

**ISSA Initiative  
Findings & Opinions  
No. 2**

**Labour Market and Social  
Protection Reforms in  
International Perspective:  
Parallel or Converging Tracks?**

a book edited by

Hedva Sarfati  
Giuliano Bonoli

**Summary**

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## Foreword

The phrase “Strengthening the security in social security” sums up the mission of the International Social Security Association (ISSA) and captures the spirit of the ISSA Initiative. This programme is designed to contribute to national and international debates on social security. The Initiative encompasses a range of activities - research, discussion, publications - oriented towards this goal. These activities centre on the impact of social security on the security of individuals, families, communities and society at large.

The theme to which the ISSA Initiative has accorded the highest priority is coverage. Developments in the labour market are a crucial determinant of trends in social security coverage. Employment patterns affect people’s access to social security benefits. At the same time, the rules governing access to benefits influence both employers’ and workers’ decisions concerning employment. Analysis of trends in coverage requires an understanding of interactions between the labour market and social protection.

In 1999, when the ISSA Initiative was launched, the ISSA commissioned a study on interactions between changes in labour markets and changes in social protection systems within countries of the Organization for Economic Co-operation and Development (OECD). At that time, it had become apparent that there was a growing intellectual gulf between social security experts, on the one hand, and experts involved in formulating and implementing labour market policies, on the other. Analysis of the interactions between these two spheres has become crucial to the design of public policies: both those aimed at promoting employment and those aimed at expanding social security coverage.

The project was lead by Hedva Sarfati, former Director of the Industrial Relations and Labour Administration Department at the International Labour Office. She brought together an international panel of experts with the goal of bridging the gap between labour market policy and social security policy. Their contributions have now been published in a single volume edited by Hedva Sarfati and by Giuliano Bonoli of the Department of Social Work and Social Policy, University of Fribourg, Switzerland. This issue of *ISSA Initiative Findings and Opinions* sums up the book's principle results.

Dalmer D. Hoskins  
Secretary General

## Background and overview

The world's media has woken up to the 'pensions time bomb'. How soon it will go off and with how big a bang, no one knows for sure. But it is threatening us all, and its fizzling fuse is already scorching many. Newspapers and airwaves are full of retirement dreams in ruins. People who had worked hard all their lives, skimping and saving, speak of betrayal. Others, looking forward, air their anxiety.

There had been a deal, struck after the last world war with memories of the economic and social miseries that preceded it still fresh: put in the hours and years, and pay your dues and insurance premiums, and you will be rewarded with, if not an eternity in heaven, then at least a decade or two of comfortable leisure. Lose your job through no fault of your own, fall sick, suffer bad luck one way or another, and you will be looked after while it lasts.

Faith, it seems, has been shattered, and not only by the state. Privatized pensions were supposed to have enabled the market in the coming century to fulfil the promises made by governments in the last one. Now it is not only Enron's former employees – who suddenly discovered they had put all their eggs in a bottomless basket – who have learned a harsher truth. Not a day goes by in the United Kingdom without another company or three joining the growing ranks of those abandoning their 'final salary' pension arrangements.

At a stroke, risk has been transferred from those companies to their workers, who join the rest of us in praying that the fund managers looking after our individualized pension plans are blessed with wisdom and luck, even if those of our neighbours are not. Just hope the spectres of unemployment, sickness and disability stay away too. Otherwise, how will we give those pension managers something to work with while still getting by in the here and now?

There could be no better time, then, for both expert and sober evaluation of where we are and how we got here, and some signposts to the future that might offer some hope. This book offers both, and not only about the relationship between pensions and the earnings that pay for them. By exploring changes in both the labour market and social protection generally, and the ways in which each affects the other, it highlights the basic issues which both underpin and intertwine work and life in the contemporary democratic societies of wealthy countries.

Its scope includes the countries of the Organisation for Economic Cooperation and Development (OECD) – in Western Europe, North America, Australia, New Zealand and Japan – as well as central and Eastern Europe. Its aim is to improve the understanding of policy makers, business and labour leaders, other policy shapers and the public at large of the options for addressing the challenges which all developed countries face today.

Its core question is how the labour market and social protection can be organized to bring the best not only from themselves but also from each other. What policies and measures are needed to enable today's work to be productive enough to provide for today's and tomorrow's social security? How can our social security arrangements best serve that purpose while also serving their own?

Condensing the wealth of detail provided in the book's 17 chapters, eight features, 22 figures and 45 tables into two consistent trends, the book concludes that the 'best results' arise from complex, carefully balanced policy mixes, often the result of consultation and negotiation with labour and

business representatives, leading to co-ordination of several areas of government action. It finds too however, that even as the term 'workfare' has entered the language, underlining by doing so the inextricable links between the labour market and social protection, reform policies for the two continue to fail each other in significant ways.

The book's title asks whether the paths of labour market and social protection reforms are running in parallel or diverging, but the book itself shows there are many ways in which they are in fact converging. However, the results of their deliberate interaction, as much as of failures to link them effectively in policy, do not necessarily benefit either, much less both. The result is that many long-standing areas of insecurity and inequality are persisting, while new varieties are being added. Piecemeal efforts are tending to produce perverse effects and the overall mix is a combustible one.

The book's editors have brought together a multidisciplinary team of academics and practitioners whose case studies and comparative analysis on selected OECD countries highlight the range and complexity of problems and the diverse ways to address them. While the findings show that a 'time bomb' is indeed ticking away in even the richest countries, they reveal too how it might be defused.

It thus offers a knowledge base, in the broad range of expertise of the contributors, starting with its two editors. Sarfati is a former Director of the Industrial Relations and Labour Administration Department of the International Labour Organisation (ILO), whose analysis focuses on changes in the world of work, particularly the growing flexibility in the labour market. She is now a consultant to the International Social Security Association (ISSA). Bonoli is a lecturer at the Department of Social Work and Social Policy at the University of Fribourg in Switzerland, whose internationally respected research and publications focus on the modernization of welfare States and pension reforms. Their expertise thus spans the two thematic strands of the book, while the various authors who contributed to the volume bring in the perspective of demographers, labour lawyers, labour economists, industrial relations and social policy experts, sociologists and political scientists.

Between them, they describe and analyze the changing nature of labour markets and social protection systems across the OECD and reveal how changes in each impact on the other. They do so by exploring the policy implications and outcomes, both positive and negative, of reforms introduced over the past two decades, and by drawing lessons from the experience that should guide future reforms of a more integrated kind. That is why it needs to be studied by anyone who advises politicians about the future of both the labour market and social protection, and by anyone with an interest in promoting an optimum mix of efficiency and equity.

## **The book's overarching theme**

The book boils down the challenge to two simple questions: Is it possible within the current major economic constraints to respond to new demands without overlooking enduring needs? And, if so, how? The book's tone – realistically serious in its articulation of the problems, but intelligently optimistic about the capacity of democratic societies and states to rise to it – is reflected in the fact that it is the 'how' question that is its primary focus.

The basics of the book's material and argument, and its analysis of the endogenous and exogenous factors driving change in the labour market and social protection systems, are widely acknowledged.

The rise of the service sector, the increased participation of women in the labour market, the significant growth of “atypical” jobs, and change in the composition of families and in the organization of work are among the factors driving change in the labour market in ways which demand change too in social protection systems. At the same time, except in the 'transition' (former 'communist') countries of central and eastern Europe, such trends as the ageing of the population and early withdrawal from the labour market negatively impact on dependency rates, applying their own pressures on social protection and demanding change in turn in the organization of the labour market.

Complicating the picture, the central and eastern European countries are experiencing reverse trends from those in the richer parts of the OECD – reduced life expectancy, females leaving the workforce, childcare services declining, transfer of social security responsibilities from the workplace to governments, and privatization as a result of the inability of those governments to pay for them.

The book shows that, while some reforms have contributed well to enabling the labour market and social protection systems to adapt in mutually supportive ways, in many other cases they are failing to adequately tackle some fundamental issues of social inclusion, cohesion and security arising from modern labour market conditions and social trends. In addition, in some respects, far from enabling the labour market to make people more secure, the way in which social protection is adapting to new labour market conditions is deepening the problem.

‘The last two decades have witnessed the unfolding of major changes and developments in labour markets and social protection systems,’ the editors begin, setting the scene. ‘The highly structured labour markets that were predominant during the first three post-war decades, which were characterized by full-time, stable and full (male) employment, now seem a thing of the past. Today's labour markets continue to produce predominantly full-time stable jobs and welfare for a majority of citizens, but they also generate substantial long-term unemployment, job insecurity, low pay, poverty and social exclusion.’

Turning to the evolution of social protection institutions over the same period, they say that, having been ‘effective in the post-war socio-economic context’, they ‘seem less adequate to address today's problems and challenges’. They tend to be costly and focus their efforts on core (male) workers, while often overlooking emerging needs and aspirations. For this reason, they ‘have been the subject of unprecedented debate and reform initiatives over the past two decades’.

Summing up the basis for the economic and social compact that laid the basis for social protection in the last half of the 20th century, the editors write:

‘The welfare states which developed during the post-war years were designed above all to protect citizens against labour market failure, in reaction to the social, political and economic costs of the inter-war depressions. In the event that a person, generally a male breadwinner, was unable to obtain an income sufficient to ensure a decent living for himself and his family, social protection schemes were there to provide a replacement income. In many countries, the protection of the income of male breadwinners went beyond simply providing income security through social transfers, and included measures intended to secure their position in the labour market by means of legislation offering varying levels of employment protection. The combined overall objective of social protection and labour market regulation were economic security for breadwinners and their dependants, whether they were inside or outside the labour market. This objective was achieved through a relatively simple mix of income replacement schemes and employment protection laws.’

The changes described in the book have undermined the logic of that compact and the operational efficacy of the systems established to honour it, the book shows. The editors identify three key underlying trends driving changes in both labour markets and social protection systems. These are:

- the evolution of formerly industrial economies into service economies, which has implications both for taxation and for the nature, security and wage differentials of employment;
- globalization, and especially the combined effects of the drive for competitiveness that it has fuelled (resulting, among other things, in public expenditure constraints) and its impact on the capacity of states to either regulate employment or collect taxes;
- the ageing of the population, with its implications, expressed in the changing ratio between those currently contributing to social security finance and those benefiting from it, for pensions, health care and social insurance and assistance.

Arising from those trends, the ‘factors that are framing the current process of the restructuring of labour markets and social protection systems’ are identified as ‘tight economic constraints, new demands and enduring needs.’

## **Social protection is becoming an instrument of employment promotion – but is that enough?**

The chief way in which social protection systems are being redesigned to deal with these tensions is to become instruments of employment promotion. These initiatives are proving beneficial in some respects, but narrower definition of benefit entitlements alongside real reductions in benefits are transferring an increasing share of the welfare burden back to those in need of support.

The newly conventional wisdom is that safety nets should become springboards, the editors point out, but they add that ‘it should not be forgotten that the needs and aspirations underlying the construction of post-war welfare states have not disappeared.’ They point out: ‘Facilitating access to employment may be an appropriate strategy to improve the opportunities of many disadvantaged people, but not all of them. Due to their circumstances, it may be difficult, or even impossible, for some disadvantaged persons, such as younger and older workers, workers with family responsibilities and, in particular, the disabled, to gain entry to the labour market. For them, springboards may be of little use, and may even be dangerous if there is no adequate safety net below.’

Add on the increasing proportion of those who have retired from the labour market, and throw in such complications as increases in ‘atypical employment’ – often characterized by such insecurities as being temporary, part-time and informal – and the explosive nature of the mix begins to take shape.

Although many of the widely understood trends are confirmed – such as demographic change, the increasing proportion of women in the labour market and the changing character of jobs - the book also demolishes some shibboleths and exposes some myths. For instance, we have been led to believe that job mobility and insecurity are now facts of life. However, while confirming and providing rich detail about trends towards significantly increased part-time and other types of ‘atypical’ employment (which affect some population groups much more than others), the book shows that these remain

precisely that – atypical – because secure formal employment is proving remarkably durable for a substantial segment of the labour force. Moreover, unemployment, having been rising, is now falling in some countries, and the low quality of many new jobs need not necessarily persist.

## **Reforming social protection to stimulate entry and retention in the labour market**

Social protection systems are being redesigned in many OECD countries with a view to encouraging entry or re-entry into the labour market. In their concluding chapter, the book's editors state that perhaps the biggest change in social protection has been away from maintaining income and subsistence and preventing poverty to stimulating employment.

However, the way in which this has been done has varied, as have the effects. No country's approach can be counted entirely successful or unsuccessful, but some lessons can be drawn from each and from the overall experience. Some country reform programmes have contributed positively to labour market inclusion or social protection or even to both, but all have failed in some serious respects too.

A chapter examining the Danish model of 'flexicurity' shows that it has achieved 'dramatic' successes in reducing unemployment and increasing the employment rate, but does not gloss over the downside; a number of 'snakes' are discovered within the 'paradise'. Nevertheless, the chapter demonstrates that Denmark's reforms have 'created a unique combination of stable economic growth and social welfare' in defiance of the widespread view that the need for competitiveness arising from international economic integration has rendered the Nordic model outmoded.

The UK's recent reforms are also among those that are explored in detail. The central organizing principle of measures taken by the current government there has been the recreation of the welfare state around paid work – the aim is to both 'make work possible' and 'make work pay'. This approach could be seen as a return, but without gender bias, to the basis of social protection systems designed around the assumption of full male employment; paradoxically, however, it involves in practice changes to social security entitlement which can be seen also as in breach of founding principles.

The UK's reforms have been influenced to some extent by those in the United States, whose approach has been to provide incentives to the low-paid via taxation and ex-post subsidies to remain at work. This, too, is explored in detail.

The French attempts to realign labour market and social protection policies are characterized, on the other hand, as 'maladjustment'. The French reforms have sometimes resulted in penalizing the most precarious, creating poverty traps and disincentives, and lacking transparency. To ensure better outcomes a coherent approach to reform based on social rights is called in lieu of the past fragmented one. The evidence of the book as a whole suggests other countries' reforms might be worthy of similarly robust observations.

## Non-standard employment and social protection

One of the chief ways in which the book's evidence challenges prevailing messages about the future of work and welfare is in its examination of the extent to which full-time waged employment remains the predominant form of employment in OECD countries. A feature on that subject notes that 'popular conceptions' fuelled by media reports suggest that employment security is a thing of the past. Its authors ask: 'But does this hold true when more serious data on job stability are examined?' What picture emerges when such images and stereotypes are compared with objective indicators of job flexibility and job stability? Their answers would be valuable if they only challenged the misconceptions to which they refer, but they do more by shedding light also on the fact that the impact of atypical employment on workers' welfare varies greatly – and on why that is the case. It is through nuances such as these that the book's most valuable lessons emerge.

Just because reports of the death of employment security have been exaggerated, however, does not mean there has been no significant increases in non-standard forms of employment, or that this trend does not pose a challenge to social protection systems. The three main forms of atypical employment are part-time work, temporary (and fixed term) work and self-employment. The first two have grown significantly (especially among women) and are often linked, while self-employment has also grown in non-agricultural sectors, but its incidence is smaller than the former two. The book shows the extent of the growth of atypical employment in the OECD overall, as well as the differences between countries, and explains how and why the trend represents a major challenge to the design of social protection systems.

Some of the respects in which labour market and other changes are undermining the coherence of social protection systems are better known than others indeed, while challenging some widely accepted perspectives, the book also draws attention to less widely acknowledged problems. For example, the way in which the nature of the minimum wage is being undermined is explored, as are the causes and effects of switching many recipients of state benefits from insurance-based welfare entitlements to assistance.

While the book demonstrates how the growth of atypical employment is closely associated with growth of insecurity, it shows too that not all atypical employment is precarious. The incidence of long-tenured employment (working for 10 years or more with the same employer) is higher among women part-timers than among full timers.

The variable impact of flexible employment arrangements on workers is explored in a variety of ways. One feature, for example, explores it in terms of a contradiction between two trends: the development of new models of work based on devolution of responsibility and team-working, on the one hand, and what is defined as 'individualisation of evaluation processes' in recruitment, on the other. Pulling in different directions, these trends are enabling some workers to exercise greater control over their both their working lives and the work-life balance, while others, with flexible arrangements imposed on them and managed by employers, are losing power in both respects. A new framework of security to enable those trends to be reconciled to produce fairer and more uniform results, so that the advantages of flexible working for economic efficiency can be combined with the need for equitable social security, is proposed.

## The gender dimension and social protection reform

Atypical employment generally and its impact on the coherence of social protection particularly affect women in specific ways. Conversely, the growth of women's participation is among the major drivers of change in the labour market, although both the pace of that growth and its results vary a lot between countries. Several of the book's chapters and features explore the reasons both for that general growth and the variations between countries, and the role of government policies in shaping trends.

As with other issues it explores, the book is at its most instructive in reaching beneath the surface of general trends to the details of cause and effect. It shows that, although access to paid work is an important factor in poverty alleviation, increased participation of women in the labour market does not necessarily improve their welfare. Many have joined the ranks of the working poor. While women's access to paid work is a necessary condition of maintaining social protection as traditional gender roles break down, it is by no means a sufficient one. The outcomes depend on a range of factors in both labour market and social protection policies, and some of the book's chapters discuss what changes are required in the approach of recent reforms if the intention of providing for women and men equitably is to be actually achieved rather than remaining an unsatisfied policy goal.

For example, both France and the United States have relatively high rates of women's participation in the labour market, but for significantly different reasons which impact in different ways on women's welfare. Childcare services have expanded in both France and the US, but in very different regulatory environments, which greatly affects some results both for women in need of the service and women providing it. Different approaches impact differently on important factors such as low pay (more likely to affect women than men) and their ability to fulfil their responsibilities in the family as well as at work.

The inter-connections have long-term implications. The major determinant of women's participation in the labour market is the availability of affordable childcare services, which is also a major determinant of fertility rates, which in turn is a key factor in the sustainability of public pension schemes. However, while the United States has seen a substantial growth of women's employment, especially in the service sector (in general, the growth of the service sector and of women's participation in the labour market are closely related), at the same time women pensioners have fallen further behind men economically. It is in exploring the reasons for such contradictory outcomes that the book reveals convincingly the limitations of market economics to fully explain or tackle the challenges of social protection.

Indeed, the book shows that, while the 'traditional' model of social protection tended to cement the dependence of women on men in various ways, and contributed to female poverty, some reforms designed supposedly in part to overcome such deficiencies are consolidating rather than relieving the legacy of inequalities.

The gradual erosion of public pensions and promotion of private pensions is particularly damaging in this respect, as the book's evidence shows incontrovertibly. Coverage by private pension schemes for women is limited for part-timers and for the low-skilled and low-paid, even among full-timers.

## The ageing population, the labour market and social protection

Increases in labour market activity rates among groups, which have joined the dependent side of the balance as a result of recent changes, could ensure productivity growth and “defuse the demographic time bomb”, the book shows. But for this there must also be changing attitudes towards older workers and among policy-makers, managements and trade-unions.

The pensions privatization trend has been rationalized as the only possible response to the increasing dependency rate arising from demographic change. Indeed, if there is one commonplace in the accepted narrative about the driving forces of change to social protection systems it is that demographic change – in particular, the ageing of the population – has made pay-as-you-go public pension arrangements unaffordable. There is no doubt about the demographic shift in the richer OECD countries, which is more marked in some than in others, as the book reports in detail. (The reverse trend is occurring in central and eastern European ‘transition’ countries, where the gaps in social protection are showing up in pre-retirement welfare as well as in pensions.) There is no doubt, either, that the changes in the dependency rate – the proportions of people contributing to the costs of social protection through their activity in the labour market in relation to those in receipt of its benefits – is a major cause of the strains on social protection systems generally, and in a number of particular ways.

However, just as exaggerated reports of the death of secure employment have tended self-fulfillingly to serve a particular policy agenda, so the widely reported prognosis that pension systems based on social solidarity are no longer viable seems, in the light of the evidence assembled in the book, to have served a similar political purpose.

Despite these realities, however, the book argues that an exaggerated view of the implications of demographic change appears to be driving a distorted approach to reform – and this could indeed lead to the real demographic challenge turning into an unnecessary crisis. If governments address reforms to social protection systems and labour markets in tandem, and with a commitment to social equity as well as economic efficiency, the problem can be tackled before it is too late. However, some governments prefer to transfer responsibility for old-age income from governments and firms to the worker. This does not necessarily address the demographic problem (funded systems, whether public or private face the same risk of low market performance – or even market failure – when the financial or technological bubbles burst), while alternative measures of reform – to both labour market and social protection policies – are being neglected even though they could counteract the impact of the ageing population.

The book identifies how these problems could be overcome by reversing late labour market entry and early exit, breaking the three-tiered life cycles, improving training and skill up-grading at all ages, facilitating labour market re-entry, developing community and personal services and training unemployed people for them, acknowledging and adapting work-environment and jobs to the needs of older workers, changing attitudes towards older workers and using an innovative approach to the possible contribution of older workers, among other ways.

Rather than enabling such a virtuous spiral to develop, many employers, governments and trade unions have tried to cope with unprecedented levels of persistent unemployment in ways that have further stimulated instead the vicious spiraling of dependency rates, by laying off over-50s. In this respect, men have been particularly hard-hit, but the extent to which social protection arrangements

leave many women still dependent on men's income makes it also a women's issue. At the same time, they have insufficiently addressed other factors, such as training – most of those male 50+ were low-skilled manufacturing workers – and the high incidence of single-parent households headed by women.

As the book's concluding chapter points out: 'The reduction in the labour force participation rates of older workers has proved to be an extremely costly means of facilitating industrial restructuring and economic adjustment, both for the public budget and in terms of human capital. Today's older people are in better health than a generation ago and can continue to work much longer in activities which do not require physical effort.'

## **The role of taxation in enabling labour market inclusion**

Although it reveals the different outcomes of different approaches to tackling the problem of early withdrawal from the labour market, the book shows that attempting to tackle it has become a policy objective across the OECD. Some countries have focused particularly on changes to taxation rules. This is because, under previous arrangements, some people – not only older and retired workers, but also other groups, such as single mothers and people with disabilities – remained outside the labour market because to enter or re-enter it would make them worse off.

Reforms to social protection systems to tackle this have tended to focus on tightening entitlements to welfare benefits. Clearly, this affects incentives but sometimes at the expense of social protection, and governments can be motivated to combat dependency on the state more by cost-cutting than by consideration of what is in the best interests of the people affected. Against that background, reforms to taxation systems to provide carrots to complement the sticks produced by changes to social protection systems are of particular interest, and the book examines comparative country experience.

It is in the United States that tax credits for low-income households have been most developed, and some strong claims have been made about their efficacy. Some such claims are justified by the evidence, but some are not. By examining the evidence of both success and failure, the book offers insights into how tax credits might be used, and combined with other measures, to produce better outcomes both in labour market participation and social protection of particularly vulnerable groups.

## **The challenge to the social partners and the role of social dialogue**

Such evidence could play an important role in enabling the social partners – governments, business and unions – to identify ways in which they could work together to develop and implement solutions to the challenges outlined in the book. Indeed, the book provides evidence that the most effective policy outcomes so far achieved have been the product of such social dialogue, which requires long-term commitment to the growth of trust and confidence. The mutually supportive roles of labour market regulation and social protection provision are accomplished to the best economic as well as social effects not only in countries, such as the Nordic countries, Austria, Germany or the Netherlands, in which social dialogue is well established and functions well, but also in Ireland, Italy, Portugal, Spain, which have a more adversarial industrial relations systems, the book shows.

Social dialogue not only enhances democracy but also contributes to the capacity of joined-up government to develop coherent policy-mixes. The virtuous spiral linking childcare provision to pensions sustainability through the participation of decently paid and protected women in the workplace is a case in point. The significance of a social dialogue approach can be seen also in the successful role it has played in securing essential changes to both labour markets and pensions reform in several countries, compared to the political and policy failures resulting from attempts to impose it.

The book explores the negative experience as well as the more positive outcomes associated with social dialogue, and points to fruitful ways in which that approach might be extended. In doing so, the book underlines the fundamentally political character of its subject.

The book's underlying narrative is that the mutual compatibility of labour market regulation and social protection systems require mutually supportive reforms of both. Social protection reforms can be designed in such a way as to contribute to the restructuring of the labour market to harness the benefits of both flexibility and security. Other measures of labour market re-regulation can contribute in their turn to establishing a more secure basis for the future of social protection.

The establishment of such a virtuous spiral of policy reform requires attention to range of both ethical and practical issues. It is all very well, for example, to insist that paid work is the best route out of poverty and to conclude that, therefore, social protection reforms should be designed primarily to facilitate participation in the labour market. However, if instead of redrawing the line between employment and non-employment this has the effect of undermining the legitimacy of that line, a new set of problems emerges. Tackling them demands confrontation of such issues as to what extent people who have worked all their lives are entitled to enjoy an active but non-earning retirement, and how to balance the responsibilities to society of people with disabilities with their rights to fair, dignified and reasonable treatment and daily lives.

The very nature of work also comes into the picture. The desirability of mothers and fathers being able to concentrate securely on caring for their young is one such issue. The 'work-life' balance is an increasingly significant public policy debate with great implications for both labour market and social protection policies, and requiring a co-ordinated approach. It raises issues about the ease of movement between participation and non-participation in the labour market, and between full-time and part-time work, as well as about entitlement to benefits or credits towards publicly provided pensions.

The book explores those wider cultural issues as well as the impact of the more technical policy matters on which it mainly focuses. It shows that rising to those challenges requires not only the political will to do so but also the vision to mobilize the technical expertise and evidence which finds expression in this book. To achieve that requires the multi-disciplinary approach and the commitment to social dialogue that the book embodies.

Contemporary debates about globalization, consumerism, corporate power, the future of democracy, the Welfare State and much else besides involve exploration of the appropriate balance of risk and security, the respective roles of the private and public sectors, and the mix of the state and the market. Our collective and individual futures depend upon the outcomes of these debates, and yet they often generate a great deal more heat than light. This book illuminates the discourse in ways which show how those interests can be, if not wholly reconciled, then at least find expression in cohesive ways to

achieve an acceptable and sustainable balance of economic efficiency and growth, on the one hand, and social cohesion and justice, on the other.

Policy makers and social actors, in their quest for making employment and social protection systems mutually supportive, will benefit greatly from this discussion of alternative and creative policy mixes, which necessarily transcends the straightjacket of electoral calendars.

## Tables

The tables below highlight some of the main trends and forecasts indicative of the shifts in the labour market of the OECD region and the European Union which have an impact on social protection. These include the past and future developments of dependency ratios, female participation rates, labour force participation rates broken down by age group, long-term unemployment as a proportion of total unemployment, the incidence of poverty in families where the head of the household is unemployed, the growth of temporary employment over the past 15 years, and the extent of earnings dispersion.

**Table 1 Old-age dependency ratios (%)**  
(population older than 64 to population at age 15-64)

	1980	2000	2010	2030	2050
Australia	14.7	18.0	19.8	32.2	37.5
Austria	24.0	21.5	24.0	40.3	53.6
Belgium	21.9	25.2	26.0	42.6	48.3
Canada	13.8	18.7	20.7	37.3	40.1
Denmark	22.3	22.7	25.8	38.4	40.3
Finland	17.7	22.2	25.4	43.5	44.0
France	21.9	24.4	25.3	38.7	44.2
Germany	23.7	24.0	29.6	43.3	48.7
Greece	20.5	26.7	30.3	42.3	64.5
Ireland	18.3	16.8	18.2	28.3	39.9
Italy	20.4	26.9	31.4	49.1	65.7
Luxembourg	20.0	21.2	23.4	37.1	45.2
Netherlands	17.4	20.2	23.0	43.0	49.1
New Zealand	15.7	17.7	18.9	30.4	34.3
Portugal	16.4	23.2	25.2	35.9	56.3
Spain	17.0	24.9	27.0	42.3	72.0
Sweden	25.4	27.1	29.7	43.4	46.5
UK	23.5	24.6	25.9	38.3	42.2
US	16.9	19.0	19.5	33.6	35.5

Source: *World Labour Report 2000: Income security and social protection in a changing world*, Geneva, International Labour Office, 2000.

**Table 2 Female labour force participation rates, 1997**

Australia	63.5
Canada	68.7
Germany	61.8
Denmark	74.7
France	60.4
Italy	44.1
Japan	63.8
Netherlands	76.8
Sweden	76.7
United Kingdom	68.9
US	72.5

Source: OECD: *Labour Force Statistics 1999*.

**Table 3 Labour force participation rates by age group, 1999**

	15 to 24	25 to 54	55 to 64
Australia	70.6	80.0	47.0
Canada	63.5	84.6	50.0
Japan	47.2	82.0	67.0
New Zealand	63.3	82.0	60.0
Norway	64.0	87.6	68.0
Switzerland	68.6	87.5	73.6
US	65.5	84.1	59.3
EU	47.8	82.2	41.4

Source: OECD: *Employment Outlook 2000*.

**Table 4 Incidence of long-term unemployment as a percentage of total unemployment**

	1980	1985	1990	1994	1999
Australia	19.8	30.9	21.6	36.3	29.4
Canada	3.8	10.3	5.7	15.2	11.6
EU	24.5	45.5	45.1	43.5	41.2
Japan	16.5	13.1	19.1	17.5	22.4
Norway	...	10.0	20.2	24.1	6.8
New Zealand	...	...	20.9	32.3	20.8
Switzerland	...	...	...	28.9	39.8
United States	4.3	9.5	5.5	12.2	6.8

Sources: *Key Indicators of the Labour Market (KILM)*, ILO 1999; OCDE: *Perspectives de l'emploi 2000*.

**Table 5 Relative poverty rates in households where head of household is unemployed**

Belgium	28
Denmark	3
France	35
Germany	44
Italy	36
Netherlands	23
United Kingdom	48
EU 12	38

Source: European Commission: *Employment in Europe 1994, 1995*.

**Table 6 Temporary employment (employed on fixed term contracts)**

	1985	1990	1991	1994	1996	1997	1998
EU 15	8.4	10.3	10.4	11.0	11.8	12.2	12.8
Male	7.6	9.3	9.3	10.1	11.1	11.5	12.0
Female	9.7	11.8	11.9	12.1	12.7	13.1	13.7

Source: European Commission: *Employment in Europe 1999, 2000*.

**Table 7 Earnings dispersion between median and first decile (D5/D1), 1995**

Australia	1.65
Canada	2.28
Germany	1.44
Denmark	1.38
France	1.65
Italy	1.75
Japan	1.63
Netherlands	1.56
Sweden	1.34
United Kingdom	1.81
US	2.09

Source: OECD: *Employment Outlook, 1996*.