



**TNO-report**

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**The active labour market policy reconsidered:  
A vision on the future**

Polarisavenue 151  
P.O. Box 718  
2130 AS Hoofddorp  
The Netherlands

[www.arbeid.tno.nl](http://www.arbeid.tno.nl)

T +31 23 554 93 93  
F +31 23 554 93 94

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Authors Joost van Genabeek

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# 1 Introduction

In November 2003 an *Employment Taskforce* under the chairmanship of the Dutch former prime minister Wim Kok has presented a vision on the employment in Europe.<sup>1</sup> This taskforce states that the current active labour market policies of most European countries is capable of improvement. The implementation of these policies is often too little effective and lacks a personal 'tailor made' approach.

The report of the *Employment Taskforce* is released at a moment that the European Union has experienced the biggest extension in its history. With the entry of the new member states the concern for the European economy and labour market is growing. Both the new and the old member states have to contend with huge employment difficulties. In all member states the number of disabled persons is increasing, partly due to the proportional increase of the ageing population. Moreover many member states wrestle with a sizeable and persistent unemployment.

At the same time the European Union is compelled to set itself ambitious targets in order to have an answer for the turbulent economic developments in the world. To prevent a situation that the European economy is entirely outstripped by the United States and South East Asian countries, the European leaders have agreed in the so-called Strategy of Lisbon, that in 2010 Europe will be developed into "the most competitive and dynamic innovative economy in the world". Such an escape into the future requires quite an effort of the European societies. The labour participation for instance must rise from an average of 64 percent to at least 70 percent of the working population.

Until now little progress has been made with the realisation of the Lisbon Strategy. Although in countries like Germany, France and Italy radical reforms of social security arrangements are carried out, a coherent European vision on the necessary measures is still lacking. There is unanimity on the future targets, but it is still not clear how these targets could be achieved.

In this paper I explore possibilities to adjust the active labour market policies in the EU member states to future developments and challenges. On the basis of trends and prognosis I sketch bottlenecks of the active labour market policies. Then I present a way to solve these bottlenecks. The central question is: How should we organise labour so that all residents, even those with restricted possibilities to work, are able to make a valuable productive contribution to society?

The analysis concentrates on general developments and outlines of policy. Because details of the labour market policies and social security arrangements often are of overriding importance, I shall specify the outlines by going into the activation and reintegration of disabled persons more closely. I will work out other parts of the analysis later.

This paper is set up as follows. In chapter 2 an explanation is given why the current active labour market policies of most EU-member states are due for revision. Hereby I shall go closer into the trends with which the European welfare states have emphatically to deal in the future. After that I shall present an alternative approach vis-à-vis the usual active labour market policies. Then I shall indicate on the basis of experiences in six European countries the implications of this approach for the employment provisions for the benefit of disabled persons. The paper ends with a conclusion in which I record the main findings.



## 2 Active labour market policies under pressure

Since the eighties the emphasis in the active labour market policies of the various Western European countries is laid on activation and reintegration to regular work of long-term unemployed, sick and disabled people. The main objective is to enlarge labour participation and to reduce the numbers of inactive beneficiaries.

Research has shown that the current active labour market policies are not successful in all respects.<sup>2</sup> The policies would be oriented too much towards the supply of inactive beneficiaries (how do we get them to work?) and too little towards the demand of labour (how do we fulfil the demand on the labour market?). Most people with a vulnerable position on the labour market hardly meet the requirements of employers. Besides the persons in question contend with image problems by which it is difficult to prove themselves as capable employees. Many employers consider long-lasting unemployment or inactivity as an important reason to refuse candidates. When such candidates are nevertheless successful in getting a job, they experience obstacles to get promotion. All too often they must compete against prejudices of their employer and colleagues. In practice they lose their dearly won job very easy.

Furthermore it is not clear what regular labour exactly implies. Last decades the labour market has become more and more diverse. Under the influence of the expanding service sector, the internationalisation and the technological changes, employers have been making higher and more diverse demands on the employees' competence. Simultaneously the possibilities to work and the individual desires of employees are becoming increasingly varied. Most people are not so much looking for a steady job for life, but for a job which harmonizes best with their life. Especially many women, but also men, have started to work part-time in order to combine work with family care or other life challenges.

The diversity on the labour market also manifests itself in short term and flexible labour relations. In several EU member states (Italy, Belgium en the Netherlands) the numbers of temporary employment contracts doubled between 1990 and 2000. Beside that all sorts of hybrid forms of regular employment contracts and freelance contracts come into being. Most active people do not work any longer exclusively as employee, but (partly) also as a self-employed person.

The confusion of concepts on regular labour affects the essence of the active labour market policies. In the course of time authorities have brought into being several reintegration provisions and instruments, fiscal incentives, grant schemes and specially adapted forms of labour in order to put badly employable people to work and to keep them at work. It is often far from clear whether jobs which come about by such measures could be considered as regular labour. In fact a large twilight zone on the labour market is formed in which, partly with the help of governments, all sorts of hybrid forms of labour arise.

## 3 Future trends

In the years to come the active labour market policies will be under growing pressure as a consequence of a number of trends which the European Welfare States will have to face emphatically. These trends stand out already for some time.

### 3.1 Globalisation

The European society is characterized by an increasing international orientation. Foreign influences have their effect on businesses and governments and reach even to the personal privacy of citizens. ICT and other modern communication techniques enable people to acquaint themselves continuously with foreign products, customs, fashions and trends. Businesses work more and more frequently on international product- and capital markets. They are increasingly liable to international competition, which compels them to innovate and to reorganize constantly. Moreover the mobility of labour is growing all the time, resulting in sizeable migration. Finally the governments are increasingly faced with rules, regulations and customs of supranational organizations as the EU, GATT, IMF etc. The introduction of the Euro was enough in itself to limit the scope for policymaking by national governments considerably.

These developments will mean that governments lose their grip on national or local labour markets. Therefore it is to be expected that in coming years governments will have limited possibilities of activating and reintegrating hard to employ people to regular work.

### 3.2 Divergence higher and lower segments of the labour market

Springing from globalisation and the restructuring of the European economy involved, the upper and lower segments of the labour market will probably diverge increasingly. Because of its relatively fast growing surplus value, in Europe high-grade production of goods and services acquires greater significance. Low-grade production more and more takes places elsewhere. The demand for higher skilled workers is growing, while the demand for lower skilled workers stagnates.

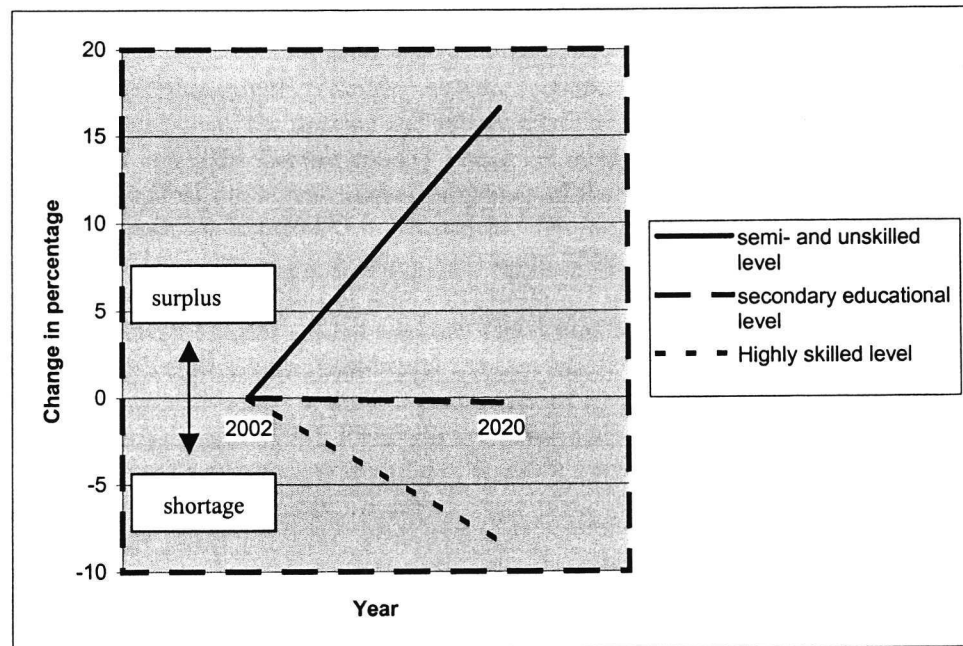
On the basis of economic prognosis it is expected that, owing to the limitations of education, the supply of higher skilled workers will not grow as fast as the demand. For the Netherlands it is calculated that the growth of the labour supply of highly skilled employees is decreasing already since the second half of the nineties. While during the period 1969-2000 the annual growth of skilled employees increased an average of 4,1 %; for the period 2000-2020 an annual growth of 0,6 % is expected.<sup>3</sup> The fast growing demand in combination with a stagnating supply will lead to a scarcity of highly skilled workers.

The labour supply within the lower segments of the labour market will probably increase, due to a continuous inflow of unskilled and low skilled migrants and an increase of disabled workers. In recent years the EU-member states are faced with a real increase of the number of disabled persons; a trend which will probably continue coming years.<sup>4</sup> Insofar disabled persons are able to work, they fall mostly into the lower segments of the labour market. Because of the abundant supply of workers in the lower segments of the labour market they will experience difficulties finding regular labour.

Finally there is a threat of devaluation of jobs within the middle segments of the labour market (care, personal services and education), because these can not sufficiently keep up with the increase of productivity in the higher segments (the so-called Baumol-effect). These jobs relatively often involve positions of a secondary educational level.

How will the labour markets develop as a consequence of this trend? The figure below shows a prognosis of the demand and supply relations on the Dutch labour market between 2002 and 2020. On this country I have the most data. The diagram is a calculation by myself of the labour market prognosis of the Research Centre for Education and the Labour Market (ROA) in Maastricht.<sup>5</sup> On the basis of the ROA-prognosis up to 2008 I have extended the developments up to 2020. It turns out that between 2002 and 2020 a growing surplus of semi- and unskilled workers will arise, as well as an increasing lack of highly skilled workers. The demand and supply relation of employees with a secondary educational level remains balanced roughly. The latter development is considerably due to the increasing lack of highly skilled workers. Employees with a secondary educational level will take over duties of highly skilled workers as a consequence of a progressing division of tasks. We will be confronted more and more with assistants of doctors, teachers, etc.

Figure 1: Change of demand and supply on the Dutch labour market (2002 – 2020)



It appears from econometric analyses that in 2020 the income gap between highly skilled and semi- and unskilled employees will be increased by 30 percent.<sup>6</sup> This divergence of wage levels undoubtedly has fundamental consequences for the industrial relations and the social security. The expectation is that in the years to come the collective bargaining will increasingly be taking place according to position and level of education. Highly skilled employees are going to stipulate for better terms of employment than semi- and unskilled workers. They will lay claim to favourable arrangements and provisions. They will also be given the chance to attend a training regularly, so they can meet the higher requirements within the upper segments of the labour market. These favourable arrangements and provisions will be unattainable for the groups with lower incomes. In this way the increasing income gap will enlarge the distance between the lower and upper segments of the labour market.

With this growing divide the possibilities to rise from the lower segments to higher segments of the labour market will decrease. Many disabled persons threaten to get entangled in simple jobs for which there is less need. The chance for them to find and keep regular work will diminish increasingly.

### 3.3 Ageing

In the years to come the population of the EU will be ageing quickly. In 2002 16 percent of the EU population was at the age of 65 or older. It is expected that in 2020 this percentage will be risen to approximately 23 percent, and will reach a height of 30 percent in 2050. At the same time the share of the potential working population will decrease. The share of the working population (between 20 and 65 years of age) on the entire population was 62 percent in 2000, is estimated at 58 percent in 2020, and will probably come out at 54 percent in 2050. The result of this ageing process is that the dependency ratio in the EU will increase considerably.<sup>7</sup> At present in most member

states every 10 persons of the potential working population must maintain on average 5 inactive persons under 19 years of age and above 64. In 2050 this ratio will be 10 to 8.<sup>8</sup>

As a consequence of the ageing the European society will be confronted with a three-fold burden. The fast growing groups of pensioners do hardly contribute by labour, take often advantage of favourable pension schemes, and are a heavy burden to health care by the large numbers and the rising lifetime expectancy.

This threefold burden will probably tax the solidarity between generations. Within an ageing society the elderly form an important electoral and financial factor. They will aim for maintenance and possibly even extension of the provisions for old age and (health) care. Younger generations are expected to bring about an increase of productivity by which the rising costs as a consequence of ageing can be met without too much loss of prosperity. If younger generations fail to do so, they probably will rebel against the constantly increasing burden. Possibly especially talented young persons will migrate to countries where problems of ageing are smaller. Such an exodus of talent in general turns out negatively for the development of productivity. The ageing EU member states may fall into a downward movement.

Inevitably both labour participation and productivity will have to rise in order to safeguard the current welfare level for the future and to prevent tensions between generations. It appears from actuarial prognosis that in the period 2004-2020 a rise of labour participation to 73%, as well as an annual productivity growth of 1 ¼ % are necessary to safeguard the current welfare level.<sup>9</sup>

At first sight it is striking that every percent point rise of labour participation and productivity has a more positive effect in the EU member states than in the US and Japan (table 1). The reason is that especially labour participation in the US and Japan is already much higher, by which the additional profit of each improvement is smaller. Therefore the EU member states take most advantage of a rise of the labour participation.

	EU-15	Netherlands	Germany	US	Japan
2020	145	142	139	133	120
2050	211	215	206	209	179

\* Assumptions: an annual productivity growth of 1 ¼ % and a rising of labour participation to 73%.

Source: Kuné, 2004.

The necessary considerable increase of labour participation makes it necessary that also long-term unemployed and disabled persons can get work.. Considering the developments in past years it remains to be seen whether the current active labour market policies are able to meet this challenge.

## 4 A way out

### 4.1 Towards a different approach

Calling the necessity to enlarge the labour participation, quickly the focus is on the rapidly growing groups of elderly and disabled, who are excluded from employment more than in average. However it remains to be seen whether these groups can be reintegrated to regular work more successfully in future. Many elderly and disabled already fall short of the requirements of regular work, and this will probably grow worse in the years to come. While the labour participation will have to rise, a growing number of people threatens to be thrown out of employment.

In order to safeguard prosperity in future extra investments are necessary to enlarge the labour participation and labour productivity. It is crucial that: 1. as many as possible unemployed and disabled people get employed; 2. that all employees can keep up with the (quick) developments in their field; and 3. that sufficient chances are created to work more productively. This requires not only a lot of means, but also an inventive harmonizing of activities.

How should such an inventive harmonizing of activities look? In any case it requires an integral approach of the labour market. Besides it is crucial to strive for a better match between the various employees' labour possibilities and the differing demand for labour. Finally, more than now, the ever-growing diversity of the labour market needs to be the point of departure.

Obviously much can be arranged by collective bargaining, if only different circumstances and individual wishes and choices are taken into account. Also governments will have to contribute. Generic measures are not practical, because these do not fit the complex labour market sufficiently. If governments want to invest effectively in the labour market, then these have to face that there are substantial differences between different types of labour.

### 4.2 Three types of labour

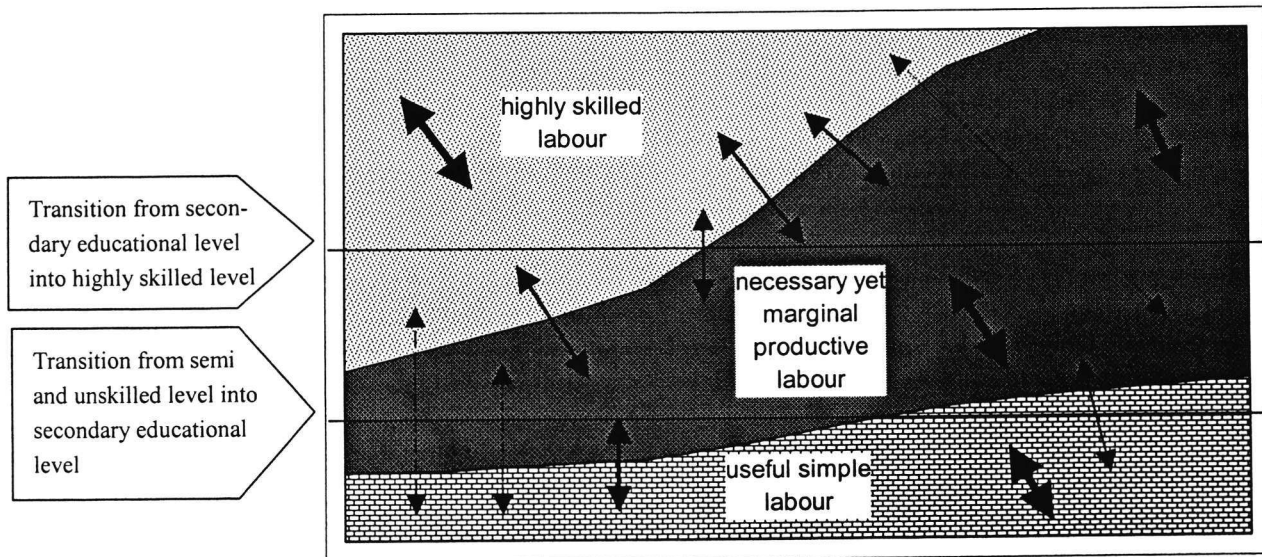
The shortage of highly skilled employees, the devaluation of jobs within the middle segments of the labour market and the surplus of low and unskilled workers form a triple threat on the Dutch labour market. For an adequate answer it seems useful to me to differentiate within government policy between different types of labour. Firstly: highly skilled labour on behalf of efficient markets (ICT, biotechnology, electro technology, etc.); secondly: marginal productive labour (care, education, security); and thirdly: useful simple labour (personal services and low grade production of simple goods).

The three types of labour do correspond with the various levels of education (low, middle and high), but not completely. For example general practitioners and teachers are highly educated, while through the nature of their work they rather belong to the second form of labour than to the first. Also it happens that people with a secondary or high educational level are thrown back on useful simple labour because of illness, handicap or social setbacks.



In the following figure I have reflected the relation between the levels of education and the three types of labour. The horizontal lines mark the levels of education. The arrows symbolise the dominant mobility trends on the labour market. The thicker the arrow; the higher the possibilities for worker mobility.

Figure 2: Relation between level of education and types of labour



I will amplify on the three types of labour and the matching government interventions.

### 4.3 Highly skilled labour on behalf of efficient markets

The first type of labour relates to high-grade production of goods and services which come about on more or less efficient markets. An efficient market exists if there is complete and open competition, which is enforced if necessary by competition authorities. The prices on efficient markets come about with open supply and demand relations. For this it is necessary that sufficient buyers and sellers have even access to information (information symmetry or market transparency). Besides external effects play a subordinate role (effects which can not be deducted in the price of the final product).

It is expected that the complete and open competition will lead to a rise of productivity under the influence of globalisation and technological developments. The international competition will be strong on this level. Employers are going to react by investing in efficient forms of production and innovation. For that they need high skilled employees who are ever willing to attend a training, to be flexible employable, and willing to make long working days or weeks. In exchange for this employers will offer good terms of employment. The fast rise of labour productivity gives them the economic means to do so.

National as well as supranational governments will play an important role in creating favourable preconditions for international competition. They can do so by stimulating innovation and taking care of a sound investment and establishment climate, among others by offering good possibilities to education and schooling. The government has to act against negative external effects of production such as environmental pollution. On the other side the government can withdraw from the organisation of social security

almost completely. It is to be expected that employees themselves, possibly with the help of their employer, can insure their social and health risks.

#### **4.4 Necessary yet marginal productive labour**

The second type of labour refers to the delivery of goods and services in the course of which certain market failures occur, because of which governments regulate its production or even get involved in its production. This may concern the delivery of:

- collective goods which can not be traded on the market (for instance street lighting or the care for safety).
- goods or services at which social assets and liabilities can not be incorporated in the market price (the so-called external effects). This is found for example with the provision of education.
- Goods and services of which the accessibility is limited by high prices or high risks for certain groups (the so-called distribution effects), as for instance with the delivery of health care, housing and social security.

Beside the market failures the second type of labour has to do with a lagging rise of productivity, because capital investments are less possible than with high skilled labour. Within the care productivity can only be risen by placing more patients or clients per care taker. This solution however is incompatible with the social need for high qualified care. Because of the general increase of prosperity and the advancing ageing this need will only get bigger. At this moment it is not plausible that in the long term such technological progress can be made that this necessary yet marginal productive labour can be substituted considerably.

Given the interest attached to a high quality of goods and services delivered within the second type of labour, the employees' capacities often have to stay in line with those of high skilled labour. To make this possible the development of the labour conditions will have to follow those of the first type of labour. Because in the same time the rise of productivity lags behind, the production costs of the second type of labour will show a disproportionate increase.

The usually national governments try to compensate this so-called Baumol-effect in the form of subsidies and levying (like contributions and taxes). If governments do hardly succeed to compensate the lagging productivity rise a devaluation of jobs threatens, and with that an erosion of this necessary yet marginal productive form of labour.

Next to it an important role is reserved for governments to guarantee accessibility and high quality of services. That is possible by means of certifying, stimulation of innovation and development, and to direct the purchasing and the making of charges.

#### **4.5 Useful simple labour**

The third type of labour contains the production of simple goods and services. It is expected that in coming years a large part of semi- and unskilled industrial labour will be replaced by capital, or move to the second and third world. On the other hand the need for simple services will be bigger as a result of ageing and the expected wage increase with other types of labour. In the first place it contains the customary positions within care and personal services (homecare, household work, doing odd jobs



etc.). Besides there will emerge new intermediary service positions which are going to take over a part of the tasks of the highly skilled service professions (teachers and doctors). Furthermore household work will be gradually replaced by consumer goods production. A well-known example is the substitution of home made meals by prepared meals. New trends in this respect are shopping services via the internet. Businesses which focused on the delivery of such services make mainly an appeal to semi- and unskilled workers (like courier services).

The future development of useful simple labour is not much hopeful. As indicated above there is a good chance that wage levels are going downwards as a result of a big increase of the number of difficult employable people (long term unemployed and disabled) and a large influx of low skilled migrants. The consequence will be that wages within the lower segments of the labour market remain stable at best, but will probably fall. Also the fringe benefits threaten to be sobered down seriously.

An important role is granted for governments to set up better conditions for useful simple labour. This government intervention will have a twofold purpose: to protect employees and to safeguard production. The government policy will have to concentrate on protection of income, guarantee a good social security, and to provide for sufficient employment through subsidized and sheltered employment as well as compensations for labour costs. Because useful simple labour is often organised locally, municipal authorities will have to play an important role in the implementation of this policy.

## 5 Disability employment services

In this chapter I concretise the global analysis of the previous chapter by going more deeply into the activation and reintegration of disabled people. Starting from the current developments I shall sketch a few expected future developments and the resulting policy reactions.

### 5.1 Current developments

Past decades governments of EU member states have taken numerous initiatives to improve the employment of disabled people. In this way these governments try to anticipate the continuous increase of the number of unemployed disabled persons in these countries. Moreover the outflow of disabled persons from work caused by changes of labour demand and modifications in the eligibility criteria for disability benefits, have incited governments to take additional initiatives. In most countries specific employment provisions for disabled persons exist next to the general provisions for unemployed people.

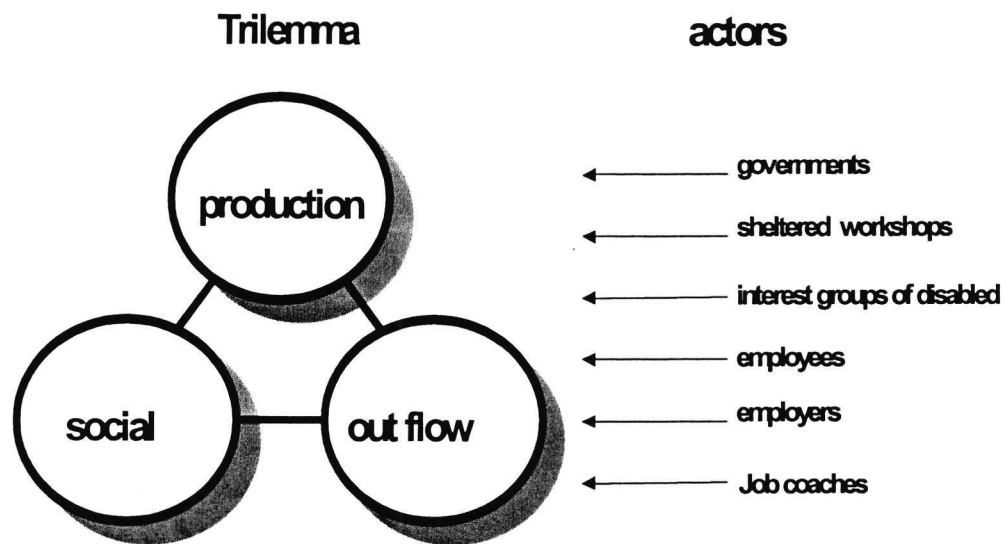
Usually a distinction is made between two forms of permanent employment services for disabled people. The first is sheltered employment, at which a disabled employee works in a sheltered workshop under specially adapted conditions. The second form is supported labour. At this a disabled person work in a regular working environment under specially adapted conditions, mostly with support of a job coach. A variation on supported labour is the so-called detachment of disabled employees to a regular business. In this case a disabled worker is officially employee of a sheltered workshop while he or she works in practice for a regular business. In some countries (the Netherlands for instance) detachment is considered as a distinct employment provision, next to sheltered and supported labour.

With these employment services governments try to achieve three aims simultaneously:

- to offer a safety net for disabled persons who are not able to work in an regular way (the social aim);
- to make use of the labour capacity of disabled people (the productivity aim);
- to stimulate the outflow to more regular forms of labour (the outflow aim).

Fairly often realization of the one aim is at the expense of another. For example the social aim is liable to be pushed aside if the sheltered workshop pays too much attention to achieve the productivity aim. The productivity aim is liable to be pushed aside if the most productive employees move to regular jobs outside the sheltered employment services. The often mutual conflicting aims form together a so-called trilemma of employment services for disabled people. Most bottlenecks which come to light in the practice of implementation can be traced back to this trilemma. In the figure below this trilemma is reflected schematically.<sup>10</sup>

Figure 3: Trilemma of disability employment services



In past years within the framework of the active labour market policies a shift has taken place from sheltered employment to supported employment and detachment. The purpose of this change of policy is to reintegrate disabled people to regular work as much as possible. Especially in Denmark (Flexjobs en Skånejobs), Great-Britain (supported placements, job coaching and job support), Austria (Arbeitsassistentz), and Sweden (SIUS) renewed and successful services of protected labour have been developed. The advantage of these services has to do with the guidance of both the disabled employees and the employers. The disabled employees are supported at looking for and practising work which fits their capacities and necessities. The employer receives support by fitting the disabled employee in the production process, without being burdened with the costs of the employment one-sidedly.

The advantages of supported employment are not applicable to all groups of disabled people. Many disabled persons with limited possibilities to work are hardly able to work in a regular working environment. For them sheltered employment remains the obvious way to build up a working life.

## 5.2 Future developments and solutions

During the coming twenty years the appeal to employment provisions for the disabled will grow explosively. The growth of the target group and the ever rising demands to regular work make it increasingly difficult for them to get and keep an independent position on the labour market. The need for professional guidance at reintegration will grow, and also the number of instruments to be brought into action with this guidance. Furthermore disabled persons will have to turn to sheltered employment more and more in order to build up a working life. Mostly relatively simple forms of labour are involved.

At present in most EU member states less than 1 percent of the labour population is working in sheltered workshops. So far known the Netherlands score still relatively high with a percentage of 1,15.<sup>11</sup> In view of the increase of the number of disabled persons in combination with the shrinking supply of semi- and unskilled positions, the

odds are that the sheltered workshops in 2020 will provide for a substantial part of the useful simple labour. How high this part will be depends to a large extent on the government policy to be pursued. In case the government opts for putting to work disabled people as many as possible, then the share of sheltered jobs will soon add up a 20, perhaps even a 30 percent of the total supply of semi- and unskilled labour. With such percentages we no longer speak of sheltered labour as a provision, but of a sheltered labour market. In that case a considerable part of the semi- and unskilled jobs available will be reserved for disabled people.

This future scenario contains the risk of a far-reaching segmentation of the labour market. It really becomes difficult for employees to move up to other work or to other businesses, if they are more or less stuck to certain activities in sheltered workshops. This problem is even enlarged because of the strong compartmentalization of the employment provisions in a number of EU-member states (especially in the Netherlands), as a result of which several instruments for reintegration can not be brought into action for certain target groups of disabled. A solution would be that the often arbitrary division of target groups at the assignment of provisions for reintegration is abolished, whereby in principle the total range of employment provisions will become available for all disabled.

In addition governments and employers should strongly invest in instruments of supported employment (task allocation, support, compensation for lower labour productivity) in order to enable disabled with good possibilities to work to move up to more productive forms of labour. Next to the existing forms of supported employment and the more traditional compensations for diminished labour productivity (supplementation of wage for the employee and subsidies for labour costs for the employer), instruments and provisions for supported employment and schooling are required, which harmonise specific handicaps better than the current. Innovative employment programmes such as the *Arbeitsassistenz* in Austria and SIUS in Sweden could serve as 'best practices', because of the guidance both disabled employees and employers get at the placement in the labour process.

Ideally with that a broad range of employment provisions comes available for disabled persons, as a result of which they will be enabled to grow from simple work in a sheltered environment to higher productive forms of labour without institutional restrictions. Depending their situation disabled persons can then undergo different developments. They can keep on working in a sheltered working environment, they can move up to forms of marginal productive labour, and possibly even end up in more knowledge intensive forms of labour. On the other side also an opposite development is possible, for instance when the health situation gets worse. The ultimate aim is to place disabled in work which harmonises their possibilities to work and needs, and stimulates to achieve a labour productivity as high as possible.

## 6 In conclusion

Differentiating within the labour market policy between the three types of labour leads to a redistribution of means and revenues. Through taxes and levies the highly skilled type of labour makes available a great part of the financial means with which the government policy with respect to the other types of labour can be financed. In exchange the highly skilled labour profits from the positive external effects generated by the governments policy. The governments get extra possibilities to guarantee the delivery of necessary yet marginal productive goods and services, to keep these affordable, and to safeguard its quality. Moreover the innovating businesses can draw from a bigger reservoir of labour, as people get better opportunities to enhance their employability through schooling and gaining labour skills via the employment provisions.

Also a broader exchange of means and revenues will come into being because the proposed government policy will have a positive effect on the general welfare level. This will not only reveal itself in a good quality of care, education and collective goods, but also in a higher labour productivity of existing and future generations. There will come more possibilities to get and keep to work the fast growing group of persons with little chance to work, of which a part will be capacitated for moving up to more productive forms of labour.

In this approach there is no place for an autonomous and rather isolated labour market policy such as is implemented in many countries. In principle all policy instruments available to the authorities will have to be brought into action in order to facilitate the different types of labour and to invite desired change of behaviour among employers, employees and self-employed persons. Such an integral government policy demands an optimal harmonization of different fields of policy (taxation, social security, care, education, safety, etc.) as well as a good cooperation between government bodies and between government and private enterprise.

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- <sup>1</sup> *Jobs, Jobs, Jobs. Report of the Employment Taskforce chaired by Wim Kok*, Brussels, November 2003.
- <sup>2</sup> See for instance: *Transforming disability into ability : policies to promote work and income security for disabled people*, OECD, Paris, 2003; Stefanos Grammos, *Illness, Disability and Social Inclusion*. European Foundation for the Improvement of Living and Working Conditions, Dublin, 2003.
- <sup>3</sup> Bas Jacobs, 'The Lost Race Between Schooling and Technology, *CPB Discussion Paper*, no. 25, November 2003, 25-26.
- <sup>4</sup> On the basis of the European Community Household Panel (ECHP) an increase of the number of disabled workers have taken place in Germany, France, Great-Britain, the Netherlands and Spain between 1997 and 2001. This development is less clear for the other member states. See: Eurostat, *Hampered in daily activities because of chronic conditions 15 years and over (1997-2001)*. The ECHP contains several questions on health, including a general question on restrictions on everyday activities caused by a health problem. Therefore, while such a question is not exactly measuring disability levels in the population of working age, it does allow for an overview of the situation regarding difficulties faced in daily life and the potential need for assistance as perceived by the population.
- <sup>5</sup> ROA, *De arbeidsmarkt naar opleiding en beroep tot 2008*, Universiteit Maastricht, 2003.
- <sup>6</sup> Jacobs, 2003, 27-28.
- <sup>7</sup> The dependency ratio is defined as the population outside the working population (0-19, 65 and older) divided by the potential working population (between 20 and 65 years of age). This ratio gives an indication of the pressure laid upon the working population to take care of that part of the population that does not belong to the working population.
- <sup>8</sup> Data extracted from: Dragana Avramov and Miroslava Maskova, *Active ageing in Europe volume I*. Population studies, no. 41. Directorate General III – Social Cohesion. Strasbourg, Council of Europe, September 2003, 110-111, 139-140 (Appendix 2.1 and 2.8).
- <sup>9</sup> Jan B. Kuné, Can we grow older comfortably? Conference on Global and European aging, Amsterdam, 13 may 2004.
- <sup>10</sup> Derived from: J. van Genabeek, A.M. Hazelzet, W.S. Zwinkels, *Werkgelegenheidsvoorzieningen voor de Wsw-doelgroep: buitenlandse ervaringen* (Sheltered employment and other employment services for disabled people: foreign experiences). RWI, Den Haag, 2003, 12-14.
- <sup>11</sup> Genabeek et al, 2003, 54.