.3	-0.7	0.2	<b>0.5</b>	<b>1.0</b>		..	0.7	2.7	2.3	3.7	..
part-time	7.7	5.6	7.8	0.4	2.9	1.3		..	5.4	1.2	8.6	-5.1	..
Men full-time	-1.0	-1.5	-1.1	0.4	0.4	0.9		..	<b>-0.5</b>	2.2	1.8	3.4	..
part-time	4.5	10.5	7.1	4.2	-4.5	4.1		..	41.4	1.2	-1.2	4.4	..
Women full-time	-0.7	-0.9	-0.1	-0.1	0.6	<b>1.1</b>		..	3.8	3.6	3.4	4.4	..
part-time	8.3	4.6	8.0	-0.4	4.5	0.7		..	0.0	1.2	11.1	-7.2	..
Labour volume	-2.3	-1.3	-0.3	0.2	<b>1.5</b>	..							

Table 1.5 (Continued). Employment growth in OECD countries<sup>a)</sup>

	1981-83	1983-85	1986	1987	1988	1989		1981-83	1983-85	1986	1987	1988	1989
<b>Netherlands</b>							<b>Switzerland</b>						
Employment	-1.0	1.4	.. <sup>b</sup>	.. <sup>b</sup>	2.9	2C		-1.0	0.4	1.3	1.2	1.2	1.4
Total full-time	-2.7	0.1	.. <sup>b</sup>	.. <sup>b</sup>	1.3	1.4							
part-time	6.0	6.0	.. <sup>b</sup>	.. <sup>b</sup>	6.4	3.4							
Men full-time	-2.5	0.4	.. <sup>b</sup>	.. <sup>b</sup>	1.0	1.6							
part-time	0.0	7.6	.. <sup>b</sup>	.. <sup>b</sup>	2.8	2.4							
Women full-time	-3.4	-0.7	.. <sup>b</sup>	.. <sup>b</sup>	2.2	0.6							
part-time	8.0	5.5	.. <sup>b</sup>	.. <sup>b</sup>	8.0	3.8							
Labour volume	-2.2	0.0	.. <sup>b</sup>	.. <sup>b</sup>	..	..							
<b>Norway</b>							<b>Spain</b>						
Employment	0.3	1.7	3.6	1.9	-0.6	-3.1		-1.2	-1.4	2.2	3.1	2.9	4.1
Total full-time	-0.4	2.4	3.4	2.1	-0.4	-7.4		..	..	..	..	3.3	4.7
part-time	2.4	-0.2	4.0	1.1	-1.2	11.4		..	..	..	..	-3.7	-7.4
Men full-time	-0.9	1.3	2.0	0.6	-2.2	-3.8		..	..	..	..	1.9	3.7
part-time	3.8	-3.9	0.7	7.9	6.6	33C		..	..	..	..	-11.1	-19.7
Women full-time	0.8	5.1	6.6	5.4	3.3	-14.5		..	..	..	..	6.9	7.2
part-time	2.2	0.4	4.5	0.2	-2.4	7.5		..	..	..	..	-0.7	-3.0
Labour volume	0.0	1.6	5.1	0.7	-8.8	..		-2.2	-2.9	2.1	-0.2	3.4	..
<b>New Zealand</b>							<b>Turkey</b>						
Employment	-0.1	3.0	-0.1	0.6	-3.5	-0.5		1.9	2.4	3.2	3.0	1.4	1.1
Total full-time	-0.6	2.2	-0.9	0.4	-3.9	-1.7							
part-time	2.1	6.5	2.8	1.6	-2.1	4C							
Men full-time	-0.8	1.1	-2.3	-0.6	-4.0	-2C							
part-time	1.4	6.4	6.4	1.7	-6.8	10.6							
Women full-time	-0.1	4.5	2.1	2.3	-3.7	-1.1							
part-time	2.4	6.5	1.4	1.5	-0.3	1.5							
<b>Portugal</b>							<b>United Kingdom</b>						
Employment	1.9	-0.3	0.2	2.6	2.7	2C		-1.1	1.6	0.3	2.3	3.4	3.1
Total full-time	..	..	..	2.3	2.5	2.6		-2.0	0.4	-0.2	1.8	3.4	3.3
part-time	..	..	..	7.4	5.5	-6.5		3.0	6.4	2.2	4.0	3.4	2.2
Men full-time	..	..	..	0.9	1.6	2.1		-2.0	0.5	-0.7	1.0	3.0	2.4
part-time	..	..	..	3.0	5.9	-14.1		1.7	15.7	5.1	15.8	7.2	-6.9
Women full-time	..	..	..	4.6	3.8	3.4		-1.9	0.3	1.0	3.9	4.4	5.3
part-time	..	..	..	9.7	5.2	-2.8		3.1	5.3	1.8	2.3	2.8	3.7
<b>Sweden</b>							<b>United States</b>						
Employment	0.0	0.3	0.5	1.6	1.4	1.5		0.2	3.1	2.3	2.6	2.3	2.0
Total full-time	-0.1	0.8	1.2	.. <sup>b</sup>	2.4	2.5		-0.6	3.7	2.2	2.7	2.4	2.2
part-time	0.2	-1.4	-1.5	.. <sup>b</sup>	-1.3	-1.3		3.9	0.3	2.4	2.2	1.4	1.1
Men full-time	-0.6	-0.1	0.1	.. <sup>b</sup>	1.1	1.4		-1.2	3.1	1.5	1.9	1.9	1.9
part-time	0.0	-1.9	-0.7	.. <sup>b</sup>	5.0	5.6		5.8	-0.9	3.0	2.5	1.5	-0.4
Women full-time	1.0	2.6	3.1	.. <sup>b</sup>	4.8	4.3		0.5	4.6	3.4	3.8	3.2	2.8
part-time	0.3	-1.3	-1.6	.. <sup>b</sup>	-2.5	-2.5		3.0	0.9	2.2	2.0	1.3	1.8
Labour volume	0.8	0.5	0.4	2.3	2.7	..		0.4	3.2	1.6	2.7	2.4	..
<b>Total OECD<sup>c</sup></b>							<b>Total OECD less the United States<sup>e</sup></b>						
Employment	0.1	1.4	1.6	1.8	1.9	1.8		0.0	0.7	1.2	1.4	1.7	1.7
Total full-time	-0.5	1.5	1.3	1.5	1.9	..		-0.5	0.4	0.7	0.9	1.6	..
part-time	3.4	1.8	2.5	2.3	2.3	..		3.1	2.8	2.6	2.5	2.9	..
Men full-time	-0.9	1.1	0.7	1.1	1.5	..		-0.8	0.1	0.3	0.7	1.3	..
part-time	3.7	1.7	3.4	2.1	2.1	..		1.3	4.7	3.8	1.8	2.7	..
Women full-time	0.2	2.3	2.2	2.4	2.5	..		0.0	1.0	1.5	1.5	2.1	..
part-time	3.3	1.8	2.2	2.4	2.4	..		3.5	2.3	2.3	2.6	3.0	..

a) Labour volume estimates are not available for all countries.

b) Because of series breaks, estimates have not been calculated.

c) Growth rates for full-time and part-time cover only countries for which data are available.

Sources: Employment estimates are from *OECD Economic Outlook*, No. 47, June 1990, except for the Netherlands for which employment estimates, based on the Labour Force Survey, were provided by national authorities.

See Annex 1.B for labour volume, and Annex 1.C for full-time and part-time.

among women here may reflect the difficulty in increasing already high participation rates.

In Belgium, France, Japan, the Netherlands and Oceania, part-time work among women generally has progressed faster than full-time work, despite the strong decline in the youth population in both Belgium and the Netherlands. Austria, Germany, Greece and Italy appear to be showing a trade-off between full-time and part-time work among women since 1983, with relatively slower growth in full-time being offset by faster growth in part-time (and conversely). However, it is not clear whether this reflects actual employer hiring strategies in the face of varying and uncertain demand or definitional or estimation problems.

#### 4. Weekly hours worked

The reduction in annual hours shown earlier in Chart 1.3 reflects considerable changes in the composition of employment over the last 30 years, in particular increases in part-time and service employment and in women's share of employment. These changes in employment structure may obscure changes in the length of work for individual workers. The evolution of full- and part-time work summarised in Table 1.5 gives only a partial picture of changes in working time, because working hours can rise or fall within each of these Categories. Household labour force surveys provide data on weekly hours of work with rich industry and socio-economic details. While these data are, in most cases, available only for a limited time period, they do permit an assessment of the size of the differences in typical work schedules for several categories of workers. The data presented below for the period since 1979 refer to weekly hours "actually" worked. This comprises hours worked within a specific "reference week", including overtime, time spent in preparation of the workplace and short rest periods, but excluding paid absences and meal breaks. Average hours exclude persons absent from work for the entire survey week.

##### *a) Weekly hours actually worked by sex, full- and part-time employment and employment status*

Table 1.6 highlights major differences in the typical work schedule of the different groups within the same economy and shows large differences between countries for the same categories of workers. Looking first at the employment status of workers, among self-employed workers hours ranged between 55 (in Belgium, Ireland, Luxembourg) and 45 hours (in Italy, the Netherlands, Spain, Sweden and the United States); for employees they ranged between 33 for Denmark and the Netherlands to 47 hours for Japan. In all countries except

Japan, the self-employed work considerably longer hours than employees.

Large differences in actual weekly hours worked characterise part-time workers, between 24 hours in Italy to 14 hours in New Zealand, partly reflecting differences in definitions of part-time employment across countries. Differences are more limited for full-time workers. For this group, most countries are in a range between 45 hours (in the case of Greece and Ireland) and 40 hours per week (in the case of Denmark, Italy, New Zealand and Spain).

While the growth in part-time employment is the most evident dimension of the increasing diversity of working time arrangements within OECD countries, large differences in work schedules are also present within these two groups. Data on the distribution of full- and part-time workers by hours intervals for EEC countries in 1988 (1987 for Denmark, Greece, the Netherlands and the United Kingdom) suggest a wide variety of working-time arrangements among part-timers. The highest concentration is for most EEC countries in the 11-20 hours interval — ranging from a low 30 per cent in Denmark and the Netherlands to levels above 45 per cent in Belgium, Germany, Ireland and Spain. However, large proportions of part-timers work less than 10 hours — more than one-fifth of all part-timers in Denmark, Ireland, the Netherlands and the United Kingdom. By contrast, many of those categorised as part-timers work more than 30 hours per week: in Denmark, France, Italy, the Netherlands and Portugal, the proportion exceeds 10 per cent. Less variety in time schedules characterises full-timers whose distribution is dominated by a heavy clustering around 40 hours. However, large proportions of full-timers work less than this: around one in every five full-time workers works from 1 to 35 hours in Denmark, Greece, the Netherlands, Spain and the United Kingdom, and around one in every ten workers in Ireland, Italy, France and Portugal. Even more work long hours: the proportion of full-time workers with more than 45 weekly hours was above 20 per cent in France, Greece, Ireland, the Netherlands, Portugal and the United Kingdom, and close to 15 per cent in all other countries<sup>7</sup>.

Women typically work fewer hours per week relative to men within each national economy, with a gap (in ratio terms) between hours for the two groups larger in Australia, Netherlands and Norway (where it ranges from 70 to 73 per cent) than in Greece, Portugal, and Spain (where it ranges from 90 to 93 per cent). The long hours worked by men relative to women hold for most of the employment categories shown in Table 1.6, with the exception of part-time employment in Australia, Canada, Denmark, Germany, Sweden, the United Kingdom and the United States and self-employed women in Portugal.

Table 1.6. **Actual hours worked in the reference week per employed person at work, by full- and part-time employment, employment status and sex<sup>a</sup>**

		All employed			Employed full-time			Employed part-time			Employees			Self-employed		
		Total	Men	Womer	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Australia	1980	38.4	42.3	31.5	42.7	43.7	40.0	16.4	17.3	16.2	37.4	40.7	31.9	44.7	50.0	30.5
	1983	37.8	41.7	31.3	42.4	43.3	40.1	16.4	17.5	16.1	36.6	40.0	31.3	44.2	49.4	31.4
	1988	38.0	42.8	30.9	43.5	44.8	40.4	16.4	16.0	16.5	37.0	41.3	31.1	44.7	50.6	31.4
Belgium	1979	41.3	42.9	37.9	42.5	43.1	41.1	21.7	22.6	21.6	38.5	39.9	35.3	..	..	..
	1983	40.2	42.2	36.4	42.0	42.6	40.5	20.1	22.0	19.8	37.0	38.8	33.5	55.6	57.9	48.3
	1988	39.9	42.5	35.4	42.1	42.9	40.3	19.8	20.0	19.8	36.3	38.6	32.4	57.2	59.2	51.2
Canada <sup>b</sup>	1979	38.6	42.1	33.1	42.0	43.8	38.4	15.4	14.6	15.7	38.0	41.1	33.3	45.9	51.4	31.1
	1983	37.3	40.9	32.3	41.3	43.1	38.2	15.3	14.5	15.7	36.4	39.6	32.1	42.0	47.1	30.4
	1988	38.0	41.7	33.1	42.0	43.9	38.8	16.1	15.1	16.4	37.0	40.4	32.8	41.7	46.9	31.4
Denmark	1979	36.8	41.2	30.8	41.4	42.5	38.6	21.1	15.8	21.8	34.8	38.4	30.2	..	..	..
	1983	37.5	41.9	32.1	42.4	43.6	39.8	21.6	16.9	22.4	35.8	39.7	31.5	52.8	54.0	44.3
	1987	35.3	38.7	31.1	40.1	41.2	38.1	20.0	14.4	21.5	33.8	36.7	30.5	51.0	52.2	44.7
Finland <sup>c</sup>	1979	39.9	41.0	38.7	..	..	..	..	..	..	37.8	39.3	33.2	53.9	51.9	56.5
	1983	38.6	40.8	36.1	..	..	..	..	..	..	36.8	38.6	35.0	48.2	51.1	43.7
	1988	38.9	41.2	36.3	40.7	42.4	38.6	17.5	17.0	17.8	37.2	38.8	35.4	49.0	51.8	44.0
France	1979	42.0	44.5	38.3	43.9	45.0	42.0	21.1	23.5	20.6	40.2	42.3	37.0	..	..	..
	1983	40.4	43.0	36.5	42.4	43.4	40.5	21.4	24.3	20.9	38.2	40.4	35.1	52.9	54.5	46.6
	1988	40.3	43.4	36.0	42.8	44.1	40.6	21.6	22.3	21.4	38.4	41.1	34.9	52.3	54.2	45.8
Germany	1979	40.7	43.4	36.3	43.2	43.7	41.9	21.6	21.5	21.6	39.2	41.7	35.1	..	..	..
	1983	40.2	43.2	35.5	43.0	43.5	41.9	20.7	21.4	20.7	38.7	41.4	34.4	54.3	56.8	45.5
	1988	39.9	42.8	35.3	42.8	43.3	41.7	21.0	20.7	21.0	38.5	41.1	34.6	53.3	56.1	44.4
Greece	1979	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	1983	43.7	45.0	40.9	45.0	45.8	43.3	23.3	23.5	23.1	38.7	39.7	36.2	49.1	50.3	43.1
	1987	41.0	42.4	38.1	42.1	43.0	40.2	21.3	21.6	21.2	37.7	38.6	35.8	45.3	46.6	39.8
Ireland	1979	45.5	48.6	37.5	46.8	49.1	40.0	22.2	25.9	20.8	40.5	42.4	36.6	..	..	..
	1983	43.5	<b>46.5</b>	36.6	45.0	47.1	39.5	22.4	26.2	20.9	39.1	41.0	35.7	57.9	59.3	46.6
	1988	43.6	47.1	36.0	45.7	48.1	39.8	18.7	20.6	17.9	39.2	41.5	35.4	57.6	58.9	46.1
Italy	1979	40.1	41.4	37.1	40.9	41.9	38.6	25.1	26.4	24.2	39.0	40.2	36.3	..	..	..
	1983	39.8	41.2	36.8	40.6	41.6	38.2	23.2	24.6	22.5	38.5	39.9	35.8	43.5	44.4	40.2
	1988	39.6	41.2	36.3	40.4	41.6	37.8	24.5	28.0	22.4	37.9	39.4	35.0	44.4	45.3	41.2
Japan	1979	46.8	50.2	41.3	..	..	..	..	..	..	47.4	49.8	42.6	47.1	51.9	36.5
	1983	46.8	50.9	40.6	..	..	..	..	..	..	47.7	50.8	42.0	46.3	51.8	34.8
	1988	46.8	51.3	40.0	..	..	..	..	..	..	47.7	51.4	41.4	<b>46.0</b>	51.3	34.2
Luxembourg	1979	40.7	42.0	37.7	42.0	42.2	41.3	21.6	23.6	21.3	38.9	40.1	36.1	..	..	..
	1983	40.6	42.2	37.4	42.0	42.4	41.1	22.0	28.7	21.0	38.6	40.1	35.5	56.9	57.6	54.7
	1988	40.1	41.8	37.0	41.3	41.9	39.8	22.8	33.3	20.3	38.6	40.1	35.6	54.2	55.1	51.4
Netherlands	1979	38.8	42.0	30.8	41.2	42.6	36.4	18.9	22.3	18.2	37.2	40.1	30.2	..	..	..
	1983	37.7	42.0	28.9	42.8	43.4	40.5	18.3	21.3	17.4	36.1	39.8	28.4	52.5	56.5	31.8
	1987	34.3	38.8	26.3	41.3	41.9	39.1	17.5	19.5	16.6	33.2	37.0	26.1	44.1	52.2	25.9
New Zealand	1979	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	1983	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	1988	34.9	39.2	29.3	40.4	41.8	37.8	14.1	14.6	13.9	33.5	37.4	29.0	42.4	46.2	32.5
Norway	1980	36.3	41.0	29.2	42.5	43.3	40.2	19.4	20.2	19.2	35.5	40.1	29.0	44.7	47.4	31.9
	1983	35.7	40.8	28.6	42.6	43.4	40.4	19.1	20.3	18.8	34.9	39.9	28.4	43.8	46.4	32.0
	1987	35.9	40.9	29.3	42.6	43.7	40.0	18.7	18.5	18.8	35.2	40.1	29.3	45.3	48.1	34.0
Portugal	1979	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	1983	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	1988	43.0	44.4	41.0	44.4	45.1	43.4	20.7	23.9	19.3	40.8	42.6	38.0	48.0	48.6	47.1

Table 1.6 (Continued). Actual hours worked in the reference week per employed person at work, by full- and part-time employment, employment status and sex<sup>a</sup>

		All emoloved			Emoloved full-time			Emoloved part-time			Employees			Self-employed		
		Total	Men	Women	Total	Men	Women	Total	Men	Women						
Spain	1979	44.1	45.3	41.2	..	..	..	..	..	..	42.4	43.4	39.6	..	..	..
	1983	42.0	43.0	39.4	..	..	..	..	..	..	40.4	41.3	37.9	..	..	..
	1988	39.5	40.6	37.0	40.7	41.0	39.8	18.1	19.2	17.8	39.5	40.6	37.0	..	..	..
Sweden	1979	36.4	40.5	31.1	40.9	41.6	39.4	20.9	19.6	21.1	35.6	39.5	30.8	45.2	48.5	35.1
	1983	36.4	40.5	31.4	41.0	41.8	39.3	21.6	19.6	21.9	35.7	39.5	31.2	44.8	48.5	34.3
	1988	37.6	41.4	33.2	41.6	42.1	39.5	24.3	22.4	24.7	36.6	40.0	32.9	47.6	50.7	39.0
United Kingdom	1979	38.1	43.3	30.1	42.0	43.8	37.5	18.6	18.6	18.6	37.1	42.2	29.7	..	..	..
	1983	36.8	42.1	29.0	41.4	43.0	37.7	17.3	17.1	17.3	35.7	40.8	28.7	46.6	50.6	33.2
	1988	31.2	42.9	29.2	42.7	44.5	38.6	16.9	15.8	17.1	35.9	41.6	28.9	45.8	49.6	33.7
United States	1979	38.9	42.0	34.5	43.1	44.6	40.3	19.0	18.6	19.2	38.5	41.4	34.4	43.8	46.9	34.3
	1983	38.3	41.2	34.5	43.0	44.4	40.6	19.1	18.6	19.4	37.9	40.8	34.5	41.3	44.3	33.5
	1988	39.4	42.4	35.7	43.8	45.3	41.4	19.8	19.4	19.9	39.1	42.0	35.7	41.9	45.2	35.1

a) Hours worked in main job for EEC countries (with the exception of Spain) and Finland; hours worked in all jobs in other countries. Data refer to the month of August for Australia and to the April quarter for all the EEC countries with the exception of Spain. Data for Spain and all other countries are annual averages. For definitions of part- and full-time employment, see Annex 1.C.

b) Averages for all employed persons, employed full-time and employed part-time refer to hours worked in all jobs; averages for employees and self-employed refer to hours worked in main job.

c) Average hours worked in all jobs for 1988 were 39.9, 42.6 and 37.0 for all persons, men and women, respectively.

Sources: Australia: Australian Bureau of Statistics, *The Labour Force*, various issues.

Canada: Data from the monthly labour force survey, supplied by Statistics Canada.

EEC countries: Data from the April Community labour force survey; data for 1979 from EUROSTAT (1981), *Labour Force Sample Survey 1979*; data for other years supplied by EUROSTAT.

Finland: Data from the monthly labour force survey, supplied by Central Statistical Office.

Japan: Data from the monthly labour force survey, supplied by Statistics Bureau, Management and Coordination Agency.

Norway: Data from Central Bureau of Statistics of Norway, *Labour Market Statistics*, various issues.

Spain: Data from the quarterly labour force survey, provided by Instituto Nacional de Estadística.

Sweden: Data from the monthly labour force survey, supplied by Statistics Sweden.

United States: Data from the Current Population Survey, supplied by U.S. Department of Labor, Bureau of Labor Statistics.

#### b) Weekly hours actually worked by industry

Differences in weekly hours worked are also significant across industries. This is shown in Table 1.7 for non-EC countries, and Table 1.8 for countries members of the European Community. Although there are some differences in the industrial classification used by the various countries, the tables highlight consistent international patterns.

Looking first at Table 1.7, agriculture and industrial sectors are characterised, with few exceptions, by above-average hours in most countries. Within the service sector, long hours characterise transport and communication and finance and insurance, while below-average hours dominate in social, community and personal services and distributive trades. Data for EC countries tend to mirror the same industry pattern, with long hours in agriculture and construction (exceptions being Greece and Spain), and low hours in public administration and other services, transport and communications (except for France, Ireland,

Luxembourg and Portugal) but also distributive trades (exceptions are Denmark, Ireland and the United Kingdom). Hours in manufacturing are close to the average<sup>8</sup>.

Differences in the incidence of part-time employment account for only a small fraction of these aggregate differences across industries. Data on weekly hours worked by industry in 1988 for full- and part-time workers in EC countries, not shown here, suggest that the industry dispersion in hours worked for full-time workers mirrors the dispersion for all workers; only in the United Kingdom is the dispersion for full-timers less than the one for all workers. Differences in work schedules for full-timers are also significant in the United States, where they range from 51 hours in agriculture to less than 42 hours in public administration, miscellaneous services and finance. The industry dispersion of weekly hours of full-timers is similar to that of all workers but is significantly less when agricultural employment is excluded, since average hours in agriculture are generally much higher than in other sectors.

Table 1.7. **Actual hours worked in the reference week per employed persons at work, by industry: non-EEC countries"**

	All industries	Agriculture, forestry, fishing and hunting	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Distributive trades, restaurants and hotels	Transport and communication	Finance, insurance, real estate and business services	Social, community and personal services
Australia*										
1983	37.8	45.8	39.5	38.9	37.4	38.2	37.6	39.8	36.9	35.1
1988	38.0	44.7	44.1	40.3	37.0	40.2	36.6	40.1	38.4	35.0
Canada <sup>1</sup>										
1983	36.8	45.7	42.1	39.0	..	38.3	35.0	38.7	37.4	34.6
1988	37.4	45.0	42.9	40.0	..	40.7	35.7	40.2	37.6	34.9
Finland										
1984	39.7	48.1	—————	38.8	—————	42.3	39.4	39.2	37.3	36.6
1988	39.9	49.2	—————	39.2	—————	43.1	39.8	39.8	38.0	37.0
Japan <sup>d</sup>										
1983	46.8	41.3	49.2	46.2	43.8	48.9	49.7	50.0	47.0	44.8
1988	46.8	39.6	48.8	46.8	43.9	49.4	49.1	51.2	47.2	<b>44.5</b>
New Zealand										
1983	..	..	..	..	..	..	..	..	..	..
1988	34.9	40.7	41.3	36.3	38.4	37.3	34.1	38.1	35.3	30.9
Norway										
1983	35.6	40.2	41.8	37.9	37.6	39.2	33.6	38.7	37.0	32.2
1987	35.9	40.6	42.4	37.2	37.8	39.5	34.2	39.4	37.6	32.9
Sweden										
1983	..	..	..	..	..	..	..	..	..	..
1989	37.1	44.4	—————	38.3	—————	39.8	37.8	38.6	38.1	34.3
United States <sup>e</sup>										
1983	38.3	43.4	44.5	40.6	..	38.9	35.8	41.0	38.9	37.1
1988	39.4	43.9	44.9	42.1	..	40.4	37.0	42.1	39.8	38.1

a) Industry classification is based on ISIC categories. For Canada and Sweden the industry classification of both employment and actual hours worked refers to the industry of main employment. For all other countries the industry classification of employment is based on the main job whereas data for hours worked refer to all jobs.

b) Restaurants and hotels are grouped with community, social and personal services; automobile repair is grouped with distributive trades.

c) Electricity, gas and water under transport and communication; restaurants and hotels, and business services under social, community and personal services.

d) Social, community and personal services refer to professional services and other miscellaneous services. Fishing and hunting not included in second column.

e) Forestry and fisheries, business services, hotels are grouped with social community and personal services; sanitary services under transport and communication; electricity, gas and water under transport and communication.

Source: See Table 1.6.

Table 1.8. Actual hours worked in the reference week **Per employed person at work, by industry: EEC countries<sup>a</sup>**

	All industries	Agriculture, forestry, fishing, hunting	Energy and water	Mineral extraction	Metal and engineering manufacturing	Other manufacturing	Construction	Distributive trades	Transport and communication	Finance, insurance, real estate and business services	Public administration	Other services
Belgium												
1983	40.2	59.1	38.7	39.2	38.4	39.9	41.2	45.6	40.1	39.1	37.8	34.9
1988	39.9	61.1	38.6	38.7	39.0	39.5	42.5	45.0	40.5	39.9	37.1	34.1
Denmark												
1983	37.5	51.0	41.0	38.1	39.2	37.3	40.6	37.5	39.7	36.8	38.2	33.3
1987	35.3	46.4	38.0	37.4	36.5	35.1	37.3	34.9	40.0	35.9	35.2	31.4
France												
1983	40.4	50.0	38.4	39.6	39.3	40.6	40.4	43.3	39.6	39.8	38.8	35.2
1988	40.3	48.3	39.1	39.9	40.2	41.0	41.3	43.5	39.8	41.0	38.6	35.0
Germany												
1983	40.2	50.5	40.0	40.1	39.8	39.4	40.9	40.8	41.2	39.5	38.9	36.8
1988	39.9	50.4	40.0	40.0	38.8	39.4	40.8	40.5	41.1	40.0	39.2	37.3
Greece												
1983	43.7	48.6	37.5	40.6	41.1	42.5	37.6	47.0	45.7	39.6	38.6	34.3
1987	41.0	42.3	37.4	39.1	40.0	41.1	36.8	45.3	45.0	38.7	37.2	34.4
Ireland												
1983	43.5	59.1	40.0	40.5	40.3	40.3	41.3	42.8	41.4	39.1	39.4	36.5
1988	43.6	60.2	39.7	41.0	41.4	40.7	41.5	43.1	41.7	40.0	40.0	36.0
Italy												
1983	39.8	40.1	40.5	40.0	40.0	40.2	41.2	42.9	40.7	39.6	38.0	34.8
1988	39.6	40.6	39.9	40.3	40.5	40.2	41.1	43.1	40.3	38.8	37.1	34.7
Luxembourg												
1983	40.6	57.5	39.5	39.3	40.0	39.8	40.2	43.8	39.7	39.0	38.0	36.0
1988	40.1	54.7	39.8	39.7	40.0	40.4	40.7	42.2	39.6	39.3	38.4	36.4
Netherlands												
1983	37.7	49.5	38.7	39.1	39.1	37.9	39.8	39.9	39.7	38.1	38.1	31.1
1987	34.3	45.1	37.0	36.4	36.4	33.1	36.9	36.2	38.2	35.0	34.5	28.3
Portugal												
1983	..	..	..	..	..	..	..	..	..	..	..	..
1988	43.0	47.6	40.5	42.3	43.2	43.0	43.5	46.2	42.7	37.4	40.8	34.4
Spain												
1983	..	..	..	..	..	..	..	..	..	..	..	..
1988	39.1	43.3	37.5	38.3	37.9	38.0	38.5	41.2	40.5	38.0	38.0	34.3
United Kingdom												
1983	36.8	51.0	38.5	39.0	38.9	38.1	41.3	34.8	41.2	35.8	37.3	31.4
1988	37.2	49.4	40.0	40.8	40.7	39.0	42.2	34.8	42.6	<b>36.9</b>	37.0	31.5

a) Industry classification based on the NACE classification. Hours worked in industry of main employment.

Source: Data for all countries were supplied by EUROSTAT on the basis of results from the April Labour Force Community Survey.

## 5. Employment prospects

Employment in OECD countries in 1990 is expected to increase, but at a slower rate than in 1989. A significant slowing down of employment growth is expected in the United States, from 2 per cent in 1989 to 1 per cent in 1990, and much slower growth is anticipated in the United Kingdom. Employment is expected to grow relatively strongly in Canada, Germany and Japan (near 1.5 per cent) and to be near 1 per cent in France. Employment growth in the smaller OECD economies is expected to follow a similar path, with growth falling under 1 per cent in most countries and a decline expected in Finland. Denmark and New Zealand are expected to renew with employment growth, after the declines of the last two years. Employment in Norway is also expected to stop declining. Only Australia, Luxembourg and Spain are projected to show employment growth of near 2 per cent or better in 1990.

After several years of relative stagnation or slow growth, employment in industry has been growing strongly in many countries in the last two years, especially in Australia, Canada, Japan, the Netherlands, Portugal and Spain, even exceeding the growth in services in the first four, although most employment growth is still coming from the service sector. Among larger countries, industry employment growth in the United Kingdom appears to have stalled, while Italy is showing a decline. Norway has experienced an overall downturn in employment, which has been particularly pronounced in industry, with losses on the order of 10 per cent over 1987-1989. On the other hand, Finland and France have shown the first gains in this sector since the beginning of the decade, and growth in industry employment in Germany has resumed as well. Employment growth in services has been especially strong in Australia, Portugal and Spain, weak in Italy, while in Norway, service-sector employment has declined.

The resumption of employment growth in the industry sector in many countries of Europe reflects the improved recovery of these economies from the effects of the recession. Whether these developments will continue in the face of slower employment growth projected for 1990 is not certain. The recovery in some European countries has come at a rather late stage compared to other OECD Members. Further economic and employment growth in countries such as Belgium, France, Ireland and Spain may be affected by restrictive monetary policies undertaken in reaction to similar policies in other countries where wage and inflation pressures are more serious. On the other hand, developments in Eastern Europe may act as a stimulus to many of these economies.

The trend towards a relative increase in the intensity of work as measured by annual hours worked in a number of countries has been occurring at a time of significant demographic change. However, it is not entirely clear whether this trend can actually be attributed to labour supply pressures arising out of reduced population growth. If so, this trend may continue into the 1990s, as the growth in the working-age population continues to slow down, especially if increases in participation rates are not large enough to relieve labour supply pressures. The slowing down, if not the reversal, of the long-term trend towards reduced intensity of participation suggests that labour markets may already be adapting to changes in the structure of labour supply.

## F. SUMMARY AND CONCLUSIONS

As OECD economies enter the 1990s, the working-age population in many Member countries is growing at rates substantially lower than in the past; the youth population in most countries is declining. Labour markets appear to have reacted in different ways to these developments, which have occurred during a period of economic expansion. In countries most subject to the demographic slowdown, reactions have varied generally from a slowdown in the trend towards earlier retirement, more full-time work among women, increases in participation by women, or increases in immigration. Where growth in the working-age population is still significant, women's participation has increased no more strongly than in the past. However, their increased participation in all countries remains the main source of labour force growth from other than demographic sources and will likely continue to do so as demographic changes intensify.

The developments described in this chapter appear to show that additional sources of labour are being tapped in countries in which demographic changes are the most advanced. However, not all of these are showing stronger increases in the participation of women. Moreover, all but one of the OECD countries in which the growth of the working-age population has dropped to near zero has manifested labour and skill shortages in recent years. With continuing demand, participation may need to grow more rapidly as the working-age population begins to contract in some countries over the next decade. While immigration will have a role to play, growth in the labour force will in the main depend upon increases in participation. Expansion of expenditures on child-care facilities may be necessary to facilitate this development.

In recent years, employment growth and unemployment reduction have spread to many European countries, where the recovery from the effects of the recession has been slow. However, the long-term unemployed do not appear to be profiting in all countries from the favourable developments in labour markets; most of the reductions in unemployment in some countries appear to be coming from large decreases in unemployment inflows, which are partly related to demographic changes. Although there is no clear evidence that skill mismatches have been responsible for the persistence of unemployment in certain countries, such mismatches may develop when

prolonged absence from employment renders obsolete skills learned at previous jobs. On the other hand, unemployment generally appears to be a more serious problem in low mobility labour markets, where the experience of job loss and job search tends to be less common, and where workers may be less equipped to handle the “experience” of unemployment. In all countries, the shift in the demographic composition of the labour force and of unemployment towards older workers will require a reorientation of labour market programmes and an emphasis on training of the employed, as the traditional sources of new skills (i.e. youth) contract.

## NOTES

1. The projections shown in Chart 1.1 are based on migration assumptions that vary from country to country and which date from 1985. Changes in migration patterns such as those that have occurred recently in a number of countries, among them Australia, Canada, Germany, Luxembourg, Switzerland (increases) and Ireland (declines), may change the nature of the projections. In certain countries, especially Germany, Luxembourg and Switzerland, recent increases in migration have counteracted the weak growth in the working-age population projected over 1985-1990.
2. Vacancy data generally refer to the number of vacancies listed with public employment offices and remaining unfilled at a given point in time. Canada and the United States measure vacancies through an index of help-wanted advertising. In Australia a sample survey on job vacancies has been conducted since 1979. In most countries the listing of vacancies with employment offices is not obligatory and coverage rates are low, typically less than one-third in many European countries. Even in those countries such as Sweden, Norway and Finland (since 1988) where employers are obligated by law to notify the public employment service of all vacancies, coverage is known not to be complete. Moreover, the extent of under-reporting varies pro-cyclically and by occupation. When labour supply is plentiful and hiring is easy, employers may rely on means other than the public employment service. The latter also tends to be used more often for particular types of jobs. Because of the imperfect coverage of the vacancy data and the fact that the coverage can vary over time, it can be difficult to assess the significance of movements in vacancies. However, they have in the past shown themselves to be excellent cyclical indicators of the state of the labour market.
3. According to the data analysed by Hart (1987) “the beginning of a significant cyclical downturn in economic activity is marked by a shortfall in hours below the trend path that precedes a fall in employment” (p. 15), although there are exceptions to this pattern. Hart also notices that while the deviation of total hours worked from the trend is dominated by employment changes in France, Germany, the United Kingdom and the United States, the contribution of hours is typically larger in European countries than in the United States, and in Japan it becomes the dominant influence.
4. Data on annual hours covering establishments with 30 employees or more, available for a longer time period, indicate a cumulative fall approaching 15 per cent from 1960 to 1975 and little movement thereafter.
5. Data on annual paid holidays granted by legislation, shown in OECD (1983, p. 39), also suggest significant increases since the 1960s.
6. Data for establishments with 5 to 29 employees indicate a lower number of days not worked per year (85.4 days in 1986) and similar increases over time (60.2 days not worked per year in 1960, 83 in 1974).
7. Among other OECD countries, the proportion of all employed persons working more than 49 hours in 1988 was almost 40 per cent in Japan (with around 20 per cent working more than 60 hours per week) and at 17 and 18 per cent for Australia and the United States respectively. Data for the United States in the period 1973-1985 suggest a growing differentiation in work schedules, with increases at both ends of the hours distribution [Smith (1986)].
8. Industry patterns of weekly hours worked are also significantly differentiated by sex. According to the analysis of Sollogoub (1986) for EEC countries, based on data on weekly hours actually worked per employed persons in 1983, hours are mainly differentiated by sector of economic activity for men and by country for women.



## Annex I.A

## STANDARD STATISTICAL TABLES

Table 1.A.1 Growth of real GDP/GNP in the OECD area<sup>a</sup>

	1988 Share in total OECD GDP	Percentage changes from previous year				
		Average 1979-87	1988	1989	1990	1991
<b>North America<sup>a</sup></b>	<b>39.3</b>	<b>2.4</b>	<b>4.5</b>	<b>3.0</b>	<b>2.3</b>	<b>2.5</b>
Canada	3.3	2.9	5.0	2.9	2.0	2.6
United States <sup>b</sup>	35.9	2.4	4.4	3.0	2.3	2.5
<b>Japan<sup>b</sup></b>	<b>18.7</b>	<b>3.9</b>	<b>5.7</b>	<b>4.9</b>	<b>4.7</b>	<b>4.0</b>
<b>Central and Western Europe</b>	<b>26.5</b>	<b>1.6</b>	<b>3.8</b>	<b>3.5</b>	<b>2.9</b>	<b>2.8</b>
Austria	0.9	1.6	4.2	3.8	3.4	2.9
Belgium	1.1	1.5	4.3	4.2	3.3	2.7
France	7.0	1.7	3.8	3.7	<b>3.1</b>	2.9
Germany <sup>b</sup>	8.7	1.4	3.6	4.0	3.9	3.4
Ireland <sup>b</sup>	0.2	1.3	1.2	4.0	3.8	3.7
Luxembourg	0	2.6	4.3	3.5	3.4	3.0
Netherlands	1.6	1.2	3.0	4.3	3.3	3.1
Switzerland	1.3	2.0	3.0	3.3	2.6	2.4
United Kingdom	5.6	2.0	4.5	2.3	0.9	1.9
<b>Southern Europe</b>	<b>10.1</b>	<b>2.3</b>	<b>4.4</b>	<b>3.6</b>	<b>3.4</b>	<b>3.3</b>
Greece	0.4	1.2	3.9	2.9	1.4	2.1
Italy	6.1	2.2	4.2	3.2	3.1	3.2
Portugal	0.3	2.3	3.9	5.4	4.0	4.0
Spain	2.4	2.1	5.2	4.9	4.2	3.8
Turkey <sup>b</sup>	0.9	4.6	3.7	1.7	4.2	4.3
<b>Nordic countries</b>	<b>3.5</b>	<b>2.6</b>	<b>2.0</b>	<b>2.9</b>	<b>1.4</b>	<b>1.5</b>
Denmark	0.8	2.0	-0.2	1.1	1.1	2.0
Finland	0.7	3.2	5.2	5.0	1.7	1.1
Iceland	0	3.8	-0.9	-3.8	0.1	0.9
Norway	0.6	3.6	0.9	5.0	2.7	3.9
Sweden	1.3	2.0	2.3	2.1	0.7	0.1
<b>Oceania</b>	<b>1.9</b>	<b>2.9</b>	<b>3.4</b>	<b>4.3</b>	<b>0.5</b>	<b>2.8</b>
Australia	1.6	3.0	3.6	4.9	0.3	2.8
New Zealand	0.3	2.0	1.7	0.7	2.0	2.9
<b>OECD Europe</b>	<b>40.1</b>	<b>1.9</b>	<b>3.8</b>	<b>3.5</b>	<b>2.9</b>	<b>2.8</b>
<b>EEC</b>	<b>34.3</b>	<b>1.8</b>	<b>3.9</b>	<b>3.5</b>	<b>3.0</b>	<b>3.0</b>
<b>Total OECD</b>	<b>100.0</b>	<b>2.5</b>	<b>4.4</b>	<b>3.6</b>	<b>2.9</b>	<b>2.9</b>

a) Aggregates are computed on the basis of 1987 values expressed in 1987 U.S. dollars.

b) GNP.

Source: OECD Economic Outlook, No. 47, June 1990.

Table I.A.2 Growth of employment and labour force in OECD area<sup>a</sup>

	Employment						Labour force					
	1988	1979-87	1988	1989	1990	1991	1988	1979-87	1988	1989	1990	1991
	000s	Average	Annual percentage change				000s	Average	Annual percentage change			
<b>North America</b>	<b>127 216.8</b>	<b>16</b>	<b>23</b>	<b>20</b>	<b>1.1</b>	<b>1.1</b>	<b>134 942.4</b>	<b>17</b>	<b>1.6</b>	<b>1.8</b>	<b>12</b>	<b>1.3</b>
Canada	12 245.4	1.7	3.2	2.0	1.3	1.0	13 276.0	1.9	2.0	1.7	1.5	1.5
United States	114 971.4	1.6	2.3	2.0	1.0	1.1	121 666.4	1.7	1.5	1.8	1.1	1.3
<b>Japan</b>	<b>60 114.2</b>	<b>0.9</b>	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>	<b>1.5</b>	<b>61 664.3</b>	<b>1.0</b>	<b>1.4</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>
<b>Central and Western Europe</b>	<b>91 777.7</b>	<b>0.1</b>	<b>1.5</b>	<b>1.8</b>	<b>1.0</b>	<b>0.7</b>	<b>99 534.4</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>1.1</b>	<b>0.7</b>
Austria	3 308.0	0.2	0.3	1.4	1.1	1.0	3 430.0	0.5	0.1	1.2	0.9	0.9
Belgium	3 702.0	-0.3	1.5	1.3	0.7	0.6	4 126.0	0.2	0.3	0.2	0.1	0.1
France	21 713.0	-0.2	0.8	1.0	0.9	0.7	24 123.3	0.4	0.2	0.5	0.7	0.6
Germany	27 455.8	0.4	0.7	1.3	1.6	1.4	29 253.1	0.9	0.7	0.6	2.2	1.2
Ireland	1 091.0	-0.6	0.3	0.8	1.0	0.8	1 310.0	0.8	-0.7	-0.6	0.2	0.5
Luxembourg	174.1	1.0	3.1	3.0	2.6	2.3	176.6	1.1	2.9	2.9	2.6	2.3
Netherlands <sup>b</sup>	4 814.0	-0.1	1.3	1.7	1.4	1.1	5 249.0	0.6	0.9	0.7	0.8	0.6
Switzerland	3 478.8	0.6	1.2	1.4	1.1	0.9	3 503.6	0.7	1.1	1.3	1.1	0.9
United Kingdom	26 041.0	-0.1	3.4	3.1	0.5	-0.1	28 362.8	0.7	0.9	0.9	0.4	0.4
<b>Southern Europe</b>	<b>57 202.0</b>	<b>0.7</b>	<b>1.9</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>65 303.4</b>	<b>1.3</b>	<b>1.7</b>	<b>0.8</b>	<b>1.1</b>	<b>1.0</b>
Greece	3 657.0	1.0	1.6	1.2	0.4	0.4	3 960.0	1.8	2.0	1.0	0.8	0.7
Italy	20 932.1	0.3	1.7	-0.5	0.6	0.5	23 816.7	0.9	1.7	-0.5	0.7	0.6
Portugal	4 281.4	1.1	2.7	2.0	1.5	1.2	4 543.7	0.9	1.2	1.5	1.5	1.2
Spain	11 781.4	-0.8	2.9	4.1	2.3	1.9	14 633.0	1.0	1.6	1.3	0.8	0.8
Turkey	16 550.0	2.0	1.4	1.1	1.2	1.3	18 350.0	2.0	1.8	1.8	1.7	1.7
<b>Nordic countries</b>	<b>11 672.8</b>	<b>0.8</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>12 176.3</b>	<b>0.9</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Denmark	2 595.2	0.8	-0.6	-0.7	0.4	0.8	2 839.0	1.0	0.2	0.1	0.4	0.4
Finland	2 430.7	0.9	0.3	1.5	-0.5	-0.9	2 547.5	0.8	-0.2	0.4	-0.2	-0.2
Iceland	135.2	3.2	2.7	0.4	0.4	0.2	136.0	3.2	2.8	1.6	1.0	-0.1
Norway	2 112.7	1.4	-0.6	-3.1	0	0.6	2 183.0	1.4	0.6	-1.3	0	0.5
Sweden	4 399.1	0.5	1.4	1.5	0.7	0.4	4 470.8	0.5	1.1	1.3	0.9	0.8
<b>Oceania</b>	<b>8 968.0</b>	<b>1.7</b>	<b>2.5</b>	<b>3.6</b>	<b>1.8</b>	<b>1.4</b>	<b>9 638.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.8</b>	<b>2.4</b>	<b>1.6</b>
Australia	7 468.3	1.9	3.7	4.4	2.0	1.4	8 043.3	2.2	2.8	3.3	2.8	1.8
New Zealand	1 499.7	0.9	-3.5	-0.5	0.5	1.0	1 595.4	1.1	-1.5	0.8	0.5	1.0
<b>OECD Europe</b>	<b>160 652.5</b>	<b>0.3</b>	<b>1.6</b>	<b>1.4</b>	<b>1.0</b>	<b>0.8</b>	<b>177 014.1</b>	<b>0.9</b>	<b>1.0</b>	<b>0.7</b>	<b>1.0</b>	<b>0.8</b>
<b>EEC</b>	<b>128 238.1</b>	<b>0.1</b>	<b>1.7</b>	<b>1.6</b>	<b>1.1</b>	<b>0.8</b>	<b>142 393.2</b>	<b>0.8</b>	<b>0.9</b>	<b>0.5</b>	<b>1.0</b>	<b>0.7</b>
<b>Total OECD</b>	<b>356 951.6</b>	<b>0.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.2</b>	<b>1.1</b>	<b>383 259.6</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>

a) For sources and definitions, see *OECD Economic Outlook*, No. 47, June 1990.

b) Estimates provided by national authorities.

**Table 1.A.3 Unemployment in the OECD area<sup>a</sup>**

	1988	1979-87	1988	1989	1990	1991	1979-87	1988	1989	1990	1991
	000s	Per cent of labour force <sup>b</sup>					Millions				
<b>North America</b>	7 725.6	7.7	5.7	5.5	5.6	5.7	96	7.7	7.5	7.7	8.0
Canada	1 030.6	9.5	7.8	7.5	7.7	8.2	1.2	1.0	1.0	1.1	1.1
United States	6 695.0	7.5	5.5	5.3	5.3	5.4	8.4	6.7	6.5	6.7	6.9
<b>Japan</b>	1 550.1	2.5	2.5	2.3	2.2	2.3	1.5	1.6	1.4	1.4	1.5
<b>Central and Western Europe</b>	7 756.7	7.5	7.8	6.8	6.8	6.8	7.3	7.8	6.8	6.9	6.9
Austria	122.0	2.9	3.6	3.4	3.2	3.2	0.1	0.1	0.1	0.1	0.1
Belgium	424.0	11.0	10.3	9.3	8.7	8.3	0.5	0.4	0.4	0.4	0.3
France	2 410.3	8.6	10.0	9.5	9.3	9.2	2.0	2.4	2.3	2.3	2.3
Germany	1 797.2	5.3	6.1	5.5	6.1	5.9	1.5	1.8	1.6	1.8	1.8
Ireland	219.0	13.1	16.7	15.5	14.9	14.6	0.2	0.2	0.2	0.2	0.2
Luxembourg	2.5	1.3	1.4	1.3	1.3	1.3	0	0	0	0	0
Netherlands <sup>c</sup>	435.0	8.1	8.3	7.4	6.8	6.4	0.4	0.4	0.4	0.4	0.3
Switzerland	24.9	0.6	0.7	0.6	0.6	0.6	0	0	0	0	0
United Kingdom	2 321.8	9.6	8.2	6.2	6.1	6.5	2.6	2.3	1.8	1.7	1.9
<b>Southern Europe</b>	8 101.5	11.3	12.4	12.0	11.9	11.9	6.9	8.1	7.9	7.9	8.0
Greece	303.0	5.9	7.7	7.5	7.9	8.2	0.2	0.3	0.3	0.3	0.3
Italy	2 884.6	9.6	12.1	12.1	12.2	12.3	2.2	2.9	2.9	2.9	2.9
Portugal	262.3	8.0	5.8	5.3	5.3	5.3	0.3	0.3	0.2	0.2	0.3
Spain	2 851.6	16.9	19.5	17.3	16.1	15.2	2.3	2.9	2.6	2.4	2.3
Turkey	1 800.0	11.2	9.8	10.4	10.9	11.2	1.9	1.8	1.9	2.1	2.2
<b>Nordic countries</b>	503.5	4.4	4.1	4.3	4.4	4.6	0.5	0.5	0.5	0.5	0.6
Denmark	243.9	8.6	8.6	9.3	9.3	9.0	0.2	0.2	0.3	0.3	0.3
Finland	116.8	5.2	4.6	3.5	3.8	4.5	0.1	0.1	0.1	0.1	0.1
Iceland	0.8	0.7	0.6	1.7	2.3	2.0	0	0	0	0	0
Norway	70.3	2.4	3.2	5.0	5.0	4.9	0	0.1	0.1	0.1	0.1
Sweden	71.7	2.2	1.6	1.4	1.6	2.0	0.1	0.1	0.1	0.1	0.1
<b>Oceania</b>	670.7	6.9	7.0	6.3	6.9	7.2	0.6	0.7	0.6	0.7	0.7
Australia	575.0	7.6	7.1	6.1	6.9	7.2	0.5	0.6	0.5	0.6	0.6
New Zealand	95.7	3.7	6.0	7.2	7.2	7.2	0.1	0.1	0.1	0.1	0.1
<b>OECD Europe</b>	16 361.6	8.7	9.2	8.6	8.6	8.5	14.8	16.4	15.3	15.4	15.5
<b>EEC</b>	14 155.1	9.1	9.9	9.0	8.9	8.8	12.5	14.2	12.9	12.9	12.9
<b>Total OECD</b>	26 308.0	7.3	6.9	6.4	6.4	6.5	26.4	26.3	24.9	25.3	25.8

a) For sources and definitions, see OECD *Economic Outlook*, No. 47, June 1990.

b) The rates are not necessarily comparable between countries. For rates standardized to common definitions, see Table I.A.4.

c) Values for 1987 and 1988 use the new national measurement method.

**Table 1.A.4 Standardized unemployment rate in sixteen OECD countries**  
Per cent of total labour force

	1979	1984	1985	1986	1987	1988	1989
<b>North America</b>	<b>5.9</b>	7.8	7.4	7.1	6.4	5.7	5.4
Canada	7.4	11.2	10.4	9.5	8.8	7.7	7.5
United States	5.8	7.4	7.1	6.9	6.1	5.4	5.2
<b>Japan</b>	<b>2.1</b>	2.7	2.6	2.8	2.8	2.5	2.3
<b>Central and Western Europe</b>	<b>4.8*</b>	9.7	9.6	9.4*	9.0*	8.3*	7.3*
Belgium <sup>a</sup>	8.2	12.1	11.3	11.2	11.0	9.7	8.1*
France	5.9	9.7	10.2	10.4	10.5	10.0	9.6*
Germany <sup>a</sup>	3.2*	7.1	7.2	6.4	6.2	6.2	5.5
Netherlands	5.4	11.8	10.6	9.9*	9.6*	9.2*	8.3*
United Kingdom	5.0*	11.7	11.2	11.2	10.3	8.5*	6.9*
<b>Southern Europe<sup>b</sup></b>	..	12.8	13.4	13.8	13.6	13.2	12.4
Italy	7.6	9.4	9.6	10.5	10.9	11.0	10.9
Portugal		8.4	8.5	8.5	7.0	5.7	5.0
Spain	8.5	20.0	21.4	21.0	20.1	19.1	16.9
<b>Nordic countries</b>	<b>3.1</b>	3.7	3.4	3.3	2.8	2.8	2.8
Finland	5.9	5.2	5.0	5.3	5.0	4.5	3.4
Norway	2.0	3.1	2.6	2.0	2.1	3.2	4.9
Sweden	2.1	3.1	2.8	2.7	1.9	1.6	1.4
<b>Oceania</b>				7.3	7.3	6.9	6.3
Australia	6.2	8.9	8.2	8.0	8.0	7.2	6.1
New Zealand				3.9	4.0	5.6	7.1
<b>Total of above countries<sup>b</sup></b>	<b>5.1*</b>	7.9	7.8	7.7*	7.3*	6.7*	6.2*

a) New series based on EEC Labour Force Surveys. See OECD, *Quarterly Labour Force Statistics*, No. 2, 1990.

b) Standardized estimates are not available for Portugal prior to 1983. The estimate for Southern Europe and the overall total for 1979 thus exclude Portugal. Note: in so far as it was possible, the data have been adjusted to ensure comparability over time and to conform to the guidelines of the International Labour Office. All series in this table are benchmarked to labour-force-survey-based estimates. In countries with annual surveys, monthly estimates are obtained by interpolation/extrapolation and incorporating trends in administrative data series, where available. The annual figures are then calculated by averaging the monthly estimates (for both unemployed and the labour force). For countries with monthly or quarterly surveys, the annual estimates are obtained by averaging the monthly or quarterly estimates respectively. For several countries the adjustment procedure used is similar to that of the Bureau of Labor Statistics, US Department of Labor. For EEC countries, the procedure are similar to those used in deriving the Comparable Unemployment Rates (CURs) of the Statistical Office of the European Communities. Minor differences may appear mainly because of different methods of calculating and applying adjustment factors and because EEC estimates are based on the civilian labour force. Series adjusted or calculated by the OECD are marked by an asterisk(\*). A break in a series is indicated by (I).

Source: See OECD, *Quarterly Labour Force Statistics*, No. 2, 1990.

**Table 1.AS Labour costs in the OECD area business sector<sup>a</sup>**

Percentage changes from previous period

	Compensation per employee						Unit labour costs					
	1976-86	1987	1988	1989	1990	1991	1976-86	1987	1988	1989	1990	1991
<b>North America</b>	<b>6.6</b>	<b>4.4</b>	<b>4.8</b>	<b>5.4</b>	<b>5.7</b>	<b>5.7</b>	<b>6.0</b>	<b>3.4</b>	<b>3.5</b>	5.1	<b>4.9</b>	<b>4.1</b>
Canada	7.3	6.6	6.0	7.2	7.0	5.5	6.0	4.7	4.0	6.1	6.2	3.1
United States	6.6	4.2	4.1	5.3	5.6	5.7	6.0	3.3	3.4	5.0	4.8	4.2
<b>Japan</b>	<b>5.3</b>	<b>3.0</b>	<b>3.4</b>	<b>4.3</b>	<b>5.2</b>	<b>5.2</b>	<b>1.9</b>	<b>-0.8</b>	<b>-0.8</b>	<b>1.2</b>	<b>2.1</b>	<b>2.5</b>
<b>Central and Western Europe</b>	<b>8.1</b>	<b>3.9</b>	<b>4.4</b>	<b>4.4</b>	<b>5.6</b>	<b>5.6</b>	<b>5.8</b>	<b>2.1</b>	<b>1.6</b>	<b>2.5</b>	<b>3.6</b>	<b>3.3</b>
Austria	6.6	3.0	3.7	5.3	6.4	6.5	4.6	1.3	-0.7	2.7	3.9	4.4
Belgium	1.4	2.1	2.4	4.8	5.6	5.8	5.0	0.8	-0.7	1.6	2.8	3.5
France	11.1	3.8	4.3	4.8	4.6	4.4	8.1	1.3	0.9	1.8	2.1	2.1
Germany	5.1	3.2	3.3	2.4	4.5	5.0	3.4	2.1	0.1	-0.1	2.0	2.8
Ireland	14.0	6.9	3.3	3.8	4.8	5.9	9.1	2.2	-0.7	-1.5	0.4	2.0
Netherlands	4.1	1.5	1.7	1.4	4.5	4.4	2.8	1.9	-0.2	-1.4	2.4	2.1
Switzerland	5.1	4.8	4.8	5.3	6.2	6.2	3.6	3.8	2.8	3.2	4.4	4.6
United Kingdom	11.1	6.1	1.9	7.5	8.8	8.0	8.4	3.4	6.6	9.1	8.6	5.7
<b>Southern Europe<sup>b</sup></b>	<b>16.2</b>	<b>8.1</b>	<b>8.4</b>	<b>9.2</b>	<b>9.2</b>	<b>8.1</b>	<b>13.4</b>	<b>5.3</b>	<b>5.0</b>	<b>6.3</b>	<b>6.4</b>	<b>5.2</b>
Greece	20.5	9.2	15.2	19.8	19.5	18.0	19.0	9.1	12.5	17.6	18.1	15.8
Italy	15.9	7.8	8.8	9.4	8.5	7.4	13.4	4.9	5.0	6.0	5.4	4.3
Portugal	19.8	20.2	8.9	14.0	14.0	13.0	17.2	16.7	7.4	9.7	10.8	9.4
Spain	15.9	1.3	6.1	6.1	8.6	7.7	12.3	4.3	3.4	5.0	6.4	5.4
<b>Nordic countries*</b>	<b>9.4</b>	<b>7.8</b>	<b>7.0</b>	<b>7.0</b>	<b>7.9</b>	<b>6.3</b>	<b>7.1</b>	<b>6.5</b>	5.1	<b>4.9</b>	<b>6.6</b>	<b>4.7</b>
Denmark	8.6	8.1	3.1	3.2	3.4	3.5	6.2	9.4	0.8	0.8	2.7	1.9
Finland	10.6	8.2	9.9	9.7	10.4	8.4	7.0	4.3	3.1	5.4	1.2	5.5
Norway	9.4	8.4	6.6	3.4	4.6	5.4	1.9	8.5	8.4	1.2	2.2	2.3
Sweden	9.2	1.0	8.1	9.8	11.1	7.2	7.3	4.8	7.1	9.1	11.0	7.2
<b>Oceania</b>	<b>10.0</b>	<b>7.4</b>	<b>7.0</b>	<b>7.6</b>	<b>6.8</b>	<b>6.2</b>	<b>8.7</b>	<b>5.8</b>	<b>6.2</b>	<b>7.2</b>	<b>8.2</b>	<b>4.4</b>
Australia	9.6	6.3	6.8	8.1	7.2	6.6	8.1	4.2	6.9	7.9	9.1	4.9
New Zealand	12.1	13.9	8.4	4.9	4.5	4.0	12.2	14.1	2.3	3.7	3.0	2.0
<b>OECD Europe<sup>b</sup></b>	<b>10.1</b>	<b>5.2</b>	<b>5.6</b>	<b>5.7</b>	<b>6.6</b>	<b>6.2</b>	<b>7.7</b>	<b>3.3</b>	<b>2.7</b>	<b>3.6</b>	<b>4.5</b>	<b>3.9</b>
EEC	<b>10.4</b>	<b>5.1</b>	<b>5.5</b>	<b>5.5</b>	<b>6.5</b>	<b>6.1</b>	<b>7.9</b>	<b>3.1</b>	<b>2.5</b>	<b>3.4</b>	<b>4.3</b>	<b>3.7</b>
Total OECD <sup>b</sup>	<b>7.8</b>	<b>4.5</b>	<b>4.9</b>	<b>5.4</b>	<b>6.0</b>	<b>5.8</b>	<b>5.9</b>	<b>2.6</b>	<b>2.4</b>	<b>3.8</b>	<b>4.3</b>	<b>3.7</b>

a) Aggregates are computed on the basis of 1987 values expressed in 1987 U.S. dollars.

b) Countries shown.

Source: *OECD Economic Outlook*, No. 47, June 1990.



## SOURCES AND DEFINITIONS FOR DATA ON ANNUAL HOURS WORKED

The following describes definitions and sources for the series on "Average Annual Hours Worked" presented in Section E and in Table L of the Statistical Annex, and used for estimating labour volume in Table 1.5. In most countries, estimates are derived by combining information from various sources, which may include administrative data, establishment surveys and household surveys. This process requires making assumptions concerning the coverage, representativeness and relative accuracy of the various sources, which may introduce a margin of error into the estimates.

### *Australia*

An index of annual hours worked is derived from the monthly Labour Force Survey estimates of total hours worked in the reference week. The index includes a correction for the varying incidence of public holidays in the reference week. This series is used to calculate the growth in labour volume shown in Table 1.5. The annual hours series itself is not considered reliable enough to use.

### *Canada*

Data provided by Statistics Canada, Input-Output Division, as published in Statistics Canada, *Aggregate Productivity Measures*. These data are based on the Annual Census of Manufactures for salaried employees in manufacturing, and on the monthly Labour Force Survey for other employed persons (data for the reference week are adjusted for the effect of holidays and strikes; data for other weeks are estimated by interpolation). An alternative series, based on the monthly Labour Force Survey and adjusted for the impact of public holidays, available for the period 1980 to 1987 (1988) indicates a level of annual hours worked 2.9 percentage points above the level shown in Chart 1.1 for 1987 (1 804 against 1 753) and a larger percentage fall over the 1980-1987 period (a cumulative fall of 3.1 per cent according to the Labour Force Survey series, against 1.7 per cent for the productivity series).

### *Finland*

Data, based on the National Accounts, provided by the Central Statistical Office of Finland. An alternative series, based on the Labour Force Survey, indicates rather small discrepancies for employees (the level based on the Labour Force Survey in 1987 is 2.3 per cent above that indicated by the national account series) but larger ones among the self-

employed (with a level based on the Labour Force Survey equal to 0.929 of the corresponding level based on national accounts).

### *France*

Data provided by INSEE, produced in the framework of the National Accounts. Hours worked include normal and overtime hours and exclude hours paid but not worked, meal breaks and time for travel to work.

### *Germany*

Data provided by the Institut für Arbeitsmarkt- und Berufsforschung. The series is from establishment-based statistics on annual hours actually worked by manual workers in manufacturing and on data on hours and components of annual hours for other groups of workers and industries.

### *Italy*

Data provided by ISTAT, based on several surveys conducted by the same institute.

### *Japan*

Secretariat estimates based on data from the Monthly Labour Survey of establishments and from the monthly Labour Force Survey. Data on annual hours actually worked from the Monthly Labour Survey referring to regular employees in the non-agricultural sector excluding government, for establishments of all sizes, were corrected to take into account other employment categories (employed in agriculture, employees in government, self-employed in non-agricultural activities). The estimates from the establishment survey were adjusted using the ratio of average weekly hours actually worked for these groups relative to those for employees and family workers in non-agricultural activities excluding government, from the Labour Force Survey.

### *Netherlands*

"Annual Contractual Hours", Centraal Bureau voor de Statistiek. This series is based on a count of the number of working days per year (defined as the number of potential working days per year minus days of public holidays, days of paid leave, and special forms of reduction of working

time defined in collective agreements), based on different sources, and on the number of “weekly contractual hours”, provided by the (half) Yearly Survey on Earnings. Reference to “contractual” instead of “actual” hours does imply some distortion relative to the other countries shown in Chart 1.1, due to the omission of overtime hours. This bias is likely, however, to be small; data from the Community Labour Force Survey, referring to employees, indicate a ratio of “actual” to “usual” hours worked in the reference week, per person at work, of 0.9972 in 1983, 0.978 in 1985, and of 1.012 in 1987.

### *Spain*

Secretariat estimate based on data from the quarterly Labour Force Survey. Annual hours are estimated as the product of average weekly hours actually worked per employed person times 52. No adjustment for the incidence of public holidays and other days lost is needed due to the continuous nature of the sample design of the Spanish survey, the sample for each quarter being spread over the 12 weeks.

### *Sweden*

Data provided by the Central Bureau of Statistics. The series, prepared in the context of the National Accounts, is a composite series based on both the Labour Force Survey and establishment surveys.

### *United States*

Data provided by the Bureau of Labor Statistics. The series shown in Chart 1.1 are based on three different sources: the Current Employment Statistics (CES) program, which collects data on “Hours Paid” of nonfarm business employees; the Hours at Work Survey, which collects annually data on the ratio of hours at work to hours paid for the same sample; the Current Population Survey, which is used to derive estimates of hours worked for farm employees, the self-employed and unpaid family workers.

## SOURCES AND DEFINITIONS FOR DATA ON PART-TIME WORK

The definition of part-time work varies considerably across OECD Member countries. Essentially three main approaches can be distinguished:

- a classification based on the worker's perception of his/her employment situation;
- a cut-off (generally 30 or 35 hours) based on usual working hours, with persons usually working less than this cut-off being considered part-timers;
- a comparable cut-off based on actual hours worked during the reference week.

A criterion based on actual hours will generally yield a part-time rate higher than one based on usual hours, particularly if there are temporary reductions in working time as a result of holidays, illness, short-timing, etc. On the other hand, it is not entirely clear whether a classification based on the worker's perception will necessarily yield estimates of part-time work that are higher or lower than one based on a fixed cut-off. In one country (France) which changed from 1981 to 1982 from a definition based on an actual hours cut-off (30 hours) to one based on the respondent's perception, the latter criterion appeared to produce slightly higher estimates.

Other factors as well affect the international comparability of the estimates. In some countries, the hours cut-off is based on hours for the main job, in others on total hours for all jobs. Certain countries do not consider unpaid family workers to be employed unless they work more than a minimum number of hours, so that such workers do not enter into counts for part-time workers. The following describes the sources and definitions used for OECD Member countries, as well as the adjustments made by the Secretariat to ensure historical comparability.

For sources and methods for countries other than Austria, the Netherlands, New Zealand and Norway, see *Employment Outlook 1989*, Annex 1.B.

### **Austria**

Data are based on averages of quarterly estimates from the *Mikrozensus* (Central Statistical Office of Austria). Data are for salaried workers and persons in private households only. Persons working less than 13 hours per week are not considered employed in the *Mikrozensus*. Available data were based on a usual hours criterion with a 35 hour cut-off being applied.

### **Netherlands**

Data are from the annual Labour Force Survey (*Arbeidskrachtentelling*, conducted in odd-numbered years) up to 1985, replaced by the continuous Labour Force Survey (*Enquête Beroepsbevolking*) from 1987 on. Interviews up to 1985 were conducted by local civil servants, and thereafter by a permanent trained interviewing staff. Part-timers are persons with less than 35 usual hours in the main job. The proportion of part-timers recorded by the Labour Force Survey increased substantially in 1987 relative to the 1985 survey. Estimates from the new and old surveys are not considered comparable.

### **New Zealand**

Up to 1985, estimates are from the Quarterly Employment Survey (of establishments) and refer to the month of April up to 1979 and May thereafter. Figures were obtained from the *Labour and Employment Gazette* and from national authorities. The survey covers business establishments employing two or more persons in all industries except agriculture, hunting, fishing, waterfront work, seagoing work, and domestic service in private households. Working proprietors of businesses are considered full-timers. Work schedules of less than 30 hours per week are considered to be part-time. Coverage of total employment is estimated to be about 75 per cent (1988). Estimates of the proportion of part-time workers from this source were approximately 3 per cent lower for men and 6 per cent lower for women in 1988 than estimates from the Labour Force Survey (for which data are available only from 1986 on). From 1986 on, data are based on annual averages of quarterly estimates from the New Zealand Labour Force Survey. Part-time workers are persons who *actually* worked less than 30 hours in the reference week, except for persons who *usually* work 30 hours or more but did not work during the reference week, who are classified as full-timers. Estimates prior to 1986 have been chain-linked to those for later years using a ratio of new-to-old estimates calculated for 1986.

### **Norway**

Figures are averages of quarterly estimates from the Labour Force Survey and were obtained from *Arbeids-*

*marked Statistikk*, Central Bureau of Statistics, and from national authorities. **Up** to 1988, only data on actual hours were available, and part-time work was defined as work of less than 35 actual hours per week. From the second quarter 1988, data on usual hours are collected. On this basis, part-time work is defined as work of less than 37 usual hours,

except for persons working 30 to 36 usual hours who state that their work is full-time. Data prior to 1987 exclude unpaid family workers working less than 10 hours per week. Estimates prior to 1989 have been chain-linked to those for later years using a ratio of new-to-old estimates calculated for 1989.