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Changing Labour Market and Gender Equality: The Role of Policy

ENHANCING GENDER EQUALITY BY TRANSITIONAL LABOUR MARKETS

**High level Conference organised jointly by the OECD, the Ministry of Children and Family Affairs and the Ministry of Labour and Government Administration, Norway
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SUMMARY

1. If current trends continue, women will have the same labour force participation rate as men within one or two decades. Gender inequality of employment in qualitative terms, however, remains persistent. Why is this pattern so stable? The *general argument* in this essay is that the way we organise the interfaces between various productive activities enforces traditional role models for men and women. There is a lack of institutionalised transitions between these activities, especially between family work and labour market work. The traditional organisation of the labour market provides only a restrictive set of mobility between various employment statuses. There are signs, however, that both demand side and supply side pressures contribute to the erosion of the 'traditional employment relationship' implying the danger of new forms of labour market segmentation that disadvantage again women. Enhancing gender equality requires the institutionalisation of '*transitional labour markets*' defined as negotiated or legally entitled arrangements to change the employment status or to combine labour market work with other socially useful activities according to economic circumstances and individual life-cycles.

2. Five critical interfaces between labour market work and other 'productive' activities are distinguished for which transitional labour markets should be established. (1) The transition from or between education and work, (2) between various working time regimes or employment statuses, (3) between family (or other social) work and labour market work, (4) between unemployment and employment, and (5) from work and retirement. From the perspective equality and efficiency, four criteria of 'good transitions' are developed: First, increasing the capacity of individuals to cope with the (new) risks of social life (*empowerment*); second, 'activating' savings for social security into measures for keeping or increasing employability (*sustainable employment and income*); third, delegating more decision power to individuals or local agencies in order to adjust to individual needs and local circumstances (*flexible co-ordination*); and fourth, supporting public-private-partnerships to mobilise potential synergy between local actors (*co-operation*).

3. Using these criteria, the paper provides illustrative examples for 'good' and 'bad' practices from OECD countries. The paper concludes that men will also have to adjust to the 'discontinuous' career pattern that most women have been used to since a long time. Transitional labour markets could help them to accept this challenge by maintaining employability. Under the perspective of gender equality, the strategy of '*making transitions pay*' seems to be a more promising strategy than the strategy of '*making work pay*' which aims at increasing employment by extending the low pay segment of the labour market. Enlarging the set of opportunities for mobility by transitional labour markets would increase the bargaining power of employees, especially for women. It would also reduce the effective average weekly working time, thereby contributing to a more employment intensive growth and a reduction of unemployment.

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ENHANCING GENDER EQUALITY BY TRANSITIONAL LABOUR MARKETS¹

1. Women are catching up with men in labour market participation. Extending the trend lines, women in the United States will have the same labour force participation rate as men in the year 2,008 at a level of 84 percent, and in the European Union in the year 2,014 at a level of 67 percent. Gender inequality of employment in qualitative terms, however, remains a persistent characteristic in almost all western industrialised countries. The majority of part-time work and precarious employment relationships is still female, segregation or dissimilarity indices show neither great differences between OECD countries nor impressive improvements since the beginning of the eighties, and the same holds true for the gender pay gap (Table 1). Why is this pattern so stable?

2. If we ponder about this question, we get inspiration from two schools of thought. One argument stems from the neo-classical school for which gender segregation expresses preferences that are exogenous to the employment system. Under this perspective, women's decision for or against labour market participation are to be taken as largely independent of labour market processes. Even if women's potential skills are under-utilised through segregated labour markets, welfare may still be maximised if it is assumed that women enjoy comparative advantages in domestic labour (Becker 1991). Thus, not much is left for labour market policy except to take care that competition and market forces limit gender discrimination by taste or lack of information (Becker 1957).

3. Another argument comes from the institutional school for which preferences are largely endogenous to the employment system, such that the current household division of labour reflects the gendered labour market in which women expect to be disadvantaged. Therefore, women's decisions concerning labour market participation are influenced by the realistic perception of employment opportunities and by the decisions of their mothers, sisters, neighbours and friends, thereby creating some kind of a self-sustaining vicious circle (Humphries and Rubery 1995). Under this perspective, more room of manoeuvre is given for policy intervention, especially measures reducing the constraints imposed on women's employment choices. However, the underlying assumption is that a holistic approach is needed, some kind of a new gender contract which attacks gender inequality from various angles in a co-ordinated and co-operative way.

4. Both schools of thought are not very optimistic. For neo-classical pundits, preferences are largely given and not quite sensitive to policy interventions, whereas for institutional fans preferences are caught in a web of institutions which can hardly be changed or managed without risking unintended side-effects. This essay follows the institutional approach but tries to enhance a more optimistic perspective. The argument is that transitional labour markets might serve as a guideline for both, the required holistic approach and a realistic operational strategy enhancing gender equality more effectively than until now. In contrast to neoliberal strategies or the traditional welfare state concept, the institutionalisation of transitional labour markets would encourage mobility ('transitions') between paid work and gainful non-market activities without inducing downward spirals of social exclusion. The aim is to enhance both

¹ This paper has been prepared by Günther SCHMID, Director of the Department *Labour Market Policy and Employment* at the Social Science Research Centre Berlin (WZB) for the conference: "Changing labour markets and gender equality: The role of policy", 12-13 October, 1998, Oslo.

men's and women's lifetime social participation in the understanding that social participation is much richer than labour market participation.² To elaborate the argument, I start with the premises of transitional labour markets (section 1), develop the main principles of how to organise such labour market institutions (section 2), explore innovative policy examples in the OECD under special considerations of gender equality (section 3), and discuss finally the main results (section 4).

PREMISES OF TRANSITIONAL LABOUR MARKETS

5. Apart from 'globalisation', which dominates the present employment discourse, consideration should also be given to another major trend, one that is usually ignored in the often very ideological debate on international competitiveness, namely increasing social differentiation, possibly even a renewed drive towards individualisation. The associated change in family and demographic structures creates new challenges for the employment systems in modern industrial societies that are at least as dramatic as the changes in the global economy. The historical phases of civilisation, rationalisation and differentiation are now being followed by a new element of modernisation, namely individualisation.

6. *Civilisation* denotes the process of exerting control over the exterior and, above all, the interior nature of human beings as part of the monopolisation of power by the state (Elias 1976). *Rationalisation* means, on the one hand, the 'demystification of the world': Not the increasing general awareness of the conditions under which one lives but rather the knowledge or the belief that, in theory at least, *one could control* all things if one only *wanted to*' (Weber 1992 [1917], p. 87). Thus the rationalisation of society denotes a belief in the increasing intellectual mastery of living conditions *and* the concomitant trust in or reliance on the appropriate experts. On the other hand, rationalisation also hints to the pluralisation of value systems and the scientific search for the means to put them into practice (Weber 1992 [1917], p. 103). *Differentiation* reflects the process of defining and institutionalising various spheres of action and the individual participation in several of such fields of action (Durkheim 1977). In addition to these historically completed phases, individuals are increasingly seeing themselves as the creators of their own, non-collective life plans. This phenomenon has always existed in individual cases or among privileged groups. However, the early 1970s saw a significant shift in this direction. It has been possible since then to talk of a phase of *individualisation*, in which a critical mass of separate individual interests, not only of men, but also of women and children, is defined and put into practice not only in the face of the state and the church, of local communities and kinship but even of individuals' families.³

7. The consequences can here only be intimated with the aid of a few key terms: an endogenous trend towards increasing female participation in the labour market, rising divorce rates, increasing numbers of single parents and declining birth rates. Individualisation, thereby, does not mean the dissolution of social entities like the family or the neighbourhood. It means the change of the social construction of such entities, especially the end of traditional ties in favour of consciously designed ties, and the evolution of such entities in which continuous bargaining takes place. The individualisation process is also fed on the labour demand side where employment relations involve increasingly individual bargaining, personalised contracts and performance-related pay. The process of individualisation is further reinforced by demographic trends. Between the end of the working life and eventual death there is now an increasingly long period of independent living that can be organised according to individual taste.

² For previous versions of the concept see Schmid 1994a, Schmid 1995a and Schmid 1995b; for extensions see Gazier 1998, Schömann 1998, Wilthagen 1998; partly in this spirit see OECD 1994.

³ Cf., among others, Beck 1986, Huinink 1995, van de Loo and van Reijen 1992, Miegel and Wahl 1993, Mayer 1996.

Thus individualisation also denotes a society in which life expectancy is long and increasingly long periods of people's lives can be organised to suit individual wishes. The consequence is a shift in the age structure, which in turn has an effect on the conditions under which the labour market operates. Until now, in Germany for instance, for every 100 economically active individuals aged between 20 and 60, there were about 35 pensioners; soon there will be 70 or more. Labour force will also likely become significantly older in the next several decades, although the strength of this effect varies markedly across countries.⁴

8. In combination with other 'megatrends', such as 'globalisation' or internationalisation and information technology, individualisation creates two major problems for post-industrial societies. First, the notion of '*full employment*' in the traditional sense can no longer be sustained. The slogan of 'work for all' has to be qualified anew. The 'all' in the traditional sense has been restricted, according to the breadwinner concept, to the male heads of households. This ideology can no longer be upheld. In other words, the full employment objective in the sense of work for all under the condition of eight hours a day, five days a week, 46 to 50 weeks a year, 40 to 50 years during an average individual life span, is both outdated and unachievable. The *new gender contract* (OECD 1994) requires a new working time regime which allows both men and women to combine market work and social work in flexible ways during their life cycles. Second, the growing number of pensioners, or more precisely the increasing number of older people not burdened by paid work (but nevertheless interested in meaningful activities), is becoming a drain on the social security systems. The old-age pension systems can no longer be financed only by those in work (through social security contributions and income tax). The *new contract between the generations* requires additional resources to finance social security. It is the first challenge to which the following essay shall provide a modest contribution.

9. The *new gender contract* will have to focus on a new concept of '*full employment*'. The new regulatory idea could be the *evolution* toward an average working time of 30 hours a week for both men and women. The individual working time, however, would vary around this evolutionary norm according to economic conditions and circumstances over the life cycle. So in some phases of their life, people would work 40 to 50 hours a week, in other phases 10 to 20 hours, and again in other phases around 30 hours.⁵ The average norm of 30 hours corresponds to the potential productivity level in most OECD countries. The regulatory idea of an average 30 hours week over the life cycle is based on the assumption that employment intensive growth is a precondition for 'full employment'. High employment elasticity can be achieved either by high wage flexibility or by a working time reduction of those who have a job. Whereas both strategies may or have to be combined, my further assumption is setting priority on solidarity through income redistribution with a further reduction of the average working time of those who have or obtain a job.⁶ In the long-term, the income redistribution implied in such a strategy will not necessarily lead to lower real income or lower living standards for three reasons. First, the higher degree of social integration through this kind of work sharing measures will foster productivity through working time reduction and reduced segmentation or occupational segregation, and it will increase the 'economic cake' for distribution because more people are productive (or less idle labour has to be maintained). Second, life quality will increase through more leisure time, more time sovereignty, improved natural environment, and more equal opportunity. Third, the income sharing may also be a positive sum game (or

⁴ Cf., among others, Baltés and Mantada 1996, Deutsche Gesellschaft der Vereinten Nationen 1994, Enquête Kommission 1994, Harrison 1994, Hof 1993, Klose 1996; OECD 1998a.

⁵ It should not be misunderstood as an argument for reducing the activity time which includes also other 'productive' work not related to the formal labour market.

⁶ High wage flexibility, especially downward flexibility, results in wide wage differentials and the phenomenon of working poor.

at least a zero sum game) from the household point of view: what the male spouse loses may be more than compensated by what the female spouse wins through new forms of family labour divisions.

10. Phases in the life cycle in which the working time deviates substantially from the new standard of 30 hours are phases of '*transitional employment*'; and institutional arrangements that allow such intermediate phases will be called '*transitional labour markets*'. Unemployment would be an extreme form of such an intermediate phase, and the new concept of 'full employment' does allow for '*transitional unemployment*'. But structural unemployment can be alleviated substantially through a new labour market policy which supports various forms of 'transitional employment' such as short-time work, temporary part-time work, further training and retraining, sabbaticals, parental or career leaves.

11. In a stylised way, the working time regime of transitional labour markets can be compared with two other regimes. First, the *traditional regime* in which men work full-time and women, if at all, work part-time at various hours depending on the households' need for additional income. Austria, for instance, seems still to come near this model, and also France with the exception that more and more women work here also full-time by adjusting to men's style of working life. Germany comes also near this model with the exception of a peak for women working part-time at around 20 hours a week. Second, the *dual working time regime* in which many women work part-time at precarious conditions and low income, whereas many men work regularly overtime to compensate for the low income of women who are still supposed not to be 'equal breadwinners'. The United Kingdom seems to be unique in coming near to this model (European Commission 1994:108-111)). In contrast to these models, third, the frequency of weekly working time in an evolutionary working time regime of '*transitional labour markets*' would be 'normally' distributed around 30 hours a week both for men and women.

12. What are the suitable policy measures to realise this work sharing strategy? What are the organisational requirements to implement these measures? These are the subjects of the following sections. I will start with the principles that underlie the strategy of transitional labour markets.

PRINCIPLES OF TRANSITIONAL LABOUR MARKETS

13. A personal experience shall introduce the main argument. When I made an interview 20 years ago at an employment office in a rural area, the placement officer explained the rationale of short-time work in the following way: Most people accept temporary working time reduction connected with some income loss as a legitimate form to adjust to cyclical demand shocks; they prefer this form to layoffs or dismissals; many people use the free time to get work done on their farm; they consider this as a property right, and they are even frustrated if the timing of the demand shock does not fit with the need to do their farm work. This story contains the three most important elements of the concept of transitional labour markets:

- *First*, labour markets are always exposed to shocks to which workers or employees have to adjust. These shocks may come from external sources of the labour market such as rapid changes in effective demand or technological changes. But these shocks may also come from internal sources of the labour market such as demographic ups and downs, health disasters, family breakdowns or the need to follow a partner in another region and therefore to change the employer and perhaps also the job. As the British sociologist Anthony Giddens remarked, the characteristic features of our times are not external risks but internal risks or 'manufactured risks' that result in human intervention into the conditions of social life and into nature (Giddens 1995; Giddens 1996, p. 4). Internal risks show no clear

cyclical or seasonal pattern. In other words, *chaotic* involuntary (and sometimes even voluntary) *unemployment* becomes an increasing fact of life for everybody.⁷

- *Second*, labour markets are not commodity markets but ‘social institutions’ (Solow 1990; Schmid and Schömann 1994). Their adjustment capacity to external and internal shocks by wage flexibility is limited. The greater the need to adjustment and the longer the time needed to adapt to the new situation, the less the room of manoeuvre through downward wage flexibility. Especially the notion of fair wages restricts this possibility: Social status and human dignity forbid wages below a certain level. Thus, labour markets require effective *and* socially legitimate institutions of adjustment.
- *Third*, enforced or unplanned idleness of labour with respective cuts in labour income must not necessarily be negative. It could be used positively if the free time can be employed for other meaningful activities which are either self-rewarding, investments for the future, or bridges to new labour market activities. In the golden industrial times, the primary sector (farm work) was the most important institutional buffer providing the social space for such useful activities; large and multigenerational families was another one. These ‘natural’ institutional buffers disappeared or are deteriorating further in the post-industrial society. New socially constructed buffers are required. ‘Transitional labour markets’ are the solution in providing functional equivalents to the „hinterland“ of the traditional subsistence economy⁸ or the social security through traditional family network.

14. In analogy to the theory of life transitions in psychology, ‘transitional labour markets’ can also be regarded as institutional responses to critical events in labour markets. Transition theories in psychology following the *life event framework* assert that change induced by unexpected events is inevitable. Opposing traditional theories which emphasise life stages in order to develop universal characteristics of personal identity and maturity, life event theories focus on the episodic or accidental disasters that occur in people’s lives in order to learn more about the ways people cope with such events. To follow transitional behaviour of individuals with longitudinal data or cohorts exposed to the same events is thus a promising research strategy to detect patterns of adjustment that are suitable for generalisations and policy conclusions (Mayer 1997; Schömann 1996).

15. *Critical transitions* can be said to occur when such events result in a change in assumptions about oneself and the world and thus require a corresponding change in one’s behaviour and relationships. Events that change important elements of social networks are especially critical. Actual or potential job losses are such critical events (Hartenstein and Waugh, 1993; Schlossberg, 1984). They usually create great tension because the usual problem solving mechanisms do not work. Such transitions may be both

⁷ A recent study in Germany suggests that about one third of unemployment (referred to West Germany) may belong to the category of ‘transitional unemployment’ (or “post-industrial unemployment”) which is short in period, related to contingent changes in the local labour market, to personal reasons or voluntary job changes (Mutz et al. 1995).

⁸ At the turn of the century it was common to see cows, goats and pigs in the streets of Manhattan belonging to this ‘subsistence economy’ during the industrial revolution; this has been nicely described by Robert Smuts (1971). Or to give a later example: During the Great Depression in 1929/30, France was still a great agricultural country; a large part of the industrial workers affected by the downturn did not show up in the statistics of mass unemployment because they were hidden in the agricultural ‘hinterland’ (Gazier 1995). Even during the first two decades after the Second World War, this subsistence buffer was an essential part of the ‘economic miracle’ in the rural areas in Germany; see, for instance Lutz 1988.

negative and positive depending on the adjustment capacity of people. 'Empowerment' seems to be the catch word of today to express the need to accumulate such potentials.

16. In other words, critical transitions are always like exits doors that close behind the back whereas opening doors in front are still uncertain. Thus, the danger is great that they kick off processes of social exclusion. '*Social exclusion*' in the narrow sense refers not necessarily to the fact of having little chances on the labour market or being unemployed. It relates especially to the personal reaction of discouragingly withdrawing from the labour market. The probability of such a reaction increases exponentially with the duration of unemployment. Finally, such discouraged workers do not even belong anymore to the 'Reserve Army' of which Karl Marx talked. They count as the 'dispensable' or the 'superfluous', people not needed (any more) in the working society. To be dispensable hurts every personal identity and self-consciousness. The damage of such a situation is worst if no alternative social roles (such as being houseman, housewife or a pensioner) are available. This is the reason why social exclusion is most dangerous for young people who never had the chance to prove their capabilities. In addition, enforced social exclusion in one dimension, here from participation in the labour market, leads often to marginalisation and exclusion in other dimensions - such as in cultural life, in a decent economic prosperity or in the political arena.⁹

17. Successful adjustment to critical events depends on several factors: on which way people perceive the change, on the supportive environment, and on individual characteristics. In terms of perception, uncertainty about the expected duration of the critical event plays a crucial role in mobilising the available individual resources. Any feeling that the critical event will never end, may paralyse activity, prevent acceptance and integration of that event in one's life which may lead to miss the potential chances of such events to improve one's life conditions. Thus, policies that reduce the horizon of uncertainty about the outcome of critical events by, for example, providing clear time schedules of financial support and adjustment plans, may be helpful in supporting to cope with transitions. Apart from the internal support system - having intimate relationships, a beloved family, a network of friends - the external supportive system is often decisive for successful adjustment. This holds especially true for successful adjustment to job loss (Schlossberg 1981) and calls for labour market policy to provide such institutional supports.

18. Apart from job loss (Schmid and Reissert 1996), other critical events in the labour market are school-to-work-transitions (Ryan and Büchtemann 1996), transitions from one employer to another (Rubery, Fagan and Maier 1996) or from one skilled job to another (Tuijnman and Schömann 1996) or from dependent to self-employment (Meager 1996), transitions from full-time work to part-time work (O'Reilly 1996, O'Reilly and Fagan 1998) or from full-time work to short-time work (Mosley and Kruppe 1996), transitions between unpaid family work and gainful employment (Fagan and Rubery 1996), and transitions to retirement (Casey 1996, Delsen and Reday-Mulvey 1995).

19. Active labour market policy can help to cope with these situations in providing the supportive institutional environment. It can provide legal entitlements to opt for transitional employment, public services and financial support to organise these transitions, and guidelines for fair bargaining procedures between the interest groups. The effective use, however, of these resources is always different from case to case. It will depend on the existence of rich and flexible networks at the local level. It is unlikely that our old-fashioned public employment service suffices to provide these flexible networks. Its

⁹ For questions of 'social exclusion' or 'social inclusion' see among others Dubet and Lapeyronnie 1994; Engbersen et al. 1993; Katz 1993; Kronauer 1997; Marshall 1992; Morris 1994. From a strong moral and literary point of view (albeit a bit opaque) see Forrester 1996.

modernisation, therefore, is crucial. The evaluation of recent applications of ‘new public management’ (Schmid 1996) and other strategies to institutionalise effective and professional employment services will have to be an important element in studying transitional labour markets (Auer and Kruppe 1996, Walwei 1996).

20. To summarise in operative terms, transitional labour markets are characterised by four principles:

- From an *organisational point of view*, they are a combination of gainful employment *and* other useful social activities that are not valued on the market;
- from an *income point of view*, they are a combination of wages, transfer payments and other income sources;
- from a *social policy point of view*, they are legally, collectively or privately contracted entitlements to opt for transitional employment;
- from a *fiscal point of view*, transitional labour markets finance employment or other useful activities instead of unemployment.

21. In principle, transitional labour markets are nothing new. However, important innovations are on the way which (if they would be disseminated faster) could reduce unemployment substantially.¹⁰ Especially, they would prevent long-term unemployment which is often the door to social exclusion. Before we provide some illustrations for recent trends, criteria have to be developed that make it possible to distinguish between ‘bad’ transitions and ‘good’ transitions. These criteria can be summarised in the following four points (C_1 - C_4)¹¹:

- First, they empower individuals faced with critical life events; the challenge is to increase the capacity of individuals to cope with the (new) risks of social life; just sending in a pay slip for income protection is not enough any more ($C_1 = Empowerment$).
- Second, they support transitions back to the ‘regular’ labour market by providing every incentive to ‘activate’ passive expenditure into effective employment promotion; the challenge is not to ‘make work pay’ at any rate but to ‘make transitions pay’ for keeping or increasing employability ($C_2 = Sustainable Employment and Income$).
- Third, they establish a new balance between centralised regulations and self-organisation by delegating more decision power to individuals or local agencies in order to adjust to

¹⁰ For more information see, among others, European Commission 1995a,b; recent issues of the quarterly Employment Observatory [inforMISEP]; Mosley 1995; Schömann 1995; related to women’s issues see OECD 1994.

¹¹ These criteria correspond largely to the concept of “employability” which became recently so fashionable. An example is the report of a Canadian task force: "Transition into employment is a process. Its success depends on a complex set of factors, including characteristics of labour market as well as those of individuals. The concept of employability captures what is at stake in the transition process. The task force defines employability as: the relative capacity of an individual to achieve meaningful employment, given the interaction between personal characteristics and the labour market" (Canadian Labour Force Development Board 1994, p. VIII).

individual needs and local circumstances; the challenge is to save money by spending at the right time and at the right place ($C_3 = Flexible Co-ordination$).

- Fourth, they support existing or stimulate evolving local networks and public-private-partnerships of implementation; the challenge is to use potential synergies by linking resources; just to leave it to the local public employment service is not enough ($C_4 = Co-operation$).

22. What kinds of transitional labour markets are already existing? Are innovations in view that meet all the criteria for ideal-type transitional labour markets? How can transitional labour markets be arranged in a way that they enhance gender equality? These questions will be the subject of the next section.

FORMS AND EXAMPLES OF TRANSITIONAL EMPLOYMENT

23. Five types of transitional employment can be distinguished: (1) transitions between education and training and employment; (2) transitions between short-time work or part-time work and full-time employment, or transitions between dependent work and self-employment or a combination of both; (3) transitions between productive (but unpaid) private or social work and (paid) market work; (4) transitions between unemployment and employment; and (5) transitions from employment to retirement. In the following, a few examples of already existing and of innovative forms of transitional employment will be given (Figure 1).

Transitions Between Education, Training and Employment

24. Transitions from school to work are always a critical phase in each individual's life span. Furthermore, rapid technological change induces more and more critical events during the adult's life span which call for substantial further training or even retraining. But such critical events might also be supply driven, for instance an occupational allergy, burn-out syndromes or just the wish to change or to improve skills.¹² A third critical event, of course, is marriage and the decision to create a family. From a gender perspective, institutional arrangements that organise the transition from school to work and transitions between work and education are crucial for the way to solve these critical events. Their problematic impact is shown, for instance, in occupational segregation and gender pay differentials. Why are the problem solving patterns creating or reinforcing gender inequality so persistent?

25. In former times, one of the reasons was clearly the lower formal education of women due to traditional role models assigned to them and corresponding discrimination in the access of higher schools. This can no longer be said. As far as education and training is concerned, women have drawn level with or even overtaken men, and the barriers to regional mobility have also been reduced by the trend to smaller families. In reality, however, socialisation still leads to women retaining primary responsibility for the home and family although the main focus of those responsibilities may have shifted. The technical rationalisation of the household (use of washing machines, ready-to-serve meals etc.) has taken some of the load off women, but new tasks (caring for elderly parents, more intensive child care) have created

¹² Cf. Ryan and Büchtemann 1996; Tuijnman and Schömann 1996. The burn-out syndrom is particularly known in services with high intensity of personal interaction like in nursing and teaching where women are in the majority.

fresh obligations. This implicit or explicit labour division still affects choices of labour market participation and occupations that are at the core of gender inequality.

26. A striking example for both, the confinement into a narrow range of skills and the lack of promotion for whatever reason, is the gender inequality in higher education in Germany. Although the German case may be extreme, the same pattern can be found in (probably) all OECD countries. Table 2 shows, first, that the proportion of women increases from the 'hard' to the 'soft' sciences. Whereas in 1995, women make up only 17.4 percent of students starting in engineering, they count for 72.5 percent in the literature and cultural sciences. Whether these differences are caused by exogenous or endogenous preferences is unclear. Although this first choice probably reflects more gender specific preferences or abilities than market discrimination, the following filtering mechanism is certainly more an expression of institutional discrimination. Obviously, during their study, women hit the first 'glass ceiling': the stock of female students in engineering drops down to 15 percent, and to 64.5 percent in literature and cultural science; the same pattern can be found in the other faculties represented in table 2. The selection effect of the next 'glass ceiling' or filter is much stronger: of the university assistants in engineering, only 10.9 percent are women, and of the assistants in literature and cultural sciences, the percentage drops down from 64.5 to 42.2. The next filter from assistants to lecturers is weaker but works in the same direction. The hardest 'glass ceiling' is between lecturers and professors: only 2.8 percent of professors in engineering are women, and even in literature and cultural sciences, only 13.5 percent are women. Thus, the impact of the whole filtering process is 14.6 percentage points (or 84 percent of the starting level) among engineers, 33.4 percentage points (90 percent) in mathematics and natural sciences, 35.2 percentage points (77 percent) in law, economics, and social sciences, and 59 percentage points (81 percent) in literature and cultural sciences.

27. How can 'transitional labour markets' contribute to redirect this filtering process towards more gender equality? Certainly not much can be done with regard to the deeply rooted values underlying such selection processes. Fundamental changes in the socialisation process will have to take place first, in other words, a culture of gender equality has to develop. This is not a matter of policy intervention. Nevertheless, there is a number of measures that might be taken (indeed some have already been implemented) in order to provide more opportunities related to transitions between education and employment. They include the provision of further training, either in the public sphere or by offering tax concessions to private providers, in order to maintain skills and the ability to learn during the family phase, support for regional mobility by offering assistance with rent and other housing costs and increased public provision of care for both children and the elderly. Also the tax and state transfer systems should be examined to ascertain how far they still support traditional role allocation models.

28. Such opportunities would also enhance efficiency. Under-utilisation of women's human capital investment is probably one of the most important factors for low labour market efficiency and loss of potential economic welfare.¹⁵ In labour markets such as the United Kingdom and Germany, where women have still interrupted careers to a high extent, studies have shown that their return into the labour market is very likely connected with an occupational downgrading. In these circumstances, there is also likely to be a greater mismatch between women's potential and actual labour market position. The underemployment of women is further enforced by the confinement into a narrow range of skills and by facing greater barriers to upward promotion and acquisition of further training and skills over the life-cycle (Rubery et al. 1996:442).

¹⁵ For an excellent overview and discussion about various equity-efficiency trade-offs related to child care and human capital investment see Gustafsson and Stafford 1998.

29. One possible way to implement transitions between work and education or training for adults on a larger scale would be the establishment of alternating further training according to the principles of apprenticeship systems: Practical training would be financed by the firms, and the trainees would participate in the financing by accepting lower wages during the training period; general training would be financed by the state, including the unemployment insurance system. Denmark is the country with the most extended and sophisticated further training systems which comes already close to such an alternating further training system (Schmid 1996). The Swedish 'training and hiring' programme appears to be another promising model. Since 1991, the Swedish labour market authorities are subsidising further training for employees with low qualification levels if firms take on unemployed people to do the work of employees undergoing training; firms also receive wage cost subsidies for the recruited unemployed people. In 1994, almost 13 000 persons participated in this scheme. On the level of the European Union, the corresponding absolute figure would amount to half a million.

30. Related to its leave-schemes, Denmark also successfully practices vicarious employment if firms send employees to training. The average number of persons in the three leave-schemes (training or parental or sabbatical leaves) was at its height 82,000 (full-time equivalent) in 1995 which equals to about 3 percent of the active labour force. The resulting reduction in open unemployment has been estimated at between 59,700 and 70,100 persons depending on the assumptions regarding the numbers of substitutes; this equals to about one quarter of the total stock of unemployment (288,000 in 1995). The major effect (46,000 persons) is caused by unemployed persons taking sabbatical or parental leave. The number of persons taking leave has decreased somewhat (121,000 in 1996) since the maximum of 141,000 persons in 1994. In 1995, the total number of persons taking part in such job-rotation projects was 29,000. Both employers and employees take a very positive view of such educational leaves (Madsen 1998).

31. The European ADAPT programme has taken up the Danish idea of job rotation and sponsors various pilot projects for small or medium sized firms and a network to gain more experiences on this innovation. On the level of the European Union, the absolute figure of job rotation corresponding to the level of Denmark would amount to two million.

Transitions Between Various Working Time Regimes

32. The second type of transitional labour markets refers to transitions between various working time regimes.¹⁴ The logic of this transitional labour market is a substantive temporary reduction of working time linked to specified conditions such as bad weather, cyclical shortages of demand or large-scale restructuring of production to avoid dismissal. Temporary working time reduction of a majority of people instead of dismissing a substantive minority of people can be an effective instrument that follows the regulatory idea of equity cum efficiency instead of the alleged trade-off between equity and efficiency (Okun 1975). The temporary income loss is distributed on many shoulders and accumulated specific human capital is kept in the firm, thus reducing transaction costs.¹⁵ This measure is especially effective, if

¹⁴ I skip here the issue of transitions between employment statuses, especially between dependent employment and self-employment. Of special interest are combinations of both, i.e. dependent work say of 20 hours per week and independent work during the rest of the time. As the "high velocity labour market" in the computing branch of California shows, the difference between dependent work and self-employment becomes more and more blurred (see for example Saxenian 1994).

¹⁵ A functional equivalent are lay-offs or the praxis of recalls, especially if they are heavily subsidised through the unemployment insurance system. Unemployment, in this case, would be transitional. Denmark seems to be a case for a generous subsidisation (high replacement rates) of a substantive amount of lay-offs. Even in Germany which has no legal system of lay-offs, lay-offs become more and more practice. About 10

longer periods of short-time are combined with training. Such transitional labour markets would also correspond to the new European employment strategy of employability, which intends to enhance employment security in exchange for work place security. Which institutional arrangements and innovations are available to cope effectively with these critical events?

33. A prominent example is the German *short-time allowance* scheme. It allows employers to reduce working time very flexibly according to cyclical demand fluctuations; short-time workers receive partial unemployment benefits for the shortened working hours. Such temporary reductions in working time to avoid redundancies are an important adjustment strategy in most European countries (Mosley and Kruppe 1996) and also in Japan (Auer 1994).¹⁶ Such schemes, however, were so far of little benefit to women because they are heavily underrepresented in many industrial sectors affected by cyclical demand fluctuations (motor-cars, steel, machine tools). In sectors where female workers are in the majority, such as the textile and clothing industry, short-time allowances were little used. The regulations in Germany even clearly discriminated against women: whereas the German government extended short-time allowances in the male dominated steel or motor-car industry up to two or three years, such exemptions from the general rule were not made in female dominated sectors.

34. The instrument of short-time allowances, which is more or less restricted to the male dominated manufacturing industry, is a striking example of how little active labour market policy has adjusted to the changing world of work. This world is a service society in which women play an increasing role. For many reasons, for instance for administrative or for demographic reasons, demand is also fluctuating in service industries requiring thus adjustment measures of human resources. To establish opportunities (in analogy to short-time allowances) to keep the employment relationship or at least the network with the former employer would be an important step forward for more gender equality. Such '*transitional allowances*' would be of much help to women for we know that cutting employment relationships leads often to long-term unemployment or to the deterioration of employment opportunities.

35. The public sector could be a model employer in experimenting and applying flexible working time arrangements which intend to stabilise or even increase the employment level. An interesting example are wages and working time corridors. Trade unions in the public sector in East Germany signed for instance an agreement according to which public employers and employees can (in mutual agreement) choose the regular weekly working time between 32 and 40 hours; working time reduction is only partly compensated, and the employer guarantees employment (Tondorf 1995). The government of the Land Brandenburg has temporarily reduced working time of teachers (the majority of them are women) to avoid dismissal.

36. A complement to the periodic under-use is the periodic over-use of the workforce. High *overtime work*¹⁷ is one of the main reasons for the low employment intensity of growth in Europe. Overtime work may be efficient for the firm because of high marginal productivity, and it creates considerable fringe benefits for the 'insiders' (mostly men) which is not fair to the outsiders (mostly women). For the society as a whole, excessive overtime is even not efficient in the long-run for excluding the 'outsiders' from accumulating human capital and from the sources of social capital which can only be

percent of unemployment benefits goes to unemployed people returning sooner or later to the same employer (Mavromaras and Rudolph 1998).

¹⁶ Grosso modo, between 0.3 and 0.5 percent open unemployment is already prevented in the European Union by such measures.

¹⁷ Overtime work is especially pronounced in Denmark, France, the Netherlands and in Germany.

accumulated in rich employment networks.¹⁸ The European Commission could stimulate a co-ordinated initiative through guidelines which, for instance, limit paid overtime or make overtime more expensive or regulate the exchange of overtime into employment effective free time. This would indirectly improve the employment opportunities of women since men take up the majority of overtime work.

37. Such guidelines would gain effectiveness if combined with incentives to reduce the *average yearly working time* in favour of additional employment. In France, for instance, firms signing work-sharing agreements are entitled to rebates in their social security contributions of 40 percent in the first and 30 percent in the two following years. The reduction in working hours must amount to at least 15 percent and be combined with a reduction in wages and a 10 percent expansion of the work force. Private industry has started with additional models of temporary working time reduction with or without public support. Volkswagen, for instance, received world-wide attention for its four day week and other innovations, and there are certainly many other examples that would be worthwhile to be scrutinised carefully to stimulate mutual learning processes in Europe and in Japan.¹⁹

Transitions Between Private or Social Work Activities and Gainful Employment

38. A transitional society would provide many more bridges between unpaid and paid work to account for the various and probably increasing critical events in the life course. Such critical events have often little to do with the labour market, for example, family formation, divorces, 'mid-life crisis', elderly becoming dependent, regional mobility of a partner, cultural or political ambitions and so on. In most European countries, the problem of reconciling family responsibilities or other critical events and regular paid work is still solved largely by women withdrawing wholly or partially from the labour market. However, not only critical events require "transitions". Such transitions might also be voluntarily sought by individuals for virtually having "a break" in strenuous or monotonous jobs and to provide them with more flexibility in their careers.

39. Apart from parental leave (see below for more), bridges between domestic activities and gainful employment are not yet well established. Considerable employment effects, however, could be achieved by providing greater support for temporary part-time employment for family reasons. Various measures would have to be co-ordinated here: financial incentives, including favourable tax treatment for part-time income and the maintenance of social security entitlements collected during full-time work, the right to return to full-time employment, the maintenance of seniority rights, and additional further training in preparation for a return to full-time employment.

40. Furthermore, the old idea of a civil right to unconditional sabbaticals fits perfectly with the concept of transitional labour markets and should be revitalised. For instance, in purely arithmetic terms, entitlement to a total of one year's sabbatical during an average working life could increase the number of people in employment by some 5.5 million in the European Union. An interesting example is the 'teacher model' in Berlin, where teachers can take up a paid one year sabbatical after 4, 5 or 6 years under the

¹⁸ Grosso modo, the figure of overtime in the European Union is in the range between 5 and 7 billion hours; 6 billion hours overtime work correspond roughly to a job potential of 3.5 million. If only one third of this potential could be transferred into employment, at least one million additional jobs could be created.

¹⁹ For an overview in Germany see Lindecke and Lehndorff 1997. It has to be noted, however, that most agreements at the firm or sector level regulated the exchange of working time reduction (with only partial compensation) or wage moderation (for instance freeze of wage levels) with employment protection but not in favour of an employment increase.

condition that they save their leave in advance by a corresponding cut in their salary (e.g. by one sixth).²⁰ The example shows that such sabbaticals would not necessarily be accompanied by additional costs. From a long-term perspective, many people can afford and would be willing to save income for this kind of privilege which - at the same time - creates more employment opportunities for other potentially unemployed people, especially for women who stand by in the 'silent reserve'. Banks or governments might support saving for sabbaticals through interest rate incentives or special tax deductions. There are signs in some European countries, notably in Denmark, that this idea might gain more power in the near future.

41. The impact of parental leave or parental part-time regulations on gender equality is ambivalent and discussed controversially.²¹ Some experts interpret them as means of inducing mothers to reduce their labour supply in times of lacking labour demand, thereby reducing competition for men, enhancing traditional role models and throwing especially high skilled women back in their employment career. Other experts stress that these measures enhance parent's continuous labour market attachment as leave-taking becomes legally established, contribute to a reduction of unemployment, as employees can be taken on as substitutes and may create additional jobs as working parents exert labour demand for professional child care. Starting from the second position in which various forms of family time-off (including sabbaticals) would serve multiple employment tasks, the questions here are the preconditions for a non-discriminatory or gender-neutral take-up of such schemes. The principles and criteria for 'good' transitional labour markets (see above) would stress the following conditions:

42. The *empowerment criteria* calls for a well developed infrastructure both for child care and for keeping employability during the period of shortened working time or interrupted career. Essential ingredients of such an infrastructure are whole day schools and kindergartens, as well as training institutions or community schools for adults.²²

43. The *criteria of 'sustainable employment and income'* would require not to compensate for the child care (who can measure the productivity of this care?) but to compensate for the 'opportunity cost' to earn income during this time. This would mean to organise family time-off allowances in analogy to unemployment benefits, in other words as an income replacement subject to taxes and social security contributions. The further consequence of this criteria would be to individualise strictly entitlements to parental leave or other time-off arrangements.

44. The *criteria of flexible co-ordination* requires individual decision power and co-ordinated bargaining processes between employees and employers in using entitlements to family time-off. Thus, the German regulation of parental leave which allows to take time off for a continuous block of three years²³ would - according to this principle - have to be transformed into an entitlement of a corresponding

²⁰ According to an preliminary evidence, about 5 percent of the teachers have taken up the scheme, and the replacement rate was almost 100 percent.

²¹ See, among others, OECD 1995a, pp. 171-202; Czermak, Marin and Thenner 1998; Fagan and Rubery, 1996.

²² In 1990, Germany (West) provided day-nursery only for three percent of children under three years of age; France (20 percent), Belgium (25 percent) and Denmark (40 percent) were much better equipped in this respect. These countries had also a richer infrastructure for children in the age of three to six, providing day-nursery places for 80 to 100 percent of children; the corresponding figure for Germany was 79. Related to many other OECD countries, Germany lacks also whole-day schools.

²³ Or six years if a second child is born 'just in time'.

time account which could be used flexibly, for instance by taking part-time work of both parents for six years or for reducing working-time of both parents to six hours a day (30 hours a week) for 12 years.

45. The *criteria of co-operation* requires regulations allowing a parallel instead of a sequential organisation of family time-off. Not a 'decommodification' (Esping-Andersen 1990) but the flexible combination of transfers and labour market income is necessary. Also working time arrangements are required that allow combining family work with labour market work.²⁴ Public or private employment services would have to co-operate in helping to replace the persons on leave (or on substantially shortened working time) with qualified job seekers.

46. If all four criteria were met, women would be in a much better bargaining position on the labour market and within the household, and yet the freedom of choice for both partners would be maintained completely; even the traditional role model could be chosen under these regulatory ideas. Within this framework, Sweden comes probably closest to all of the four criteria. It has a rich infrastructure for individual empowerment, practices organised job rotation, allows a flexible take-up of entitlements to family time-off, provides regular income replacement during these leaves and has partly individualised the right to parental leave by introducing a one month 'papa sabbatical'. In most European countries the proportion of men using parental leave is below 1-2 percent. However, the fulfilment of the above mentioned criteria does matter. In Denmark where parental leave is an individual right which expires if it is not used by the father about 8 percent of the leave-takers are fathers. In Sweden about 30 percent of leave-takers are fathers, using however only 10 percent of leave days due to shorter leave duration. In the Netherlands parental leave is only available on a part-time basis and an individual right of half a year for each of both parents. But eligibility is also subject to working at least for 20 hours a week in advance of the leave period which makes 40 percent of persons taking part-time leave fathers. Belgium has integrated parental leave in a broader scheme of career break. The number of persons taking such a break amounts to almost 2 percent of all employed persons in Belgium. The take up in the public sector is much higher than in the private sector, and 87 percent of the persons taking a break are female (Thenner and Czermak 1998).

Transitions Between Unemployment and Employment

47. In a dynamic market economy, unemployment can never be totally eliminated. Indeed, we can go still further: the more dynamism is required or desired, the higher the level of transitional unemployment and the greater the need to build bridges, which means transitional employment, leading back into the regular labour market. The more workers can put their trust in such arrangements, the more they will accept uncertainties, for example the risk of frictional unemployment. Without such confidence, they will seek security in the past and resist to structural change. The question thus arises: Which institutional arrangement can shorten unemployment if it cannot be avoided? The various forms of providing a bridge between unemployment and employment can be arranged in a continuum according to the degree of subsidy and the proximity to the 'regular labour market'.

48. First and next to regular labour market activities are *placement services* which have been established in all countries to match idle labour supply and new labour demand as quickly as possible. The most prominent change during the last years was the admission of private placement services in countries where the public employment service had a monopoly, for instance in Austria, Denmark, the

²⁴ At present, the German regulation, for instance, does not fulfil this condition. If both partners would reduce their working time to 20 hours in order to share the care for the children, they would not be entitled to parental leave allowances.

Netherlands, Germany, and Sweden. Some countries - Denmark, the Netherlands, and the UK being at the forefront - introduced in addition basic changes in their delivery systems taking ingredients from the new public management movement. Studies suggest that the most important contribution of private placement services was to spur the modernisation of public employment services. They complement public employment services only to a limited extent, but seem not to displace it either, so that there remains some room for enhanced co-operation between private and public employment services (Mosley and Speckesser, 1997). The OECD recommended recently an extension of public employment services under the condition of modernised service deliveries (OECD 1996, Walwei 1996). From the perspective of gender equality, enforcing the principle of management by objectives could well be adapted to include explicit goals and timetables of affirmative actions and to make budget allocations dependent on the performance in this respect (OECD 1994).

49. *Wage subsidies for the unemployed* are the next category to speed up the transition to regular employment.²⁵ The most prominent innovation with this respect are *enterprise allowances* for unemployed starting up their own business (Meager 1996). The allowances come from the UI (unemployment benefit) funds and are sometimes topped up by additional sources. Respective programmes are now available in almost all EU countries, especially in France, United Kingdom, Denmark, Germany. While the programmes do help many unemployed to cope successfully with this transition, the structural labour market impact is fairly limited and ambivalent from a gender perspective.²⁶ In Denmark and United Kingdom, women are increasingly over-represented in such schemes compared with the self-employed workforce as a whole, whereas they remained underrepresented in the German and French schemes (Meager 1996, p. 511-2). Here again, more explicit targets toward gender equality could be set. Studies recommend also a stronger connection with new local needs in services, and the assistance of new entrepreneurs to growth into small enterprises; both modifications could enhance gender equality.²⁷

50. More recent are various kinds of vouchers which enable certain categories of unemployed to use their entitlements to UB (unemployment benefit) for employment or training subsidies. The model for this development, obviously, was the reemployment bonus as practised in Japan and in the United States. However, evaluations of the United States experiments suggest that reemployment bonuses have a fairly limited impact on reducing unemployment because of windfall profits and displacement effects which probably are connected with these measures but can hardly be assessed empirically (Björklund and Régner 1996; Meyer 1995). The conclusion from these studies is that a combination of more intensive checks of UB eligibility and intensive placement services are presumably more cost-effective than financial incentives. The taking into account of individual circumstances in "case management" or "profiling" would also enhance the labour market chances of women.

51. *Wage subsidies for employers* to induce the hiring of disadvantaged groups are very common (Erhel et al. 1996). Short-term recruitment subsidies for young or hard-to-place people, for instance, are widespread in Italy, Ireland, Portugal, Denmark, and Sweden. In most cases they take the form of rebates for social security contributions. Long-term and often degressive wage subsidies for hiring long-term unemployed in the private sector are available in almost all countries in the EU. Despite their wide

²⁵ Cf. Gautié et al. 1994; Erhel et al. 1996.

²⁶ Grosso modo, between 150 000 and 200 000 unemployed, at most 1 percent of total unemployment, profit from this scheme in the European Union.

²⁷ The new labour promotion act (SGB III) in Germany provides since April 1997 subsidies to self-employed if they hire their first dependent employees; up to two employees can receive subsidies if they are hired from the stock of unemployed.

diffusion, most programmes are not impressively effective, and some were clear failures. Their political popularity seems to rely more on their visibility and ease in handling.

52. One important reason for the low effectiveness of wage subsidies directed to employers is their short-term incentive character. Employers change their dispositions only in the long-term. Short-term incentives tend to be (at best) overlooked or (at worst) misused. The recent trend, therefore, goes to reduce wage costs or non-wage costs for certain target groups for a longer period or even permanently. The most notable initiatives in this direction are the structural wage subsidies in Germany and the 'service employment cheques' in France and in Belgium (Finger 1997). Remarkable is also an initiative of the European Commission to identify 17 employment areas of new services at the local level which could be stimulated through reduction of non-wage costs or some kind of negative income tax. Three macro-simulations, which have been conducted in France, Germany, and the United Kingdom, estimated a potential of 0.3 to 0.5 percent yearly full-time equivalent employment growth in these new services. The stimulation of local service employment would certainly enhance gender equality in quantitative terms because most of these jobs will probably be taken over by women. Supplementary measures, however, will be necessary to avoid occupational segregation.

53. (4)The next case is *temporary employment enterprises* providing effective local networks to help to cope with mass dismissals or with the reinsertion of very long-term unemployed. One of the most prominent examples is the non-profit agency START in Netherlands which engages in employing temporarily hard-to-place people, to lend them to private employers (with the intention to gain work experience or to find by this way a permanent job), and to train them in the meantime if no temporary work is available. Other European countries started to imitate this model, notably Germany. Here also "integration firms" in France and Belgium or the already mentioned "job pools" in the Netherlands and in Denmark and the "local employment agencies" in Belgium have to be mentioned as new institutions which could allow for more efficient transitions.

54. Another interesting example is the *work foundations* in Austria. 'Voest-Alpine-Stahlstiftung' seems to be the prototype. This model has very interesting features which deserve wider attention. Its speciality is not so much new single instruments but the co-ordination of various financial sources and the co-operation of local key actors. The aim of this model is to provide redundant workers with a rich infrastructure to cope with the transition instead of leaving them alone. The financing of the work foundations come from four sources. First, the remaining workers of the mother company which had to engage in mass dismissal pay 0.25 percent of their monthly wages as solidarity contribution to the foundation. Second, the mother company provides the basis capital for the foundation, topped up by another 50 percent of the solidarity contributions. Third, the redundant workers make themselves a contribution in depositing 50 percent of their redundancy payments into the foundation. Fourth, the public employment service guarantees unemployment benefits for four years which covers the majority of costs. The foundation provides or organises training and all kind of services helpful to get a new job in the regional labour market. 79 percent of the redundant workers finally got a job; the average time of stay in the foundation was 18 months; 45 percent could be placed in the regular market during the first 6 months. From a gender perspective, such organised outplacement measures (mostly connected with individual case management) maintain the employment relationship and dampen thereby the negative selection effects that are usually connected with open unemployment.

55. Far away from regular market activities are, finally, *temporary public jobs* to maintain work experience and to stabilise the economy counter-cyclically. These measures are widespread only in Denmark, Sweden, and Germany, and I will not go into details because they are rather conventional. However, even this traditional tool of ALMP (active labour market policy) could be reorganised to allow transitions. For example, in East Germany, critics of the measure acknowledge a high degree of

displacement of regular activities. If this is the case, why not gradually “privatise” the tasks which find their market and make it possible that private firms use the subsidies for a temporary period? Such schemes can also easily be targeted to disadvantaged women.

Transitions From Employment to Retirement

56. Finally, transitional labour markets would provide more choices to organise the process from work to retirement (OECD 1995b). The traditional way presupposes a full stop at a mandatory retirement age, usually 65 years. Women can retire in most OECD states already at 60, a privilege thought to compensate for their family duties. Actual retirement, however, takes place earlier. The average age at which individuals retire from the labour market, declined in the OECD countries for males from 66 (1960) to 62 (1995), and for women it stands well below 60 in two-thirds of the OECD countries.²⁸ For various reasons, this declining trend will have to be stopped, and in some OECD countries it has already been successfully reversed (Tables 3 and 4). Transitional labour markets may provide the solution by supporting flexible or gradual retirement. However, studies have shown repeatedly that this ideal faces currently too many impediments to be realised (Delsen and Reday-Mulvey 1995, OECD 1998b). The question is, how these impediments could be overcome. Following the four criteria of ‘good transitions’ and taking into account the gender impact, flexible retirement could be enhanced by the following strategies.

57. *Empowerment to continuous productive activities.* The regulatory idea of retirement in a regime of transitional labour markets would distinguish between income security and employability security. The system of income security should allow retirement after reaching a contractual age (say at 65) at a decent living standard, whereas the system of employability security should keep open the option to remain active²⁹. Both, the changing demographic structure (and the related problems of financing social security) as well as improving health conditions (and the related preferences to remain active) call for a reversal of the actual average retirement age and (in the long run) even for an abolishment of mandatory retirement from work. The increasing need for elderly care will also endorse gradual retirement schemes that allow, for both men and women, the combination of labour market work and private care services. The opening of the (artificial) age border would reduce age discrimination and endorse human capital investment for elderly people. The ‘privilege’ for women to retire earlier reflects the traditional ‘male breadwinner model’ and is not consistent with gender equality. The same holds true for widows’ derived pension entitlements which are completely depending on the labour market career of the male spouse. True empowerment of women, thus, would mean to establish (at least in the long run) an ‘individualised’ old age security system in which each adult partner in a family would acquire independent pension entitlements.³⁰

²⁸ With large differences respectively: In Belgium, the average age of retirement for men is around 57, in Iceland 69 and in Japan 67; for women the average age of retirement is 54 in Belgium, 67 in Iceland and 64 in Japan (OECD 1998b).

²⁹ “Active” in the sense of Hanna Arendt’s ‘vita activa’, thus not related necessarily with labour market work.

³⁰ The institutionalisation of such independent systems would differ due to path dependency of the established social security systems in OECD countries. Whereas Bismarck’s ‘insurance principle’ predominates in Belgium, France, Spain, Italy, Greece, Austria, Luxembourg, Portugal and Germany, Beveridge’s ‘welfare principle’ (peoples pension or ‘Volksrente’) dominates in Finland, Sweden, the Netherlands, United Kingdom and Ireland.

58. *Sustainable Employment and Income* during flexible retirement. Very often, the change from full-time to part-time work before retirement is connected with a loss of status and income (shift to less responsible jobs). Such implications can result from lack of skills and competencies. One solution, therefore, is to fight against age discrimination in continuous education and training. If the problem is not connected with skills or qualifications but with physical capacities or just with the wish to have more leisure time, firms would have the possibilities to switch such workers to tasks where elderly remain highly productive. Such areas are, as studies show for instance, retailing, caring, financial advice and counselling (OECD 1998b). In cases where the decline of productivity is given, a switch to more easier (and less well paid) jobs to maintain the employment relationship would be more realistic if either firms would be partially compensated for the loss of productivity (but paying the same or only a slightly lower wage) or if the employees taking over less well paid or part-time jobs would be compensated partially for their loss of income. Experiences with “bridge jobs” or “retraite jobs” have been noted especially in the United States and in Japan.

59. *Flexible Co-ordination* of gradual retirement and social security. An important impediment to flexible retirement is the lack of co-ordination between old age security and flexible employment careers. Many studies hint especially to financial disincentive for elderly workers to reduce working time. Pension entitlements, for instance, are unduly reduced if the size of the pension depends heavily on the latest wage or salary. This disincentive could be easily removed by changing the basis of calculation for pension entitlements, for instance by taking the average income during a life course or by partially compensating the loss of income during part-time work (see above). One could even think of extending entitlements of unemployment benefits to entitlements to wage (cost) subsidies for gradual early retirement.

60. *Co-operation* for implementing tailored retirement schedules. Flexible or gradual retirement instead of a full-stop retirement requires co-operation of the local key actors in order to fit the tremendous variety of individual needs. For instance ‘new deals’ at the firm or branch level that promote part-time early retirement in exchange for maintaining existing levels of employment or even increasing employment are only possible if various potential co-financiers get together and come to mutual agreements after negotiations. There are also psychological barriers to be overcome, i.e. the “ghettoisation” of part-time work. From a demand side perspective it has been remarked that as employers become more familiar with part-time work, the advantages have increasingly been seen to outweigh possible disadvantages (Thurman and Trah 1990, p. 25). And from a supply side perspective, it has been recognised that “men today ... will not have any status problems with part-time work at the end of their working life if they have had variable working hours during their working period” (Schmähl and Gatter 1994, p. 465).

61. The way we organise the transition from employment to retirement, so far, does hardly fit with these strategies. Like many other European countries, Germany for instance drastically reduced the number of elderly men in employment by full-stop early retirement measures in reaction to the economic crisis during the last two decades. This led to a decline of labour force participation of German men aged 55-64 from 85 percent (1965) to 55 percent in 1997. Even more drastic declines were experienced in the Netherlands (from 81 to 44 percent) and in France (from 76 to 32 percent). Sweden and the United States did not apply this policy to such an extent, whereas Japan, so far, kept labour force participation of elderly on a high level. Most of the countries in our sample, however, succeeded in reversing the trend most recently (Tables 3 and 4). On an overall level of EU, the labour force participation rate of elderly women even increased slightly, albeit from a low level of 27 (1983) to 29 percent (1997). Certainly, the policy of early retirement was advantageous for workers whose only alternative would have been unemployment. However, in its current form and scope, this format of ‘transitional labour market’ tends to social exclusion, and economically it is very expensive. The way for an innovative labour market policy must be paved by promoting gradual retirement for older workers. Here again, as has been shown, several policies

and institutions would have to be co-ordinated, especially the social security and unemployment insurance system plus traditional active labour market policies (OECD 1998b).

SUMMARY AND CONCLUSION

62. Why is gender inequality so persistent despite rising female and falling male labour force participation? The general argument in this essay is that the way we organise the interfaces between various productive activities enforces traditional role models for men and women. There is a lack of institutionalised transitions between these activities, especially between family work and labour market work. The traditional organisation of the labour market provides only a restrictive set of mobility between various employment statuses. There are signs, however, that both demand side ('globalisation', internationalisation, information technologies) and supply side pressures ('individualisation', female labour force participation, preferences for 'time sovereignty') contribute to the erosion of the 'traditional employment relationship' implying the danger of new forms of labour market divisions (segmentation) that disadvantage again women. Enhancing gender equality requires the institutionalisation of 'transitional labour markets' defined as negotiated or legally entitled arrangements to change the employment status or to combine labour market work with other socially (and indirectly economically) useful activities according to economic circumstances and individual life-cycles.

63. Five critical interfaces between labour market work and other 'productive' activities have been distinguished for which transitional labour markets should be established. The transition between education and work, between various working time regimes or employment statuses, between family (or other social) work and labour market work, between unemployment and employment, between work and retirement. From the perspective of gender equality and labour market efficiency, four criteria of 'good transitions' have been developed: First, increasing the capacity of individuals to cope with the (new) risks of social life (empowerment); second, 'activating' savings for social security into measures for keeping or increasing employability (sustainable employment and income); third, delegating more decision power to individuals or local agencies in order to adjust to individual needs and local circumstances (flexible co-ordination); fourth, supporting public-private-partnerships to mobilise potential synergies between local actors (co-operation).

64. From a gender equality perspective, the challenge related to transitions between education and work is to enhance the set of occupational choices at the beginning and during the life-course. Although gender specific patterns of occupational choices seem still to be largely determined by traditional preferences, the knowledge of transitional options during the life-course would certainly widen the range of choices at the beginning. Various form of alternate training and education for adults would enhance employability of both men and women if they chose to reduce for some time labour market work in favour of higher education, other occupations or family work.

65. The challenge related to transitions between various employment statuses is to enhance the mobility set between various working time regimes, especially to switch between 'part-time' and 'full-time'. The portfolio of active labour market policy in this respect has not yet adjusted to structural change, especially not to the female world of services. Various forms of transitional allowances would support flexible working time regimes without inducing downward spirals of employment careers and thus provide incentives also for men to take up intermediate phases of 'short-time' work.

66. The challenge related to transitions between family work (or other useful social work) is to increase the options of combining both forms of activities and to maintain the employment relationship even in a longer phase of leave. The ambivalence of most of the current forms of family time-off in terms

of gender equality can be changed into clear opportunities if the principles of empowerment, sustainable employment, flexible co-ordination and co-operation are consistently applied.

67. The challenge related to transitions between unemployment and employment is to increase the options of reinsertion and to make the searching process for alternative employment more efficient. An important way to reach this objective is to keep or to re-establish as soon as possible the employment relationship. Intermediate (placement, training, coaching) agencies play an important role in this business, and especially the public employment service can link these activities with affirmative action goals more consistently than before.

68. The challenge related to transitions from work to retirement is to enhance the mobility set of gradual or partial retirement. A crucial condition to make progress in this respect is the adjustment of social security systems to the multilateral and evolutionary job careers of modern labour markets in contrast to the unilateral and continuous (male) job careers of the traditional labour market. An important consequence, among others, is the institutional differentiation of income security and employability security, and - from the gender perspective - the institutionalisation of independent social security entitlements.

69. As a consequence, men will also have to adjust to the 'discontinuous' career pattern that most women have been used to since a long time. Transitional labour markets could help them to accept this challenge by maintaining employability. Under the perspective of gender equality, the strategy of 'making transitions pay' seems to be a more promising strategy than the strategy of 'making work pay' which aims at increasing employment by extending the low pay segment of the labour market. Enlarging the set of opportunities for mobility by transitional labour markets would increase the bargaining power of employees, especially for women. It would also reduce the effective average weekly working time, thereby contributing to a more employment intensive growth and a reduction of unemployment. Finally, transitional labour markets imply a new concept of 'full employment'. Their regulatory idea is a 30 hours working week (in the labour market) both for men and women in the medium-term future. This evolutionary concept of a 30 hours week is not a fixed target but a flexible target reached over a normal life cycle. Transitional labour markets would allow deviations from this new standard by mutual agreements between employees and employers (or their collective representatives) to adjust for changing preferences or economic circumstances during the life-cycle. Transitional labour markets, thereby, would be an essential part of a new full employment strategy, and they would enhance both equality and efficiency.

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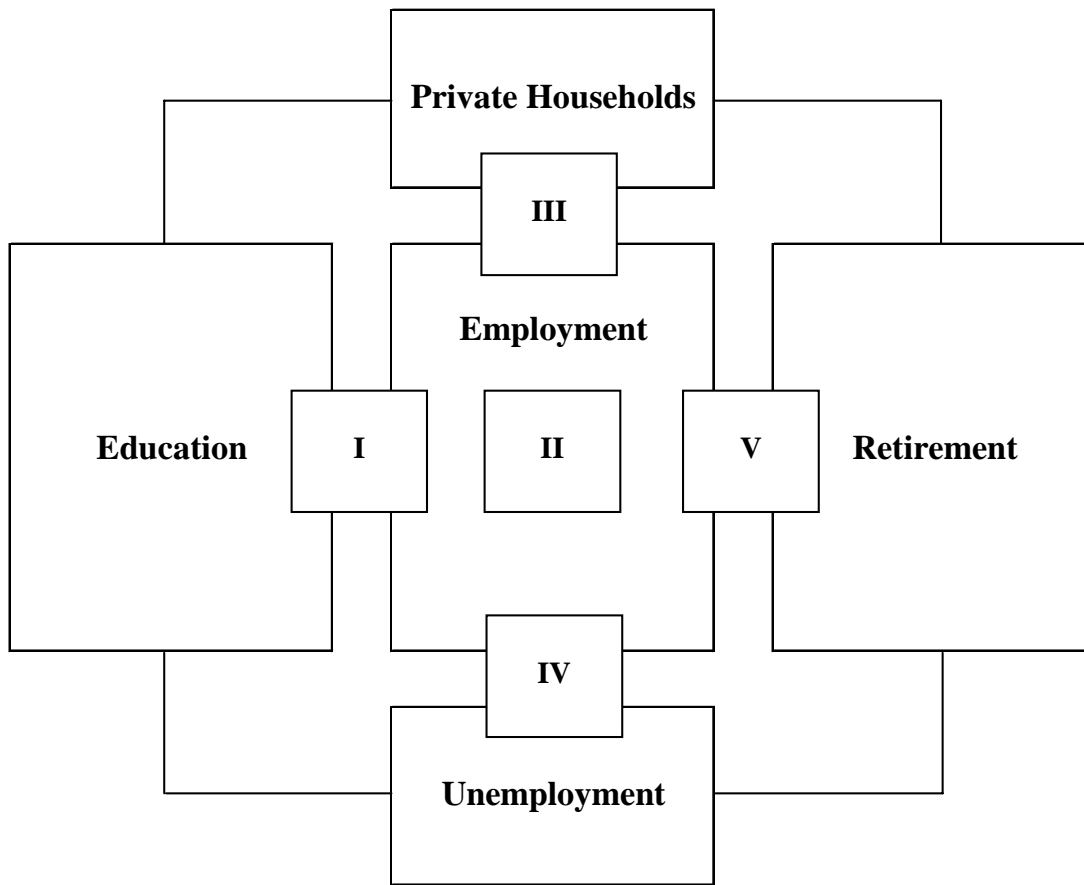
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Figure 1: Labour Market Policy as a Strategy of Transitional Labour Markets



- I Transitional arrangements between education and employment
- II Transitional arrangements between short-time working and full-time employment or between dependent work and self-employment
- III Transitional arrangements between private domestic activities and employment
- IV Transitional arrangements between unemployment and employment
- V Transitional arrangements between employment and retirement

Table 1: Indices of Gender Inequality in International Comparison in the 80's and 90's

	Proportion of women in total employment		Dissimilarity index by major occupational groups		Ratios of female to male hourly earnings in industry	
	1985	1996	1983-86	1990	1985	1993
Belgium	38.1	41.5	55.0	47.0	74.3	75.7
Denmark	45.2	45.6		59.0	85.8	84.5
Finland	48.3	47.7				
France	41.5	44.5	54.0	54.0	80.8	80.8
Germany	39.5	42.1	55.0	54.0	72.8	74.4
Greece	33.9	35.9	53.0	43.0	78.8	77.1
Ireland	31.4	38.8	57.0	56.0	67.3	69.7
Italy	33.3	35.8			82.7	
Netherlands	34.3	41.1	54.0	57.0	73.6	77.8
Norway	43.6	46.4	47.0			
Portugal	40.6	45.2	47.0	46.0		72.7
Spain	29.5	35.2	51.0	53.0		77.1
Sweden	47.0	48.1			82.7 (90.9)	
United Kingdom	42.3	45.1	62.0	57.0	67.1	68.4
Japan	39.7	40.5				
United States	44.1	46.2	58.1	53.5 ^a	66.9 (82.2)	

() adjusted for wage structure;

a = 1995

Sources: Labour Force Statistics 1976-1996; Rubery/Fagan/Maier 1996, Kommission der Europäischen Gemeinschaften 1993; Blau 1998.

Table 2: Horizontal and Vertical Segregation among German Academics*:
(Women as percent of total)

		Engineering	Mathematics, Natural Sciences	Law, Economics, Social Sciences	Litterature, Cultural Sciences
Students (starters)	1988	11.9	34.6	45.0	71.9
	1991	13.5	34.8	44.9	70.4
	1995	17.4	37.3	45.6	72.5
Students (stocks)	1988	12.1	31.4	39.2	62.0
	1991	13.0	31.9	39.8	63.1
	1995	15.0	32.9	40.7	64.5
Assistants	1988	5.5	16.2	21.6	30.9
	1991	7.5	17.6	25.2	35.6
	1995	10.9	19.7	29.3	42.2
Lecturers	1988	3.0	9.5	14.3	19.5
	1991	5.2	11.3	18.3	24.1
	1995	11.9	17.1	13.5	37.2
Professors	1988	0.9	2.0	7.5	8.6
	1991	1.4	2.4	7.8	9.3
	1995	2.8	3.9	10.4	13.5

* since 1995 inclusive East Germany

Source: Statistical Yearbook (West) Germany 1990/93, Germany 1995, 1997; pp 367 a.173/ 429 a. 436/ 399/ 405, own calculations

Table 3: Labour Force Participation (Women; 55-64) in percent

	1973	1979	1983	1990	1995	1997
Netherlands		14	14	17	19	21
Germany		28	26	26	31	33
Austria					19	18
U.K.				39	41	40
France		39	33	31	31	42
Sweden		55	60	66	63	65
Japan		45	46	47	49	50
U.S.A		42	42	45	49	51
E.U.(15)			27	27	30	29
OECD Europe			28	27	28	29
OECD			35	36	36	38

Table 4: Labour Force Participation (Men; 55-64) in percent

	1973	1979	1983	1990	1995	1997
Austria					43	43
France		70	54	46	42	32
Germany		67	63	58	53	55
Japan		85	85	83	85	85
Netherlands		65	54	46	41	44
Sweden		79	77	75	70	71
U.K.			72	68	62	64
U.S.A		79	69	68	66	68
E.U. (15)			63	57	52	52
OECD Europe			63	58	52	53
OECD			81	66	64	64