

Different Routes to Improved Employment in Europe

Jørgen Goul Andersen
with Jan Bendix Jensen¹

1) The research for this chapter was conducted for The Danish Democracy and Power Study and for COST A13 'Changing Labour Markets, Welfare Policies and Citizenship'. A comparative study will be published in J.Goul Andersen, Jochen Clasen, Wim van Oorschot and Knut Halvorsen, eds., *Unemployment, Welfare Policies and Citizenship*. We are indebted to colleagues in COST, and in particular to Adrian Sinfield, for useful comments. Sanne Lund Clement participated in preparing some of the data at an early stage.

Introduction

During the 1990s, many economic experts and policy-makers came to agree that unemployment in Europe is mainly a structural problem rooted in the insufficient adaptation of European labour markets and welfare states to the new challenges of globalization and technological change. In broad terms, it is possible to speak of a dominant philosophy or '*standard interpretation*' which explains the unemployment problems in Europe in terms of the inflexibility and disincentives of regulated labour markets, compressed wage structures and generous welfare states. Such '*politics against markets*' allegedly become counter-productive in a globalizing economy. The proposed solutions not only include active labour market policies, but also point to deregulation and wage flexibility as imperative elements. *Wage flexibility* means lower *de facto* minimum wages, not least aimed at creating more service jobs for low-skilled workers. Lower minimum wages, in turn, presuppose less generous social protection. In short, European welfare states are facing a trade-off, or at best a dilemma between equality and employment (OECD, 1994 and 1997; Esping-Andersen, 1999, pp.180-84).

This *standard interpretation* was stimulated by the situation in the mid-1990s, when high unemployment was a nearly universal phenomenon in Europe. Since then, however, quite a few European countries have experienced a significant decline in unemployment. Moreover, they include countries that have adopted rather different strategies. There therefore seem to be more routes to improved employment than have been recognized until now. This points to a need to examine such alternative routes more carefully. Indeed, the experience of the mid-1990s gave rise to overly pessimistic interpretations concerning the overall sustainability of European welfare arrangements which were coloured by the effects of the tightening of fiscal policies to meet the convergence criteria for Economic and Monetary Union. Such *sound* policies may be beneficial in the long term, but undoubtedly aggravated the employment crisis in the short run. Assertions concerning the flexibility of the United States' economy also deserve attention. This chapter examines variations between European countries, highlights alternative routes and discusses the compatibility between maintaining generous social protection and improving employment.

The '*standard interpretation*' of structural unemployment

According to the standard interpretation outlined in Figure 1, unemployment in Europe is a *structural* problem which has its roots in inflexible labour markets. Even high economic growth will only improve unemployment up to the threshold of structural unemployment, which is defined in terms of compatibility with price or wage stability.² If actual unemployment comes below that level, employers will start competing for skilled workers who are already employed, rather than hiring unemployed people with low skills and low productivity. This, in turn, leads to rising prices, reduced competitiveness and renewed recession.

2) Labelled NAIRU or NAWRU, respectively: Non Accelerating Inflation (Wage) Rate of Unemployment, estimated on the basis of econometric analyses of the relationship between unemployment and inflation.

Figure 1. The ‘standard interpretation’ of structural unemployment: Problem definitions and possible solutions.

Problem	Solution
	1.1. More wage flexibility: Less compressed wage structures/ lower reservation wages * this presupposes less generous social protection * inequality may be alleviated by tax compensation
1. Gap between wages and productivity for low-skilled w.	1.2. Higher productivity * Activation of unemployed * Education/qualification
	1.3. Subsidize low-productive services
2. Inflexibility and distortions to smooth functioning of markets	2.1. More flexible employment protection 2.2. More flexible working-time 2.3. Avoid distortions/disincentives of tax/welfare system 2.4. More strict works test/ workfare

The core problem is the gap between wages and productivity for less skilled workers. Logically, there are three solutions to this problem:

- *wage flexibility* through lower minimum wages and less compressed wage structures that reflect differences in productivity. This presupposes less generous social protection in order to secure lower *reservation wages* (that is, the lowest wage for which the individual is willing to accept a job) among the unemployed. If the distributional consequences for the ‘working poor’ are unacceptable, this may be alleviated through some kind of tax compensation. Not surprisingly, the labour movement prefers to bridge the gap by:
- *higher qualifications*, both among the labour force in general, and the unemployed in particular. Finally:
- *subsidies*: the costs of low-productive service labour may be reduced through a variety of direct or indirect subsidies (such as reducing value added tax for particular services).

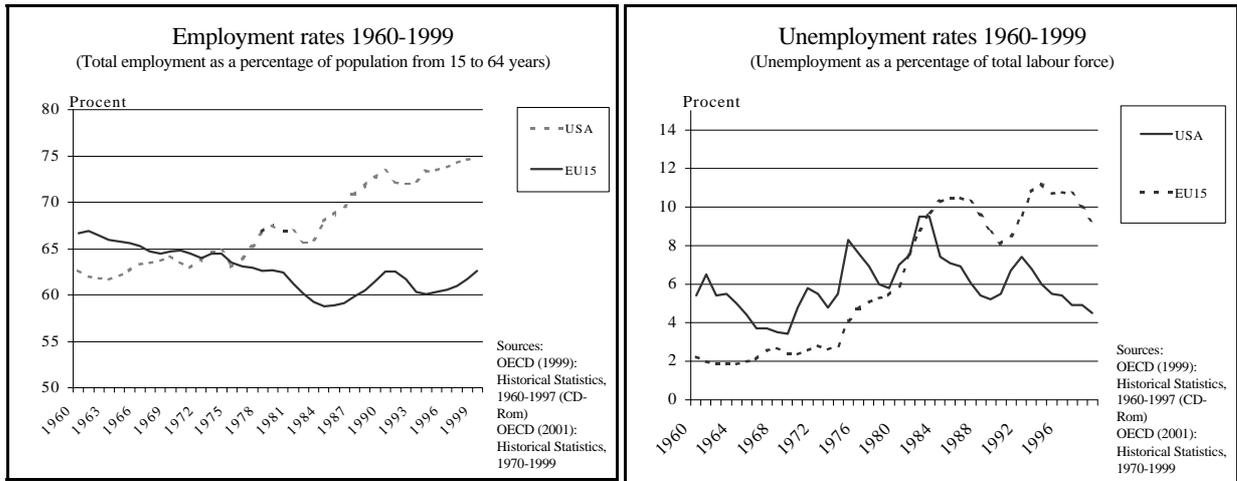
There are also other disturbances to the smooth functioning of markets which lead to higher structural unemployment and/or lower competitiveness (see points 2.1-2.4 in Figure 1). These include: too rigid employment protection; inflexible working hours; disincentives in the tax/welfare system; and overly easy access to unemployment benefits. Once again, the main proposed solution is deregulation and improved work incentives. Structural unemployment is basically seen as a question of the disturbance of market forces and most solutions, such as wage flexibility, flexible employment protection and flexible working time, are intended to restore

market flexibility. Together with general measures to stimulate growth and productivity, the solutions sketched out in Figure 1 reflect, among others, the interpretations and proposals of the OECD Jobs Strategy (OECD, 1994 and 1999e), which recommends a mix of systemic changes to promote greater flexibility, less generous social protection, activation and stricter tests of the availability of the unemployed for work. Although more active labour market policies are also part of the package, it should be noted that the OECD did not make many country-specific recommendations for the United States (OECD, 1999a).

Employment is not assumed to be impeded by globalization and technological change as such. Instead, these processes reduce demand for low-skilled labour and, at the same time, limit the range of policy alternatives that can be used to address the problem. This makes it difficult to escape the trade-off between equality and employment. To some extent, this view has even been accepted by sworn supporters of the welfare state (Esping-Andersen, 1996 and 1999; however, Esping-Andersen and Regini, 2000, emphasize that they are referring to adjustments at the margin), whereas prominent sociologists (Giddens, 1998 and 2000; and Gilbert, 1995) have endorsed the argument that a side effect of social protection may be the development of a *dependency culture* among benefit recipients that is passed on from one generation to another (Murray, 1984; for criticism of this argument see, for example, Dean and Taylor-Gooby, 1992).

More than anything, this diagnosis achieved credibility from the comparison between Europe and the United States (see Figure 2). For more than two decades, unemployment rates in the United States had been around twice the European average. But since the mid-1980s, it has been the other way round, with European unemployment rates around twice the level in the United States. Indeed, from an economic perspective, employment rates were even more alarming. In the United States, employment rates showed a nearly constant increase, while in Europe they declined or stagnated because of attempts to combat unemployment by reducing labour supply, especially through early retirement. This generated an image of *Eurosclerosis*, that is of European welfare states being caught up in structures of inflexibility, in which the attempts of the welfare state to combat unemployment were of little effect in the short term and made the situation even more unsustainable in the long term.

Figure 2. Unemployment and employment Rates in Europe (EU15) and the USA, 1960-1999



European variations by 2000: A different picture

While aggregate data for Europe and the United States still confirm the standard interpretation, as described above, country variations increasingly indicate that there are many different routes to improved employment and reduced unemployment in Europe. Before considering some of the arguments and the empirical evidence vis-à-vis the standard interpretation more systematically, this and the following section explore the labour market situation in the United States and Western Europe in a little more detail.

For descriptive purposes, the point of departure is taken from Esping-Andersen’s well-known distinction between three ideal-typical welfare state regimes: liberal, conservative and social democratic (Esping-Andersen, 1990). These models find their closest empirical counterparts in the Anglo-Saxon, Continental European and Scandinavian countries, respectively. A liberal welfare regime is defined by its emphasis on the market and by the deliberately chosen limited role of the welfare state. A conservative regime is a performance-oriented model based on social contributions and a high level of protection, especially for male breadwinners. Within this type, scholars often separate a family-oriented Mediterranean sub-type (Ferrera, 1996; Kuhnle and Alestalo, 2000; Gallie and Paugam, 2000). Finally, the so-called social democratic model is based on universal all-encompassing protection, combined with a high level of public services.

Considering these ideal types in relation to the standard interpretation, it would be predicted that the liberal model would be well-equipped to meet the new challenges, including the provision of low-skilled service jobs, but with the risk of producing a group of working poor, as well as an underclass of welfare recipients with insufficient resources to care for themselves. The social democratic model would tend to produce too few service jobs in the private sector due to high wages, although up to some critical limit this might be compensated by public service employment. Finally, the conservative ideal type, with its strong protection of male breadwinners,

would tend to block the entry of women and the young, reinforce insider/outsider divisions and limit the creation of service jobs in both the private and public sectors. To protect breadwinners, this model tends to stimulate early retirement and low employment rates (Esping-Andersen, 1996 and 1999; van Kersbergen, 1995). The conservative model is therefore often assumed to be particularly vulnerable, although it is acknowledged that it tends to produce a highly productive labour force.

Table 1. Standardised unemployment rates in Western Europe, 1980-2000. % of Labour Force.

	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	July 2001
Portugal	7,7 ¹	8.7	4.6	4.0	4.2	5.7	7.0	7.3	7.3	6.8	5.2	4.5	4.2	4.3
Greece	2,8 ¹	7,8 ¹	6.4	7.0	7.9	8.6	8.9	9.2	9.6	9.8	10.7	..	..	..
Spain	10.5	21.7	16.3	16.4	18.4	22.7	24.1	22.9	22.2	20.8	18.8	15.9	14.1	13.1
Italy	5.6	8.3	9.0	8.6	8.8	10.3	11.2	11.6	11.7	11.7	11.8	11.3	10.5	9.4
France	5.8	10.1	9.0	9.5	10.4	11.7	12.3	11.7	12.4	12.3	11.8	11.3	9.5	8.5
Belgium	9.3	10.4	6.7	6.6	7.2	8.8	10.0	9.9	9.7	9.4	9.5	9.1	7.0	6.8
NL	6.1	8.3	6.2	5.8	5.6	6.6	7.1	6.9	6.3	5.2	4.1	3.3	2.9	2.2
Luxemb.	0,7 ¹	2,9	1.7	1.7	2.1	2.6	3.2	2.9	3.0	2.7	2.7	2.3	2.4	2.4
Germany	2.6	7.2	4.8	4.2	4.5	7.9	8.5	8.2	8.9	9.9	9.4	8.8	7.9	7.9
Austria	1,9 ¹	3,6 ¹	..	..	..	4.0	3.8	3.9	4.4	4.4	4.5	3.8	3.7	3.8
Denmark	6,9 ¹	7,3 ¹	7.7	8.5	9.2	10.1	8.2	7.3	6.8	5.6	5.2	5.2	4.7	4.4
Sweden	2.0	2.9	1.7	3.1	5.6	9.1	9.4	8.8	9.6	9.9	8.3	7.2	5.9	4.8
Norway	1.7	2.7	5.3	5.6	6.0	6.1	5.5	5.0	4.9	4.1	3.3	3.2	3.5	3.4
Finland	5.3	6.0	3.2	6.7	11.6	16.4	16.7	15.3	14.6	12.6	11.4	10.2	9.7	9.0
Ireland	7,3 ¹	16,9	13.4	14.8	15.4	15.6	14.4	12.3	11.7	9.9	7.6	5.7	4.2	3.8
UK	6.2	11.5	7.1	8.9	10.0	10.5	9.6	8.7	8.2	7.0	6.3	6.1	5.5	5.1
Switzerl.	0,2 ¹	0,9 ¹	..	2.0	3.1	4.0	3.8	3.5	3.9	4.2	3.5	...	2.6	...
EU15	....	..	..	8.3	9.2	10.7	11.1	10.7	10.8	10.6	9.9	9.2	8.2	7.6
USA	7.2	7.2	5.6	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.5

1) Not standardised rates; based on national definitions.

Source: 1980-1989: OECD (1999c): Historical Statistics 1960-1997. 1990-1997: OECD (2000a) Employment Outlook. 1998-2001: OECD (2000b) *Main Economic Indicators*, available on <http://www.oecd.org/media/new-numbers/index.htm#standardised> Unemployment Rates

Entries are *standardised unemployment rates*, i.e. unemployment as percentage of the civilian labour force. Today, these figures are largely comparable across the Atlantic. For details about comparability, see Sorrentino (2000).

By 1994, the division between Europe and the United States largely corresponded with the situation at the level of the individual countries (see Table 1). Norway, Switzerland and Luxembourg constituted exceptions, which could be explained by their special economies (oil resources, financial centres and immigrants as a buffer). Even Sweden's much heralded *third way* of active labour market policy had failed, with its main effect being to conceal a level of unemployment that was much higher than the official rate of nearly 10 per cent (Sorrentino, 1995, pp. 45-46). However, by 2000, the sharp division between the United States and Europe has been blurred by the success of many European countries (Table 2.1). In Denmark, Ireland, Netherlands and the United Kingdom, unemployment rates declined significantly in the second half of the 1990s, and in 2000/01 even Sweden joined the group of countries with low unemployment rates. To these should be added the *special economies* (Norway, Luxembourg and Switzerland), as well as Austria and Portugal, which in fact maintained fairly low unemployment rates throughout the 1980s and 1990s, but tended to be overlooked in the overall picture. This also means that the *special economies* are not so special anymore.

By 2000, Western European countries with unemployment rates around or below 5 per cent in fact outnumbered those with high unemployment. Moreover, among the small open economies, only Belgium, Finland and Greece maintained high unemployment rates by 2000.

This raises the question of what needs to be explained - the successes or the failures? There are at least plausible explanations as to why Belgium, Finland and Greece have performed less well than other small countries. True, the small countries do not count much in aggregate figures, since unemployment has remained high in France, Germany, Italy and Spain. But it would nevertheless appear that there are other solutions than those suggested by the standard interpretation.

Furthermore, considering the unusually tight economic policies applied to meet the convergence criteria for the Euro, even the overall unemployment record of the European welfare states is perhaps not that bad after all. By July 2001, unemployment in European Union countries was down to 7.6 per cent, whereas unemployment in USA had increased slightly to 4.5 per cent. The issue also remains contested as whether the high German unemployment rate in the 1990s should be ascribed to structural problems in the German welfare/labour market system. Until 1992, Germany was the strong economy of Europe *par excellence*, and there is little doubt that the immense costs of unification, combined with an explosion of opportunities to invest in neighbouring Central European countries, bear part of the responsibility (Manow and Seils, 2000; Ludwig-Mayerhofer, 2000).

In terms of European welfare regimes, moderate to low unemployment rates are to be found in both the most liberal regimes (Switzerland and the United Kingdom) and in Scandinavia (where Finland may legitimately be considered a special case, due to the sudden loss of the Russian market). However, among the Continental European welfare states, Austria and the Netherlands (and perhaps Portugal) stand out as being even more successful, thereby confirming the finding of economic analyses that social insurance-based systems as such do not have any impact on unemployment (Calmfors and Holmlund, 2000).

The level and structure of employment in Europe

Economists have also been concerned about low labour force participation rates in Europe. In 1960, the labour force participation rate was highest in Europe, but in the 1990s the rate in the United States rose to become some 8-9 per cent higher than in Europe (OECD, 2000a).

However, the European pattern is heterogeneous, with dividing lines largely following welfare models. In Scandinavia and Switzerland, the figures were around 80 per cent for the 15-64 age group in 2000, which was even slightly higher than in the United Kingdom and the United States. In Greece, Italy and Spain, the figures were 60-65 per cent. The other countries of the European Union fall in between, from a low of 65.2 per cent in Belgium to 74.9 per cent in the Netherlands, which is dissociating itself from the Continental European pattern of *inactivity*. Countries with a high labour market participation rate also tend to have low unemployment. This is not

surprising, but clearly argues against the once popular philosophy that the reduction of the labour force would reduce unemployment.

That philosophy has contributed to the declining labour force participation rates of European men, particularly in Belgium, France and Italy, where it was below 75 per cent in 2000, compared with 84-85 per cent in Denmark, Norway and the United States. Even in Sweden and Finland, the figures have dropped to 81.2 and 76.5 per cent, respectively, while male participation rates in the Netherlands increased to 83 per cent in 2000, a rise of 3 per cent since 1995. In most other countries, the trend also reversed at the end of the 1990s. However, the Swiss figure of 89.4 per cent, compared with an average of 78.9 per cent in the European Union, demonstrates that there is still a significant loss of male labour power in all the other countries.

The rise in the labour force participation rates of women became universal in the 1990s. This has typically been accompanied by an increase in part-time employment, most significantly in the Netherlands, although less so in the Mediterranean countries. However, higher part-time employment among women is *not* a universal phenomenon. In Denmark, Norway and Sweden, which were the first countries to introduce part-time employment on a massive scale, it has declined significantly, for example, from 29.6 per cent in 1990 to 23.5 per cent in 2000 in Denmark. The United States also experienced a decline, from 20 to 18.2 per cent. This would tend to indicate that part-time employment may be only a first step towards full integration, but it remains to be seen whether the new one-and-a-half breadwinner families in Europe will eventually become two-breadwinner families.

At any rate, part-time employment modifies the picture of some European *job miracles*. Unfortunately, comparability is bad, but as country differences are very large, we may obtain a very rough comparison of the total amount of work per capita across European countries by multiplying national estimates of average working hours with employment rates for the population aged 15-64 (OECD, 2000a). This leaves Italy as the country with the lowest level of paid labour, with a mere 865 hours worked per capita in 1999 for the population aged 15-64. In Germany, the estimate is 1010 hours, which is roughly equivalent to the Netherlands, where short-time labour gives an exaggerated picture of work performance (van Oorschot, 2000). In Sweden, the figure is 1191 hours, while in Switzerland and the United Kingdom it is well above 1200 hours, although still far below the figure for the United States of 1460 hours per capita for the working age population. As mentioned, these figures should be interpreted only as rough indications but they neatly summarize the difference in work efforts across the Atlantic. Whether this is at the same time an indicator of sustainability, however, is questionable.

Nevertheless, the most interesting question is still who works and who does not. In particular, an examination will be made of the exclusion of young and older workers, as well as the protection of prime age groups. To avoid conflating the effects of rising female labour market participation rates with other underlying trends, Tables 2 and 3 focus on men only. Table 2 shows the labour force participation rate of men, by age group. The figures for the young are very high in Denmark, Netherlands, Norway, United Kingdom and United States. First and foremost, this

reflects the fact that students with a second job are formally counted as members of the labour force. However, from a social perspective, this provides a quite biased image of the labour market. Danish register-based data show that aggregate participation rates (for both sexes between the ages of 15 and 64) decline from 82.5 to 73.4 per cent if students are not included (Goul Andersen, 2000a).

Table 2. Labour Force Participation among Men. By age group.

	15-19 ¹		20-24		25-34		35-44		45-54		55-59		60-64	
	1983	2000	1983	2000	1983	2000	1983	2000	1983	2000	1983	2000	1983	2000
Portugal	66.2	29.0	88.8	70.6	96.5	92.8	96.0	94.0	90.4	91.0	76.9	73.8	62.7	55.8
Greece ²	31.8	15.9	76.7	68.1	96.5	94.8	97.3	97.0	91.8	91.3	78.7	72.1	69.8	45.2
Spain	51.5	32.8	82.9	66.7	95.4	92.3	96.4	95.3	91.8	90.6	81.7	75.6	58.9	42.8
Italy ³	30.6	21.9	73.8	63.6	91.6	81.1	98.2	94.7	97.1	95.1	82.0	69.2	36.8	31.4
France	22.5	11.4	79.7	55.5	96.5	93.7	97.8	95.9	93.7	92.8	71.0	65.8	33.7	15.5
Belgium	19.8	11.6	72.8	65.4	96.0	95.6	96.5	94.3	90.3	85.9	65.0	53.8	28.6	18.8
Netherlands ²	28.4	59.3	76.3	82.4	94.6	95.0	93.5	94.4	86.9	90.7	69.2	68.3	37.4	24.5
Germany	44.3	36.7	78.2	79.0	89.4	93.9	98.3	98.4	95.5	94.4	81.4	77.7	40.3	31.0
Austria ²	.	46.7	.	74.4	.	92.4	.	96.3	.	91.1	.	63.2	.	13.2
Denmark	52.2	64.7	86.9	84.4	94.4	92.4	95.6	93.0	91.9	89.2	83.8	82.	50.1	39.3
Sweden	47.7	32.0	84.4	70.0	94.4	88.6	96.3	92.1	94.4	91.2	.	.	.	.
Norway	49.3	52.3	82.1	79.3	91.6	91.0	98.2	92.5	96.4	90.8	84.0	84.8	76.8	60.6
Finland	39.7	30.4	81.9	71.1	95.0	91.7	95.8	92.8	88.2	87.9	64.2	66.0	41.1	28.3
Ireland	43.1	34.1	89.4	79.1	97.1	94.0	96.4	93.4	92.2	88.0	.	.	.	.
UK	71.6	63.9	90.2	81.9	95.8	93.8	96.5	93.3	93.5	88.1	82.8	74.8	57.5	50.3
EU15	43.3	34.5	78.8	71.6	92.1	92.3	95.3	96.2	91.8	92.7	76.2	72.5	41.0	33.4
USA	56.2	53.0	84.8	82.6	94.2	93.4	95.3	92.6	91.2	88.6	81.9	77.1	57.0	54.8

1) For Spain, Sweden, Norway, UK and USA this age category is 16 to 19.

2) Figures for 2000 refer to 1999

3) Age categories are: 15-19, 20-24, 25-29, 30-39, 40-49, 50-59

EU-15 average weighted by total population, excluding countries with missing data (for 2000 data for 1999 has been used for the Netherlands and Austria).

Sources: OECD (2001) Labour Force Statistics 1980-2000, Part III.

In most other countries, higher education rates contribute to a lower level of labour market participation, as does early retirement. Indeed, in the 1980s and 1990s, a very significant decline may be noted among the 60-64 age group, and to some extent among the 55-59 age group, in contrast with the situation in the United States. But European figures also diverge widely, from 54 per cent among the 55-59 age group in Belgium to 85 per cent in Norway.

Table 3. Unemployment and employment rates by age. Men only, 1991 and 2000. Percentages of Labour Force/ of Population Group.

	unemployment rates				employment rates			
	35-44		45-54		35-44		45-54	
	1991	2000	1991	2000	1991	2000	1991	2000
Greece ¹	2.6	4.3	2.1	3.9	94.0	92.8	88.1	87.7
Portugal	1.7	2.7	1.2	2.6	95.2	91.7	89.3	88.6
Spain	7.5	6.7	7.5	6.1	89.1	88.9	84.5	85.1
Italy ²	4.0	6.4	2.0	3.6	93.2	88.6	94.3	91.7
France	5.0	6.7	5.2	6.3	92.2	89.5	88.0	87.0
Belgium	3.2	4.2	3.2	3.7	92.0	90.3	83.7	82.7
Netherlands ^{1 3}	3.7	2.6	4.1	2.7	91.7	91.9	85.2	88.3
Germany	3.9	6.2	4.0	7.1	93.4	92.3	90.7	88.2
Austria ¹	2.5	3.8	3.2	4.1	.	92.6	.	87.4
Denmark	7.2	2.9	7.1	3.6	88.2	90.3	87.3	86.0
Sweden	2.3	5.0	1.7	5.0	93.4	87.5	92.6	86.5
Norway	3.7	2.6	3.1	2.1	90.5	90.1	87.6	88.9
Finland	6.2	6.4	5.6	7.3	88.2	86.9	82.5	81.5
Ireland	13.1	4.3	11.2	4.2	80.7	89.4	78.4	84.3
UK	6.7	4.3	6.3	4.8	89.2	89.3	85.7	83.9
EU-15	4.9	5.6	4.5	5.3	90.0	90.9	88.6	87.8
USA	5.5	2.8	4.8	2.5	88.9	90.0	86.2	86.6

Source: OECD (2001 Labour Force Statistics 1980-2000, Part III. Note that figures are not standardised.

- 1) Figures for 2000 refer to 1999
- 2) Age categories are: 30-39 and 40-49
- 3) Age categories are: 25-39 and 40-49

Prime age men are traditionally the main target of social protection in Continental European welfare states. Because there are in some countries quite a few students among the 25-34 years old, we have to choose the 35-54 as our 'prime age' group. As can be seen from Table 2, labour market participation rates in this group are higher in Europe than in the United States, despite aggregate differences. It may also be noted that, for this group, even the United Kingdom and Scandinavia are below the European average, whereas figures are extremely high among Continental European countries. The job protection of prime age men is also reflected in their low unemployment rates (see Table 3). In Italy, unemployment among men aged 35-54 was close to zero in 1991, due to the former priorities of Italian employment offices, which allocated jobs with a strong preference to male breadwinners (Ferrera and Gualmini, 2000). Even in Spain, unusually high job protection has secured low unemployment rates for prime age men (Moreno, 2000). By 1991, only a handful of European countries had unemployment rates for this group that were as high as those in the United States. However, the protection of prime age men deteriorated in Europe in the 1990s, and by 2000 even Italy was not able to maintain full employment for this category any longer. The combination of high labour force participation and low unemployment meant that employment among prime age men used to be higher in Europe than in the United States. As shown in Table 3, this difference has now become negligible. But the mid-1990s, Continental European welfare states therefore remained superior in fulfilling their main rationale,

namely securing employment for prime age men. As pointed out by Buchele and Christiansen, non-employment among prime age men is the only truly comparable figure across countries (Buchele and Christiansen, 1999). However, it does not follow that this is the only figure that matters.

Structure of unemployment

What is achieved in terms of employment protection for prime age men is often lost for other population groups. Thus, unemployment in Europe has a strong but declining gender bias. On average, the ratio between female and male unemployment declined from 1.6 to 1.3 in the 1990s. In Southern Europe, Belgium and the Netherlands, the ratio was 1.9 or higher in 1990, but had weakened a great deal by the late 1990s. In Austria and Germany, the gender bias is very small, as it is in Scandinavia, where a systematic gender bias is only found in Denmark. In the United Kingdom, women's unemployment rates are even systematically below those of men.

Table 4. Unemployment Rates for Women, relative to Men; for young, relative to prime age; and Long-Term Unemployed (LTU) as percentages of Labour Force. 1999

	Women/ Men	15-24 years/ 25-54 years	LTU (12 months or more) as percentage of Labour Force
Portugal	1.3	2.2	1.9
Greece	2.3	3.3	6.0
Spain	2.1	2.1	8.2
Italy	1.8	3.5	7.2
France	1.3	2.5	4.8
Belgium	1.4	3.1	5.3
Netherlands	1.8	2.5	1.5
Germany	1.1	1.1	4.5
Austria	1.0	1.3	1.5
Denmark	1.3	2.3	1.1
Sweden	0.9	2.3	2.4
Norway	0.9	4.0	0.2
F inland	1.1	2.6	3.0
Ireland	0.9	1.6	3.3
UK	0.8	2.5	1.8
Switzerland	1.3	2.2	1.2
EU15	1.3	2.1	4.4
US	1.1	3.1	0.3

Source: Calculated from OECD (2000a) *Employment Outlook*. Unemployment rates not standardised.

Long-term unemployment also mirrors the job protection enjoyed by prime age men. In Southern Europe, with the exception of Portugal, between 6 and 8 per cent of the labour force has been unemployed for more than one year. In Belgium, France and Germany, the figure is 4-5 per cent. In other European countries, it is 1-3 per cent, although only Norway compares with the figure of 0.3 per cent in the United States.

Youth unemployment also belongs to the seamy side of the job protection of insiders. In Italy and Spain, youth unemployment varied between 25 and 45 per cent during the 1990s, while it was

between 20 and 30 per cent in Belgium and France. Youth unemployment is above the average unemployment rate in all countries except Germany (see Table 4). In Scandinavia, however, this depends on definitions. According to the ILO definition, under the terms of which students seeking a job are counted as unemployed, youth unemployment in Denmark and Sweden is about twice the general level. But if students are excluded, youth unemployment in Denmark is significantly below average. In Sweden, using the ILO definition, students inflate the country's total employment figures by almost 2 percentage points, compared with the national definition, which does not count full-time students as being unemployed (Sorrentino, 2000, p.19).

It is worth noting that highly regulated countries, such as Austria and Germany, have been more successful in fighting youth unemployment than the United Kingdom and the United States, despite market-oriented reforms targeted at the young (Clasen and Taylor-Gooby, 2000). According to the standard interpretation, market-oriented systems would be expected to be particularly well-equipped to reduce youth unemployment. Moreover, such systems should be most efficient in avoiding unemployment among the low-skilled. But the empirical data provided in Table 2.5 show that the effect of education on employment levels is even stronger in the United States than in Europe. In 1998, there was a variation of between 8.5 and 2.1 per cent between education groups in the United States. In Europe, the variation is between 10.6 to 6.0 per cent. Of the European countries, the educational bias seems broadest in the *flexible* United Kingdom. Furthermore, educational biases are above average in *activation-oriented* Scandinavia, and lowest in Southern Europe, where *passive* policies prevailed until recently.

These data are open to multiple interpretations, although it would appear that, contrary to theoretical expectations, enormous wage differences, such as those in the United States, do not solve the unemployment problems of low-skilled people. Furthermore, there is a low propensity to move up from low wage groups (OECD, 1998). It would also appear that on both sides of the Atlantic the greatest improvement during the 1996-98 economic upturn was achieved among the lower educated. This again questions the standard interpretation, which sees structural unemployment as an expression of *sedimentation*, whereby the structurally unemployed are those who cannot return to work, even during an economic upswing. In practice, the data would tend to indicate a simple *creaming* effect, as a result of which, during recessions, employers prefer the better skilled, who even take over the jobs of the less skilled. Yet this is an old and well-known effect which is not tantamount to structural unemployment and does not dictate any market-oriented reforms.

Table 5. Unemployment by educational attainment for persons aged 25-64, 1996 and 1998.

	1998				1996
	Less than upper secondary education	Upper secondary education	Tertiary level education	Low/High Ratio	Low/High Ratio
Portugal	4.3	4.3	2.6	1.7	2.0
Greece	6.5	9.6	7.3	.9	.8
Spain	17.0	15.3	13.1	1.3	1.4
Italy	10.8	8.7	7.0	1.5	1.3
France	14.9	9.5	6.6	2.3	2.2
Belgium	13.1	7.4	3.2	4.1	3.7
Netherlands	6.2	3.2	2.3	2.7	2.0
Germany	16.6	10.8	5.6	3.0	2.7
Austria(1)	9.0	5.8	3.3	2.7	2.6
Denmark	7.0	4.6	3.3	2.1	3.0
Sweden	10.4	7.2	3.6	2.9	2.3
Norway (1)	4.0	3.1	1.7	2.4	1.9
Finland (1)	15.6	11.9	6.5	2.4	3.0
Ireland	11.6	4.5	3.0	3.9	4.0
UK	10.5	5.0	2.6	4.0	3.1
Switzerland	5.6	2.8	2.8	2.0	2.4
EU15	10.6	9.1	6.0	1.8	2.1
US	8.5	4.4	2.1	4.0	4.5

Note: (1): The 1998 figure is for 1997

Sources: OECD (1999b, 2000a). Not standardised rates.

Policy change and policy effects

Few alternatives have been elaborated to the standard interpretation, although some current explanations of policy successes implicitly rest on quite different interpretations. For instance, corporatism is a key factor in recent attempts to explain the *Dutch miracle* (Visser and Hemerijck, 1997), as well as the differences between Austria and the Netherlands, on the one hand, and between Belgium and Germany, on the other hand (Hemerijck, Unger and Visser, 2000; Hemerijck, Manow and van Kersbergen, 2000; Hemerijck & Visser, 2000; see also Bonoli, George and Taylor-Gooby, 2000, Ch. 7). However, this explanation implicitly seems to rest on the assumption that competitiveness and wage moderation are the key problems in a global competitive economy. Indeed, wage moderation is exactly the policy goal that corporatism is designed to obtain. This is explicitly acknowledged in Hemerijck, Unger and Visser, who endorse the interpretation of the Dutch Central Planning Bureau that “wage moderation has been the single most important weapon in the Dutch adjustment strategy (...) *two-thirds of job growth between 1983 to 1996 should be attributed to wage moderation.*” They also conclude that “looking back on twenty-five years of policy adjustment, one is struck by the ongoing importance of wage restraint for maintaining competitiveness (...) Apparently there were no alternative policy

options in economies exposed to international competition” (Hemerijck, Unger and Visser, 2000, pp.228 and 252).

From the point of view of the standard interpretation, corporatism would seem to be part of the problem (van Oorschot, 2000). Even if corporatism is less immovable than once believed, solidaristic wage policy and compressed wage structures (as well as generous social protection) should tend to be the corollary of wage moderation. Thus, they should aggravate structural unemployment problems because of the gap between minimum wages and productivity for low-skilled workers.³ If corporatism proves to be efficient, it would therefore tend to challenge the standard interpretation of unemployment.

Wage moderation is part of the traditional economic policy tool kit, but is not a policy directed towards structural reforms. Figure 2.3 presents a tentative classification of policy options in accordance with their underlying assumptions about the nature and causes of unemployment. It also represents a historical development (and a learning process) from traditional macroeconomic steering rooted in variants of Keynesianism, to structural (supply side) strategies aimed at modifying market distortions and restoring incentives (strategies 4-6).

From demand strategy to competitiveness

When the first oil crisis hit Western economies in the mid-1970s, the routine reaction of most governments was to stimulate aggregate demand. In most cases, this strategy came to be seen as inefficient, leading to stagflation, unless combined with a very tight incomes policy (Scharpf, 1987; Hemerijck, Unger and Visser, 2000). Another negative side effect was the increase in state debt, which became a structural problem in many countries as the expected economic recovery failed to materialize. In the early 1980s, Belgium and Denmark were prototypical illustrations of the problem of the accumulation of deficits and increasing interest payments on state debts (Goul Andersen and Christiansen, 1991). Moreover, a strategy of devaluation, which had been widely used in small European economies, was given up in many cases. These strategies proved counterproductive in a globalized economy.⁴ For small countries, there was no alternative to a fixed currency policy, anti-inflationary policies and balanced state budgets.

In the 1990s, the convergence criteria for joining the Euro were welcomed as an opportunity to shift the blame for carrying out such policies. Nevertheless, the simultaneous tightening of state budgets throughout Europe in the 1990s had a negative impact on employment, and the constraints that apply to individual countries do not necessarily apply to entire economic regions acting jointly. If there is one common denominator for nearly all countries with a positive record in relation to unemployment, it seems to be the adoption of *sound* economic policies. Even the

³ Austria seems to form an exception, since corporatism has not prevented high wage dispersion. There may also be changes in this direction in the Netherlands (Hartog, 1999; but see also Table 6).

⁴ For small open economies that are used to acting within balance of payment constraints, there is not much new in the strong emphasis on competitiveness that is often associated with globalization (Bonoli, George and Taylor-Gooby, 2000, Ch. 3). But free capital movements and rational expectations jointly limit the applicability of traditional macroeconomic steering instruments. Basically, in a system with free capital movements, rational expectations mean that the negative effects of inflation or devaluations (especially increased interest rates) tend to be felt before their positive effects.

German record on unemployment before and after reunification, respectively, seems to confirm this proposition (Ludwig-Mayerhofer, 2000). And the Swedish crisis in the 1990s was strongly aggravated by a partly unfinanced tax reform in 1990, inspired by the idea of the dynamic effects of work incentives (Furåker, 2000).

For small open economies, emphasis on competitiveness, including wage moderation, came to be seen as mandatory. But two questions remain. How can this be obtained? And is it sufficient? In relation to the first question, empirical findings indicate that both strongly centralized and strongly decentralized wage formation have positive effects on wage formation and employment (Calmfors and Holmlund, 2000). The United Kingdom is an illustration of this latter path (Clasen and Taylor-Gooby, 2000), while the former is demonstrated by Austria, Netherlands and Sweden. However, the standard interpretation tends to see wage moderation as basically a dependent variable which, due to wage drift, is almost impossible to control if structural unemployment is high.

Figure 3. A Tentative Typology of (Un-)employment Policies.

Stimulate domestic demand	1. DEMAND STRATEGY : Stimulate aggregate demand, or increase public sector employment
Competitiveness	2. COMPETITIVENESS STRATEGY Devaluations Wage Moderation (corporatism, incomes policy) Lower corporate taxes/ social contributions/ higher subsidies
Redistribution of labour	3. REDUCTION/ REDISTRIBUTION OF LABOUR SUPPLY Early exit Shorter working hours/longer holidays Leave programmes
Structural strategies	4. ACTIVATION/ QUALIFICATION STRATEGY Education, job training
	5. MARKET/INCENTIVE STRATEGY Lower minimum wages Less generous social protection - lower benefits, shorter duration, tighter eligibility criteria Stronger work incentives: Lower income taxes More flexible employment protection More flexible working-time Service strategy: Subsidies to household services, lower VAT
	6. STRONGER CONTROLS/STRONGER REQUIREMENTS Stronger works test and mobility requirements "Workfare": Duty to work in return for benefits

Reduction/redistribution of labour supply

As other means seemed inefficient, nearly all European countries came to adopt a series of policies aiming at a redistribution or reduction of labour supply. This was rarely rooted in any philosophy that new technology would lead to a permanent reduction in the need for labour (see, for example, Offe, 1996), but tended to be dictated more by urgent political needs and often took

the form of temporary measures. Once in action, however, such measures proved difficult to reverse. These measures include a large variety of early exit arrangements, leave programmes, shorter working hours and longer holidays. Together, they added up to what critics dubbed a *politics of inactivity*, perhaps most visible in the case of the *Dutch disease* in the mid-1980s (van Kersbergen, 1995; Esping-Andersen, 1996).

According to the standard interpretation, measures such as early retirement are ineffective or counter-productive, especially when seen from a dynamic perspective and taking into account higher wage increases and their behavioural effects, as both employers and employees invest less in maintaining qualifications. On the other hand, early retirement has been a means of enhancing productivity and supporting flexibility in countries with high employment protection. Nevertheless, in the 1990s, concern for ageing populations and dependency ratios placed such arrangements under pressure, with most countries taking action to reverse the trend.

Structural strategies

A common feature of the above strategies is the assumption that sustainable economic growth (or the redistribution of labour) will over time be able to eliminate, or at least reduce unemployment. According to the standard interpretation, this will not happen under even the most favourable economic growth conditions, as wage drift is inevitable when unemployment reaches the level of structural unemployment. This is the foundation for the structural strategies of activation, flexibility, incentives and stronger controls.

However, the effects of these policies would not appear to be particularly convincing. In the case of activation most (but far from all) programmes seem to have measurable effects, although it is very uncertain whether they would pass any test of cost-effectiveness (Martin, 2000; van Oorschot, 2000; Larsen, 2000). The effects of lowering minimum wages are largely unknown, since few countries have been willing to take such action. Indeed, the OECD notes that most policy changes have gone in the opposite direction (OECD, 1999a). With regard to social protection, the level of unemployment benefits does not appear to have much effect on unemployment, although the duration of benefits plays a more significant role (Calmfors and Holmlund, 2000; Goul Andersen, 1995). But the question arises as to whether it is preferable for the unemployed to be forced to seek any job as soon as possible, or to be left more time to find an appropriate job.

On the question of tax incentives, while a number of countries have reduced marginal tax rates, the effects seem to have been small (Atkinson and Mogensen, 1993; Gallie, 2000). In terms of flexibility, employment protection is generally believed to have little effect on the *level* of unemployment, but some impact on the *structure* of unemployment, for example in such areas as insider/outsider divisions (Calmfors and Holmlund, 2000; Bertola et al., 1999; OECD, 1999b, p. 88). What is gained in *external flexibility* may be lost in *internal flexibility*, if employers have fewer incentives to provide in-service training or alternative work, for example for older workers. These are some of the findings of the predominantly economic literature that systematically examines such effects, variable by variable. The question of whether such a context-stripped

research strategy is at all feasible, or if such evaluations can only be contextual, remains a matter of dispute.

In general terms, many of the effects claimed by the standard interpretation seem to rest more on 'strong theoretical grounds' than on hard empirical evidence, which is moreover difficult to obtain. The social and economic costs and side effects also need to be taken into consideration. For example, although the social costs of activation are small, the economic costs may be quite disastrous during recessions (Furåker, 2000). A side effect of workfare may be the development of quite a large permanently subsidized sector of the economy. Lower minimum wages and less generous social rights run a substantial risk of creating an underclass where such policies fail to achieve the goal of labour market integration. Even where they succeed, there is the risk of creating a group of working poor. If employment is seen as a means (of ensuring social citizenship and economic sustainability), rather than as a goal, such arguments must be given careful consideration.

Table 6. Relative poverty rates in households where head of household is unemployed. 1988.

	per cent.
Denmark	3
Netherlands	23
Belgium	28
France	35
Italy	36
EU-12	38
Germany	44
UK	48
Source: European Commission (1995)	

In all, there seems to be little empirical evidence that market-oriented strategies are particularly efficient. To take another illustration, as indicated in Tables 6 and 7, Denmark and the Netherlands were the two countries in the European Union in 1998 with the lowest incidence of poverty among the unemployed, and two of the countries with the lowest wage dispersion. Equality and social protection do not seem a precondition for success in the field of employment, but nor do they appear to be an obstacle, as illustrated by the case of the United Kingdom at the opposite end of the scale. The Danish case is also remarkable in two other respects. In the first place, it has turned out that the level of qualifications has increased faster than the demand for qualifications, with the effect that the decline in unemployment has been largest among the lower educated (Finansministeriet, 2000). Moreover, it appears that Denmark used to be the country among the rich OECD nations with the smallest private services sector, and with the smallest increase in the services sector (Goul Andersen, 1993). This may indicate that employment in services is an *essential side-effect* of low unemployment, rather than a cause of it (OECD, 2000a).

Table 7. Earnings dispersion in selected OECD Countries.

	9th decile/5th decile ("how rich are the rich")			5th decile/1st decile ("how poor are the poor")		
	1979	1986	1995	1979	1986	1995
Italy	150	143	160	196	175	175
France	194	196	199	167	162	165
Germany	-	164	161	-	158	144
Netherlands	-	162	166	-	155	156
Austria	178	180	182	194	193	201
Denmark	152	155	-	141	142	-
UK	165	178	187	169	174	181
USA	-	-	210	-	-	209
Source: OECD Economic Outlook 1996, quoted in Bertola et al (1999)						

Turning to activation, Danish and Swedish evaluations indicate that the most efficient measures may be those which rest at least as much on sociological insights as on an economic rationale, such as private job training and other measures which establish networks and close contacts between the employer and the unemployed (Madsen, 1999; Larsen, 2000; Furåker, 2000). This may also be an important instrument for the integration of immigrants, who account for a large share of the unemployed. The logic of economic incentives seems to be of surprisingly little value, both for analytical and prescriptive purposes.

Conclusion

The positive record of a large number of European countries in combating unemployment by 2000 has changed the premises of the discussion about *inflexible* European labour markets and welfare states. European welfare states do not appear to be badly adapted to globalization and technological change. Indeed, many of them have been able to achieve unemployment rates that are far below the previously estimated limits of structural unemployment, without following the core recommendations of what has been labelled here as the *standard interpretation* of (structural) unemployment problems in Europe.

Conversely, the system in the United States does not appear to be as flexible as expected. It does not appear superior in terms of protecting prime age men, nor does it appear to be superior in avoiding the concentration of unemployment among the lower educated, despite the huge wage dispersion. It certainly results in people working a great deal, but it is questionable whether this should be considered an advantage. The diagnosis made in the 1990s of the problems of European labour markets and welfare states simply seems to be far too pessimistic.

It is more difficult to formulate positive visions of what could or should be done. The countries with the most positive record on unemployment by 2000 (Austria, Denmark, Ireland, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland and United Kingdom) do not have much in common, nor are there many common denominators in the strategies that they have adopted.

The short conclusion is that there are many routes to improving the employment situation. The United Kingdom has moved the furthest along a liberal path; the Netherlands has adopted some reforms leading in this direction, but a large part of the Dutch miracle seems to rest on simple wage moderation; the same holds for Austria, where there is little structural change; Denmark has implemented a more active labour market policy, but the causal relationship with improved employment is weak; and Sweden's recent recovery has been obtained without any significant *qualitative* changes at all.

Most countries have been reluctant to follow the core recommendations of the standard interpretation and, apart from activation, have preferred marginal adjustments, although often out of economic necessity (Kalisch, Aman and Buchele, 1998). Moreover, the association between such tightening and improved employment is uncertain. The extent to which policy experiences are transferable from one country to another remains an open question. Context-stripped systematic analyses have not found many convincing associations.

A few lessons may perhaps be tentatively drawn. Although econometric analyses have found no significant association between the methods of financing welfare and (un)employment performance, it does seem that by 2000 high and persistent unemployment is found mainly among the conservative welfare states, even though Austria and the Netherlands are *success stories* in this group. Clear associations have also been found between flexibility and the *structure* (rather than level) of unemployment. It would also seem that tight economic policies may be costly in the short term, but are beneficial in the long term, and that competitiveness (for example, through wage moderation, improved qualifications and technological innovation) is more important than ever.

But such approaches belong to the traditional policy tool kit and *sound* economic policies are not at odds with generous social protection, equality or labour market regulation (Goul Andersen, 1997). For small open economies, competitiveness has always been mandatory. Indeed, this may be one of the reasons why the success rate is highest among these countries. However, it would also appear that countries should seek out (moderate) measures to promote activation, flexibility and greater competitiveness which fit into the specific national institutional context. And, most importantly, there is nothing to indicate that it is necessary, or even economically beneficial, to sacrifice generous social protection systems.

Bibliography

- Atkinson, A.B. and Mogensén, G.V. (1993), *Welfare and work incentives: A North European perspective*, Oxford: Clarendon Press.
- Bertola, G., Boeri, T. and Cazes, S. (1999), *Employment protection and labour market adjustment in OECD countries: Evolving institutions and variable enforcement*, Employment and Training Papers No. 48, Employment and Training department, ILO, Geneva.
- Bonoli, G., George, V. and Taylor-Gooby, P. (2000), *European welfare futures: Towards a theory of retrenchment*, Bristol: Policy Press.
- Buchele, R. and Christiansen, J. (1999), "Do employment and income security cause unemployment?", in Christiansen, J., Koistinen, P. and Kovalainen, A. (eds.), *Working Europe: Reshaping European employment systems*, Aldershot: Ashgate, pp.33-56.
- Calmfors, L. and Holmlund, B. (2000), "Den europeiska arbetslösheten", in *En strategi for sysselsetting og verdiskaping. NOU 2000:21*, Vedlegg 4, NOU, Oslo.
- Carling, K., Holmlund, B. and Vejsiu, A. (1999), *Do benefit cuts boost job findings?*, Working Paper 1999:20, Department of Economics, Uppsala University.
- Clasen, J. and Taylor-Gooby, P. (2000), *Unemployment and unemployment policies in the UK*, paper presented at a seminar in COST A13 Working Group Unemployment, Brussels (Nov. 3-4, 2000) Department of Sociology, Tilburg University.
- Dean, H. and Taylor-Gooby, P. (1992), *Dependency culture: The explosion of a myth*, London: Harvester Wheatsheaf.
- Esping-Andersen, G. (1990), *The three worlds of welfare capitalism*, Princeton, NJ: Princeton University Press.
- Esping-Andersen, G. (1996), "After the golden age? Welfare state dilemmas in a global economy", in Esping-Andersen, G. (ed.), *Welfare states in transition: National adaptations in global economies*, London: Sage, pp.1-31.
- Esping-Andersen, G. (1999), *Social foundations of postindustrial economies*, Oxford: Oxford University Press.
- Esping-Andersen, G. and Regini, M. (eds.) (2000), *Why deregulate labour markets?* Oxford: Oxford University Press.
- European Commission (1995), *Employment in Europe 1994*, Brussels.
- Ferrera, M. (1996), "The "Southern Model" of welfare in social Europe", in *Journal of European Social Policy*, 6 (1), pp.17-37.
- Ferrera, M. and Gualmini, E. (2000), "Reform guided by consensus: The welfare state in the Italian transition", in Ferrera, M. and Rhodes, M. (eds.), *Recasting European welfare states. West European Politics*, 23 (2) (special issue), pp.187-208.
- Finansministeriet (Ministry of Finance, Denmark) (1998), *Availability criteria in selected OECD countries*, Working Paper No. 6 (Nov.1998), Copenhagen.
- Finansministeriet (Ministry of Finance, Denmark) (2000), *Finansredøgørelse 2000*, Copenhagen.
- Furåker, B. (2000), *Unemployment and welfare state arrangements in Sweden*, paper presented at a seminar in the COST A13 Working Group Unemployment, Brussels, (Nov. 2000), Dep. of Sociology, University of Gothenburg.

- Gallie, D. (2000), *Unemployment, work and welfare*, paper presented at the seminar "Towards a Learning Society: Innovation and Competence Building with Social Cohesion for Europe", Lisbon (28-30 May, 2000).
- Gallie, D. and Paugam, S. (2000), "The experience of unemployment in Europe: The debate", in Gallie, D. and Paugam, S. (eds.), *Welfare regimes and the experience of unemployment in Europe*, Oxford: Oxford University Press, pp. 1-22.
- Giddens, A. (1998), *The third way: The renewal of social democracy*, London: Polity Press.
- Giddens, A. (2000), *The third way and its critics*, London: Polity Press.
- Gilbert, N. (1995), *Welfare justice: Restoring social equity*, New Haven: Yale University Press.
- Goul Andersen, J. (1993), "Skal ledigheden bekæmpes ved at satse på servicesektoren?", in *FA Årsberetning*, Finanssektorens Arbejdsgivere, Copenhagen, pp.12- 17.
- Goul Andersen, J. (1995), *De ledige ressourcer*, Copenhagen: Mandag Morgen.
- Goul Andersen, J. (1997), *Beyond retrenchment: Welfare policies in Denmark in the 1990s*, paper prepared for the ECPR Round Table on "The Survival of the Welfare State", Bergen (Sept.18-21, 1997), working paper, Department of Economics, Politics and Public Administration, Aalborg University.
- Goul Andersen, J. (2001), "Work and citizenship: Unemployment and unemployment policies in Denmark, 1980-2000", in Goul Andersen, J. and Jensen, Per H., eds., *Changing Labour Markets, Welfare Policies and Citizenship*. Bristol: Policy Press, ch.4.
- Goul Andersen, J. and Christiansen, P.M. (1991), *Skatter uden velfærd. De offentlige udgifter i international belysning*, Copenhagen: Jurist- og Økonomforbundets Forlag.
- Hall, P. (1993), "Policy paradigms, social learning and the state", in *Comparative Politics*, 25, pp.275-96.
- Hartog, J. (1999), *The Netherlands: So what's so special about the Dutch model?* Employment and Training Papers No. 54, Employment and Training Department, ILO, Geneva.
- Hemerijck, A., Unger, B. and Visser, J. (2000), "How small countries negotiate change: Twenty-five years of policy adjustment in Austria, the Netherlands and Belgium", in Scharpf, F.W. and Schmidt, V.A. (eds.), *Welfare and work in the open economy. Vol. II. Diverse responses to common challenges*, Oxford: Oxford University Press, pp.175-263.
- Hemerijck, A., Manow, P. and van Kersbergen, K (2000), "Welfare without work? Divergent experiences of reform in Germany and the Netherlands", in Kuhnle, S. (ed.), *Survival of the European welfare state*, London: Routledge, pp.106-27.
- Hemerijck, A. and Visser, J. (2000), "Change and immobility: Three decades of policy adjustments in the Netherlands and Belgium", in Ferrera, M. and Rhodes, M. (eds.), *Recasting European welfare states, West European Politics*, 23 (2) (special issue), pp.229-256.
- <http://finans.regeringen.se>
- Kalisch, D.W., Aman, T. and Buchele, L.A. (1998), *Social and health policies in OECD countries: A survey of current programmes and recent developments*, Labour Market and Social Policy Occasional Papers No. 33, Paris: OECD.
- Krugman, P. (1996), *Pop internationalism*, MIT Press, Cambridge, MA.

- Kuhnle, S. and Alestalo, M. (2000), "Introduction: Growth, adjustments and survival of European welfare states", in Kuhnle, S. (ed.), *Survival of the European welfare state*, London: Routledge, pp.3-18.
- Kvist, J. (2000), *Activating welfare states: Scandinavian experiences in the 1990s*, paper presented at the conference "What Future for Social Security? Cross-National and Multidisciplinary Perspectives", (June 15-17, 2000), University of Stirling.
- Larsen, Ch.A. (2000), *Employment miracles and active labour market policy: Summarising the Danish effect evaluations*, paper presented at research seminar Unemployment, Early Retirement and Citizenship, (Dec. 8-10, 2000), CCWS Working paper 19/2000. Department of Economics, Politics and Public Administration, Aalborg University.
- Ludwig-Mayerhofer, W. (2000), *System description of unemployment and (un)-employment policies: Germany*, paper presented at a seminar in COST A13 Working Group Unemployment, Brussels, (Nov. 3-4, 2000), Dep. of Sociology, Ludwig-Maximilians University, Munich.
- Madsen, P.K. (1999), *Denmark: Flexibility, security and labour market success*, Employment and Training Papers No. 53, Employment and Training Department, ILO, Geneva.
- Manow, P. and Seils, E. (2000), "The employment crisis of the German welfare state", in Ferrera, M. and Rhodes, M. (eds.), *Recasting European welfare states, West European Politics*, 23 (2) (special issue), pp. 137-160.
- Martin, J.P. (2000), *What works among active labour market policies: Evidence from OECD countries' experiences*, OECD Economic Studies No. 30, Paris.
- Moreno, L. (2000), "The Spanish development of Southern European welfare", in Kuhnle, S. (ed.), *Survival of the European welfare state*, London: Routledge, pp.146-65.
- Murray, C. (1984), *Losing ground: American social policy 1950-1980*, New York: Basic Books.
- OECD (1994), *The OECD jobs study: Evidence and explanations*, Paris: OECD
- OECD (1997), *Implementing the OECD jobs strategy: Member countries' experiences*, Paris: OECD.
- OECD (1998), *Employment outlook*, Paris: OECD.
- OECD (1999a), *Economic outlook*, Paris: OECD.
- OECD (1999b), *Employment outlook*, Paris: OECD.
- OECD (1999c), *Historical statistics 1960-1997*, CD-ROM, Paris: OECD.
- OECD (1999d), *Quarterly labour force statistics*, Paris: OECD.
- OECD (1999e), *Implementing the OECD jobs strategy: Assessing performance and policy*, Paris: OECD.
- OECD (2000a), *Employment outlook*, Paris: OECD.
- OECD (2000b), *Main economic indicators*, available on <http://www.oecd.org/media/new-numbers/index.htm#Standardised Unemployment Rates>.
- OECD (2000c), *Labour force statistics, 1979-1999*, Paris: OECD.
- OECD (2001), *Labour Force Statistics 1980-2000, Part III*
- Offe, C. (1996), "Full employment: Asking the wrong question?", in Oddvar Eriksen, E. and Loftager, J. (eds.), *The rationality of the welfare state*, Oslo: Scandinavian University Press, pp.120-133.
- Scharpf, F (1987), *Sozialdemokratische Krisenpolitik in Europa*, Frankfurt.

- Sorrentino, C. (1995), "International unemployment indicators, 1983-93", in *Monthly Labour Review*, 118 (8) (August), pp.31-50.
- Sorrentino, C. (2000), "International unemployment rates: How comparable are they?", in *Monthly Labour Review*, 123 (6) (June), pp.3-20.
- Van Kersbergen, K. (1995), *Social capitalism: A study of Christian Democracy and the welfare state*, London: Routledge.
- van Oorschot, W. (2000), "Work, work, work: Labour market participation in the Netherlands: A critical review of policies and outcomes", paper presented at a seminar in COST A13 Working Group Unemployment, Brussels, (Nov. 3-4), Department of Sociology, Tilburg University.
- Visser, J. and Hemerijk, A. (1997), *A Dutch miracle: Job growth, welfare reform and corporatism in the Netherlands*, University of Amsterdam Press, Amsterdam.